MALIN

Malin Corporation plc

Annual Report 2015

Who we are

Malin is an Irish incorporated public limited company. Its purpose is to create shareholder value through the selective long term application of capital and operational expertise to private, pre-IPO, pre-trade sale operating businesses in dynamic and fast growing segments of the life sciences industry. Through its operational involvement, Malin works with the investee companies to enable them to reach the full potential of their value proposition and to achieve commercial success.

Directors

John Given (Chairman)
Kelly Martin (CEO)
Adrian Howd, Ph.D (CIO)
Darragh Lyons (CFO)
Liam Daniel
Prof. Dr Uwe Bicker
(appointed 1 October 2015)
Owen Hughes
Robert A. Ingram
Kieran McGowan
Kyran McLaughlin
(appointed 3 December 2015)
Sean Murphy

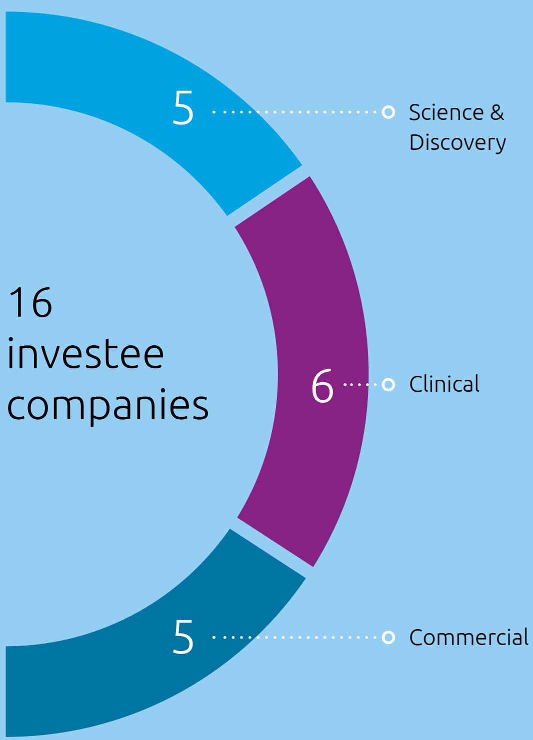
Malin at a glance

- Capital raised

€380 million

- Capital invested to date

€293 million



Contents

Our Story So Far

March 2015 | April - May 2015 | June 2015 | July 2015 | August 2015 | September 2015

Capital

€330 million

Raised in oversubscribed initial placing on the ESM of the Irish Stock Exchange.

€42 million

Raised from additional placing of Ordinary Shares.

Investing

€105 million

Completion of initial 7 investments (set out in Admission Document):

- Emba Medical
- Viamet
- Novan
- Kymab
- An2H
- Xenex
- Serenus

€83 million

5 new investments added:

- Melinta
- Altan
- 3D4Medical
- Jaan Health
- Emba Neuro

Investee Company Progress

Emba Medical awarded CE Certification for its Hourglass™ Peripheral Embolisation Plug.

3D4Medical launch Complete Anatomy Series as part of Apple's iPad Pro announcement in San Francisco.

Viamet's VT-1129, a novel candidate for the treatment of cryptococcal meningitis granted FDA Qualified Infectious Disease Product designation providing Viamet with significant incentives for the development of VT-1129, including the potential for priority review by the FDA.

Immunocore's IMCgp100 accepted to participate in the EMA's Adaptive Pathways pilot programme as part of the EMA's strategy of providing timely access for patients to new medicines to treat serious conditions with a high unmet medical need.

October - November 2015

December 2015

€73 million

Investment in Immunocore in Europe's largest ever Series A life sciences financing.

- Melinta announce first of two Phase 3 studies of delafloxacin, an investigational fluoroquinolone in late-stage development for the treatment of patients with acute bacterial skin and skin structure infections met the study's primary endpoint.
- Novan's Phase 2b study results of its topical nitric oxide drug candidate SB204 for the treatment of acne vulgaris, achieved the company's programme goals.

January - February 2016

€18 million

Committed up to €18 million ($20 million) as part of a strategic collaboration with Hatteras.

- Kymab and MD Anderson announce strategic partnership in Immuno-Oncology research and development to discover and develop novel human therapeutic antibodies to treat a variety of cancers.
- Immunocore's IMCgp100 for the treatment of uveal melanoma granted FDA Orphan Drug designation which qualifies Immunocore for a number of development incentives and fast track registration for IMCgp100.
- Novan announce that the first patient has been dosed in its Phase 3 programme to evaluate the efficacy and safety of its topical nitric oxide product candidate SB204 Gel in the treatment of acne vulgaris.
- Melinta initiate a Phase 3 Study of delafloxacin in Hospital-Treated Community-Acquired Bacterial Pneumonia.

March 2016

€31 million

Completed investment in Poseida and follow-on investments completed in:

- Emba Medical
- Serenus
- Emba Neuro
- Jaan Health
- Immunocore

- Altan sign a licensing agreement to commercialise a generic version of caspofungin across European territories and Latin America and also launch Linezolid 2mg/ml solution for infusion for the treatment of community acquired pneumonia and nosocomial pneumonia in Spain.
- Viamet reports positive results from planned interim analysis of its ongoing Phase 2b clinical trial of VT-1161 in onychomycosis and recurrent vulvovaginal candidiasis ("RVVC").

Chairman's Letter

On behalf of the Board of Malin, I am pleased to present our first annual report and financial statements for the period ended 31 December 2015. A number of important milestones were achieved during this inaugural period for Malin and the Board is pleased with the strong platform of life sciences assets that we have constructed and the early progress that has been demonstrated within these assets.

Our belief in the significant value creation potential for innovative life sciences assets, when longer term capital is combined with strategic and operational expertise, was enthusiastically received by investors. This was confirmed in our successful, oversubscribed Admission on to the Enterprise Securities Market ("ESM") of the Irish Stock Exchange, raising €330 million from the initial placing of our shares in March 2015. An additional €42 million was raised through a non-pre-emptive private placement in July 2015.

Management's primary focus in the period immediately following the initial admission was on the sourcing of high potential assets in which to selectively and efficiently deploy our capital. This initial phase of investment is now substantially complete and a diverse platform of assets which spans therapeutic areas and stages of development has been constructed.

Management's focus has turned to operationally, strategically and scientifically supporting the advancement of our investee companies and we are heartened by the early progress of our assets. A number of our investee companies reached important strategic, scientific and clinical milestones in the short period since our initial investment and we look forward with confidence to further supporting their work. The progress of our investee companies to date reinforces our belief in the successful outcomes that promising, innovative life sciences companies can achieve with the correct financial and operational support.

The experience and expertise of our Board, executive team and advisory partners are crucial components of our business model as we seek to significantly contribute to the advancement of our investee companies and we continually evaluate the need to judiciously enhance our experience and expertise.

The initial phase of investment is now substantially complete and a diverse platform of assets which spans therapeutic areas and stages of development has been constructed.

In summary, we are very encouraged by the progress we have made in 2015 and believe that we have a platform of life sciences assets that has tremendous potential to build significant long term value for shareholders and deliver innovative healthcare products to patients. We look forward to the future with confidence and enthusiasm.

John Given
Chairman

31 March 2016

Chief Executive's Review

2015 was a busy and productive year for the Company and all of those involved. The building of the business foundation and the assembly of the critical pieces of the Company were far reaching in scope and executed in a manner that will enable additional forward progress in the coming years.

The effort of the Malin team was impressive given the accelerated time frame of our progress and those individual and collective efforts should be recognised at the outset of this review. To all of those employees involved to date, and on behalf of our constituencies including our shareholders, Board of Directors, advisors and investee companies – my sincerest thank you for your trust in us and for your commitment to the Company and its creation.

The following 5 items serve to highlight just a few of the accomplishments by the Malin team as the Company was formed, created and launched during the year.

- A successful initial Admission onto the ESM of the Irish Stock Exchange occurred on 25 March 2015. The initial capital raise of €330 million enabled 2 simultaneous benefits to be realised. Firstly, investment and operating capital was available for the Company to begin its operations and secondly, our investors gained access to a unique set of private life sciences companies that most likely would have been impossible to gain access to otherwise.
- We established a focused and strategically placed company footprint that includes offices in Dublin (Ireland), New Haven (US) and Cambridge (UK). Utilising the Irish corporate business structure and accessing specific and differentiated talent in the US and the UK provides us with a unique and far reaching platform from which to build upon and access.
- Our capital has been largely allocated and has been placed within 16 different life sciences and/or related companies. The distribution of capital is roughly one third in science and discovery companies, one third in clinical development and mid-to-late stage regulatory approved companies and one third in commercially based and focused companies. Such a distribution provides for a balance in terms of timelines, risk, rewards and overall pace and anticipated sequencing of the progression of the companies.
- Our involvement to date and for the foreseeable future with the investee companies can be defined as a mix of hands-on operational and the associated execution therein to strategic in terms of framing out both value creation opportunities as well as specific and systemic risk management and mitigation. Our core focus is to help steer and guide companies in a manner that provides the most optimum risk adjusted pathway to achieving sustainable success.
- The talent that has been assembled to the benefit of our effort and totality of constituencies includes employees with backgrounds in physics, neurology, general business management, accounting and finance, legal, strategic tax and business development/mergers and acquisitions. The advisory partners and Board of Directors of Malin includes a former CEO of a top 5 global pharmaceutical company, the former head of the US FDA and former head of the US National Cancer Institute, 2 former CEOs of world leading research and patient hospitals, a world leading biochemist and Master of one of the world's leading academic institutions, leaders in non-life sciences industry including finance, governmental agencies, mobile technology etc. In sum, our direct and indirect reach across technical, business and globally adroit individuals is one of our key and sustainable strengths.

Looking ahead to 2016, our focus will remain on enhancing our operational and strategic involvement with our investee companies, refining and further improving our capital allocation and reallocation approach as it relates to either current or additional assets and advancing the depth and analytics around individual or collective risk for the overall collection of assets and associated companies.

Our core focus is to help steer and guide companies in a manner that provides the most optimum risk adjusted pathway to achieving sustainable success.

Several of our current companies are exploring either strategic sales and/or testing the public equity markets in order to create a currency from which to continue to grow and expand their business. Our advice, counsel and active involvement in many of these discussions and exploration further embeds us within the companies in terms of strategy, risk and the opportunity to create total shareholder return for all participants.

In closing, it is important to emphasise that, within the life sciences space, the underlying advancements in science, technology, diagnostics and overall disease progression and causality is progressing through genetics and the integration of computational approaches to biology, chemistry, physics etc. at an ever accelerating rate. The ultimate beneficiaries of such advancements can and should be patients and their families around the world who suffer from any number of acute or chronic diseases – many of which are life altering and some of which are life threatening.

Malin is a unique business model that aligns long duration capital, operating and technical expertise and a multi-decade record of making good business decisions and strategic judgments across science, clinical and product opportunities. In 2015 we laid the foundation for the future and, with much accomplished to date, we are focused on making continuous progress in 2016 and beyond to the benefit of our shareholders, investee companies, employees and, ultimately, patients and their families around the world.

Kelly Martin
Chief Executive Officer

31 March 2016

Vision

Our Progress

Long Duration Capital

- €380 million of equity capital issued

Assets & Talent

- 16 life sciences investee companies
  - 5 Science and Discovery
  - 6 Clinical
  - 5 Commercial

Operational & Strategic Expertise

- Experienced executive team, advisory partners and Board assembled with deep, diverse and global experience in the life sciences sector
- Making meaningful contributions to the advancement of our investee companies

Time

- Deployment of €293 million of patient capital to our assets to best enable them to broadly progress their businesses
- Rigorous focus on business execution and progress

Value Recognition and "Unlock"

- Significant scientific, technical, clinical and commercial progress in our investee companies

Key Performance Indicators

Measuring our performance

Financial KPIs	Description	2015 Performance
Total shareholder return ("TSR")	The aggregate of the appreciation in value of the reported trade price for a Malin Ordinary Share over the initial placing price (€10.00) and the aggregate of all distributions and returns of capital per Ordinary Share.	Malin's share price was trading at €10.61 on 31 December 2015, giving a TSR of 6.0% for the 9 month period from Malin's initial placing of shares on the ESM on 25 March 2015. As of 29 March 2016, Malin's share price was trading at €13.64, resulting in a cumulative TSR of 36% since Malin's initial placing of shares.
Invested capital	The amount of capital that Malin has deployed in life sciences assets during the period.	Malin invested €293 million to acquire interests in 16 life sciences assets in the period.
Observable change in the fair value of investee companies	The observable change in the fair value of Malin's investee companies during the period.	At 31 December 2015, Malin had externally validated updated valuations for 2 of our assets, Novan and Immunocore. The fair value of Malin's investment in Novan increased by 96% to €53.5 million. The fair value of Malin's investment in Immunocore increased by 15% to €85.6 million. A number of Malin's other assets have achieved significant milestones since Malin's initial investment which might infer that their value has progressed. For further details on the fair values and value appreciation indicative events of the investee companies, please refer to page 32.

Key Performance Indicators
(continued)

Non-financial KPIs		2015 Performance
Investee company progress	*Milestones Targets Set*[1]	
Emba Medical	• Complete first-in-man clinical studies • Submit filing for 510(k) clearance • CE Certification	Following first-in-man testing during the first half of 2015, the Hourglass™ Peripheral Embolisation Plug was awarded a CE certificate in July 2015. Emba Medical expects 510(k) clearance from the US Food and Drug Administration ("FDA") during the first half of 2016.
Novan	• SB204 (Acne) Phase 2b top-line data • SB204 (Acne) FDA end of Phase 2 meeting	Phase 2b study results of SB204 for the treatment of acne vulgaris achieved the company's programme goals and in February 2016 Novan announced that the first patient has been dosed in its Phase 3 programme.
Viamet	• VT-1129 (Cryptococcal Meningitis) IND filing and Phase 1 initiation • VT-1598 (Invasive Fungal Infection) IND candidate selection • VT-1161 (OM and RVVC) Phase 2b interim data	VT-1129 is currently in Phase 1 for the treatment of cryptococcal meningitis. VT-1598 is a pre-clinical asset being developed for the treatment of Valley Fever. VT-1161 is in Phase 2b for the treatment of onychomycosis ("OM") and recurrent vulvovaginal candidiasis. Viamet reported positive results from a planned interim analysis of its ongoing Phase 2b clinical trial of VT-1161 in onychomycosis and RVVC in March 2016.
3D4Medical	• Launch of first product in Complete Anatomy Series	In September 2015, 3D4Medical's new product, the Complete Anatomy Series, was featured in Apple's launch of the iPad Pro. 3D4Medical announced and later released the first product in its new Complete Anatomy Series to coincide with the release of the iPad Pro in November 2015.
Immunocore	• Phase 1/2a Melanoma results	Initial results from the Phase 2a clinical trial of IMCgp100 in advanced cutaneous and uveal melanoma showed that the responses were durable, with 5 objective responses to date and 2 partial responders in patients with uveal melanoma. To date, more than 80 patients have been treated in total in the clinical trials.

[1] The 2015 milestone targets were included in the anticipated news flow disclosure in our interim financial statements. In addition to the progress of our investee companies set out above, a number of other important strategic, scientific and clinical milestones were achieved during 2015 by our investee companies. These are set out in Our Investee Companies section of the annual report on pages 14 to 29. Malin's anticipated news flow for 2016 and 2017 is set out on page 30 of this annual report.

Operating Review

Overview

Malin Corporation plc ("Malin", "the Company") is an Irish based global life sciences company. Its purpose is to create shareholder value through the selective long-term application of capital and operational expertise to private, pre-IPO, pre-trade sale operating businesses in dynamic and fast growing segments of the life sciences industry. Through its operational involvement, Malin works with its investee companies to enable them to reach the full potential of their value proposition and to achieve commercial success.

On 25 March 2015, Malin was admitted to trading for the first time on the ESM of the Irish Stock Exchange having raised up to €330.0 million ("Admission", the "Placing"). At the time of Admission, Malin had completed the fundraising in respect of €302.0 million at a placing price of €10.00 per Ordinary Share ("the Placing Price") with additional investment commitments of up to €28.0 million pursuant to which additional new Ordinary Shares could subsequently be issued by Malin at the Placing Price. On 12 May 2015, the additional investment commitments of €28.0 million were completed in full to increase total gross proceeds from the Placing to €330.0 million.

Following Admission, Malin completed the 7 initial acquisitions and investments that were set out in the Admission Document with a total aggregate investment outlay of €97.3 million. The 7 investments completed were:

- Novan Therapeutics Inc. ("Novan") €27.3 million ($30.0 million)
- Viamet Pharmaceuticals Holdings LLC ("Viamet") €14.2 million ($15.0 million) (In addition, an investment of €4.4 million ($5.0 million) was transferred to Malin from Brandon Point Holdings Ltd ("BPI", "the Founder"))
- Emba Medical Ltd ("Emba Medical") €0.5 million ($0.6 million) (In addition, an investment of €1.0 million ($1.1 million) was transferred to Malin from BPI))
- Serenus Biotherapeutics Ltd ("Serenus") €16.6 million ($18.0 million)
- An2H Discovery Ltd ("An2H") €4.2 million
- Kymab Ltd ("Kymab") €18.0 million (£13.3 million)
- Xenex Disinfection Services LLC ("Xenex") €16.5 million ($17.7 million) (In addition, an investment of €2.2 million ($2.5 million) was transferred to Malin from BPI)

On 9 June 2015, Malin completed a €31.1 million ($35.0 million) investment in Melinta Therapeutics Inc. ("Melinta"), a private company developing novel antibiotics to treat bacterial infections. Under the terms of the transaction, Malin also committed to invest a further $10.0 million (approximately €9.2 million) which was callable by Melinta within 12 months. Melinta called the additional $10.0 million investment from Malin on 9 March 2016. Following this additional investment, Malin's equity stake in Melinta increased from approximately 14% to 17%.

On 10 June 2015, Malin acquired a 65% shareholding in Altan Pharma Ltd ("Altan") for €34.5 million. Altan is a private Irish headquartered specialty pharmaceutical company, which concurrently acquired the GES Group, a privately held group of Spanish injectable drug companies, for consideration of €73.5 million[1]. Altan raised debt financing of €32.5 million as part of the funding of this transaction.

[1] Altan paid GES €87.5 million in total, including €14.0 million of consideration for excess cash and cash equivalents and working capital amounts retained within the GES Group.

On 30 June 2015, Malin acquired a 38% shareholding in 3D4Medical Ltd ("3D4Medical") for consideration of €14.7 million ($16.4 million), along with a further call option to increase Malin's shareholding to 50%. 3D4Medical is a leading innovative medical technology company, based in Ireland, which specialises in the development of medical, educational and health and fitness apps for healthcare professionals as well as student and patient education.

On 25 March 2015, Malin invested €2.3 million ($2.5 million) in Emba Neuro Ltd ("Emba Neuro"), a sister company of Emba Medical. On 21 December 2015, Malin invested a further €0.9 million ($1.0 million) bringing its equity stake in Emba Neuro to 61%.

In June 2015, Malin also invested €0.4 million ($0.5 million) in Jaan Health Inc. ("Jaan Health"), a privately held, New York based healthcare mobile technology company, with an option to invest a further $0.5 million. Malin exercised this option in December 2015 at €0.5 million ($0.5 million).

On 15 July 2015, Malin invested €72.9 million (£51.4 million) in Immunocore Ltd ("Immunocore"), a world-leading biotechnology company developing novel T cell receptor ("TCR") based therapies with the potential to treat a variety of cancers, viral infections and autoimmune diseases. Malin joined Woodford Investment Management, Eli Lilly and Company, Fidelity Management and Research Company, RTW Funds, as well as a number of existing investors in Immunocore, in a financing round of $320.0 million. Malin invested a further €1.4 million (£1.0 million) in Immunocore in December 2015.

On 17 July 2015, Malin completed a placing of additional Ordinary Shares at a placing price of €10.99 per share raising gross proceeds of €42.0 million.

In August 2015, Malin agreed, as part of a strategic collaboration agreement, to invest a minimum of $15.0 million (approximately €13.8 million) and, depending on a number of factors, up to a total of $20.0 million (approximately €18.4 million) with Hatteras Venture Partners V ("Hatteras"), a life sciences focused venture capital firm based in North Carolina.

By 31 December 2015, Malin had invested €0.7 million ($0.8 million) and a further €0.5 million ($0.6 million) has been invested in the period since 31 December 2015. Hatteras invests in early stage life sciences companies with a broad focus including medical devices, diagnostics, discovery science and clinical platforms as well as healthcare IT. This partnership with Hatteras gives Malin access to many additional opportunities particularly discovery and early-stage assets in collaboration with a proven leader in this field, without having to build a discovery infrastructure itself.

Malin's business structure was refined in August 2015, when the asset sourcing and capital deployment was deemed to be substantially complete, to enable it to utilise and align resources to the needs of the business. Malin's CEO, Adrian Howd, assumed the newly established and critically important role of CIO based at the Company's new office in Cambridge, UK. Malin Director, Kelly Martin, assumed the role of Malin CEO and Malin's Chairman, John Given, assumed responsibility for a number of executive functions.

On 4 December 2015, Malin invested a further €7.9 million ($8.4 million) investment in Serenus bringing Malin's equity stake to 76%.

On 15 December 2015, Malin completed a €18.2 million ($20.0 million) investment in Poseida Therapeutics Inc. ("Poseida"), a US-based, privately-held human therapeutics company focused on the development of novel therapies using its ground-breaking proprietary genome engineering technologies. Under the terms of the transaction, Malin also committed to invest a further $10.0 million (approximately €9.2 million) in 2016 subject to the achievement of certain milestones.

On 29 December 2015, Novan transferred its non-dermatology assets and rights to a newly established entity, KNOW Bio LLC ("KNOW Bio"), and the shares of that company were distributed to Novan's existing shareholders on a pro-rata basis. This spin-off is intended to allow each independent business to have a more focused strategic, management and capital plan tailored to the specific characteristics and development timeline of each business. Malin holds approximately 16% of the equity of KNOW Bio.

Our Investee Companies

Over the course of 2015, we have assembled a platform of life sciences assets spanning innovation across therapeutics, devices and digital technology. In each of these companies, Malin has identified cutting-edge science and technology, world-class talent and compelling value propositions.

At 31 December 2015, we have equity positions in 16 life sciences companies with an optimal breadth across stages of development and therapeutic areas to appropriately align risk and value potential. The progression of assets over time will create further opportunities for Malin to re-invest capital in new scientific and technical innovation.

Our assets have progressed strongly over the period since our initial investments. Further details on the companies, their science and technologies as well as their progression and milestone achievements to date are set out in the asset profiles from pages 17 to 29. Although many of these achievements and the progress made by our assets would infer value progression, we only reflect observable, market-driven valuation changes in the fair value information on our investee companies that we disclose on page 32. Three of our assets, Novan, Immunocore and Xenex, have had transactions in their equity capital following our initial investment and therefore have updated externally validated valuations (Xenex raised additional capital in March 2016). All 3 equity capital transactions demonstrate significant value appreciation for these assets.

16 Investee Companies

5 Science and Discovery

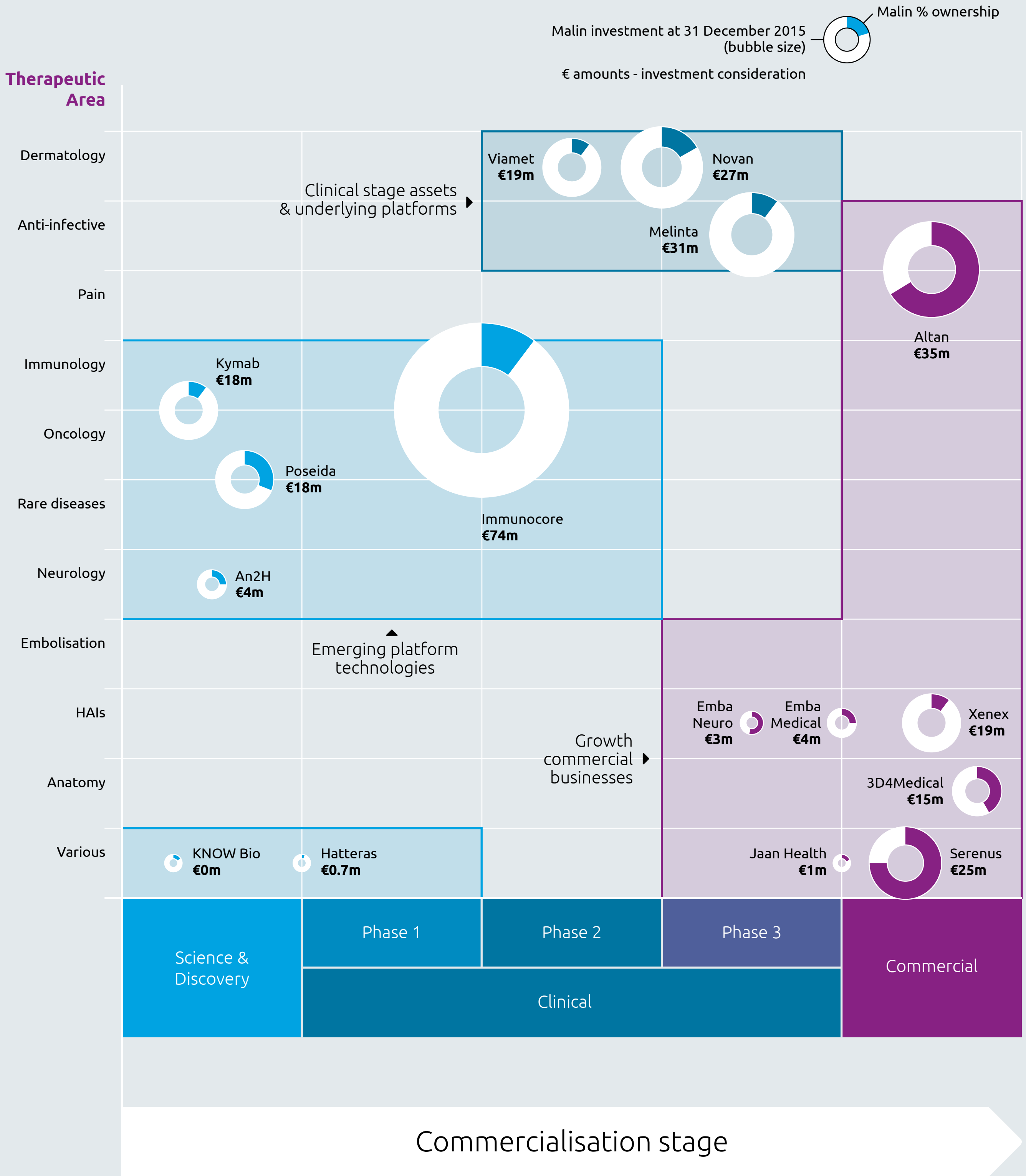
An2H	Hatteras Venture Partners
kymab	KNOW Bio
Poseida Therapeutics	

6 Clinical

EMBA Neuro Limited	EMBA Medical Limited
Immunocore targeting T cell receptors	novan
Melinta Therapeutics	Viamet

5 Commercial

3D4Medical Transforming Medical Learning	Altan
Jaan Health	serenus biotherapeutics
Xenex Germ-Zapping Robots	


Malin % ownership
Malin investment at 31 December 2015 (bubble size)
€ amounts - investment consideration
Therapeutic Area
Dermatology
Anti-infective
Pain
Immunology
Oncology
Rare diseases
Neurology
Embolisation
HAIs
Anatomy
Various
Clinical stage assets & underlying platforms
Viamet €19m
Novan €27m
Melinta €31m
Altan €35m
Kymab €18m
Poseida €18m
Immunocore €74m
An2H €4m
Emerging platform technologies
Growth commercial businesses
Emba Neuro €3m
Emba Medical €4m
Xenex €19m
3D4Medical €15m
KNOW Bio €0m
Hatteras €0.7m
Jaan Health €1m
Serenus €25m
Science & Discovery
Phase 1
Phase 2
Phase 3
Clinical
Commercial
Commercialisation stage

Our Investee Companies

Science & Discovery Assets

An2H

An2H is an Irish headquartered company focused on designing novel small molecule therapeutics that target key proteins within the Ubiquitin Proteasome Pathway System (the "UPS"). The UPS is an intracellular system involved in the regulation of protein function. The UPS can malfunction in two ways, either becoming overzealous and destroying useful proteins or becoming restrained and allowing for harmful proteins to congregate within the cell. Dysfunction within the UPS is implicated in multiple therapeutic areas including oncology, neurodegeneration, virology, metabolic and autoimmune diseases.

An2H is applying its unique in-house expertise in proprietary compound binding mechanisms to assemble a pipeline of novel compounds against multiple targets within the UPS. Currently, An2H is testing a series of compounds that could be ready for Investigational New Drug ("IND") filing in early 2018. An2H's goal as a drug discovery company is to predictably and repetitively design patented compounds for drugable targets with the intent to out-license these compounds for commercial availability.

Hatteras

Hatteras is a venture capital firm that invests in early-stage companies in life sciences, with a focus that includes discovery science, clinical platforms, medical devices, diagnostics, healthcare IT and related opportunities in human medicine.

Hatteras' investments are primarily focused in the Southeast of the US, including North Carolina's Research Triangle Park, where it leverages its partner relationships with a number of world class universities (including Duke, North Carolina State, Vanderbilt, Georgia Tech and Wake Forest) and a large number of discovery and early stage companies to grow portfolio companies from seed stage to maturity. It is anticipated that the combination of these partner relationships together with the Hatteras team of seasoned entrepreneurs and operators, will generate numerous life sciences opportunities in the US, Ireland and other countries.

Malin's strategic partnership with Hatteras provides streamlined access to additional discovery and early-stage assets, in collaboration with a proven leader in this field, without the requirement to build a discovery infrastructure.

Our Investee Companies

Science & Discovery Assets
(continued)

Kymab

Kymab is the first spin-out from The Wellcome Trust Sanger Institute, Cambridge, UK, a world leader in the Human Genome Project and genetic studies aimed at determining the function of genes in health and disease. Kymab is deploying its best-in-class antibody platform to build a pipeline of differentiated drug candidates.

Kymab has developed a novel approach to the generation of fully human monoclonal antibody therapeutics via its proprietary Kymouse™ platform. Kymouse™ has been designed to rapidly generate a very broad and diverse range of fully human antibodies against multiple challenging, and previously intractable, disease targets. Selecting from a broad diversity of fully human antibodies assures the highest probability of identifying a rare drug candidate with best-in-class characteristics. The platform generates very high affinity, candidate-quality molecules without the need for further lead optimisation.

In addition to the flagship Kymouse™ platform, Kymab has two further technologies to advance the discovery of fully human monoclonal antibody drugs: a B-cell screening platform that deeply mines the Kymouse™ and isolates candidate-quality molecules, and a Kymouse KO™ platform that enables rapid knockout of drug targets from Kymouse™ strains to pursue difficult and highly homologous sequences.

Kymab is using its technology platform to build a pipeline of drug candidates, through both its internal drug discovery programmes and in collaboration with pharmaceutical, biotechnology and academic partners. Kymab's first partnership agreement was concluded with Novo Nordisk in 2013 to enable the discovery, development and commercialisation of therapeutic monoclonal antibody drugs. In 2016, Kymab announced an additional strategic partnership with MD Anderson's Oncology Research for Biologics and Immunotherapy Translation ("ORBIT") unit to discover and develop novel human therapeutic antibodies to treat a variety of cancers.

By utilising Kymab's industry-leading antibody platform, in-house discovery and development experience together with MD Anderson's novel target biology, clinical datasets, translational and clinical infrastructure, the collaboration will seek to develop products to clinical proof of concept and ultimately for submission for FDA approval.

Kymab is building a rich pipeline of pre-clinical assets across therapeutic areas including: immuno-oncology, immunology, chronic pain, infectious disease and haematology/chronic anaemia. Pre-clinical research stage assets include KY1005-Anti-OX40L and KY1006-Anti-LIGHT in immunology, and KY1003-Anti-PD-L1 in the immuno-oncology space. In addition to this, Kymab is developing several other clinical candidates and has entered a collaboration with the Bill & Melinda Gates Foundation and its partners on vaccine antigen discovery research and development.

KNOW Bio

KNOW Bio

Given nitric oxide's role across multiple biological functions, the ability to stabilise nitric oxide could play an important role in the treatment of a number of therapeutic areas. In December 2015, Novan separated its dermatology and non-dermatology assets with a view to maximising long-term shareholder value by allowing each independent business to have a more focused strategic, management and capital plan. The non-dermatology assets and rights, including its wound care assets, were transferred to KNOW Bio and the shares of this company were distributed to Novan's existing shareholders on a pro-rata basis. Malin holds approximately 16% of the equity of KNOW Bio. KNOW Bio's strategic, scientific and operational business plan is currently being developed.

POSEIDA THERAPEUTICS

Poseida

Poseida utilises best-in-class, proprietary genome editing technologies to develop targeted, life-saving therapeutics in areas of high unmet medical need. Poseida has demonstrated proof-of-principle that validates the potential of their differentiated genome engineering technologies and the related therapeutic applications.

Poseida's technology platforms, including the piggyBac™ Transposon System and Footprint-Free™ Gene Editing, have broad applicability. The piggyBac™ Transposon System is a non-viral vector for adding or removing genes, which is safer than viral vectors, transduces more cells with higher expression levels and is fully reversible, leaving no footprint.

The Footprint-Free™ Gene Editing technology then combines site-specific nucleases with piggyBac™ for seamless precision engineering. This is the only therapeutic method capable of seamless excision of resistance or reporter genes and can edit as little as a single nucleotide with no unwanted mutations – proving to be the cleanest gene editing technology available. The initial applications of Poseida's technologies will be in gene therapy and CAR-T product candidates for liver disorders and cancer, respectively. Further applications in monogenic diseases (e.g. hematological, CV, and CNS diseases among others) and infectious diseases (e.g., HIV, HBV, etc.) are also being explored.

Poseida's long-term goal is to apply its proprietary gene editing technologies to a broad range of human diseases, in addition to entering a number of targeted drug development collaborations with larger pharmaceutical partners. In 2014, Poseida and Janssen Biotech Inc. entered into a hallmark world-wide license agreement and drug development collaboration focused on leveraging Poseida's proprietary and industry-leading gene editing technologies to develop allogeneic CAR-T therapeutics.

Our Investee Companies

Clinical Assets

Emba Medical

Emba Medical, an Irish headquartered company, has developed a novel and differentiated vascular embolisation system that has the potential to deliver and target a wide range of vessel sizes. Emba Medical's vascular embolisation system gives the physician the ability to position/reposition at the occlusion site and permanently stop blood flow with only one device in blood vessels ranging from 2mm to 15mm in diameter.

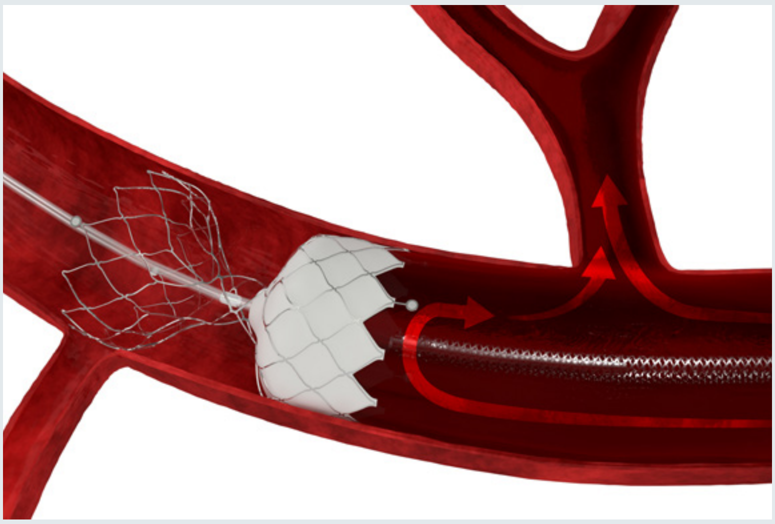
Emba Medical's first product offering, Hourglass™ Peripheral Embolisation Plug, targets the embolisation of vessels of 3mm-8mm in diameter. In laboratory, biomechanical and preclinical testing, Emba Medical's technology has demonstrated significant advantages over coils and plugs currently on the market, in terms of precision, immediate occlusion, lack of migration and cost.

In July 2015, and following first-in-man testing, the Hourglass™ Peripheral Embolisation Plug was awarded a CE certificate allowing the company to pursue commercial activities in the EU. Emba Medical has also submitted a filing for 510(k) clearance with the FDA to enable it to pursue commercial activities in the US.

Emba Neuro

Emba Neuro, an Irish headquartered company, was established as a sister company to Emba Medical to develop the Emba embolisation device for application in the neurovascular field.

The device under development aims to address the limitations of marketed products through its unique design and usability.



The Emba Hourglass™ device is designed to provide precise, secure, over-the-wire delivery and immediate occlusion.

Our Investee Companies

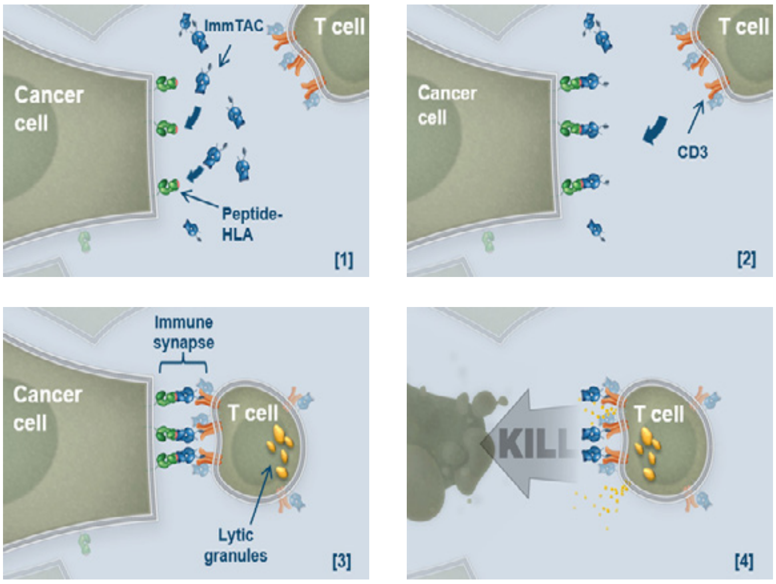
Clinical Assets
(continued)

IMMUNOCORE
targeting T cell receptors

Immunocore

Based in Oxford, UK, Immunocore is one of the world's leading biotechnology companies focused on the development of a new class of biologic drugs with its proprietary novel T cell receptor ("TCR") based technology for immunotherapies.

which target cell surface proteins, ImmTAC's address intracellular targets that have been processed and presented on the cell surface. Since the majority of potential target antigens are intracellular, ImmTACs have the potential to access up to nine fold more targets.



Immunocore's ImmTAC molecules destroy cancer cells through the following four step process:

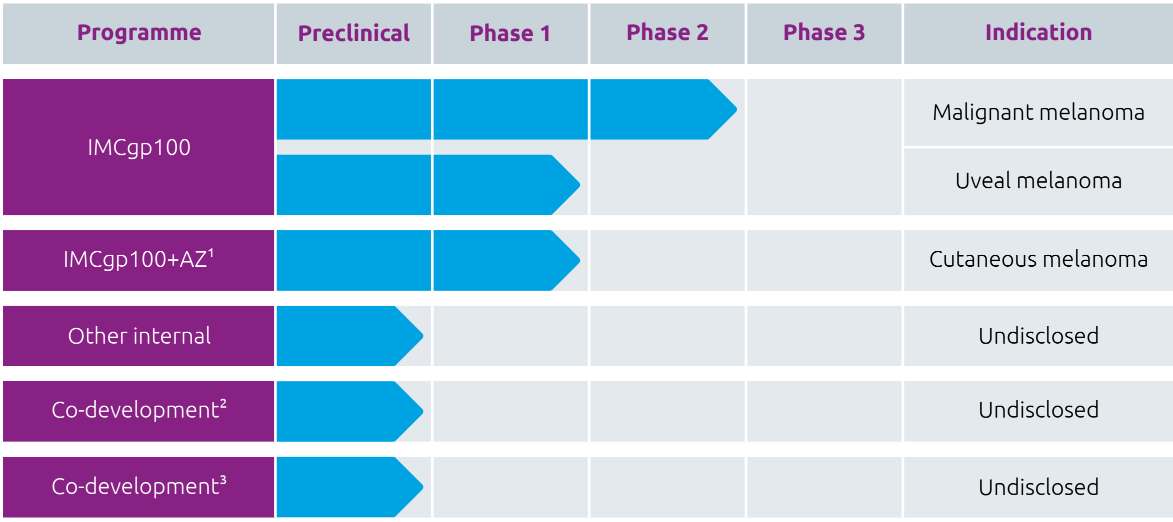
1. ImmTACs first recognise and strongly bind to cancer cells displaying the peptide-HLA target antigen.
2. Circulating T cells are then recruited to the cancer cell by engaging with the free end of the ImmTAC molecule, an anti-CD3 antibody fragment.
3. The ImmTAC then acts as a bridge between the T cell and the cancer cell.
4. The T cell release its load of cancer cell killing lytic granules, leading to destruction of the cancer.

Immunocore is primarily focused on oncology but its technology is also applicable to infectious diseases and autoimmune disorders. Immunocore is the first company to enable the engineering of TCRs as therapeutics, targeting a class of antigens (HLA-peptide antigens) on cells which cannot be targeted with antibodies.

Immunocore has developed proprietary technology focused on small protein molecules called ImmTACs (Immune mobilising TCR Against Cancer) which enable the immune system to recognise and kill cancerous or bacterially/virally infected cells. ImmTACs are soluble TCRs that naturally recognise diseased cells with ultra-high affinity and enable circulating T cells to selectively identify, link to and kill diseased cells, via a highly potent immune response. By contrast to antibody therapeutics,

Immunocore, based on decades of world-leading scientific innovation in the discovery of Human Leukocyte Antigen targets and TCR technology, has a pipeline of wholly-owned and partnered ImmTAC programmes with robust clinical data, validated by collaborations with world-leading pharmaceutical companies. Immunocore aims to leverage the utility of its platform across a wide range of indications to become a premier biotechnology company and world leader in its field.

Immunocore's lead candidate IMCgp100 targets the melanoma-associated antigen gp100 and has demonstrated efficient and specific killing of melanoma cell lines in vitro by redirected T cells. Initial results from the Phase 2a clinical trial of IMCgp100 in advanced cutaneous and uveal melanoma have been reported. These initial results showed that the responses were durable,



[1] IMCgp100 plus AstraZeneca MedImmune's durvalumab and tremelimumab.
[2] Co-discovery and co-development programme with Eli Lilly.
[3] Co-discovery programmes, including milestones and royalties, with Genentech, GlaxoSmithKline and AstraZeneca MedImmune.

with 5 objective responses to date and 2 partial responders in patients with uveal melanoma. To date, more than 80 patients have been treated in total in the clinical trials. The FDA has granted Orphan Drug Designation to IMCgp100 for the treatment of uveal melanoma which qualifies Immunocore for a number of development incentives and will enable Immunocore to receive fast track registration for IMCgp100. IMCgp100 for the treatment of uveal melanoma has also been accepted onto the European Medicines Agency's ("EMA") Adaptive Pathways programme providing an opportunity for rapid approval.

In addition to cutaneous and uveal melanoma, IMCgp100 is being explored for the treatment of other solid tumours.

IMCgp100 is also being investigated in combination with AstraZeneca's durvalumab and tremelimumab for cutaneous melanoma and in combination with Eli Lilly and Company's galunisertib and merestinib for the treatment of metastatic cutaneous and uveal melanomas respectively.

Alongside its proprietary programmes, Immunocore has co-discovery and co-development programmes with Eli Lilly and Company and discovery programmes, including milestones and royalties, with Genentech, GlaxoSmithKline and AstraZeneca (MedImmune).

Novan

Novan, based in Durham, North Carolina, US, is a clinical stage company focused on the discovery and development of novel nitric oxide therapies. Since inception in 2010, Novan has been steadily developing topical products that target emotionally or physically debilitating skin diseases. Novan's proprietary platform technology, NITRICIL™, solves the previous delivery issues with nitric oxide by stably storing the gaseous species in macromolecules, resulting in a diverse pipeline of nitric oxide-releasing new chemical entities. Nitric oxide fulfils multiple roles across biological functions. The NITRICIL™ platform technology enables drugable nitric oxide in a variety of dosage forms.

The company's lead product candidate, SB204, an investigational drug product in late-stage development as a new treatment for acne vulgaris, may ultimately serve as a novel treatment alternative to help curb the overuse of topical and oral antibiotics in patients with acne. Novan's Phase 2b study results of its topical nitric oxide drug candidate SB204 for the treatment of acne vulgaris, achieved the company's programme goals. In February 2016, Novan announced that the first patient had been dosed in its Phase 3 programme. SB206, a topical anti-viral to treat external genital warts due to human papilloma virus ("HPV") infection, is in a Phase 2 clinical trial with results expected during the second half of 2016. The company is aiming to expand its pipeline with clinical proof of concept studies in other skin diseases.

Our Investee Companies

Clinical Assets
(continued)

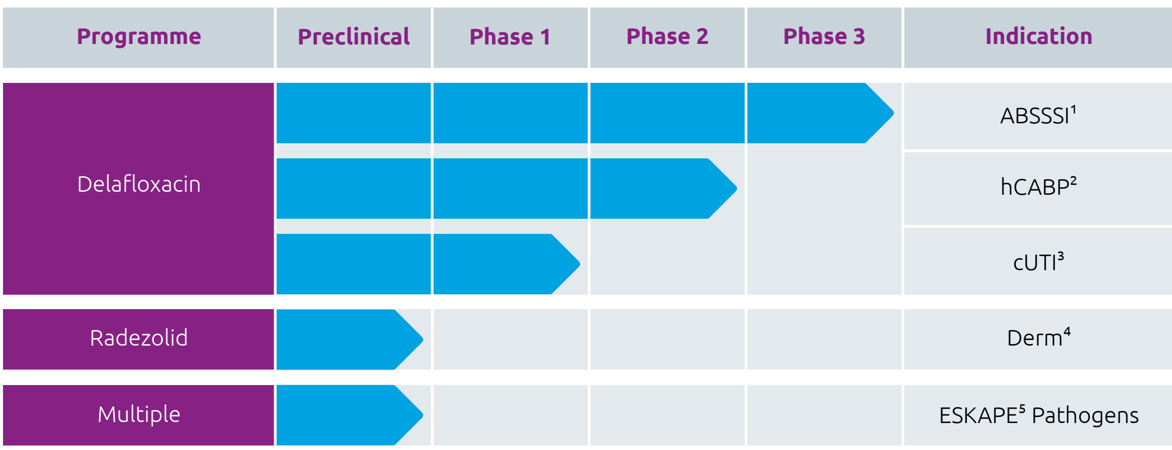
Melinta

Melinta is dedicated to saving lives threatened by the global public health crisis of bacterial infections through the development of novel antibiotics that provide new and better therapeutic solutions.

Melinta is rapidly progressing its late-stage investigational antibiotic, delafloxacin, which is currently in Phase 3 development for acute bacterial skin and skin structure infections ("ABSSSI"). Positive top-line results from the first of 2 Phase 3 studies were reported in early 2015 to evaluate delafloxacin for the treatment of patients with ABSSSI . Delafloxacin met the study's primary objective endpoints. Melinta has also advanced delafloxacin into Phase 3 clinical studies for hospital Community-Acquired Bacterial Pneumonia ("hCABP") and plans to develop additional indications such as complicated urinary tract infections ("cUTI"). Delafloxacin has been designated a Qualified Infectious Disease Product ("QIDP") for both ABSSSI and community-acquired bacterial pneumonia by the FDA.

Melinta has also developed a pre-clinical ESKAPE Pathogen Programme ("ESKAPE") that will develop a new class of antibiotics to overcome the multi- and extremely-drug-resistant pathogens for which there are few to no options, known collectively as ESKAPE pathogens, and which are responsible for the majority of life-threatening hospital infections.

Another product candidate, Radezolid (oxazolidinone), is in pre-clinical development and is designed in topical formulation for the treatment of multiple dermatolgical indications. Melinta has outlicensed the topical formulation of Radezolid with dermatological application, and has an opt-in to co-promote it in the future.



[1] Acute Bacterial Skin and Skin Structure Infections.

[2] Hospital treated Community Acquired Bacterial Pneumonia.

[3] Complicated Urinary Tract Infections.

[4] Melinta entered into a license agreement for Radezolid, under which the licensee has exclusive rights to develop and commercialise Radezolid in topical formulations for a variety of dermatological indications. Melinta retains the option to co-develop or fully regain rights to Radezolid upon completion of predetermined development milestones.

[5] Enterococcus faecium, Staphylococcus aureus, Klebsiella pneumonia, Acinetobacter baumannii, Pseudomonas aeruginosa, Enterobacter species and Escherichia coli.

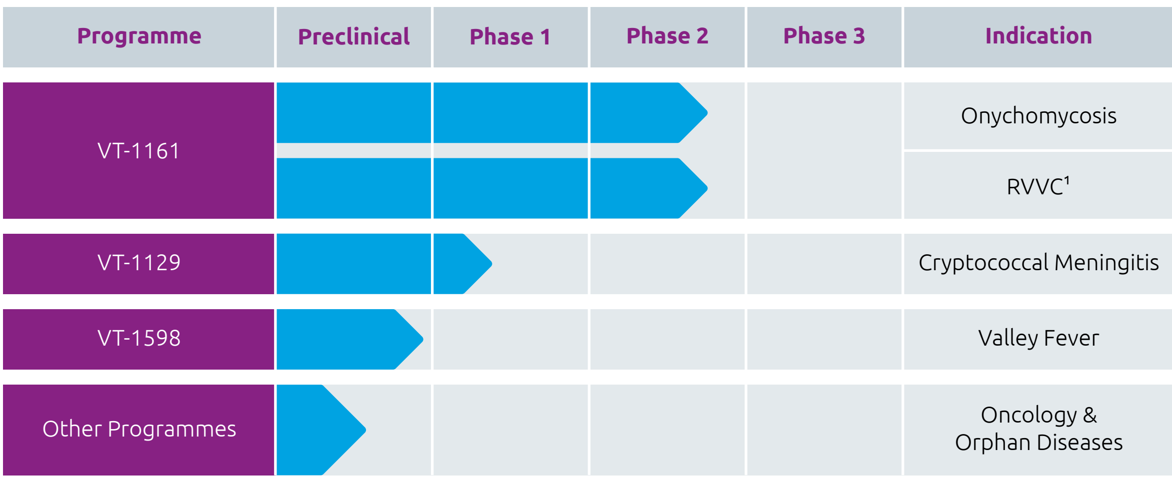
Viamet

Based in North Carolina, US, Viamet is a drug discovery company focused on the development and commercialisation of novel small molecule drugs that target metalloenzymes via a proprietary platform called MIDAS technology ("Metalloenzyme Inhibitor Design And Synthesis"). Viamet seeks to design drugs that have greater selectivity, fewer side effects and improved potency compared to existing agents. The technology platform enables the discovery of highly differentiated metalloenzyme inhibitors across a broad range of therapeutic applications.

Metalloenzymes are distinguished from other enzymes in that they contain a metal, such as iron or zinc, at the core of the enzyme active site. The metal has frequently been a target for pharmaceutical intervention, and approximately 10% of all marketed drugs act by inhibiting metalloenzymes. Viamet's core expertise comprises a deep understanding of over 120 unique metalloenzyme targets, proprietary in silico design tools and a library of unique metal-binding groups ("MBGs"). Using the MIDAS technology Viamet designs inhibitors that contain novel MBGs that deliver a high degree of selectivity for the desired metalloenzyme target, while maintaining high target potency.

Viamet's pipeline is relatively advanced with Phase 2b clinical trials currently underway for its lead asset, VT-1161, for the treatment of onychomycosis and recurrent vulvovaginal candidiasis. In March 2016, Viamet reported positive results from an interim analysis of the RENOVATE Phase 2b Trial of VT-1161 in onychomycosis with the results demonstrating strong clinical improvement and a favourable safety profile. VT-1161 final data is expected in both trials in the fourth quarter of 2016.

Viamet's VT-1129, a novel candidate for the treatment of cryptococcal meningitis was granted FDA QIDP designation in September 2015 providing Viamet with significant incentives for the development of VT-1129, including the potential for priority review by the FDA. VT-1129 is a potent, highly selective, and orally available inhibitor of fungal CYP51. The molecule is in Phase 1 clinical testing for the treatment of cryptococcal meningitis, a life-threatening fungal infection of the central nervous system and an orphan indication. VT-1598 is a potent, highly selective, and orally available inhibitor of fungal CYP51. The molecule is in late-stage preclinical testing for a range of invasive fungal infections, including Valley Fever. Utilising their MIDAS technology, Viamet has developed a number of earlier stage programmes addressing oncology and orphan indications. These programmes are in various stages of preclinical testing.



[1] Recurrent Vulvovaginal Candidiasis.

Our Investee Companies

Commercial Assets

3D4MEDICAL
Transforming Medical Learning

3D4Medical

3D4Medical is a leading innovative medical technology company, headquartered in Ireland, that specialises in the development of medical, educational and health and fitness apps for healthcare professionals as well as student and patient education. 3D4Medical's apps are designed to encourage unique learning experiences through intuitive interactivity and visualisations and to utilise revolutionary proprietary 3D technology to show the human body.

3D4Medical creates apps for the iPad, iPhone, Mac OS, Android, Windows and Flash platforms that have all been medically approved and designed to the highest standard, including a number of which have been developed in collaboration with Stanford University School of Medicine.

To date, 3D4Medical has enjoyed significant success with over 10 million app downloads worldwide and numerous top grossing No. 1's on the App Store with Essential Anatomy. 3D4Medical intends to build on its success through the release of the new generation proprietary 3D technology and platform solution. 3D4Medical will focus on the expansion of the cutting edge 3D medical learning platform and build out company infrastructure bringing with it new and larger markets and opportunities.

In September 2015, 3D4Medical's new product, the Complete Anatomy Series, was featured in Apple's launch of the iPad Pro. 3D4Medical announced and later released the first product in its new Complete Anatomy Series to coincide with the release of the iPad Pro in November 2015.

The Complete Anatomy Series will bridge the gap between patients and doctors, leading to better healthcare and patient outcomes. It will provide users with new functionality not previously available with Essential Anatomy. 3D4Medical also sells images from its 40,000 high resolution database for use on front covers. 3D4Medical's images have previously been used on the front covers of Time, Newsweek and The Scientist.

Moving forward 3D4Medical's focus remains on the rapidly growing global academic market and the continually evolving clinical solutions market. 3D4Medical's latest ground breaking apps have revolutionised the teaching and learning of anatomy, physiology and exercise, enabling users to effortlessly navigate via 360° views of the human body. The company's apps have also proven to be of enormous benefit to healthcare professionals as a means by which to illustrate and communicate effectively with patients, pupils and clients.

Irene Walsh, Head of Design with 3D4Medical, presenting the Complete Anatomy App at the Apple iPad Pro launch in September. 3D4Medical were 1 of 3 companies chosen by Apple to showcase their technologies alongside Apple at the launch.

Our Investee Companies

Commercial Assets
(continued)

Altan

Altan is a specialty pharmaceutical company headquartered in Dublin, Ireland, committed to improving patient care by providing specialty medications of superior quality and value for the benefit of patients and caregivers. Altan develops, manufactures and markets injectable medications for the hospital and other provider segments. Altan currently has a product portfolio that includes a range of pain, anti-infective and other medications available in a variety of presentations including premix bags, liquid and lyophilized vials, and ampoules.

Altan's first acquisition, a privately owned group of Spanish drug companies called the GES Group, provides an attractive opportunity in the generic injectable business in Europe and select Asian and Latin American markets. Altan will build on GES' strong position in the Spanish market and significantly improve its competitive profile in international markets as it simultaneously pursues additional opportunities.

Altan will establish and grow its business by out-licensing products to select partners with access to attractive markets where it doesn't currently have a significant presence, in-licensing or acquiring specialty pharmaceutical products to broaden its product lines and acquiring strategic assets that enhance Altan's development, manufacturing and/or commercial capabilities globally.

In March 2016, Altan signed a licensing agreement to commercialise a generic version of caspofungin across European territories and Latin America and also launched linezolid 2mg/ml solution for infusion for the treatment of community acquired pneumonia and nosocomial pneumonia in Spain.

Jaan Health

Jaan Health is a privately held, New York based mobile healthcare technology company specialising in patient coordination.

Founded by an experienced team of healthcare & technology entrepreneurs, Jaan Health has developed and launched Phamily™, a unique mobile and web-based communication tool that connects healthcare providers, patients and their loved ones. The Phamily™ platform utilises smart electronic messages that take advantage of the technologies that your patients actually like to use – text messaging, email and mobile apps. It also makes it simple for authorised loved ones to serve as a back-up to patients who either lack technology skills or don't provide updates when needed.

Serenus

Serenus is a healthcare company specialising in the in-licensing, registering, and commercialising of Western approved therapeutics across the African continent. Serenus's headquarters are in Ireland with regional headquarters in Johannesburg, South Africa. The senior management team and board of directors have a wide network of key stakeholders and a deep understanding of the regulatory approval, distribution and compliance processes in place across different African markets.

Serenus meets the needs of both suppliers and users of health care products. Serenus offers suppliers access to multiple emerging markets in Africa that are currently enjoying high growth rates. By becoming partner of choice to suppliers, Serenus is building a product portfolio that will address the unmet needs of patients and payers across the African continent.

Xenex

Located in San Antonio, US, Xenex aims to become the new standard of care for disinfection in healthcare facilities worldwide, eliminating harmful bacteria, viruses and fungi which can cause healthcare associated infections in patients and staff. Xenex's primary product is a patented transportable pulsed xenon UV room disinfection robot which is used for the advanced disinfection of healthcare and other facilities.

The Xenex robot uses a pulsed xenon lamp to emit Full Spectrum ultraviolet light. It can effectively disinfect a typical patient/procedure room in 5 to 10 minutes, as demonstrated in 15 peer-reviewed published studies. The device's ultraviolet light ("UV-C") covers the entire germicidal spectrum, which penetrates the cell walls of bacteria, viruses, mould, fungi and spores, causing the pathogens' DNA to fuse, rendering them unable to reproduce.

Without contact or chemicals, the Xenex robot's pulsed xenon light kills harmful microorganisms safely and effectively. In addition, the Xenex device uses xenon gas to produce full-spectrum UV, a safe non-toxic and environmentally friendly technology. All competing portable UV technologies use or contain toxic mercury or hydrogen peroxide.

Due to its speed and ease of use, the Xenex system integrates smoothly into hospital cleaning operations. Over 300 hospitals around the world (US, Spain, UK, Canada, South Africa, Netherlands) have implemented the Xenex room disinfection system as a pivotal part of their infection prevention team. Many healthcare facilities have reported a significant return on investment in Xenex when evaluating the impact on reimbursement and reduction in chemical and labour costs and, most importantly, reductions in infection rates.

Our Investee Companies

Anticipated news flow

"Our investee companies made significant progress in 2015 across multiple dimensions and we anticipate more business relevant milestones in 2016 and beyond."

Adrian Howd, Ph.D
Chief Investment Officer

	2016	2017
3D4Medical	Launch of first product in Clinical Anatomy Series	
Altan	New products/markets	Additional product launches
Emba Medical	510(k) clearance & launch of 5F product Initiate first-in-human trials of additional products	
Emba Neuro	Initiate first-in-man clinical studies	
Immunocore	IMCgp100 (cutaneous melanoma) start Ph.1b/2 in combination with Medimmune's durvalumab and tremelimumab IMCgp100 (uveal melanoma) complete Ph.1 and start Ph.2 IMCgp100 (uveal melanoma) start Ph.1b/2 in combination with Lilly's merestinib	IMCgp100 (melanoma) complete Ph.1/2a IMCgp100 (cutaneous melanoma) complete Ph.1b/2 in combination with Medimmune's durvalumab and tremelimumab
Jaan Health	Launch major product updates	
Kymab		Several mAbs in phase 1
Melinta	Delafloxcin (ABSSSI) Ph.3 results Delafloxcin (ABSSSI) potential FDA filing Delaxloxcin (cUTI) start Ph.2b	Delafloxcin (HCAP) Ph.3 results Delafloxcin (HCAP) potential FDA filing Delafloxcin (cUTI) Ph.2b results Delafloxcin (cUTI) potential start Ph.3
Novan	SB204 (acne) start Ph.3 SB206 (warts) Ph.2 results SB208 (OM) potential file IND and start Ph.2	SB204 (acne) Ph.3 results SB206 (warts) potential start Ph.3 Potential additional INDs
Poseida		Potential IND filings Potential first-in-human studies
Viamet	VT-1161 (OM, RVVC) Ph.2b results VT-1129 (cryptococcal meningitis) Ph.1 results	VT-1161 (OM, RVVC) Ph.3 potential start VT-1129 (cryptococcal meningitis) potential Ph.2 results
Xenex	Launch next generation X5 robot Increase geographic footprint	

Financial Review

Having issued almost €380 million worth of equity, we expeditiously deployed this capital, investing €293 million across 16 life sciences assets during 2015. These companies represent a broad cross section of the value chain within the life sciences industry.

They include discovery science, clinical programmes, devices, mobile health and commercial distribution. Management's focus is now firmly on providing strategic, operational, technical and scientific oversight and support to each of our assets to advance the businesses and create shareholder value. This focus on execution within our assets should support some near-term value inflection points for our assets with resultant cash realisations and inflows potentially bolstering our year-end cash position of €67.0 million.

"The accounting requirements result in the financial statements not providing a strong basis on which to evaluate the performance of Malin. We believe that the performance of Malin is best assessed by reviewing the progress of our investee companies, which can be best appraised based on their scientific and commercial progress."

Darragh Lyons
Chief Financial Officer

Capital invested
€ **293** million

- Science & Discovery
  € **41** million
- Clinical
  € **158** million
- Commercial
  € **94** million

Fair value of Malin's investee companies

Although we are not mandated by International Financial Reporting Standards ("IFRS") to include current valuations of all of our investee companies, we present, as supplementary non-GAAP information, updated fair value information where such a valuation is supported by observable market data. This typically results from a subsequent capital transaction by the investee company.

At 31 December 2015, Malin had externally validated updated valuations for 2 of our assets, Novan and Immunocore, based on transactions in the companies' equity capital at enhanced values from those at which we acquired our initial equity stake.

In addition, in March 2016, Xenex raised additional equity capital based on a higher pre-money value than when we acquired our initial Xenex stake. Malin invested €4.5 million ($5.0 million) as part of this fundraising round to increase its equity interest in Xenex from approximately 11% to 12%. In addition, Novan spun off its non-dermatology assets and rights to a newly established entity, KNOW Bio and the fair value of this business was independently verified. A number of our assets have achieved significant milestones since our initial investment which might infer that their value has progressed. In the absence of observable market information to validate an updated valuation, these investments are included at cost in the table below.

Investee Company	Cost to 31 December 2015 €'m	Observable Fair value €'m
Science & Discovery		
An2H	4.2	4.2
Kymab	18.0	18.0
Poseida	18.2	18.2
Hatteras	0.7	0.7
KNOW Bio	0.0	1.1
Clinical		
Immunocore	74.3	85.6
Viamet	18.6	18.6
Melinta	31.1	31.1
Novan	27.3	53.5
Emba Medical	3.7	3.7
Emba Neuro	3.2	3.2
Commercial		
Altan	34.5	34.5
Xenex	18.7	18.7
Serenus	24.5	24.5
Jaan Health	0.9	0.9
3D4Medical	14.7	14.7

Basis of preparation of Malin's consolidated financial statements

Malin's consolidated financial statements are prepared in accordance with IFRS which requires Malin to consolidate investee companies which we control (subsidiaries), equity account for investee companies over which we have the right to exercise significant influence (associate companies) and account for the remainder of our investments at fair value where we do not control or significantly influence the companies (available-for-sale investments).

As a result, our consolidated income statement incorporates the results of Malin, our direct corporate subsidiaries and our investee company subsidiaries as well as recognising our share of the profits or losses of our associate companies as a single line item in the consolidated income statement. Changes in the fair value of our investee companies regarded as available-for-sale investments are recognised through the consolidated statement of comprehensive income. The consolidated balance sheet includes the assets and liabilities of Malin and its subsidiary companies, as well as recognising Malin's associate companies at cost plus or minus our share of the profits or losses of these companies and Malin's available-for-sale investments at fair value.

The result of these accounting requirements is that the financial statements do not provide a strong basis on which to evaluate the performance of Malin. The selected financial data and analysis that follows attempts to highlight the key financial information that we believe is most relevant in assessing Malin's financial progress, performance and position.

CONSOLIDATED BALANCE SHEET

	As at 31 December 2015 €'m
Investments in associates and AFS	230.2
Goodwill and other intangible assets	51.3
Property, plant and equipment	12.2
Other	1.3
	295.0
Inventories	14.0
Receivables	18.2
Cash	97.0
	129.2
Loans and borrowings	(34.9)
Payables	(13.4)
Other	(10.5)
	(58.8)
Equity	**365.4**

CONSOLIDATED INCOME STATEMENT

	Period to 31 December 2015		
	Excluding Company Establishment Costs €'m	Company Establishment Costs €'m	Including Company Establishment Costs €'m
Revenue	22.9	-	22.9
Cost of sales	(19.3)	-	(19.3)
Gross Profit	**3.6**	**-**	**3.6**
Operating Expenses			
Research and development expenses	(2.7)	-	(2.7)
General and administrative expenses	(29.3)	(17.1)	(46.4)
Total operating expenses	**(32.0)**	**(17.1)**	**(49.1)**
Share of net losses of associates	(5.9)	-	(5.9)
Gains on associate investments	2.4	-	2.4
Finance costs	(0.8)	-	(0.8)
Loss before tax	**(32.7)**	**(17.1)**	**(49.8)**
Taxation	0.2	-	0.2
Loss after tax	**(32.5)**	**(17.1)**	**(49.6)**

Malin's investments

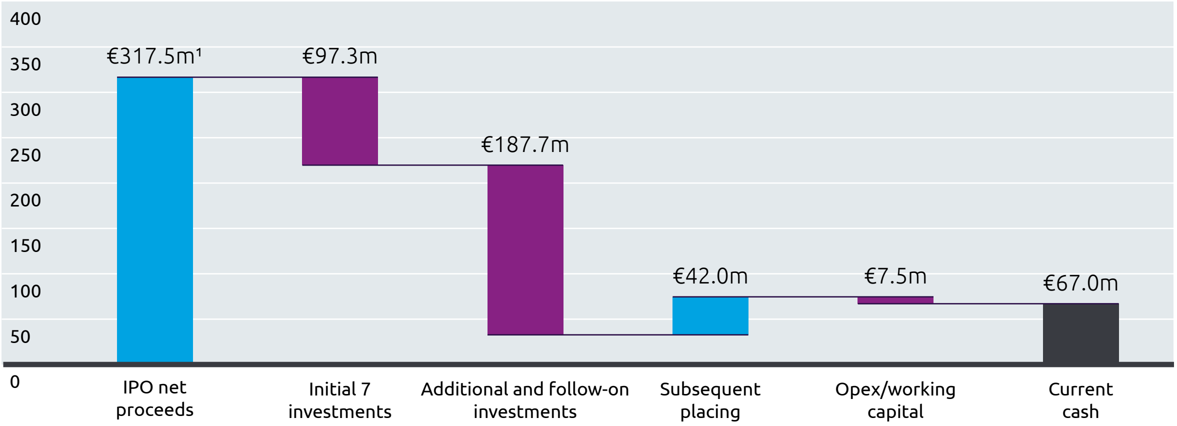
During the period from Admission on to the ESM on 25 March 2015 to 31 December 2015, Malin invested €293 million of capital to acquire interests in 16 life sciences companies.

The table below provides an overview of our subsidiary, associate company and available-for-sale investment interests.

Investee	Headquarters	Investment consideration[1] €'m	% shareholding at 31 December 2015[2]
Subsidiaries			
Altan	Ireland	34.5	65%
Emba Neuro	Ireland	3.2	61%
Serenus	Ireland	24.5	76%
Associate investments			
3D4Medical	Ireland	14.7	38%
An2H	Ireland	4.2	27%
Emba Medical	Ireland	3.7	25%
Immunocore	UK	74.3	10%
Jaan Health	US	0.9	19%
KNOW Bio	US	0.0	16%
Kymab	UK	18.0	14%
Poseida	US	18.2	31%
Novan	US	27.3	16%
Viamet	US	18.6	12%
Available-for sale investments			
Hatteras	US	0.7	N/A
Melinta	US	31.1	14%
Xenex	US	18.7	11%
		292.6	

[1] Includes amounts transferred from Brandon Point Industries on Admission
[2] Shareholding based on issued share capital at 31 December 2015

Malin's cash position



Malin's consolidated cash and cash equivalents balance at 31 December 2015 of €97.0 million includes cash and cash equivalent balances of €30.0 million held by its investee subsidiary companies and €67.0 million held by Malin and Malin direct corporate subsidiaries.

Of the net cash proceeds of €317.5 million raised from the initial placing of Malin's shares on the ESM, €97.3 million was allocated to the initial 7 acquisitions and investments set out in the ESM Admission Document. In the period from Admission to 31 December 2015, Malin had a cash outflow of €174.8 million to acquire equity positions in 8 additional companies and made follow-on investments of €12.9 million in 5 of the existing investee companies. In July 2015, Malin completed a placing of additional Ordinary Shares at a placing price of €10.99 per share, raising gross proceeds of €42.0 million.

After taking account of operating expenses and working capital adjustments, Malin's cash position at 31 December 2015 was €67.0 million.

Malin's revenue

The full amount of the Group's revenue of €22.9 million is attributable to Malin's subsidiary, Altan. Altan's revenue is derived from the sale of pharmaceutical products, primarily the sale of injectable medications, by Altan to hospitals and other healthcare providers.

Malin's operating expenses

Malin, including our investee company operating subsidiaries, incurred cash and non-cash operating expenses of €51.3 million in the period to 31 December 2015. This excludes costs associated with company establishment and business integration.

The consolidated operating expenses incurred by Malin and its subsidiaries (excluding the once-off company establishment costs) during the period to 31 December 2015, presented in the consolidated income statement, are analysed below.

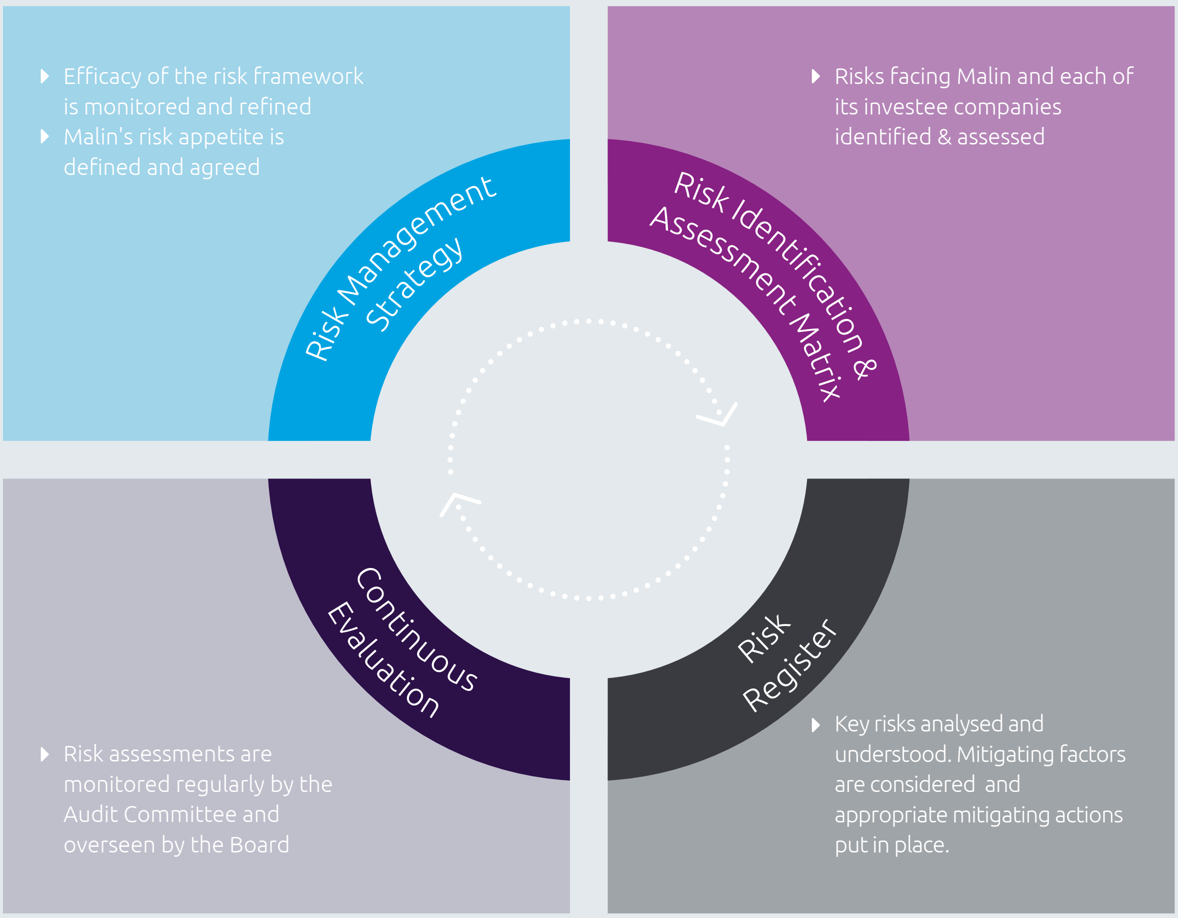
	Cost of sales expenses €'m	Research & development expenses €'m	General & administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	10.0	10.0
Investee subsidiary companies	19.3	2.7	9.8	31.8
Business integration costs	-	-	1.4	1.4
Founder Equity share-based payment charges	-	-	4.7	4.7
Malin share-based payment charges	-	-	2.2	2.2
Main investee company employee share-based payment charges	-	-	1.2	1.2
	19.3	**2.7**	**29.3**	**51.3**

[1] Cash proceeds less Company Establishment Transaction Costs.

Risk Management

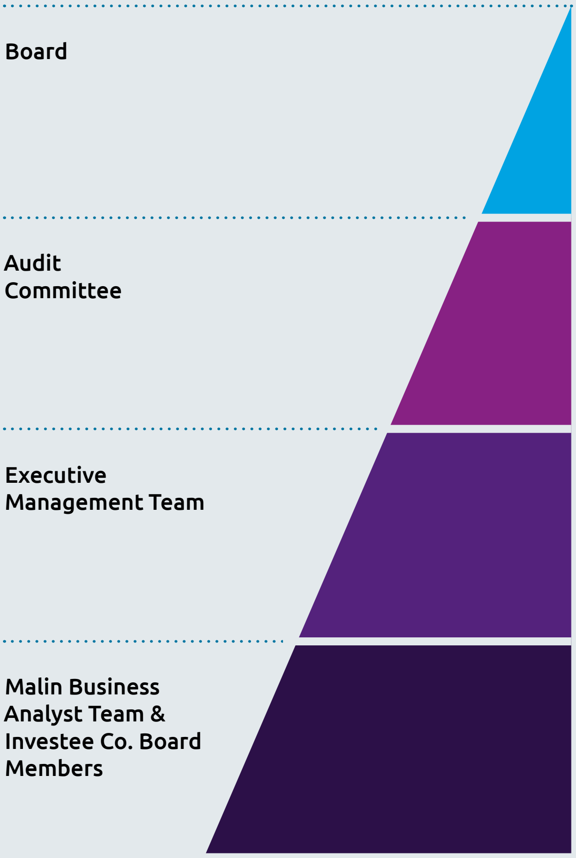
The execution of Malin's strategy is subject to a number of risks and uncertainties. A vigorous and effective risk management framework is essential for Malin to achieve its objectives. The ongoing assessment and review of the risks facing Malin and each of its investee companies is a key focus of the Board to ensure that the risks are well understood and mitigated insofar as possible.

Malin's Risk Framework



Risk Management Roles and Responsibilities

Everyone within Malin has an active role in managing risk and fostering a positive attitude to risk management within the organisation. The Board recognises that this is achieved by having a broad based and deeply embedded culture of risk awareness and risk management throughout the organisation. In order to facilitate this, certain responsibilities are assigned within the organisation as outlined below.



BOARD OF DIRECTORS

The Board of Malin has overall responsibility for Malin's risk management and sets the "tone from the top" of the organisation. The Board is also responsible for determining the overall risk appetite. The Board has delegated certain aspects of the day to day operation and oversight of the risk management framework to the Audit Committee and management.

AUDIT COMMITTEE

The Audit Committee oversees the internal controls of the company and reviews the risk register on a regular basis.

EXECUTIVE MANAGEMENT TEAM

The Executive management team implements the Board's risk strategy and has day-to-day responsibility for the management of identified risks and for Malin's control environment. Management also has responsibility for identifying and assessing risks and ensuring that updates to risks at both the Malin level and at investee companies are appropriately communicated to the Audit Committee.

MALIN BUSINESS ANALYST TEAM AND INVESTEE COMPANY BOARD MEMBERS

The Malin business analyst team as well as Malin's representatives on investee company boards are responsible for identifying and assessing risks for each of Malin's investee companies. They are also responsible for engaging with management to highlight risks and ensure mitigating actions or controls are taken against the risks identified.

Malin's Key Risks and Mitigating Factors and Actions

The operations of Malin and the implementation of its objectives and strategy are subject to a number of key risks and uncertainties. Malin has specific risks related to its business as well as being exposed to risks related to its investee companies.

<table>
<tr><th>Risk and description</th><th>Mitigating Factors and Actions</th></tr>
<tr><td colspan="2">1. Asset Risk</td></tr>
<tr><td>A critical pillar of Malin's business is the ability to identify and acquire assets that fit strategically, scientifically and philosophically within its operating framework and with its current platform of life sciences assets. The inability to identify or successfully execute asset acquisitions has a significant negative impact on Malin's operations and the potential for Malin to create value for shareholders and other stakeholders.
The failure to identify materially negative facts or circumstances related to an investee company during the due diligence stage of the investment could also have a material impact on Malin's financial position and the potential future returns to shareholders.</td><td>Malin has invested a significant amount of time and resources into building a world class network of operational life sciences expertise including:
▸ A Board of Directors with exceptional commercial and industry experience
▸ An advisory board comprised of individuals with extensive scientific, medical, regulatory and industry experience
▸ Long term relationships with leading universities around the world.

Through these relationships Malin identifies new opportunities to invest in businesses with exciting, cutting edge technologies and also uses the expertise and experience within this network to assess new opportunities identified.

Malin's executive team has significant experience in identifying, sourcing and developing life sciences assets to significant value inflection points. This experience, supported by external advisors, is integral to our due diligence process.

Malin's investment hypothesis of providing long term capital and operational expertise to support life sciences businesses is unique in the market and is appealing to exciting, growing life sciences companies with broad-based value objectives.</td></tr>
<tr><td colspan="2">2. Capital Risk</td></tr>
<tr><td>The inability of Malin to fund follow-on investment opportunities in its existing investee companies or fund the acquisition of interests in new investee companies could significantly damage Malin's long-term value potential.

Malin's share price could be disproportionately affected by the actions of one or more of its shareholders.</td><td>The €380 million of equity capital raised by Malin during 2015 supported the construction of a diverse platform of life sciences assets across therapeutic areas and stages of development and will support the most promising follow-on investment opportunities in our assets. The expeditious deployment of a significant portion of Malin's capital during 2015 gives Malin the best potential of generating significant returns to shareholders. The return on Euro denominated cash deposits remained at 0% or below throughout 2015.

Malin's investment and capital deployment stage is now substantially complete and Malin is focused on supporting the development of its assets to their next value inflection points. Some of Malin's assets will require further capital to fund the next phase of their development beyond their next value inflection point while other assets may reach the optimal value inflection point to engage with interested strategic acquirers or to access the public markets.

Malin's capital position will vary depending on the timing and attractiveness of investee company follow-on investment opportunities as well as the timing and success of investee company value realisation events. Capital returns to shareholders, new investment opportunities, operating expenditure and new capital inflows will also impact on Malin's capital position.

Malin's Board and executive management closely monitor Malin's current and forecasted cash position, including committed or contingently committed investments, the projected timing of the next value inflection point for each investee company and whether a follow-on investment opportunity or value realisation event is most likely beyond this point.

Malin's Board and executive management team have a close business and strategic relationship with a significant portion of the holders of Malin's equity. These equity holders' investment philosophy is aligned with Malin's.

Malin's initial placing of shares was oversubscribed and there continues to be significant interest in Malin's equity.</td></tr>
</table>

Risk and description	Mitigating Factors and Actions
3. Investee Company Influence Risk	
The risk that Malin cannot strategically or operationally influence the investee companies and that a strategy pursued by an investee company is one with which it fundamentally disagrees with.	Malin's differentiated investment hypothesis is built on not only providing long term capital to growing, innovative life sciences companies but also supporting these businesses with deep operational expertise and experience. Malin aims to influence the strategies of its investee companies to drive the maximum value potential. Malin's capital exposure to each company is meaningful and allows it to strategically contribute to the progression of the businesses. Malin has at least 1 Board member or a senior advisory role in all of its investee companies. Malin continues to work to develop strong business relationships with its investee companies' management teams and boards.
4. Talent Risk	
Malin's operational and strategic experience and expertise is essential in the identification of new assets and vital to the operational oversight that Malin brings to its investee companies. A deficit in the relevant scientific, technological or commercial experience to best assess the value, strategy and risks of current or prospective investee companies could have a significant impact on Malin's competitive advantage and future prospects. Malin's ability to attract, integrate and retain key employees, Board members and advisory partners within the company is of critical importance.	Malin seeks to create an environment that is vibrant, diverse, energetic, resilient and intellectually curious with a rigorous pursuit for learning and incorporating our knowledge into future activities. Malin is team oriented and collectively driven to achieve meaningful results for our key stakeholders including shareholders, employees, investee companies, and ultimately the world's population overall – all of whom would benefit from advancements in life sciences. Malin offers a balanced and fair incentive package for all employees comprising a mix of salary, benefits and equity. The Board fees are also based on market comparisons while the advisory board fees are modest.
5. Market & Policy Risk	
Instability in the equity and debt markets could result in the inability to access capital markets or realise value from its investee companies. In addition, unforeseen changes in government policy, regulation or legislation could significantly impact on Malin's operations.	Malin encourages its investee companies to develop their businesses with the aim of having an exciting and broad-based business that appeals to strategic acquirers as well as the public markets. Malin engages with government and policy makers to express the long term benefits of Malin's capital and operational investing model to fund innovation in life sciences for economic, scientific and medical benefit.

Risk and description	Mitigating Factors and Actions
6. Investee Company Risks	
The execution of each of Malin's investee companies' businesses is subject to a number of risks and uncertainties. Each company has specific risks and uncertainties. There is a strong correlation between the release of these risks and the creation of value in these investee companies. The principal risks that apply to the platform of investee businesses broadly fall within the 5 risk captions below. ***Science & Technology (inc. IP) Risk*** The risk that R&D and/or early-stage technology programmes will fail to make it to the clinic or progress as expected. This risk is also associated with a breach or withdrawal of the protection of the Company's IP, know-how or business secrets as a result of a legal challenge, fraudulent action or other competitive event. ***Clinical & Regulatory Risk*** The risk that clinical programmes will fail to make it to the market or progress as planned due to safety, efficacy, regulatory and/or manufacturing issues. ***Commercial Launch & Marketing Risk*** The risk that business projections are not achieved. The failure to meet projections may be a result of new or stronger than expected competition, pricing/reimbursement issues, cost or any other events that could have a material impact on revenues. ***Talent & Business Ethics Risk*** The risk that the management team does not have the relevant scientific, technological or commercial experience appropriate for the current stage of the business they operate. This could affect management's ability to plan or execute strategies efficiently, attract the necessary talent, and/or to create a corporation capable of complying with all applicable laws/regulations. ***Business Strategy Risk*** The risk that the Company has not formed, implemented or executed a dynamic business strategy/vision or that the strategy deployed is compromised or insufficient. There is a risk that the Company will or has already positioned itself, its science, or its technology in an unattractive or underperforming market.	Malin mitigates against the specific risks related to its investee companies in the following ways: ▸ A diversified platform of life sciences companies spanning therapeutics and stages of development. These companies represent a broad cross section of the value chain within the life sciences industry. These include discovery science, clinical programmes, devices, mobile health and commercial distribution. ▸ Operational influence at the Board and strategic executive level of investee companies to highlight specific risks and request the adoption of measures to attempt to mitigate against the specific investee company risk. ▸ The combined scientific, medical, regulatory and industry experience and expertise of our executive team, Board and advisory partners gives Malin a unique ability to understand and develop businesses with the optimal value creation and risk profile. This applies in our existing investee companies as well as in identifying prospective new investee companies. Malin's experience and expertise is also critical in quickly identifying, highlighting and seeking to mitigate against specific investee company risks.

Our Core Values

People and Culture

Malin embraces the importance of people and culture as a key pillar of its values. Malin seeks to create an environment which is vibrant, diverse, energetic, resilient and intellectually curious for all employees. This team oriented and collectively driven atmosphere allows Malin to achieve meaningful results for key stakeholders including employees, shareholders, investee companies, and ultimately the world's population – all of whom would benefit from advancements in life sciences.

The motivated and highly committed Malin team provides the business with a strong competitive advantage. Given this importance, Malin endeavours to attract, develop, reward and retain the strongest talent across all areas of the business. Malin offers all employees a lifestyle allowance which enables employees to have greater control over their health and lifestyle benefits. The allowance is specifically allocated to maximise the health and wellbeing of the employee and can be used to offset health costs including health insurance and fitness initiatives e.g. gym or sports club membership.

Malin employees are encouraged and supported to upskill as this offers both professional and personal development while also broadening the skillset of the Company. Employees may avail of the opportunity to undertake further educational studies within and beyond their current field of work. Malin has a diverse and experienced advisory board which gives the Company unique access to expertise, know-how and experience across a wide range of specialities in the life sciences sector.

Dr Samuel Cohen, Malin analyst and University of Cambridge Research Fellow, who gave a TED talk in September 2015 on his work as part of an international team of scientists to understand Alzheimer's Disease and his optimism based on their research that a treatment will be discovered.

Science and Innovation

Malin is committed to the progression of science and pioneering technologies as the bedrock of innovation and primary driver of the future of life sciences. This commitment manifests itself in our integrated approach to science and technology assessment, execution requirements and operating assistance, and by providing long-duration capital to allow these innovations to properly advance and tangibly demonstrate the breadth of their potential opportunity.

Integrated national commitment and positioning

As a globally focused, indigenous Irish company, Malin seeks to harness the considerable strength and embedded advantages of Ireland's domestic business platform from which to operate and grow the business on a global scale.

Malin is also conscious that global growth and opportunities will be fuelled by specific and focused investment in and commitment to Ireland, including business and technical partners, academic institutions and health care providers. Malin supports the creation and conservation of highly skilled jobs in Ireland, both in the Company itself and in our investee companies.

Malin is conscious of the importance of not only supporting the communities in which we operate but we also recognise the responsibility we have towards protecting and enhancing Ireland's reputation internationally. During 2015, we made tangible contributions to Irish organisations representing and supporting Ireland abroad and also made contributions to the local community.

Mr Richard Bruton, Irish Minister for Jobs, Enterprise and Innovation attended the announcement of 70 highly skilled jobs by 3D4Medical in January 2016

Business practice and approach

Malin's purpose is to create shareholder value through the selective long-term application of capital and operational expertise to private, pre-IPO, pre-trade sale operating businesses in dynamic and fast-growing segments of the life sciences industry. Malin is committed to the progression of science and pioneering technologies and offers a unique platform for long-term investors and life sciences companies who are at a critical stage in their life cycle.

The principles governing the management of Malin's operating, investing and financing activities are fully aligned with our wider commercial and reputational practices and are consistent with our commitment to corporate responsibility.

Governance

Chairman's Introduction

Dear Shareholder,
It is my pleasure to present the first Corporate Governance Report of Malin Corporation plc.

This section of the annual report contains details of the key features of the Malin's governance structures and provides an insight into our Board and Board Committees, including their membership and activities during 2015.

The Board is strongly committed to establishing and maintaining a high standard of corporate governance that is commensurate with the size and stage of development of the Company. We believe that having a culture of good corporate governance creates value by ensuring that the structures and corporate behaviours of a public company are optimised to support Malin's strategy for growth and the creation of long term shareholder value. As Chairman, one of my primary responsibilities is to uphold and promote high standards of integrity, probity and corporate governance.

Malin has voluntarily committed to comply with the principles of the Quoted Companies' Alliance Corporate Governance Code for small and mid-size quoted companies to ensure our culture of good corporate governance is put into practice.

In addition, to the extent they are considered appropriate and practicable given Malin's size, stage of development and resources, it will comply with the principal provisions of the UK Corporate Governance Code together with the Irish Corporate Governance Annex published by the Irish Stock Exchange. The Board has also adopted a comprehensive set of Corporate Governance Guidelines which are available on our website, www.malinplc.com.

All Directors will offer themselves for re-election at the Company's Annual General Meeting, being the first general meeting after their appointment to the Board. I am satisfied that each Director continues to provide the Board with valuable expertise and support, and that they each devote sufficient time to their roles with Malin. I therefore strongly recommend their re-election.

John Given
Chairman

Board of Directors

JOHN GIVEN (46)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Chairman of the Board	19 December 2014	12 months
Chairman of the Nominations Committee	3 March 2015	10 months
Member of the Remuneration Committee	3 March 2015	10 months

John Given was a senior partner, management and policy committee member at leading Irish law firm A&L Goodbody where he spent over 20 years acting for many leading Irish and international companies, including a number of key corporate players in the life sciences sector. Over the course of a decade during which Mr Given served as head of Mergers and Acquisitions ("M&A"), the firm was consistently ranked as "the number 1 Irish M&A firm" (including for 10 consecutive years by Thomson Reuters). Mr Given was subsequently appointed as executive vice president and general counsel of Elan Corporation plc (Elan), having acted as lead external counsel to the company for many years, and led its advisory team on its successful defence against Royalty Pharma's three hostile takeover bids for the company and its subsequent $9 billion sale to Perrigo Company. Mr Given has served on various boards in the private and public sectors and is a co-founder, shareholder and non-executive director of BPI.

KELLY MARTIN (57)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Chief Executive Officer	21 August 2015	11 months

Kelly Martin served as CEO of Elan, Ireland's largest indigenous biotech company, from February 2003 until its successful sale to Perrigo Company in December 2013. Before joining Elan, Mr Martin spent more than 20 years at Merrill Lynch & Co., Inc., where he held a broad array of operating and executive roles. Mr Martin also serves as a non-executive director on a number of public and private company boards. Mr Martin is a co-founder, shareholder and non-executive director of BPI. Mr Martin was appointed CEO of the Company on 21 August 2015. He had previously served as a Non-Executive Director.

ADRIAN HOWD, Ph.D (44)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Chief Investment Officer	21 August 2015	11 months

Dr Adrian Howd has held both sell-side and buy-side roles, being a highly ranked sell-side analyst at Berenberg, Nomura and ABN Amro where he was global head of Healthcare Research. He also gained buy-side experience running a healthcare portfolio as part of the Principal Strategies Group at ABN Amro. Dr Howd also served as executive vice president, head of Neuroscience and Corporate Development at Evotec AG. Dr Howd has a Ph.D in molecular neuroscience from the University of London. Dr Howd is non-executive director of BPI.

Board of Directors
(continued)

DARRAGH LYONS (35)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Chief Financial Officer	19 December 2014	12 months

Darragh Lyons is a Fellow of Chartered Accountants Ireland and worked in a number of senior finance positions in Elan, most recently serving as the head of group finance (prior to the sale of Elan to Perrigo) where he was responsible for all aspects of internal and external reporting as well as overseeing the transactional and financing activities of the company. Prior to joining Elan, Mr Lyons worked with PricewaterhouseCoopers in Dublin, the United States and Canada, and also served in the firm's Global Technical Accounting Group. Mr Lyons is a shareholder of BPI and is a former director of Brandon Point Management Services Unlimited Company (trading as "BPI Consulting").

LIAM DANIEL (64)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Lead Independent Non-Executive Director	12 February 2015	11 months
Chairman of the Audit Committee	3 March 2015	10 months
Chairman of the Governance & Conflicts Committee	3 March 2015	10 months
Member of the Remuneration Committee	3 March 2015	10 months

Liam Daniel is a non-executive director of Horizon Pharma plc since September 2014 and was president of the Institute of Directors in Ireland from 2013 to 2015 having been elected to the board of that Institute in June 2010. He served with Elan from 1993 until 2014 in various roles including controller, company secretary, executive vice president and as an executive director. Following Elan's acquisition by Perrigo Company in December 2013, Mr Daniel retired from Elan in March 2014. He is a graduate of University College Dublin, a Fellow of Chartered Accountants Ireland and a Chartered Director.

OWEN HUGHES (41)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Independent Non-Executive Director	12 February 2015	11 months
Member of the Audit Committee	3 March 2015	10 months
Member of the Nominations Committee	3 March 2015	10 months
Member of the Governance & Conflicts Committee	3 March 2015	10 months

Owen Hughes currently serves as the chief business officer and head of Corporate Development at Intarcia Therapeutics, a late stage diabetes company and as a director of Radius Health, a Phase 3 osteoporosis company. Prior to Intarcia, Mr Hughes served as a director at Brookside Capital, a multi-billion dollar hedge fund that falls under the Bain Capital umbrella. There, he co-managed public and private healthcare investments including those in the biotechnology, med-tech, and services segments. Mr Hughes has over 16 years of Wall Street experience on both the buy and sell-side.

ROBERT A. INGRAM (73)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Independent Non-Executive Director	12 February 2015	11 months
Member of the Nominations Committee	3 March 2015	10 months

Robert Ingram is the former CEO/chairman of GlaxoWellcome where he co-led the merger and integration that formed GlaxoSmithKline. Since 2010, Mr Ingram has served as a special advisor to the CEO of GlaxoSmithKline. He currently serves as a general partner of Hatteras Venture Partners. He previously served as chairman of Elan from 2010 until its sale to Perrigo Company in December 2013. Mr Ingram has numerous community and board engagements, including chairman of Valeant Pharmaceuticals International, Inc. and membership on the board of directors of Edwards Lifesciences Corporation. Mr Ingram is chairman of Novan and Viamet, 2 of Malin's investee companies. Mr Ingram was asked by former US President George H.W. Bush to form and chair the CEO Roundtable on cancer, and he was awarded the Martin Luther King, Jr. Legacy Award for International Service in January 2004.

KIERAN MCGOWAN (72)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Independent Non-Executive Director	3 March 2015	10 months
Chairman of the Remuneration Committee	3 March 2015	10 months
Member of the Nominations Committee	10 February 2016	N/A

Kieran McGowan is currently chairman of Appian Asset Management. From 1990 until his retirement in December 1998, Mr McGowan was chief executive of the Industrial Development Authority of Ireland. Up until May 2012, he was chairman of CRH plc, and has sat on the board of a number of private companies. He is a director of Charles Schwab Worldwide Funds plc. Mr McGowan is also a past director of Elan from December 1998 to its sale to Perrigo Company in December 2013. He has served as president of the Irish Management Institute and has chaired the Governing Authority at University College Dublin.

SEAN MURPHY (63)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Non-Executive Director	2 February 2015	11 months
Member of the Audit Committee	3 March 2015	10 months

Sean Murphy is the former head of Corporate M&A and Business Development at Abbott Laboratories and senior adviser at Evercore Partners, a leading investment banking advisory firm. In a career that spans over 30 years, Mr Murphy's experience in the life sciences sector is both operational and transactional, having run a number of businesses at Abbott and played a leading role in a number of strategic investments during his tenure. Mr Murphy is managing director and shareholder of BPI.

PROF. DR UWE BICKER (70)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Independent Non-Executive Director	1 October 2015	3 months

Prof. Dr Bicker is a professor of the Medical Faculty of Heidelberg University and was Dean of the Medical Faculty from 2011 to 2015. He is an independent director of Sanofi since 2008 and is a member of its Strategy Committee. Prof. Dr Bicker is a trustee of the Aventis Foundation, a member of the Advisory Board of Morgan Stanley Germany, and he previously held a number of leadership positions at Boehringer Mannheim GmbH (later Roche AG). Prof. Dr Bicker has previously served on a number of other boards including Cambridge Antibody Technology Group plc, Epigenomics and HoechsMarionRoussel AG. Prof. Dr Bicker is a qualified physician, holds doctorates in chemistry and medicine, is an honorary doctorate of Klausenburg University and is an Honorary Senator of Heidelberg University.

KYRAN MCLAUGHLIN (71)

Position	Date of Appointment	Tenure as of 31 Dec 2015
Independent Non-Executive Director	3 December 2015	1 month

Mr McLaughlin is deputy chairman and head of Capital Markets at Davy and holds a number of public and private company directorships, including Ryanair plc. Mr McLaughlin is also a past director of Elan from December 1998 to its sale to Perrigo Company in December 2013 and was chairman of Elan from January 2005 to January 2011.

Corporate Governance Statement

Principles of Corporate Governance

The Board recognises the importance of good corporate governance in supporting growth in long term shareholder value and is committed to maintaining the highest standards of corporate governance commensurate with Malin's size and stage of the development.

While there is no specific corporate governance regime mandated in Ireland for companies admitted to trading on the ESM, Malin has voluntarily committed to comply with the principles of the Quoted Companies' Alliance ("QCA") Corporate Governance Code for small and mid-size quoted companies (the "QCA Code") and, to the extent they are considered appropriate and practicable given Malin's size, stage of development and resources, the principal provisions of the UK Corporate Governance Code (the "Code") as issued by the Financial Reporting Council in September 2014, together with the Irish Corporate Governance Annex published by the Irish Stock Exchange (together "the Codes"). A copy of the QCA Code is available at www.theqca.com

The Board has also adopted a set of corporate governance guidelines (the "Corporate Governance Guidelines"), which are available on the Company's website, www.malinplc.com.

The Corporate Governance Guidelines cover key corporate governance matters, including the mission of the Board, Director responsibilities, Board structure, matters reserved for the Board, Board composition, Independent Directors, Board membership criteria, selection of new Directors, time limits and mandatory retirement, Board composition and evaluation, leadership development, Board committees, Board meeting proceedings, Board and Independent Director access to top management.

Leadership

ROLE OF THE BOARD

The Board is responsible for the supervision and control of Malin and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy, reviewing and monitoring executive management performance and monitoring risks and controls.

A detailed description of the matters reserved for the Board are set out in the Corporate Governance Guidelines and these include:

- Responsibility for the overall management of the Company
- Approval of the Company's long term objectives and commercial strategy
- Approval of the Company's annual operating and capital expenditure budgets
- Oversight of the Company's operations, including ensuring the maintenance of adequate accounting and other records
- Changes to the Company's capital structure, including the issue of shares and entering into debt and financing arrangements
- Material acquisitions, disposals and investments
- Approval of interim results and annual report and financial statements
- Ensuring a sound system of internal control and risk management
- Changes to the structure, size and composition of the Board and Committees
- Selection of the Chairman, CEO and Lead Independent Director

The Board has delegated a number of its responsibilities to standing Committees of the Board and also to Malin's management team. The Board has approved the terms of reference of the Committees and the authority limits of management, and receives regular updates in respect of all delegated authorities.

BOARD COMPOSITION

The Board comprises of 11 Directors, being the Chairman, 6 Independent Non-Executive Directors, 1 Non-Executive Director and 3 Executive Directors. The Board considers that the current Board size is appropriate and facilitates the work of the Board and its committees whilst maintaining the necessary flexibility to allow it to carry out its duties in a timely fashion.

The Board also considers that it comprises a mix of the necessary skills, knowledge and experience required to provide leadership, control and oversight of the management of Malin and to contribute to the development and implementation of Malin's strategy. In particular, the Board combines a group of Directors with diverse backgrounds, both within and outside the life sciences sector, and in both public and private companies. Non-Executive Directors are appointed for a term of 3 years, subject to election by Malin's shareholders at the first AGM following their appointment, and every Director will be subject to re-election at least every 3 years.

The Board meets regularly, and no less than 6 times per year. The Directors have also established an Audit Committee, a Remuneration Committee, a Nominations Committee and a Governance and Conflicts Committee to assist in the execution of its responsibilities, each of which have formally delegated rules and responsibilities. Further details in respect of each of these Committees and the work carried out by them in 2015 is contained on pages 56 to 70.

DIVISION OF RESPONSIBILITIES

The roles of the Chairman and CEO are separated as is clearly set out in the Corporate Governance Guidelines. The Chairman of the Board is responsible for the leadership and management of the Board. The CEO has overall responsibility for the operation of the business of Malin.

CHAIRMAN

The Chairman's primary responsibility is to lead the Board. His role is to ensure that it is effective as a group and that it upholds the highest standards of integrity and corporate governance. He is also responsible for ensuring that all Directors receive accurate, timely and clear information to enable them to carry out their duties, and for ensuring that the Board agendas contain adequate time for the discussion of all agenda items, in particular strategic issues. The Chairman promotes a culture of strong open dialogue between the Executive and Non-Executive Directors. He has the responsibility to ensure that there is on-going and effective communication with shareholders and that members of the Board develop and maintain an understanding of the views of shareholders.

The Chairman also carries out executive duties in certain specific areas, including asset structuring, capital raising, communications, development and utilisation of Malin's Irish corporate platform, corporate transactional activity and Malin's strategic relations with various stakeholders.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors' main responsibilities are to review the performance of management, assist in strategy development, and ensure that appropriate and effective systems of internal control and risk management are in place. They are expected to challenge management proposals constructively and to draw on their experience and knowledge in relation to challenges facing Malin and the development of Malin's strategy.

The Non-Executive Directors review the relationship with the external auditor through the Audit Committee, monitor remuneration structures and policy through the Remuneration Committee and oversee potential governance and conflict issues through the Governance and Conflicts Committee.

Corporate Governance Statement
(continued)

LEAD INDEPENDENT DIRECTOR

The Lead Independent Director coordinates, in a lead capacity, the Independent Non-Executive Directors and provides ongoing and direct feedback from the Directors to the Chairman and the Chief Executive Officer. The specific responsibilities of the Lead Independent Director are set out in the Corporate Governance Guidelines.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for the day to day management of Malin's operations and the implementation of strategy and policies agreed by the Board. The Chief Executive Officer plays a key role in the process of setting and reviewing Malin's strategy and of maximising the contribution of senior management to business planning, operational control and Malin's performance.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports directly to the Chairman on governance matters and supports the Chairman in ensuring the Board functions effectively and fulfils its role. He is also secretary to each of the Board Committees. The Company Secretary ensures that Malin is in compliance with applicable rules and regulations and is responsible for advising the Board, through the Chairman, on all governance matters. The appointment and removal of the Company Secretary is a matter for the Board.

CONFLICTS OF INTEREST

The Board has adopted a Conflicts of Interest Policy which is overseen by the Governance and Conflicts Committee. In addition the Board reviews potential conflicts of interest as a standing agenda item at each Board meeting. Directors have continuing obligations to update the Board on any changes to potential conflicts.

D&O INSURANCE

Malin maintains appropriate Directors' and Officers' liability insurance cover, the level of which is reviewed annually.

BOARD ATTENDANCE

During 2015, the Board held 6 scheduled meetings. In addition to the scheduled meetings, the Board also met on 4 occasions to address specific matters. The Individual attendance record of Directors at Board meetings during 2015 is set out in the table below.

Director	Number of Board Meetings Attended in 2015
John Given	10/10
Kelly Martin	10/10
Adrian Howd	10/10
Darragh Lyons	10/10
Liam Daniel	10/10
Sean Murphy	10/10
Owen Hughes	9/10
Robert A. Ingram	9/10
Kieran McGowan	9/9
Uwe Bicker	1/2
Kyran McLaughlin	1/1

Remuneration

Details of the Directors' Remuneration are set out in the Directors' Remuneration Report on pages 60 to 67.

Effectiveness

INDEPENDENCE OF DIRECTORS

The Corporate Governance Guidelines provide that at all times at least 2 members of the Board will be independent. The Board has adopted the definition of independence based upon the standard set out in the Code. For a Director to be considered independent, the Board must affirmatively determine that he or she has no material relationship with the Company which is likely to affect, or could appear to affect, the Director's judgement. The Board has considered the independence of each Non-Executive Director, and affirmatively determined Mr Daniel, Mr Hughes, Mr McGowan, Mr Ingram, Prof. Dr Bicker and Mr McLaughlin, who together represent over half the members of the Board, to be independent in character and judgment and that there are no relationships or circumstances that are likely to affect their independent judgment. In reaching this conclusion the Board gave due consideration to the fact that Mr McLaughlin is deputy Chairman of Davy, the parent company of Davy Corporate Finance who act as the Company's broker and ESM Advisor. It is the Board's view that Mr McLaughlin discharges his duties in a thoroughly independent manner and constructively and appropriately challenges the Executive Directors and the Board. For these reasons the Board considers that he is independent.

APPOINTMENTS TO THE BOARD

All Directors, with the exception of Prof. Dr Bicker and Mr McLaughlin were appointed to the Board in the context of Malin's intention to apply for a public listing. Candidates were evaluated for their suitability in terms of skills, expertise and independence. The terms and conditions of the Non-Executives Directors appointment are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal business hours. The Board has established a Nominations Committee which leads the process for Board appointments and makes recommendations to the Board in this regard.

COMMITMENT

Under their terms of appointment, all of the Non-Executive Directors agreed to devote such time as is necessary for the proper performance of their duties and agreed to be prepared to spend at least 15-20 days per year on Malin business, which includes attendance at 6 scheduled Board meetings, the AGM and up to 2 other dates set-aside as provisional board dates and/or events. In addition, Non-Executive Directors are aware that they are expected to devote appropriate preparation time in advance of meetings. In accepting appointment to the Board, each Non-Executive Director confirmed that they were able to allocate sufficient time to meet the expectations of the role.

INDUCTION

All of the Directors received a Director Induction Pack at the time of their appointment to the Board which provided background information on Malin and its investee companies and the various obligations arising from its governance structures and admission to the ESM. In addition, all Directors were given the opportunity to meet with the Company Secretary, the Executive Directors and senior management to discuss any queries they had in respect of Malin.

Corporate Governance Statement
(continued)

TRAINING AND DEVELOPMENT

The Chairman is responsible for ensuring that all Directors receive ongoing training and development so as to allow them to discharge their duties to the best extent possible. The training and development needs of Directors will be considered by the Board in the context of Malin's first Board evaluation process which will take place during 2016.

INFORMATION AND SUPPORT

The Company Secretary, under the direction of the Chairman, is responsible for ensuring good information flow within the Board and its Committees and between management and the Non-Executive Directors. Prior to each Board meeting the Directors receive an agenda with supporting papers. The Board uses an electronic board pack system to ensure that Directors can access all Board papers quickly and easily. The Chairman and the Chief Executive Officer also maintain regular informal contact with Directors.

INDEPENDENT ADVICE

The Directors have access to independent professional advice at the Company's expense where they judge it necessary in order to discharge their responsibilities.

BOARD EVALUATION

The Nominations Committee has approved the process for a Board evaluation that will be carried out a during 2016 and annually thereafter. Such evaluation will consider the balance of skills, experience, independence and knowledge of the Directors, how the Board works as a unit and other factors relevant to its effectiveness and the effectiveness of its Committees. The results of the evaluation process, and details of any recommendations arising from it, will be contained in the Company's 2016 annual report.

RE-ELECTION

All Directors appointed to the Board will offer themselves for re-election at the first AGM after their appointment. Thereafter, in accordance with the Articles of Association of the Company, one third of the Board will, by rotation, seek re-election at the AGM each year.

Accountability

FINANCIAL AND BUSINESS REPORTING

Page 8 contains an outline of Malin's business vision, including the basis on which it intends to generate value over the long-term and to deliver on its strategic objectives. The Board is committed to providing a fair, balanced and understandable assessment of Malin's position and prospects.

GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have adopted the going concern basis in preparing the financial statements.

In making this assessment, the Directors have considered that Malin's capital position, and its ability to invest in new or existing assets, may be impacted by a number of potential value inflection points during 2016 which could result in capital inflows as well as the potential inflows from raising additional debt or equity capital.

RISK MANAGEMENT

The Board retains ultimate responsibility for determining the Company's level of risk tolerance. The Board has approved the Company's Risk Management Policy and Strategy Manual and they have undertaken an assessment of the principal risks facing the Company. Detail on the risks identified and the process by which the Board oversees risk management is contained on pages 36 to 39. The Board have delegated responsibility or ongoing review of the Company's Risk Register to the Audit Committee.

INTERNAL CONTROLS

The Board is responsible for maintaining the Company's system of internal controls, required to safeguard the Company's assets, and for reviewing the effectiveness of that system at least once per year. The Company's internal control systems are designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Company. In addition they are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee has responsibility for ensuring the adequacy and effectiveness of the Company's internal financial controls.

Corporate Governance Statement
(continued)

Acquisitions and Investment Process

Source	Analyse	Execute	Approval
• In-house team • Advisory board • Investee network • University Network	• Strength of science & technology • Development feasibility • Market attractiveness • Management team • Valuation, risk and fit	Diligence: • Financial • Legal • Intellectual property • Taxation	• < €5 million: Executive management • > €5 million: Board of Directors

The evaluation and execution of acquisition and investment transactions involves 4 key steps: sourcing, analysing, executing and the approval of the proposed transaction. Malin's world-class executive team, advisory partners and Board assembled with deep, diverse and global experience and relationships in the life sciences sector are the primary source of investment opportunities. The appraisal of acquisition and investment opportunities involves the assessment of the asset on 6 key dimensions:

- strength of science and technology: the scientific and/or technological robustness, the differentiation of the technology versus the competition, the depth of the science or technology and applicability across multiple therapeutic areas
- development feasibility: the technical and clinical complexity of the development process
- market attractiveness: the magnitude of the unmet market need and the intensity of the market competition
- management team: the experience, depth and ability of the management team and whether Malin can complement this experience
- value and risk: Malin's view of the value of the business against the asking price and whether the value upside is appropriate relative to the riskiness of the business
- fit: the incremental benefit of the proposed acquisition or investment to the current Malin life sciences platform either through diversification or complementing a current business

Malin's transactional diligence typically concentrates on the financial, legal, intellectual property and taxation arrangements of the target business.

All investments involving a commitment of greater than €5 million must be approved by the Board, while executive management are authorised to approve transactions below this amount.

Relations with Shareholders

SHAREHOLDER COMMUNICATION

The Chairman, CEO, CIO and CFO are the primary links between the Board and shareholders. The Chairman is responsible for ensuring that the views of shareholders are communicated to the Board as a whole, and in particular to the Non-Executive Directors. Significant matters relating to Malin are announced to the market by way of RNS announcements. Such announcements also appear on Malin's website, www.malinplc.com.

ANNUAL GENERAL MEETING

Formal notification and related papers will be sent to all shareholders at least 21 days before the Annual General Meeting and separate resolutions will be proposed on each substantially separate issue. For each resolution, proxy appointment forms will provide shareholders with the option to direct their proxy to vote for or against a resolution, or to withhold their vote. Shareholders attending the AGM will be informed of the number of proxy votes lodged for each resolution, and the number of votes for, against or withheld respectively. Detail of proxy votes received will also be made available on Malin's website following the meeting. Other general meetings may also be convened from time to time on at least 21 days' notice or where certain requirements are met, including prior approval by shareholders by way of special resolution, on 14 days' notice. The AGM will give shareholders an opportunity to ask questions of the Chairman and, through him, the Chairman of the various Board Committees.

SHARE DEALING

The Directors intend to comply with the Model Code on dealings by Directors and Persons Discharging Managerial Responsibilities set out in the Main Securities Market Listing Rules of the Irish Stock Exchange ("Model Code") and with Rule 21 of the ESM Rules relating to share dealings by Directors, and will take all reasonable steps to ensure compliance with the Model Code and ESM Rule 21 by Malin's applicable employees. The Board has adopted a share dealing policy for the Directors and applicable employees to facilitate compliance with the Model Code, Rule 21 and any applicable securities legislation. Under the policy, Directors and applicable employees are required to obtain clearance from the Chairman before dealing in Company shares. The Chairman is required to obtain clearance from the Lead Independent Director. Directors and applicable employees are prohibited from dealing in Company shares during designated closed periods and at any time when the individual is in possession of unpublished price sensitive information.

Audit Committee Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the report of the Audit Committee of Malin Corporation plc for the period to 31 December 2015.

OVERVIEW

The Audit Committee comprises 2 Independent Non-Executive Directors and 1 Non-Executive Director. The Audit Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on the Company's website, www.malinplc.com.

The Audit Committee's primary responsibility is to ensure that the financial performance of Malin is properly monitored and reported. The Audit Committee also has a duty to ensure that Malin's Annual Report and Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess Malin's performance, business model and strategy.

In addition, the Audit Committee also has responsibility for ensuring the adequacy and effectiveness of the Company's internal financial controls, and to consider and make recommendations to the Board and the shareholders in relation to the appointment, re-appointment and removal of the Company's external auditor. The Audit Committee also reviews the risk register on a regular basis.

ACTIVITIES IN 2015

During 2015 the Audit Committee's primary focus was to ensure that Malin is accounting for its acquisition and investment activity appropriately to ensure that Malin's financial statements give a true and fair view of the Company's financial affairs. In addition, the Audit Committee reviewed Malin's finance and control functions to ensure that they are appropriate for a newly listed public company.

Details of the significant issues considered by the Audit Committee in respect of Malin's Financial Statements are set out on page 58.

Liam Daniel
Chairman, Audit Committee

MAJOR TASKS UNDERTAKEN BY THE AUDIT COMMITTEE

Financial Reporting	‣ Consideration of the accounting policies being adopted by Malin ‣ Considered the significant issues and accounting judgements required to be determined in respect of the preparation of the 2015 interim and annual financial statements (see table on page 58 for further detail) ‣ Consideration and review of the 2015 interim financial statements ‣ Consideration and review of the 2015 annual financial statements
Narrative Reporting	‣ Review of the content of the 2015 interim financial statements and advice to the Board in relation to compliance with applicable standards and regulations ‣ Review of the content of the 2015 annual financial statements and advice to the Board in relation to compliance with applicable standards and regulations
External Audit	‣ Review and consideration of the external auditor plan for review of the 2015 interim statements ‣ Review of the report from the external auditor on the key findings from their review of the 2015 interim financial statements ‣ Review and consideration of the external auditor plan for the year-end 2015 audit ‣ Review of the key findings of the external auditor from the year-end 2015 audit ‣ Consideration of the re-appointment of the external auditor
Budget	‣ Review and approval of 2015 operating budget ‣ Review and approval of 2016 operating budget
Treasury Policy	‣ Review of Malin's Treasury Policy and approval of amendments proposed by management
Internal Control	‣ Assessment of the financial internal control framework in place ensuring that it is appropriate for Malin given the size and complexity of Malin
Financial Authorisation Limits	‣ Review of the financial authorisation limits and recommendation to the Board of amendments proposed by management

Audit Committee Report
(continued)

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO MALIN'S FINANCIAL REPORTING

Matters	Judgements
Accounting Policies of Malin As a newly formed entity, Malin adopted its accounting policies during the period.	The Committee considered the accounting policies to be adopted by Malin during the period ensuring that the policies adopted were appropriate and in accordance with International Financial Reporting Standards ("IFRS") and their interpretations approved by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") and those parts of the Companies Acts applicable to companies reporting under IFRS.
Accounting treatment of Malin's Investments Malin acquired or made investments in 16 investee companies during 2015	The Audit Committee considered the nature of each acquisition and investment made by Malin during 2015, and in particular assessed the accounting treatment to be applied to ensure that each investment is correctly accounted for and adequately disclosed in Malin's financial statements. The determination of the classification and hence the accounting for each investee company under IFRS focuses on the ability of Malin to exercise control (subsidiary companies) or significant influence (associate investment companies). Where it is determined that Malin does not exercise control or significant influence, the investee companies are classified as available-for-sale investments. The Audit Committee received comprehensive memorandums prepared by management which outlined the proposed methodology to be applied by Malin for classifying each material investment. In addition the Audit Committee discussed the proposed accounting with the external auditor. The Audit Committee is satisfied with the methodology applied to each investment and that Malin's financial statements appropriately account for, and adequately disclose, all investments made by the Company in 2015.
Accounting treatment of Malin's options to invest Malin holds options to increase its equity participation in a number of investee companies	The Audit Committee considered the proposed method of accounting for Malin's various investment options to invest further capital in certain of its investee companies and reviewed a detailed memoranda on this point prepared by management. The Audit Committee agreed with management's recommendation that certain of the options to invest should be classified as and accounted for as derivative financial instruments. The Audit Committee agreed that pursuant to such accounting treatment these options were required to be recognised at fair value on the date of the investment and subsequently re-measured to fair value at each financial reporting date.
Accounting treatment of Founder Equity BPI holds founder shares in Malin	The Audit Committee received an analysis from management of the proposed accounting treatment of the founder shares in the Company held by BPI. The Audit Committee agreed with management's recommendation that the Company was required to determine the fair value of the founder shares issued and to recognise the relevant charge in Malin's income statement with the charge related to the fair value of the initial vested tranche of shares recognised immediately and the unvested tranches which are subject to TSR targets vesting over the anticipated vesting period.
Accounting for Incentive and Remuneration Plans	The Audit Committee received a memorandum from management detailing the recommended accounting treatment to be applied in respect of the Incentive and Remuneration plans adopted by the Board during 2015. The Audit Committee also discussed the recommended accounting treatment with the external auditor. In particular, the Audit Committee noted and discussed the treatment of the 2015 Long Term Incentive Plan and the 2015 Long Term Bonus Plan as equity settled share based payment transactions. The Audit Committee is satisfied that the accounting treatment applied in respect of Malin's incentive and remuneration plans is appropriate, in accordance with IFRS and that Malin's financial statements appropriately reflect these plans.

EXTERNAL AUDITOR

KPMG was appointed as Malin's external auditor in March 2015.

The external auditor has a standing invitation to attend the Audit Committee's meetings and representatives from KPMG attended all 4 of the Audit Committee's meetings in 2015. The Audit Committee had an open relationship with the external auditor throughout the year, particularly in respect of the appropriate method to account for Malin's investments and the receipt and consideration of audit plans.

At the Audit Committee meeting in December 2015, the scope and nature of the non-audit services provided to Malin by KPMG during 2015 was reviewed, together with the level of fees paid by Malin to KPMG in respect of these services. These services principally consisted of tax advisory and tax and financial due diligence services connected with Malin's corporate structuring and investments made by the Company. The Audit Committee considered it appropriate and cost effective for Malin to engage KPMG in respect of such services due to their familiarity with the Company's business. The Audit Committee also noted that KPMG was the appointed external auditor for a number of Malin's investee companies.

The Audit Committee has evaluated the work undertaken by the external auditor during 2015, taking into account the other services provided to Malin by KPMG, and the Audit Committee is satisfied with their effectiveness, objectivity and independence. The Audit Committee does not believe it is appropriate for the external auditor to tender for the audit work at this time. The Audit Committee will review this determination on an annual basis.

INTERNAL FINANCIAL CONTROLS

The Audit Committee is satisfied that the level of internal financial controls that Malin has put in place during 2015 is appropriate for a public company, taking into account Malin's size and stage of development.

RISK MANAGEMENT

The Board retains ultimate responsibility for determining Malin's level of risk tolerance. The Board has approved Malin's Risk Management Policy and Strategy Manual and they have undertaken an assessment of the principal risks facing Malin. Detail on the risks identified and the process by which the Board oversees risk management is contained on pages 36 to 39. The Board have delegated responsibility for ongoing review of Malin's Risk Register to the Audit Committee.

INTERNAL AUDIT

Malin does not currently have an internal audit function and the Audit Committee are satisfied that this is not required given Malin's size and stage of development. The Audit Committee will keep this under review on an annual basis.

CONFIDENTIAL DISCLOSURES (WHISTLEBLOWING) POLICY

Malin does not currently have a Confidential Disclosures (Whistleblowing) Policy in place and the Audit Committee are satisfied that this is not required at this point given Malin's size and stage of development. The Audit Committee will keep this under review on an annual basis in conjunction with Malin's General Counsel.

THE AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE AT MEETINGS IN 2015

Members	Number of Meetings Attended
Liam Daniel (Chairman)	4/4
Owen Hughes	4/4
Sean Murphy	4/4

In addition to the Committee members, relevant members of the internal finance team attend the Audit Committee meetings by invitation.

The Board considers that the Audit Committee Chairman has sufficient recent and relevant financial experience and that there is sufficient financial and commercial experience within the Committee as a whole. Biographies of the members of the Audit Committee, which set out their experience, are contained on pages 46 and 47.

Directors' Remuneration Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the report of the Remuneration Committee of Malin Corporation plc for the period to 31 December 2015.

OVERVIEW

The Remuneration Committee comprises 2 Independent Non-Executive Directors and the Chairman of the Company. I was appointed by the Board as Chairman of the Remuneration Committee following the appointment of the previous Chairman, Kelly Martin, to the role of Chief Executive Officer in August 2015, at which point he stepped down from the Remuneration Committee. The Remuneration Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on Malin's website, www.malinplc.com.

The Remuneration Committee's primary role is to determine and agree with the Board the framework for the remuneration of Malin's Executive Directors and senior management. The Remuneration Committee also has responsibility for reviewing and approving the design of Malin's incentive and remuneration plans.

ACTIVITIES IN 2015

During 2015 the Remuneration Committee focused on establishing an Incentive and Remuneration Framework that would allow Malin to attract, retain and motivate the high performing employees required to meet its objectives, while ensuring the alignment of that framework with the performance of Malin, its strategic goals and the long-term interests of our shareholders. In this regard, the Remuneration Committee was particularly mindful that Malin's key financial KPI is TSR and formed the view that this was the most appropriate performance measure to apply to Malin's long term incentive plan.

DISCLOSURE

This report incorporates many of the features of current best practice in respect of remuneration reporting, including a Directors' Remuneration Policy table which explains the components of our remuneration framework for Executive Directors and a "single figure of remuneration" for each Director for 2015. This demonstrates the Company's commitment to high standards of disclosure and transparency in respect of remuneration.

SHAREHOLDER VOTE

At Malin's AGM, this Directors' Remuneration Report will be put to a shareholder 'advisory' vote. While there is no legal obligation on the Company to put such a resolution to shareholders, the Remuneration Committee and the Board believes that this is in line with best practice, and recognises the importance of engagement with shareholders in respect of Directors' Remuneration.

Kieran McGowan
Chairman, Remuneration Committee

PRINCIPAL RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The principal responsibilities of the Remuneration Committee as described in detail in its Terms of Reference include:

i. Determine and agree with the Board the framework for the remuneration of Malin's Chairman and Executive Directors;
ii. Recommend and monitor the level and structure of remuneration for senior management;
iii. Ensure that a significant proportion of Malin's remuneration is structured so as to link rewards to corporate and individual performance as well as company strategy and is designed to promote the long term success of the Company;
iv. Approve the design of all performance related pay plans operated by Malin and approve the total annual payments made under such plans;
v. Review of the design of all share incentive schemes prior to recommendation to the Board for approval and determination of whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, the Company Secretary and senior management, and the applicable performance targets.

The remuneration of Non-Executive Directors is approved by the Board.

KEY AREAS OF FOCUS FOR THE REMUNERATION COMMITTEE DURING 2015

- Consideration and recommendation of appropriate Remuneration and Incentive Framework for Executive Directors and senior management
- Review and approval of Annual Cash Bonus Plan
- Consideration and recommendation to the Board of Long Term Incentive Plan
- Consideration and recommendation to the Board of Long Term Bonus Plan
- Consideration and approval of Employment Agreements for Executive Directors
- Review and approval of Company Objectives for 2015 in context of the Annual Cash Bonus Plan

The Board considers that the Chairman of the Remuneration Committee has relevant financial and commercial experience for the role and that there is sufficient financial and commercial experience within the Remuneration Committee as a whole. Biographies of the members of the Remuneration Committee, which set out their experience, are contained on pages 45 to 47.

REMUNERATION COMMITTEE MEMBERSHIP AND ATTENDANCE

Members	Number of Meetings Attended
Kieran McGowan (Chairman)	5/5
John Given	5/5
Liam Daniel	5/5

Directors' Remuneration Report
(continued)

DIRECTORS' REMUNERATION POLICY REPORT

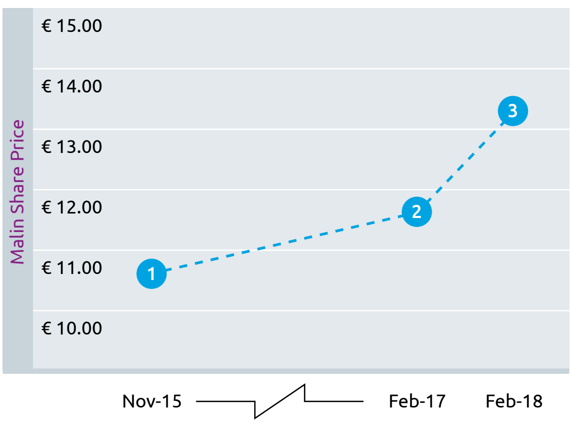
Malin's policy on Executive Director remuneration is designed to reward, retain and motivate them to perform in the best interests of shareholders, while balancing the cost base of the Company with market rates.

The elements of the remuneration and incentive package which were applied to Executive Directors in 2015 are set out in the table below.

Element	Purpose, link to Malin's Strategy and Operation	Maximum Opportunity	Performance Metrics
Base Salary	To provide an appropriate level of fixed remuneration to reflect the skills and experience of the individual, and which is sufficient to attract and retain individuals of the necessary calibre to execute the Company's strategy.	There is no prescribed maximum. Salaries will be reviewed annually by the Remuneration Committee, having regard to personal performance, Company performance and market practice, as well as reflecting any changes in the scope of roles and responsibilities.	Individual and company performance are considered in setting base salary.
Pension	To provide a market competitive pension package. Pension contributions are calculated on basic salary only. Contributions are made into the Company's defined contribution pension scheme, an individual's personal pension plan or the Company's 401(K) plan in the US.	15% of base salary for Ireland and UK based Directors. 6% of base salary for US based Directors.	Related to salary.
Benefits	To provide a market competitive level of benefits. The benefits currently provided by the Company comprise a contribution towards the cost of health insurance and benefits under the Company's group risk schemes including death in service cover and long term disability cover.	There is no prescribed maximum. The level of benefits is set at an appropriate market rate and is reviewed periodically.	Not performance related.
Annual Cash Bonus Plan	To reward individuals for their performance on the achievement of annual individual and Company goals. Rewards are based on a combination of individual and Company performance metrics. The Annual Cash Bonus Plan contains clawback provisions in the event of material breach of service contract or material error in the performance of duties by a participant.	Total aggregate Company bonus pool not to exceed 100% of aggregate base salaries. The Remuneration Committee sets the size of the total bonus pool and approves the individual awards to Directors.	The annual Company goals and objectives are approved by the Committee each year. Pay-outs are determined by the Remuneration Committee based on actual performance against the Company and individual targets set for each year.

Element	Purpose, link to Malin's Strategy and Operation	Maximum Opportunity	Performance Metrics
Long Term Incentive Plan	To advance Malin's interests and those of its shareholders by providing a means to reward, retain and motivate employees, consultants and directors, to recognise individual contributions and reward achievement of performance goals, and to promote the creation of long term value for shareholders by aligning the interest of participants with those of shareholders. The Board of the Company adopted the 2015 Long Term Incentive Plan ("2015 LTIP") in October 2015 and it came into effect on 1 November 2015. It is anticipated that awards under the 2015 LTIP will be made annually following the release of the Company's full year financial results. Awards may also be made to some individuals on joining the Company or on the occurrence of other specific events. Under the 2015 LTIP, the Remuneration Committee has the ability to make awards in the form of Options, Restricted Share, RSUs and SARs. Individual awards will reflect the individual's role and responsibilities within Malin. Generally an Award will lapse on cessation of employment. However, in certain circumstances* the award will not lapse. On a change of control of the Company the Remuneration Committee has a range of options available to it, including: (i) acceleration of vesting, exercise or cessation of restrictions; (ii) agree that outstanding Awards will be assumed or substituted by the surviving company or its parent; (iii) to make payment of a cash settlement to participants equal, per share, to the amount to be paid for one share under the agreement of merger or takeover terms; (iv) to otherwise vary the outstanding Awards on such conditions as the Committee may decide. The 2015 LTIP contains clawback provisions for material misstatement of accounts or material wrongdoing by a participant. * includes health reasons (as defined), redundancy, voluntary severance or otherwise at the discretion of the Remuneration Committee.	The maximum annual award under the 2015 LTIP rules is 250% of salary, unless the Remuneration Committee decides that exceptional circumstances exist to justify a waiver of such limit. Unless otherwise resolved by shareholders in a general meeting, no more than 5% of the issued share capital of the Company may be issued or reserved in aggregate for issuance under the 2015 LTIP and any other share scheme operated by the Company over any ten year period, including the 2015 Long Term Bonus Plan ("2015 LTBP").	Performance targets for the vesting of awards are set by the Remuneration Committee at the time of grant of awards. Awards made to employees in November 2015 took the form of RSUs which vest over a 27 month period, with the majority of awards vesting upon the achievement of TSR targets by the company. These TSR targets for the RSUs granted to date under the LTIP are set out below.

TSR TARGETS IN THE NOVEMBER 2015 AWARDS UNDER THE 2015 LTIP



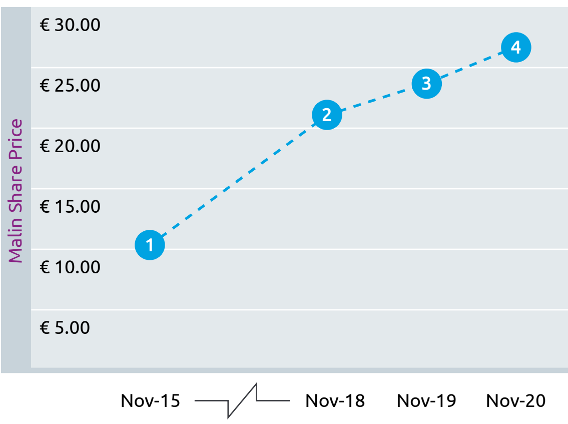
1. Base price of €10.55 per share on which TSR targets are set. One third of the total awards granted vested on the grant date.
2. The second tranche of RSUs will vest if Malin achieves a TSR of 10% between the grant date and 1 February 2017. This infers Malin having a share price of €11.61[1] on 1 February 2017 for the awards to vest.
3. The third tranche of shares will vest if Malin achieves a TSR of 25% between the grant date and 1 February 2018. This infers Malin having a share price of €13.19[1] on 1 February 2018 for the awards to vest.

[1] As well as share price appreciation, all other distributions to shareholders are taken into account in calculating the TSR achieved by Malin during the vesting period.

Directors' Remuneration Report
(continued)

Element	Purpose, link to Malin's Strategy and Operation	Maximum Opportunity	Performance Metrics
Long Term Bonus Plan	To advance Malin's interests and those of its shareholders by providing a means to reward, retain and motivate employees, consultants and Executive Directors for the achievement of stretching TSR performance and to promote the creation of long term value for shareholders by strongly aligning the interests of participants with those of shareholders. The Board of the Company adopted the 2015 LTBP in October 2015 and it came into effect on 1 November 2015. This is an incentive bonus plan whereby on achievement by Malin of a significant level of TSR out-performance over a prescribed period, a bonus pool of 8.5% of the actual TSR achieved in the relevant period will be created for distribution to participants. The Bonus Pool may be distributed in cash, Company shares, in specie distribution of assets or a combination of these three elements. The 2015 LTBP contains clawback provisions in the event of material breach of service contract or material error in the performance of duties by a participant and for material misstatement of accounts.	8.5% of the actual TSR if the TSR thresholds are achieved.	On achievement of 100% TSR in the 3 year period from the commencement date (1 Nov 2015), a bonus pool of 8.5% of actual TSR achieved will be created for distribution to participants. If creation of the bonus pool is not triggered after 3 years, the TSR is retested after years 4 and 5 (assuming TSR threshold not achieved in previous year), with appropriate step ups in the TSR targets as follows: ▸ Year 4: Bonus Pool created if 125% TSR achieved; ▸ Year 5: Bonus Pool created if 150% TSR achieved. The baseline share price for the calculation of TSR is defined in the 2015 LTBP as the volume weighted average of the reported trade price ("VWAP") for the Company's shares for the 20 Business Days immediately preceding 1 November 2015, which was €10.63. The TSR targets for the LTBP are set out below.

TSR TARGETS UNDER THE 2015 LTBP



1. Base price of €10.63 per share on which 2015 LTBP TSR targets are set.
2. First Calculation Period – the 2015 LTBP will vest if a TSR of 100% has been achieved between the commencement date of 1 November 2015 and 31 October 2018. This infers Malin having a share price of €21.26[1] on this date.
3. Second Calculation Period – if the 2015 LTBP does not vest on the first calculation period, it will vest if a TSR of 125% has been achieved between the commencement date of 1 November 2015 and 31 October 2019. This infers Malin having a share price of €23.92[1] on this date.
4. Third Calculation Period – if the 2015 LTBP does not vest on the first or second calculation periods, it will vest if a TSR of 150% has been between the commencement date of 1 November 2015 and on 31 October 2020. This infers Malin having a share price of €26.58[1] on this date.

[1] As well as share price appreciation, all other distributions to shareholders are taken into account in calculating the TSR achieved by Malin during the vesting period.

NOTES TO THE DIRECTORS REMUNERATION POLICY REPORT

i. The Remuneration Committee had the Annual Cash Bonus Plan, 2015 LTIP and 2015 LTBP independently reviewed by Kepler Associates, a brand of Mercer ("Kepler") prior to their approval by the Remuneration Committee and recommendation to the Board. The Remuneration Committee consider Kepler to be independent compensation consultants as they do not provide any other services to Malin and are not engaged to carry out any work for, nor receive any payments from, Malin other than that done on behalf of the Remuneration Committee.

ii. Malin's practice with regard to the remuneration of senior executives immediately below the level of Executive Director is consistent with the Remuneration Policy for Executive Directors. These executives are eligible to participate in the Annual Cash Bonus Plan, the 2015 LTIP and 2015 LTBP and all have a significant portion of their remuneration package linked to Malin's performance.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Element	Purpose, Link to Malin's strategy and Operation	Applicable Fees
Non-Executive Director Fees	To attract and retain Non-Executive Directors with the required skills and experience and reward them for fulfilling the relevant role. In addition to the base fee, Non-Executive Directors are paid additional fees for memberships of Board Committees. Fees for Non-Executive Directors are set by the Board (excluding the Non-Executive Directors). Non-Executive Directors are entitled to participate in the Company's LTIP. No awards to them were made in 2015, however it is anticipated that awards will be made in 2016. No Non-Executive Director will have any role in determining their own award and any awards made to Non-Executive Directors will not contain performance related elements.	Fees as at 1 January 2016 are: Base fee: €50,000 Audit Committee Membership fee: €15,000 Audit Committee Chairmanship fee*: €20,000 Other Committee Membership fee: €7,500 Other Committee Chairmanship fee*: €10,000 Lead Independent Non-Executive Director fee: €10,000

* Includes committee membership fee.

LETTERS OF APPOINTMENT

Each of the Non-Executive Directors has been appointed pursuant to the terms of a Non-Executive Appointment Letter. Each appointment is for an initial term of 3 years, is subject to election by the Company's shareholders at the first AGM following appointment and to re-election at any subsequent AGM at which either the Articles of Association of the Company require, or the Board of the Company resolves, that the Non-Executive Director stand for re-election.

Non-Executive Directors are typically expected to serve 2 3-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to review by the Board and Nominations Committee and re-election at the Company's AGM. Non-Executive Directors are not entitled to any compensation in the event of loss of office.

Directors' Remuneration Report
(continued)

DIRECTOR REMUNERATION FOR 2015

The following table summarises the remuneration received by the Directors in respect of the period ending 31 December 2015:

	Base Salary/ Fees*	Pension	Benefits	Cash Bonus	LTIP	Total (€'000)
Chairman						
John Given*	233	14	10	483	-	740
Executive Directors						
Kelly Martin*	199	-	4	483	-	686
Adrian Howd**	385	29	393	100	696	1,603
Darragh Lyons	176	15	8	125	97	421
Non-Executive Directors						
Liam Daniel	85	-	-	-	-	85
Kieran McGowan	49	-	-	-	-	49
Robert A. Ingram	50	-	-	-	-	50
Owen Hughes	70	-	-	-	-	70
Sean Murphy	58	-	-	-	-	58
Uwe Bicker	13	-	-	-	-	13
Kyran McLaughlin***	-	-	-	-	-	-
Total	**1,318**	**58**	**415**	**1,191**	**793**	**3,775**

* Mr Given and Mr Martin commenced employment with the Company on 21 August 2015. Prior to that date they served as Non-Executive Directors of the Company.
** Benefits relate to a relocation payment of €393k.
*** Mr McLaughlin waived his Director's Fee for the period to December 2015.

i. Pension represents Company contributions to the Company's defined contribution pension scheme or an individual's approved personal pension plan. The company did not have a pension plan established in the US during 2015 and therefore no pension contributions were made on behalf of Mr Martin during 2015. The Company has established a 401(K) plan for US based employees in March 2016 and Mr Martin is eligible to participate in this plan.
ii. Benefits comprise a contribution towards the cost of health insurance and benefits under the Company's group risk schemes including death in service cover and long term disability cover. Dr Howd received a once off re-location allowance in 2015 in connection with the Company's establishment of an office in Cambridge.
iii. Cash bonus represents the value of the bonus received in respect of 2015 under the Company's Annual Cash Bonus Plan. The Bonus payments were made in February 2016.
iv. LTIP represents the one third of the awards made under the 2015 LTIP in November 2015 and that vested on the grant date. The value shown has been calculated based on the Company's closing share price on the date of grant (2 November 2015) which was €10.55.

EMPLOYMENT AGREEMENTS

The Chairman and the Executive Directors have Employment Agreements containing notice periods not exceeding 6 months (the "Employment Agreements"). The current Employment Agreements with John Given, Kelly Martin and Adrian Howd were entered into on 21 August 2015. The current Employment Agreement with Darragh Lyons was entered into on 2 November 2015. All of the Employment Agreements contain an entitlement to notice and payment in lieu of notice. Under the Employment Agreements if an individual's employment is terminated without cause, or if certain specified events occur in respect of the individual's employment within 12 months of a change of control of the Company, then the Company will be obliged to pay the relevant individual a severance payment. In respect of Mr Given, Mr Martin and Dr Howd, the severance payment shall be equal to 2 times their gross annual salary and bonus earned in the year preceding the relevant trigger event. In respect of Mr Lyons, the severance payment shall be equal to 1 time his gross annual salary and bonus earned in the year preceding the relevant trigger event.

COMPANY APPOINTMENTS TO INVESTEE COMPANY BOARDS

In situations where Directors of the Company serve on the Board of investee companies they do not receive a fee for such service. The Company is generally reimbursed by investee companies for travel and other expenses reasonably incurred by its appointees in connection with their attendance at Board meetings of investee companies.

LTIP AWARDS

The table below contains details of the awards made to Directors during 2015 under the 2015 LTIP:

Directors	Type of Award	Number of Shares Awarded	Vesting Thresholds	Vesting Period	Market Price on Date of Grant
Adrian Howd	Restricted Share Units (RSUs)	197,785 RSUs	1/3 on grant; 2/3 subject to temporal vesting	2 Nov 2015 – 2 Feb 2017	€10.55
Darragh Lyons	Restricted Share Units (RSUs)	27,701 RSUs	1/3 on grant; 2/3 subject to TSR performance thresholds	2 Nov 2015 – 2 Feb 2017	€10.55

DIRECTORS' AND COMPANY SECRETARY'S SHARE INTERESTS

	Shares beneficially owned as at 31 December 2015	Shares beneficially owned as at 31 March 2016	Unvested RSUs under 2015 LTIP as at 31 March 2016
Directors			
John Given	60,007	66,736	
Kelly Martin*	2,580,569	2,598,432	
Adrian Howd	34,942	34,942	131,856
Darragh Lyons	8,478	8,478	18,467
Liam Daniel	10,000	10,000	
Kieran McGowan	14,099	14,099	
Robert A. Ingram	17,406	17,406	
Owen Hughes	11,373	11,373	
Sean Murphy	369,883	369,883	
Uwe Bicker	40,000	40,000	
Kyran McLaughlin	50,000	60,000	
Company Secretary			
Padraic Roche	6,751	6,751	10,772

* 2,125,610 Ordinary Shares of the Company held by Brandon Point Enterprises 5 Limited ("BPE5") are regarded as being a disclosable interest on behalf of Mr Martin pursuant to Section 258(d) of the Companies Act, 2014 as Mr Martin is entitled to exercise or control the exercise of one third or more of the voting power at general meetings of BPE5.

Nominations Committee Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the first report of the Nominations Committee of Malin Corporation plc for the period to 31 December 2015.

OVERVIEW

The Nominations Committee comprises of 3 Independent Non-Executive Directors and the Chairman of the Company. The Nominations Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on the Company's website, www.malinplc.com.

The Nominations Committee's primary roles are nominating candidates for all Board vacancies and regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its Committees, and making recommendations to the Board with regard to any changes.

Another key activity of the Nominations Committee is undertaking an annual evaluation of the effectiveness and performance of the Board, the Chairman and Chief Executive Officer. The Nominations Committee has agreed a process for such evaluations to take place in 2016.

ACTIVITIES IN 2015

The main business conducted by the Nominations Committee was the consideration of the appointment of Prof. Dr Uwe Bicker and Mr Kyran McLaughlin as Non-Executive Directors of the Company, and the recommendation of such appointments to the Board. Further details regarding these appointments are set out on page 69.

John Given
Chairman, Nominations Committee

PRINCIPAL RESPONSIBILITIES

The principal responsibilities of the Nominations Committee as outlined in its Terms of Reference include:

- Regular review of the structure, size and composition of the Board and recommendation to the Board with regard to any changes;
- Assessment of the effectiveness and performance of the Board and each of its Committees including the balance of skills, experience, independence and knowledge;
- Succession planning for Directors and senior management of the Company
- Identification and nomination to the Board for approval, candidates to fill Board vacancies as and when they arise;
- Conduct annual evaluations of the Chairman of the Board and the Chief Executive Officer, and review of the results with the Independent Non-Executive Directors

APPOINTMENT OF PROF. DR UWE BICKER

The appointment of Prof. Dr Bicker was considered by the Nominations Committee at its meeting in May 2015. Prof. Dr Bicker's extensive academic, scientific and corporate experience was reviewed by the Nominations Committee and the Nominations Committee unanimously agreed that he would be an excellent addition to the Board. Prof. Dr Bicker's appointment was approved by the Board in May 2015 and he became a Director effective 1 October 2015 after the cessation of a number of his other board commitments.

APPOINTMENT OF MR KYRAN MCLAUGHLIN

The appointment of Mr McLaughlin was recommended to the Board by the Nominations Committee in August 2015. The Nominations Committee considered the vast experience possessed by Mr McLaughlin in his role as Deputy Chairman of Davy Stockbrokers, his membership of various public and private company board and his past membership of the Board of Elan Corporation plc. The Nominations Committee unanimously agreed that he would be an excellent addition to the Board and his appointment was approved by the Board at the Board meeting in August 2015. Mr McLaughlin became a Director effective 3 December 2015 after obtaining certain required regulatory clearances.

BOARD EVALUATION

At the Nominations Committee's meeting in February 2016 the Nominations Committee approved an internally facilitated Board and Nominations Committee evaluation process to take place in 2016. The key elements of the evaluation process are the circulation of an outline of the key areas for evaluation to each Director, the Chairman of the Board meeting with each director individually to get feedback on the questionnaire, and the Company Secretary to analyse the results and compile report of findings for circulation to the Board. The Company Secretary will then capture the agreed outcomes from the Board review and set clear timeline for implementation of any recommendations.

NOMINATIONS COMMITTEE MEMBERSHIP AND ATTENDANCE AT MEETINGS IN 2015

Members	Number of Meetings Attended
John Given (Chairman)	1/1
Kelly Martin*	1/1
Robert A. Ingram	1/1
Owen Hughes	1/1
Kieran McGowan**	N/A

* Stepped down from the Nominations Committee on 10th February 2016.
** Appointed 10th February 2016.

Governance and Conflicts Committee Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the first report of the Governance and Conflicts Committee of Malin Corporation plc for the period to 31 December 2015.

OVERVIEW

The Governance and Conflicts Committee comprises 2 Independent Non-Executive Directors. The Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on the Company's website, www.malinplc.com.

The Committee's primary role is to oversee the Company's compliance with its Corporate Governance Guidelines and relevant corporate governance codes, and for the oversight and supervision of the Company's Code of Conduct and Conflicts of Interest Policy. The Committee is also responsible for oversight and management of the Operating Services and Corporate Relationships Agreement between the Company and Brandon Point Management Services Unlimited Company, trading as BPI Consulting.

ACTIVITIES IN 2015

The main business conducted by the Governance and Conflicts Committee was the consideration of the services provided by BPI Consulting to Malin in 2015 and the approval of the scope of the services to be provided in 2016.

Liam Daniel
Chairman, Governance and Conflicts Committee

REVIEW OF OPERATING SERVICES AND CORPORATE RELATIONSHIPS AGREEMENT

In order to maintain a flexible and cost efficient infrastructure, the Company has outsourced certain functions and accordingly entered into an Operating Services and Corporate Relationships Agreement with BPI Consulting on 19 March 2015 (the "Operating Services Agreement"). Under the Operating Services Agreement BPI Consulting provides a range of corporate, administrative and operational back-office services to the Company. At its meeting in December 2015 the Committee reviewed and approved the services provided by BPI Consulting to the Company in 2015 and the associated fee invoiced to the Company. The Governance and Conflicts Committee also reviewed and approved the proposed services to be provided by BPI Consulting in 2016 and the forecasted fee associated with these.

REVIEW OF DIRECTOR'S INTERESTS

At its meeting in December 2015 the Governance and Conflicts Committee reviewed the Declarations of Interests provided to the Company by each of the Directors.

GOVERNANCE AND CONFLICTS COMMITTEE MEMBERSHIP AND ATTENDANCE AT MEETINGS IN 2015

Members	Number of Meetings Attended
Liam Daniel (Chairman)	2/2
Owen Hughes	2/2

Directors' Report

The Directors present the first Directors' report and the consolidated financial statements of Malin Corporation plc and its subsidiary companies for the period to 31 December 2015.

The Company was incorporated on 16 December 2014 under the laws of the Republic of Ireland. The Company re-registered as a public company limited by shares on 12 February 2015. On 25 March 2015 the Company's Ordinary Shares were admitted to trading on the ESM of the Irish Stock Exchange.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounts of the Company are maintained at its registered office: 2 Harbour Square, Crofton Road, Dun Laoghaire, Co. Dublin.

DIVIDENDS

There were no dividends paid or proposed by the Company in the period to 31 December 2015.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In making this assessment, the Directors have considered that Malin's capital position, and its ability to invest in new or existing assets, may be impacted by a number of potential value inflection points during 2016 which could result in capital inflows as well as the potential inflows from raising additional debt or equity capital.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the Company and Group Financial Statements in accordance with applicable laws and regulations. Under the Companies Act 2014 the Directors are required to prepare the Group Financial Statements each year in accordance with International Financial Reporting Standards as adopted by the European Union and they have elected to prepare the Company Financial Statements in accordance with IFRS, and their interpretations approved by the International Accounting Standards Board as adopted by the European Union , and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Under the Companies Act 2014, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and the Group of their profit and loss for the period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the Financial Statements comply with IFRS as adopted by the European Union as applied in accordance with the Companies Act 2014;
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the assets, liabilities, financial position and profit and loss of the Company, and which enable them to ensure that the Financial Statements of the Group are prepared in accordance with applicable

Directors' Report
(continued)

IFRS as adopted by the European Union and comply with the provisions of the Companies Act 2014, and as regards the Group Financial Statements, Article 4 of IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Group's and Company's website, www.malinplc.com. Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

The auditor, KPMG, Chartered Accountants, was appointed to the Company in 2015 in accordance with Section 384 of the Companies Act 2014 and, in accordance with Section 383(2) of the Companies Act 2014, will continue in office. A resolution authorising the Directors to fix the auditor remuneration will be proposed at the Company's AGM.

SUBSTANTIAL HOLDINGS

The issued share capital of the Company as at 31 March 2016 consisted of 39,235,144 Ordinary Shares (31 December 2015: 39,230,527). Each Ordinary Share has a nominal value of €0.001. All Ordinary Shares have equal voting and dividend rights. All shareholdings in excess of 3% of the issued share capital of the Company as at 31 March 2016 are set out in the table below:

Name	% of Issued Share Capital
Woodford Investment Managers	25.21%
UK Pension Protection Fund	12.90%
Ireland Strategic Investment Fund	12.74%
Reedy Creek Investments LLC	11.47%
Aviva Global Investors	7.86%
Brandon Point Enterprises 5 Limited	5.42%
Peter Löscher	5.03%

Except as disclosed above, the Company is not aware of and has not received any notification from any institution or person confirming that such institution or person is interested, directly or indirectly, in 3% or more of the issued share capital of the Company, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

POLITICAL DONATIONS

The Company has not made any donations disclosable under The Electoral Act 1997.

OTHER INFORMATION

Other information relevant to the Directors' Report may be found in the following sections of the annual report:

Information	Location in Annual Report
Board of Directors	Governance Report *– Pages 44 to 72*
Principal activities, business review and likely future developments	Chairman's Statement; Chief Executive's Statement; Operating Review *– Pages 4 to 41*
Principal Risks and Uncertainties	Risk Management *– Pages 36 to 39*
Results	Financial Statements *– Pages 73 to 137*
Corporate Governance	Governance Report *– Pages 44 to 72*
Directors Remuneration	Directors' Remuneration Report *– Pages 60 to 67*
Interests of the Directors and Company Secretary in the share capital of the Company	Directors' Remuneration Report *– Pages 60 to 67*
Subsidiaries	Financial Statements *– Page 100*
Events after the Balance Sheet Date	Financial Statements *– Page 130*

On behalf of the Board:

Kelly Martin Darragh Lyons

Kelly Martin
CEO

Darragh Lyons
CFO

31 March 2016

Financial Statements

Independent Auditor's Report to Malin Corporation plc

We have audited the Group and Company financial statements (the "financial statements") of Malin Corporation plc for the period ended 31 December 2015 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and in respect of the Company financial statements, Irish law and FRS 101 Reduced Disclosure Framework.

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its loss for the period then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Acts 2014.

2. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3. We have nothing to report in respect of matters on which we are required to report by exception

International Standards on Auditing ("ISAs") (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on page 71, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sean O'Keefe
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

31 March 2016

Consolidated income statement

for the period from incorporation on 16 December 2014 to 31 December 2015

		Period to 31 December 2015		
	Notes	Excluding Company Establishment Costs €'m	Company Establishment Costs (note 7) €'m	Including Company Establishment Costs €'m
Revenue	4	22.9	-	22.9
Cost of sales	6	(19.3)	-	(19.3)
Gross profit		**3.6**	**-**	**3.6**
Research and development expenses	6	(2.7)	-	(2.7)
General and administrative expenses	6	(29.3)	(17.1)	(46.4)
Operating loss		**(28.4)**	**(17.1)**	**(45.5)**
Share of net losses of associate undertakings	13	(5.9)	-	(5.9)
Gains on change in equity ownership of associate undertakings	13	2.4	-	2.4
Finance income	10	0.3	-	0.3
Finance expense	10	(1.1)	-	(1.1)
Loss before tax		**(32.7)**	**(17.1)**	**(49.8)**
Income tax	11	0.2	-	0.2
Loss after tax for the period		**(32.5)**	**(17.1)**	**(49.6)**
Loss attributable to:				
Equity holders of the parent		(27.8)	(17.1)	(44.9)
Non-controlling interest	30	(4.7)	-	(4.7)
Loss per share				
Basic and diluted loss per share attributable to owners of the parent (euro per share)	26			(€1.63)

Consolidated statement of comprehensive income

for the period from incorporation on 16 December 2014 to 31 December 2015

		Period to 31 December 2015		
	Notes	Excluding Company Establishment Costs €'m	Company Establishment Costs (note 7) €'m	Including Company Establishment Costs €'m
Net loss for the period		(32.5)	(17.1)	(49.6)
Other comprehensive income/loss ("OCI"):				
Items that may be reclassified subsequently to income statement				
Foreign currency translation differences		0.3	-	0.3
Share of OCI of associate undertakings – foreign currency translation	13	(2.4)	-	(2.4)
Available-for-sale investments – foreign currency translation	15	1.0	-	1.0
Other comprehensive loss for the period		**(1.1)**	**-**	**(1.1)**
Total comprehensive loss for the period		**(33.6)**	**(17.1)**	**(50.7)**
Attributable to:				
Equity holders of the parent		(29.0)	(17.1)	(46.1)
Non-controlling interest	30	(4.6)	-	(4.6)

Consolidated statement of financial position

As at 31 December 2015

	Notes	31 December 2015 €'m
Assets		
Non-current assets		
Investments in associates	13	176.2
Available-for-sale investments	15	54.0
Goodwill and other intangible assets	17	51.3
Property, plant and equipment	18	12.2
Deferred tax asset	11	1.3
Total non-current assets		**295.0**
Current assets		
Inventories	19	14.0
Trade and other receivables	20	16.4
Derivative financial assets	16	1.8
Cash and cash equivalents	21	97.0
Total current assets		**129.2**
Total assets		**424.2**
Liabilities		
Non-current liabilities		
Loans and borrowings	23	27.6
Provisions		0.5
Deferred tax liability	11	7.9
Total non-current liabilities		**36.0**
Current liabilities		
Loans and borrowings	23	7.3
Derivative financial liabilities	16	2.1
Trade and other payables	22	12.7
Current tax payable		0.7
Total current liabilities		**22.8**
Equity		
Share capital	24	-
Share premium		387.9
Other reserves	25	6.3
Retained losses		(44.9)
Equity attributable to owners of parent		**349.3**
Non-controlling interests	30	16.1
Total equity		**365.4**
Total liabilities and equity		**424.2**

On behalf of the Board:

Kelly Martin
CEO

Darragh Lyons
CFO

31 March 2016

Consolidated statement of changes in equity

for the period from incorporation on 16 December 2014 to 31 December 2015

	Attributable to the equity holders of the Parent						
	Share capital €'m	Share premium €'m	Other reserves €'m	Retained earnings €'m	Total €'m	Non-controlling interests €'m	Total equity €'m
At incorporation	-	-	-	-	-	-	-
Comprehensive income:							
Loss for the period	-	-	-	(44.9)	(44.9)	(4.7)	(49.6)
Other comprehensive losses	-	-	(1.2)	-	(1.2)	0.1	(1.1)
Total comprehensive losses for the period	**-**	**-**	**(1.2)**	**(44.9)**	**(46.1)**	**(4.6)**	**(50.7)**
Issue of shares on admission to the ESM (note 24)	-	330.0	-	-	330.0	-	330.0
Issue of shares from additional placing (note 24)	-	42.0	-	-	42.0	-	42.0
Issue of shares to BPI as consideration for BPI Investment Transfers (note 12)	-	7.6	-	-	7.6	-	7.6
Issue costs (note 7)	-	(8.3)	-	-	(8.3)	-	(8.3)
Receipt of call option on Viamet from BPI for nil consideration (note 12)	-	-	1.1	-	1.1	-	1.1
Equity settled share-based payments	-	16.6	5.7	-	22.3	0.4	22.7
Acquired with subsidiaries (note 30)	-	-	-	-	-	21.0	21.0
Transactions with NCI	-	-	0.7	-	0.7	(0.7)	-
Total transactions with shareholders	**-**	**387.9**	**7.5**	**-**	**395.4**	**20.7**	**416.1**
At 31 December 2015	**-**	**387.9**	**6.3**	**(44.9)**	**349.3**	**16.1**	**365.4**

Consolidated statement of cash flows

for the period from incorporation on 16 December 2014 to 31 December 2015

	Notes	Period to 31 December 2015 €'m
Cash flows from operating activities		
Loss for the period		(49.6)
Adjustments for:		
Amortisation of intangible assets	17	1.6
Depreciation of property, plant and equipment	18	1.0
Net share of losses and gain attributable to equity accounted investments	13	3.5
Movement on inventory valued at fair value	19	4.8
Non-cash stock compensation		22.8
Finance costs	10	0.8
Tax charge	11	(0.2)
Other		0.1
		(15.2)
Increase in inventory		(3.6)
Increase in trade and other receivables		(1.7)
Increase in trade and other payables		7.3
Tax paid		(3.8)
Net cash used in operating activities		**(17.0)**
Cash flows from investment activities		
Investments in associates		(177.4)
Acquisition of subsidiary, net of cash acquired		(21.8)
Purchases of available-for-sale investments		(49.0)
Purchase of intangibles	17	(0.4)
Purchase of property, plant and equipment	18	(0.4)
Net cash used in investing activities		**(249.0)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	24	372.0
Transaction costs relating to issuance of ordinary shares	7	(8.3)
Decrease in loans and borrowings		(0.7)
Net cash from financing activities		**363.0**
Net increase in cash and cash equivalents		**97.0**
Cash and cash equivalents at beginning of period		-
Exchange losses on cash and cash equivalents		-
Cash and cash equivalents at end of period		**97.0**

Notes to the consolidated financial statements

for the period from incorporation on 16 December 2014 to 31 December 2015

1. General information and basis of preparation

Malin Corporation plc ("the Parent Company") is a newly established, Irish incorporated public limited company.

The Parent Company was incorporated on 16 December 2014, as Malin Corporation Limited and re-registered as a public limited company on 12 February 2015. On 25 March 2015, Malin Corporation plc was admitted to trading on the Enterprise Securities Market ("ESM") of the Irish Stock Exchange (the "Admission").

BASIS OF ACCOUNTING

The audited consolidated financial statements (the "financial statements") include the financial statements of the Parent Company and all of its subsidiary undertakings (together referred to as "the Group" or "Malin"). These financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board, and the Companies Act 2014. As the Parent Company was incorporated on 16 December 2014, there is no comparative financial information for the statement of financial position, the performance statements and related notes.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euro, rounded to the nearest million (€'m) unless otherwise stated. Euro is the functional currency of the Parent Company and also the presentation currency for the Group's financial reporting. The financial statements are prepared under the historical cost basis, as modified by the measurement at fair value of share-based payments and certain financial instruments.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing these financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty have been described in note 3 of the financial statements.

2. Significant accounting policies

GOING CONCERN

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to prepare the financial statements on a going concern basis.

The Group's capital position, and its ability to invest in new or existing assets, may be impacted by a number of potential value inflection points during 2016 which could result in capital inflows as well as the potential inflows from raising additional debt or equity capital. The accounting policies applied in the preparation of the consolidated and Parent Company financial statements are set out below.

Notes to the consolidated financial statements
(continued)

2. Significant accounting policies (continued)

NEW STANDARDS

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2015, and have not been applied in preparing these financial statements. The items that may have relevance to the Group are as follows:

- Annual Improvements to IFRSs 2010-2012 cycle
- Annual Improvements to IFRSs 2012-2014 cycle
- Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure initiative
- Amendments to IAS 16 "Property, Plant and Equipment"
- Amendments to IAS 16 and IAS 38 "Intangible Assets" – Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" – Equity method accounting
- IFRS 9 "Financial Instruments" (2009 and subsequent amendments in 2010 and 2013)[1]
- Amendments to IFRS 11 "Accounting for acquisitions of interests in Joint Operations"
- IFRS 14 "Regulatory Deferral Accounts"[1]
- IFRS 15 "Revenue from contracts with customers"[1]
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements" – Sale or contribution of assets between an investor and its associate or joint venture[1]
- IFRS 16 "Leases"[1]
- Amendments to IFRS 10, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28: Investment Entities: Applying the consolidation exception[1]

The Group is in the process of assessing the impact on the financial statements of the new standards, interpretations and amendments to published standards.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries and the Group's share of net assets of associates for the period ended 31 December 2015.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

Non-controlling interests ("NCI") represent the portion of the equity (or net assets) of a subsidiary not attributable, either directly or indirectly, to the Group and are presented separately in the consolidated income statement ("income statement") and within equity in the consolidated statement of financial position ("statement of financial position"), distinguished from the Parent Company's shareholders' equity.

In a business combination, NCI is measured at its proportionate share of the recognised amount of the subsidiary's identifiable net assets at the acquisition date. NCI is allocated its share of profit or loss and its share of each component of other comprehensive income and other reserves included in equity, post-acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1. Not EU endorsed at the time of approval of these financial statements

Transactions eliminated on consolidation

Intra-group balances and transactions, income and expenses, and any unrealised gains or losses, arising from such transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment in the Group's interest in the entity.

Associates

Associates are entities over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operational policy decisions of an entity, but is not control or joint control over those policies. Significant influence generally accompanies a shareholding of between 20% and 50% of voting rights.

Investments in associates are accounted for using the equity method of accounting, from the date significant influence is deemed to exist, and are initially recognised at cost.

Under the equity method of accounting, the Group's share of the post-acquisition profits and losses of associates is recognised in the income statement and its share of post-acquisition movements in certain reserves is recognised directly in other comprehensive income. The cumulative post-acquisition share of profits and losses are adjusted against the cost of the investment in associates on the statement of financial position, less any impairment in value. If the Group's share of losses exceeds the carrying amount of an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The cost of acquiring an additional stake in an associate (including any directly attributable costs), where there is no change in the influence Malin can exercise over the investee company, is added to the carrying value of the associate and goodwill arising on the purchase of the additional stake is calculated using fair value information at the date the additional interest is acquired.

Where Malin's stake in an associate is diluted but Malin maintains the ability to exercise significant influence, the disposal is accounted for as a partial disposal with a corresponding gain or loss recognised in the income statement.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The consideration transferred in the acquisition is measured at fair value. For each business combination, where a non-controlling interest arises, the non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group's available-for-sale investments represent equity shareholdings in investee companies in which Malin does not have control, joint control or significant influence and therefore accounts for its investment in these companies as available-for-sale investments.

Available-for-sale investments are included in non-current assets unless management intends to dispose of the available-for-sale financial asset within 12 months of the reporting date. They are initially recognised at fair value plus transaction costs and are subsequently adjusted to fair value at each reporting date. Unrealised gains and losses arising from changes in the fair value of the available-for-sale assets are recognised in other comprehensive income. When such available-for-sale assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses.

As the Group's available-for-sale financial assets are not publicly quoted, fair value is established using valuation techniques.

Notes to the consolidated financial statements (continued)

2. Significant accounting policies (continued)

REVENUE RECOGNITION

Revenue represents the fair value of the consideration receivable for the sale of goods to external customers net of value added tax, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefit will flow to the entity, and when specific criteria have been met for each of the Group's activities.

Sale of goods

Revenue from the sale of pharmaceutical products is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. Sales returns and discounts are recorded in the same period as the original revenue as a reduction in revenue.

SEGMENT REPORTING

Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the "CODM"). The Group is organised, reviewed and analysed internally by the CODM in a single operating segment structure. The CODM, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

FOREIGN CURRENCY TRANSLATION

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the income statement except when cash flow or net investment hedge accounting is applied. Currency translation differences, arising from monetary items which provide an effective hedge for a net investment in a foreign operation, are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Group companies

Results and cash flows of subsidiaries and associates with non-euro functional currencies have been translated into euro at actual exchange rates for the reporting period, and the related statements of financial position have been translated at the rates of exchange ruling at the reporting date.

Adjustments arising on translation of the results and net assets of non-euro subsidiaries and associates are recognised in a separate translation reserve within equity. All other translation differences are taken to the income statement.

Goodwill and fair value adjustments arising on acquisition of a foreign subsidiary or associate are regarded as assets and liabilities of the foreign operation and are translated accordingly.

The principal exchange rates used for the translation of results, cash flows and statements of financial position into euro were as follows:

Euro 1 =	Average Period to 31 December 2015	Period end – 31 December 2015
US Dollar	1.115	1.089
Pound Sterling	0.729	0.734
South African Rand	14.164	16.953

COMPANY ESTABLISHMENT COSTS

Malin has adopted an income statement format which seeks to highlight items that are directly attributable to the formation and establishment of the Company ("Company Establishment Costs"). These items include the cost of the formation, structuring, admission and placing of the Ordinary Shares of Malin on the ESM of the Irish Stock Exchange, the transaction costs of the initial acquisitions and investments that are recognised in the income statement and the non-cash share-based payment charges associated with the equity granted to the founder of Malin (Brandon Point Holdings Limited ("BPI", "the Founder")) in conjunction with this initial formation and structuring that is not subject to a vesting period. Judgement is used by the Group in assessing the particular items, which by virtue of size and nature, should be presented in the income statement and disclosed in the related notes as Company Establishment Costs. Refer to note 7 for details of Company Establishment Costs.

GOODWILL

Goodwill represents the excess of the fair value of consideration paid over the fair value of the net identifiable assets of the acquired subsidiary or associate and the proportionate share of the acquiree's identifiable net assets associated with NCI, at the date of acquisition.

Goodwill on the acquisition of a subsidiary is included with intangible assets and allocated from the acquisition date to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the business combination.

Goodwill associated with the acquisition of an associate is included within the investment in associate.

Goodwill is carried at the initial carrying amount less accumulated impairment losses. Goodwill is not amortised and is tested annually for impairment by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses arising in respect of goodwill are not reversed following recognition.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Other intangible assets acquired in the course of a business combination are capitalised at cost, being the fair value as at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of definite-lived intangible assets (the Group does not currently have any indefinite-lived intangible assets other than goodwill) are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicated that the carrying values may not be recoverable.

Intangible assets are amortised on a straight-line basis. In general, definite-lived intangible assets are amortised over periods ranging from 1 to 10 years, depending on the nature of the intangible asset.

	Annual rate
Customer lists	10%
Other intangibles	20%

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated to write off the book value of each item of property, plant and equipment on a straight-line basis over its estimated useful life.

	Annual rate
Buildings	3%
Plant and equipment	2% - 25%

Notes to the consolidated financial statements
(continued)

2. Significant accounting policies (continued)

Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year-end.

Repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

The carrying amounts of items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

INVENTORIES

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

Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Materials held for use in the production of inventories are not written down below cost if the finished goods, in which they will be incorporated, are expected to be sold at or above cost.

Provision is made, where necessary, for slow moving, obsolete and defective inventories.

TRADE AND OTHER RECEIVABLES

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectible debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The impairment charge is recognised in the income statement.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-dated nature of these liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purpose of the Group's cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recorded at fair value, net of transaction costs incurred. Subsequent to initial recognition, current and non-current interest-bearing loans and borrowings are measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

INCOME TAX

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

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the period using tax rates enacted or substantively enacted at the reporting date and taking into account any adjustments stemming from prior periods.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provision, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred 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 tax assets and liabilities are not subject to discounting and are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

SHARE CAPITAL

Issued Ordinary Shares and Issued A Ordinary Shares (together "Total Issued Share Capital") are classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares are shown in the share premium reserve in equity as a deduction, net of tax, from the proceeds.

SHARE-BASED PAYMENTS

The fair value of the services received in exchange for the grant of equity is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted including any market performance conditions (for example, a total shareholder return target); and the impact of any non-vesting conditions (for example, the requirement for employees to hold shares for a specific period of time). It excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest, where vesting is based on non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

3. Critical accounting estimates and judgements

The critical accounting estimates and judgements described below reflect the critical estimates and judgements made by management in the period since incorporation. It is anticipated that additional critical estimates and judgements will arise as the business develops, including critical estimates and judgements made within the investee companies. Management evaluates estimates and judgements based on their previous experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

A. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Notes to the consolidated financial statements
(continued)

3. Critical accounting estimates and judgements (continued)

(i) Share based payments – fair value of Founder Equity granted

Refer to note 24 for details of the shares issued to BPI in conjunction with the formation and Admission of Malin ("Founder Shares").

The Founder Ordinary Shares that represented 4% of the Total Issued Share Capital of Malin ("Founder Ordinary Shares") at the grant date are not subject to any performance conditions so the fair value of the shares on the date of grant was determined to be equal to the placing price of Malin's shares on admission to the ESM of €10.00 per share ("the Placing Price").

The Founder A Ordinary Shares that represented 8.5% of the Total Issued Share Capital ("Founder A Ordinary Shares") at the grant date are convertible into Ordinary Shares in 2 separate tranches. The first tranche of 6% is convertible at any time after the third year anniversary of Admission on the achievement by Malin of a Compounded Annual Growth Rate ("CAGR") on Total Shareholder Return ("TSR") of equal to or greater than 11%. The second tranche of 2.5% is convertible at any time after the fifth year anniversary of Admission on the achievement by Malin of a CAGR on TSR of equal to or greater than 17.5%. The fair value of the Founder A Ordinary Shares has been arrived at by applying a Monte Carlo simulation technique. Monte Carlo simulation is a valuation technique used to approximate a value for an award that includes a market condition such as TSR. In the case of the Founder A Ordinary Shares, the Monte Carlo model calculates fair value based on a large number of stochastic projections of the TSRs of Malin based on a comparison with selected peers.

The key assumptions for the Monte Carlo model and Malin's determinations of these are set out below.

Expected life of the Founder Shares
The terms of the Founder A Ordinary Shares are not subject to a maximum life or lapse date. However, the nature of CAGR targets are such that it becomes increasingly difficult to achieve the targets as time progresses beyond the first possible vesting dates (i.e. the 3 year and 5 year anniversaries of the grant date). In order to estimate an expected life, the fair value model was tested to assess the fair value ranges using different expected life estimates to identify the period beyond which the impact on the grant date fair value was not significant. Based on this analysis, a 9 year expected life for both tranches of shares was identified as a reasonable time frame over which to assess the impacts of reaching or not reaching the threshold TSR targets for each tranche of the Founder Share awards.

Share price volatility
Share price volatility should be calculated on the date of grant over a period consistent with the life of the Founder A Ordinary Shares. The expected volatility should reflect the amount by which Malin's share price is expected to fluctuate over the expected lifetime of the option or share award. Volatility is expressed as an annualised figure. In the absence of implied volatility data from traded awards with similar features the initial consideration is the historical volatility of Malin's share price over a period commensurate with the projection period of the award. As Malin's equity has only been stock-exchange quoted since 25 March 2015, TSR volatility estimates are based on the share prices of comparable companies that have been quoted over a time period commensurate with the expected life of the Founder A Ordinary Share awards. Sample volatility assumptions have been calculated based on historic TSR and share price data up to the grant dates. The number of years of historic data used is 9 years. The volatility displayed by these peer companies in this timeframe is 35%. This volatility was also used for Malin's Founder A Ordinary Shares fair value as no adjustment to this peer volatility was deemed necessary.

Risk-free rate of interest
The risk-free interest rate has been set as the yield on appropriate benchmarks over the term of the award being valued. The risk free rates for Malin used in the model have been derived from the Euro swap rate curve for the expected life of the awards as at the measurement date. The risk-free interest rate used was 0.54%.

Dividends
At the grant date, there was no immediate expectation of dividends being paid by Malin and the selected peer companies used to estimate Malin's volatility assumption have not paid dividends to shareholders. Therefore, a dividend yield of zero has been assumed in the estimates of the fair value of the Founder A Ordinary Shares.

(ii) Share based payments - fair value of share-based payments granted

In October 2015, Malin established 2 distinct remuneration initiatives:

a. A long-term bonus plan (the "2015 LTBP")
b. A long-term incentive plan (the "2015 LTIP")

2015 LTBP

The 2015 LTBP provides for a bonus pool to be created if an exceptional level of TSR is delivered by Malin. The bonus pool will be an amount equal to 8.5% of the TSR in respect of the performance period commencing on 1 November 2015. The 2015 LTBP has the potential to vest over the earlier of 1 of 3 performance periods: cumulative TSR from the commencement date of 100% is achieved after 3 years; cumulative TSR from the commencement date of 125% is achieved after 4 years; or cumulative TSR from the commencement date of 150% is achieved after 5 years. If the TSR of 150% is not achieved after 5 years, the plan will terminate and no bonus payments will be made. Any obligations arising under the plan may be settled in cash, shares or a combination of both cash and shares. The Remuneration Committee has sole discretion and control over how any obligations arising under this plan will be settled. As a result of the equity settlement option and in the absence of a past history or other factors suggesting that the pool would be settled in cash, the plan will be accounted as an equity-settled share-based payment transaction.

As the eligible participants of the plan do not have details of the specific benefits that might accrue to them individually under the plan, the grant date of the 2015 LTBP is not deemed to occur until the Remuneration Committee operates its discretion at the end of the vesting period to allocate the pool to the eligible participants. The fair value of the award is determined at the start of the service period and will be re-measured at each reporting date with the final measurement occurring at the end of the vesting period. As well as the achievement of the TSR targets, there is an implied service condition by eligible participants. The TSR target is a 'market condition', so is taken into account when determining the fair value of the equity instruments.

The fair value of the 2015 LTBP has been arrived at by applying a Monte Carlo simulation technique. The key assumptions for the Monte Carlo model, at 31 December 2015, and Malin's determinations of these are set out below.

Expected life of the 2015 LTBP

The 2015 LTBP has the potential to vest over 1 of 3 potential performance periods. At each date the TSR will be calculated per the definition in the terms of the awards. The expected life has been estimated at 5 years.

Share price volatility

The share price volatility used in determining the fair value of restricted stock units ("RSUs") granted is approximately 38%. It is based on peer companies' volatility as Malin's equity has only been stock-exchange quoted since 25 March 2015.

Risk-free rate of interest

The risk-free interest rate has been set as the yield on appropriate benchmarks over the term of the award being valued. The risk-free rates for Malin used in the model have been derived from the Euro swap rate curve for the expected life of the awards as at the measurement date. The risk-free interest rate used was 0.31%.

Dividends

At 31 December 2015, there was no immediate expectation of dividends being paid by Malin and the selected peer companies used to estimate Malin's volatility assumption have not paid dividends to shareholders. Therefore, a dividend yield of zero has been assumed in the estimates of the fair value of the 2015 LTBP.

Based on the Monte Carlo model, the cumulative fair value of the 2015 LTBP awards was estimated at €8.0 million on 1 November 2015. The fair value of the 2015 LTBP was revalued at 31 December 2015 and there was a €0.1 million decrease in the aggregate fair value of the plan between 1 November 2015 and 31 December 2015.

2015 LTIP

Malin made its first grant pursuant to its 2015 LTIP in November 2015. Malin granted 397,697 RSUs to employees which will vest in 3 equal tranches over the 27 month period following the grant date. The first tranche of awards was not subject to vesting conditions and vested immediately on the grant date, 2 November 2015. There are 2 vesting conditions attached to the second and third tranches: (i) achievement of the TSR target (market condition) which applies to the majority of awards granted, and (ii) employees must remain in employment at the vesting date (non-market condition) which applies to all of the awards granted.

The RSUs issued on 2 November 2015 are equity-settled share-based payment awards. The fair value of the first tranche of RSUs that vested on 2 November 2015 was based on the Malin share price on the grant date of €10.55 and resulted in a charge of €1.5 million.

Notes to the consolidated financial statements
(continued)

3. Critical accounting estimates and judgements (continued)

Of the 132,566 RSUs which vested on 2 November 2015, 59,116 were withheld to facilitate a net settlement of the resulting employee income tax liability, with 73,450 net shares issued to employees. The effect of the net settlement was a payment of €0.7 million to settle employee income taxes.

The cumulative fair value of the second and third tranche awards at the reporting date is €1.4 million.

The fair value of the second and third tranches of the RSUs granted was estimated using a Monte Carlo simulation technique to estimate the fair value of the awards at the grant date. The key assumptions for the Monte Carlo model and Malin's determinations of these are set out below.

Expected life of the 2015 LTIP
The expected life has been estimated based on the vesting periods; 15 months for the second tranche and 27 months for the third tranche.

Share price volatility
The share price volatility used in determining the fair value of RSUs granted was estimated to be 33%. It is based on peer companies' volatility as Malin's equity has only been stock-exchange quoted since 25 March 2015.

Risk-free rate of interest
The risk-free interest rate has been set as the yield on appropriate benchmarks over the term of the award being valued. The risk free rates for Malin used in the model have been derived from the Euro swap rate curve for the expected life of the awards as at the measurement date. The risk-free interest rate used was 0.014%.

Dividends
At the grant date, there was no immediate expectation of dividends being paid by Malin and the selected peer companies for the volatility assumption have not paid dividends to shareholders. Therefore, a dividend yield of zero has been assumed in the estimates of the fair value of the 2015 LTIP.

(iii) Fair value of financial instruments

Available-for-sale investments
The Group's available-for-sale assets are not traded in active markets and therefore the initial fair value attributed to these assets was based on the cost of the investment. All of the available-for-sale investments were acquired by the Group in the period from incorporation to 31 December 2015 and the subscription price paid for the investments represented the market price at the acquisition date. Management have determined that given the recent timing of these investments and based on an assessment of the market and company performance in the period since, the initial investment price is still a fair approximation of fair value in all cases.

Derivative financial instruments
Malin has entered into call and put investment options and contingent investment commitments which could result in Malin making further investments in a number of its investee companies over time.

As at 31 December 2015, these contracts include:
- A 33% portion of a $15.0 million call option with Viamet Pharmaceuticals, Inc. ("Viamet") held in a company controlled by Malin
- A $10.0 million put option with Melinta Therapeutics, Inc. ("Melinta")
- A €10.0 million contingent investment commitment with An2H Discovery Limited ("An2H")
- A call option of up to $16.6 million with Serenus Biotherapeutics Limited ("Serenus")
- A $20.7 million call option with 3D4Medical Limited ("3D4Medical")
- A $10.0 million contingent investment commitment with Poseida Therapeutics, Inc. ("Poseida")
- A $14.2 million put option with Hatteras Venture Partners V, L.P. ("Hatteras")

The derivative financial instruments are not traded in an active market and therefore fair value is determined by using valuation techniques. Management have assessed the characteristics of each of these contracts to determine the most appropriate basis for determining the fair value of these derivatives on initial recognition. For further information on the basis, estimates and assumptions used for each derivative contract, please refer to note 16.

In subsequently measuring these derivatives at fair value at the reporting date, management take account of the fact that the fair value of the underlying shares is not observable.

(iv) Business combinations - fair value of identifiable assets

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of these fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow method using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

The initial assignment of fair values to identifiable net assets acquired was performed on a provisional basis in respect of the Altan Pharma Limited ("Altan") business combination given the complexity and timing of closure of this transaction. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosable in the financial statements for the period in which this timeframe ends as stipulated by IFRS 3 "Business Combinations" ("IFRS 3").

B. CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

(i) Accounting for investee companies

The determination of the accounting for investee companies on initial recognition requires an assessment of the level of control or significant influence that the Group can exercise over the investee companies. Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally, but not always, accompanied with a shareholding of greater than 50% of the voting rights. Associates are companies over which the Group can exercise significant influence but not control. Significant influence is the power to participate in the financial and operational policy decisions of an entity, but is not control or joint control over those policies. Significant influence generally accompanies a shareholding of between 20% and 50% of voting rights.

Where the Group does not control, jointly control or cannot exercise significant influence over an investee company, the Group's interest in that entity is recorded as an available-for-sale investment on initial recognition.

Management have evaluated the characteristics of the Group's relationship with each investee company, including an assessment of the contractual and economic rights with each company to determine the most appropriate accounting treatment in accordance with the guidance in IFRS.

Malin has determined that it has significant influence over Viamet, Novan Inc. ("Novan"), Kymab Limited ("Kymab"), Immunocore Limited ("Immunocore"), Jaan Health, Inc. ("Jaan Health") and KNOW Bio, LLC ("KNOW Bio") even though it has a shareholding of less than 20% of the equity of these companies. Malin has appropriate proportionate representation on the board of these companies to exercise significant influence over the financial and operational policies of the companies. This representation as well as certain contractual protective provisions has resulted in Malin accounting for these companies as associate companies using the equity method of accounting.

4. Revenue

The full amount of the Group's revenue is attributable to Malin's subsidiary, Altan. Altan's revenues are analysed below based on the geographical location of customers.

	2015 €'m
Spain	13.5
EU (excluding Spain)	5.8
Rest of world	3.6
	22.9

Notes to the consolidated financial statements
(continued)

4. Revenue (continued)

Altan's revenue is derived from the sale of pharmaceutical products, primarily the sale of injectable medications, by Altan, to hospitals and other healthcare providers.

5. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The Group's CODM has been identified as the Chief Executive Officer of the Group, Kelly Martin.

The Group's activities are organised, reviewed and analysed internally by the CODM, in a single operating segment structure. Management will continue to evaluate this as the Group evolves.

6. Operating expenses (excluding Company Establishment Costs)

The operating expenses (excluding the once-off Company Establishment Costs) that arose during the period to 31 December 2015 are analysed below:

	Cost of sales expenses €'m	Research and development expenses €'m	General and administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	10.0	10.0
Investee subsidiary companies	19.3	2.7	9.8	31.8
Business integration costs	-	-	1.4	1.4
Founder Equity share-based payment charges (note 27)	-	-	4.7	4.7
Malin share-based payments charges (note 27)	-	-	2.2	2.2
Malin investee company employee share-based payments charges (note 27)	-	-	1.2	1.2
	19.3	**2.7**	**29.3**	**51.3**

7. Company Establishment Costs

Malin incurred costs in relation to the formation and structuring of the Parent Company, the placing of the Parent Company's shares and Admission on to the ESM, and the initial 7 acquisitions and investments of the Group (the "Company Establishment Transaction Costs") of €12.5 million (including non-recoverable VAT of €0.9 million). The costs have been recognised in the financial statements based on management's estimates of the portion of the total amount of the costs incurred attributable to: (i) investments in associates and available-for-sale investments; (ii) the acquisition of subsidiary companies; (iii) the issuance of the Company's Ordinary Shares and; (iv) general corporate formation and structuring.

In accordance with IFRS, transaction costs incurred in relation to the acquisition of subsidiaries and general corporate formation and structuring should be recognised in the income statement, while acquisition costs incurred relating to investing in associates or available-for-sale investments are included in the initial measurement of the investment. The proceeds of equity issuances are recorded net of transaction costs incurred.

The breakdown of the Company Establishment Transaction Costs of €12.5 million between these components is set out on the following page.

	2015 €'m
Associate investments and available-for-sale investments	2.5
Company formation and acquisition of subsidiaries costs (income statement)	1.7
Shareholders' equity (deduction from share premium)	8.3
Company Establishment Transaction Costs	**12.5**

CONSOLIDATED INCOME STATEMENT PRESENTATION

Malin has adopted an income statement format which seeks to highlight items that are directly attributable to the formation and establishment of Malin. In addition to the company formation and acquisition of subsidiaries costs set out above that are recognised in the income statement, a share-based payment charge of €15.4 million related to the Founder Shares issued to BPI, that are not subject to a vesting period, in conjunction with the formation and Admission of Malin is presented within Company Establishment Costs on the face of the income statement. Further information on the equity granted and the share-based payment charges associated with the Founder Equity is set out in note 24 and note 27 respectively.

	2015 €'m
Company formation and acquisition of subsidiaries costs	1.7
Founder Equity - share-based payment charges	15.4
Total Company Establishment Costs	**17.1**

8. Statutory and other information

	2015 €'m
Depreciation of property, plant and equipment (note 18)	1.0
Amortisation of intangible assets (note 17)	1.6
Auditor's remuneration	
Audit of Group and Parent Company financial statements	0.2
Other assurance services	0.1
Tax advisory services	0.3
Other non-audit services	0.4
	1.0

Directors' remuneration for the period to 31 December 2015 was €3.8 million and is set out in the Directors' Remuneration report on pages 60 to 67.

Auditor's remuneration for the audit of the Parent Company financial statements was €10,000. The majority of the fees for tax advisory and non-audit services relate to Malin's Initial Admission to the ESM and its acquisition of investee companies.

9. Employee costs

The average number of persons (full time equivalents) employed by the Group (including Executive Directors) during the year and at 31 December 2015, analysed by category was:

	Average - 2015 Number	31 December 2015 Number
Malin corporate	10	16
Altan	246	257
Serenus	10	17
Emba Neuro	1	1
	267	**291**

Notes to the consolidated financial statements
(continued)

9. Employee costs (continued)

The employee benefit expenses for the period were:

	2015 €'m
Wages and salaries	10.1
Social welfare costs	1.2
Defined contribution costs	0.2
Share-based payments expense	1.9
	13.4

10. Net finance costs

	2015 €'m
Finance income	
Foreign exchange gains	(0.3)
	(0.3)
Finance expense	
Interest expense	0.8
Interest rate swap	0.3
	1.1
Net finance expense	**0.8**

During the period, Altan entered into a swap agreement to obtain a fixed interest rate of 0.85% on €18.0 million of its loan principal. The swap was re-measured to fair value at 31 December 2015 and the €0.3 million expense was recognised in the income statement.

11. Income tax

	2015 €'m
Current tax expense	1.3
Deferred tax benefit	(1.5)
Income tax benefit	**(0.2)**

The income tax benefit for the period can be reconciled to the expected income tax benefit of the effective rate of tax in Ireland as follows:

	2015 €'m
Net loss before tax	(49.6)
Tax at the Irish corporation tax rate of 12.5%	(6.2)
Income taxed at higher rates	1.7
Expenses not deductible for tax purposes	2.9
Unused tax losses for which no deferred tax asset is recognised (no expiry date)	1.3
Other	0.1
Income tax benefit on net loss	**(0.2)**

The Group recognised a deferred tax asset of €1.0 million on the acquisition of Altan, related to the deferred tax benefits on property, plant and equipment purchases made by Altan (formerly the GES Group) and a deferred tax asset of €0.3 million in relation to accruals not paid at year-end in the US.

The Group also recognised a deferred tax liability in the period, including €7.6 million related to the fair value step-up of Altan's net assets at acquisition date. €1.1 million of this deferred tax balance was released to the income statement between the acquisition date, 10 June 2015, and 31 December 2015. The deferred tax liability at 31 December 2015 was €7.9 million.

Deferred tax assets have not been recognised in respect of the operating losses of the Group of €49.6 million because it is not probable that future operating profits will be available against which the Group can use these operating losses.

12. BPI Investment Transfers

BPI, along with its principals and shareholders, funded initial investments in 3 companies whose businesses are aligned with the business strategy of Malin. These investments were transferred to Malin, along with all related investor rights, obligations and commitments, on 2 February 2015 (the "BPI Investment Transfers"). The investments were transferred to Malin in each case at their initial transaction date value (i.e. the consideration paid by BPI, its principals and shareholders) totalling €7.6 million ($8.6 million) which was also deemed to be the fair value of the investments at the date of transfer. Malin issued 32,797 B Ordinary Shares to BPI, its principals and shareholders, as consideration for the investments transferred.

The B Ordinary Shares converted to 764,145 Ordinary Shares of Malin at a conversion ratio of approximately 23.2992 Ordinary Shares for each B Ordinary Share held, based on the total fair value of the BPI Investment Transfer of €7.6 million ($8.6 million) and the Placing Price of €10.00 per share.

BPI transferred its 33% portion of a $15.0 million (approximately €13.8 million) call option with Viamet to Malin as part of the investor rights transferred to Malin. The $15.0 million option is held by a company controlled by Malin. The full amount of the consideration paid by Malin to BPI of €4.4 million ($5.0 million) for the Viamet transfer (included in the €7.6 million total above) was attributed to that equity interest transferred. Therefore the fair value of the call option transferred is a contribution from BPI to Malin. The fair value of the option transferred on initial recognition was estimated at $1.3 million (€1.1 million). The option was recognised as a derivative financial asset with a corresponding increase in equity to reflect this contribution from BPI in its capacity as Founder of Malin. The fair value of the option at 31 December 2015 was also estimated at $1.3 million (€1.1 million). Subsequent to the year-end, on 17 February 2016, Malin exercised the option. For further information on the call option, please refer to note 16.

13. Investments in associates

At 31 December 2015, Malin had 10 associates, all of which are equity accounted and which Malin consider to be material.

	2015 €'m
At incorporation	-
Cash consideration for associates acquired during the period	174.5
Non-cash consideration for associates acquired during the period (BPI Investment Transfers)	5.4
Net consideration attributed to financial derivatives related to associates (note 16)	(0.7)
Transaction costs	2.9
Share of net losses of associates:	
Income statement – share of losses	(5.9)
Income statement – gain on partial disposal	2.4
Other comprehensive income – currency translation loss	(2.4)
At 31 December 2015	**176.2**

Notes to the consolidated financial statements
(continued)

13. Investments in associates (continued)

NOVAN

Novan is a clinical stage company focused on the discovery and development of novel nitric oxide therapies. Novan's leading proprietary platform technology, NITRICIL™, solves the previous delivery issues with nitric oxide by stably storing the gaseous species in macromolecules, resulting in a diverse pipeline of nitric oxide-releasing new chemical entities. The NITRICIL™ platform technology enables druggable nitric oxide in a variety of dosage forms.

On 26 March 2015, Malin completed its subscription for approximately 18% of the issued share capital of Novan for cash consideration of €27.3 million ($30.0 million). Novan raised approximately $32.8 million of additional funding in December 2015 subsequent to which Malin's shareholding decreased to 16% of Novan's issued share capital.

This resulted in a gain of €2.4 million being recognised in the consolidated income statement on the re-measurement of Malin's equity interest in Novan.

Malin has accounted for its stake in Novan as an investment in associate as Malin can exercise significant influence but not control over Novan's financial and operating policies as a result of its board representation. Malin has 2 designated directors on the board of Novan. In addition, another Malin board member, Robert Ingram, is chairman of the Novan board. The Novan board consists of 8 directors in total.

KNOW BIO

On 29 December 2015, Novan transferred its non-dermatology assets and rights to KNOW Bio, a newly formed company, wholly owned by Novan. On 30 December 2015, Novan distributed its KNOW Bio shares on a pro rata basis to its shareholders. As a result, Malin held 16% of the issued share capital of KNOW Bio at 31 December 2015. The fair value of Malin's share of the KNOW Bio share units on the date of transfer was €1.1 million.

Malin has accounted for its stake in KNOW Bio as an investment in associate as Malin can exercise significant influence but not control over KNOW Bio as a result of its board representation. Malin has 1 designated director on the board of KNOW Bio. The KNOW Bio board consists of 5 directors in total.

VIAMET

Viamet is a drug discovery company focused on the development and commercialisation of novel small molecule drugs that target metalloenzymes via a proprietary platform called MIDAS technology. Malin acquired an approximate 3% interest in Viamet on 2 February 2015 for €4.4 million ($5.0 million) as part of the BPI Investment Transfers, and invested a further €14.2 million ($15.0 million) on 14 April 2015 to bring its total equity stake in Viamet to approximately 12% of Viamet's issued share capital. Although Malin holds approximately 12% of Viamet, it has accounted for its stake in Viamet as an investment in associate as Malin can exercise significant influence but not control over Viamet's financial and operating policies as a result of its board representation. Malin has 2 designated directors on the board of Viamet. In addition, another Malin board member, Mr Robert Ingram, and a Malin advisory partner, Dr Andrew von Eschenbach, also sit on the Viamet Board. The board of Viamet consists of 10 directors in total.

As explained in note 12, BPI transferred its 33% portion of a $15.0 million (approximately €13.8 million) call option with Viamet to Malin as part of the investor rights transferred to Malin in conjunction with the BPI Investment Transfers. The call option entitled the holders to invest a further $15.0 million in Viamet at the same subscription price as its initial investments in the period through to the release of the Phase 2b interim clinical trial results for Viamet's lead compound, VT-1161. The fair value of the option transferred on initial recognition and at 31 December 2015 was estimated at $1.3 million (€1.1 million).

Subsequent to the year end, on 17 February 2016, Malin exercised this option, bringing Malin's stake to approximately 14% of Viamet's issued share capital.

KYMAB

Kymab is a monoclonal antibody ("mAbs") therapeutic discovery company based in Cambridge, U.K. with a novel platform for the rapid generation of fully human mAbs.

On 5 May 2015, Malin completed an €18.0 million (£13.3 million) cash investment in Kymab acquiring approximately 14% of the issued share capital of the company. Although Malin holds 14% of the issued share capital of Kymab, Malin has accounted for its investment in Kymab as an investment in associate as Malin can exercise significant influence but not control over the financial and operating policies of Kymab as a result of its board representation. Malin has 2 directors on the board of Kymab. The Kymab board consists of 9 directors in total.

3D4MEDICAL

3D4Medical is a technology company that specialises in the development of medical, educational and health & fitness apps for professional reference as well as student and patient education.

On 30 June 2015, Malin acquired 38% of the issued share capital of 3D4Medical for consideration of €14.7 million ($16.4 million). In addition, Malin has a call option, exercisable solely at Malin's discretion, at any time between 12 and 24 months from 30 June 2015 at a premium of 100% over the subscription price per share paid on 30 June 2015 to subscribe for such additional number of shares to increase Malin's percentage equity shareholding to 50% on a fully diluted basis.

The board of 3D4Medical is comprised of 7 directors of which Malin has the right to designate 3. Malin has accounted for its investment in 3D4Medical as an investment in associate as Malin can exercise significant influence but not control over the financial and operating policies of 3D4Medical.

Malin's call option is a derivative financial asset and is initially recognised and subsequently measured at fair value. The fair value of the call option was €0.7 million ($0.8 million) at initial recognition and at 31 December 2015.

AN2H

An2H is a drug discovery company focused on designing novel small molecule therapeutics that target key proteins within the Ubiquitin Proteasome Pathway System ("UPS"). Currently, An2H is testing a series of compounds that could be ready for Investigational New Drug ("IND") filing in 2017.

On 27 March 2015, Malin subscribed €4.2 million for 27% of the issued share capital of An2H, with a commitment to invest a further €10.0 million over a period of 2 years, subject to the achievement of certain drug discovery milestones, which would give Malin an 85% equity stake in An2H. Since Malin's option to acquire up to 85% of An2H is not currently exercisable, the option is not substantive and is not relevant to the assessment of Malin's control over An2H.

The board of An2H is comprised of 5 directors of which Malin has the right to designate 1. Malin has accounted for its investment in An2H as an investment in associate as Malin can exercise significant influence but not control over the financial and operating policies of An2H.

The €10.0 million contingent investment commitment is a derivative financial liability which is required to be recognised and subsequently measured at fair value. It has been determined that the fair value of this contingent investment commitment was close to €nil when the investment closed and at 31 December 2015.

EMBA MEDICAL

Emba Medical, an Irish headquartered medical device company, has developed a novel and differentiated vascular embolisation system that has the potential to deliver and target a wide range of vessel sizes. Malin acquired an approximate 10% interest in Emba Medical on 2 February 2015 for share consideration of €1.0 million ($1.1 million), as part of the BPI Investment Transfers. Malin invested a further €0.5 million ($0.6 million) in cash on 16 April 2015 and €2.2 million ($2.5 million) on 19 October 2015, increasing Malin's equity stake in Emba Medical to 25% of the issued share capital.

Malin has accounted for its stake in Emba Medical as an investment in associate as it can exercise significant influence but not control over the financial and operating policies of Emba Medical as a result of its board representation. Malin can appoint 2 designated directors on the board of Emba Medical which consists of 4 directors in total.

Notes to the consolidated financial statements
(continued)

13. Investments in associates (continued)

IMMUNOCORE

On 15 July 2015, Malin invested €72.9 million ($80.0 million) in Immunocore to acquire approximately 10% of the issued share capital. Immunocore is a world-leading biotechnology company developing novel T cell receptor ("TCR") based therapies with the potential to treat a variety of cancers, viral infections and autoimmune diseases. Malin joined Woodford Investment Management, Eli Lilly and Company, Fidelity Management and Research Company, RTW Funds as well as a number of existing investors in Immunocore in a financing round of $320 million; Europe's largest ever Series A life sciences financing.

On 11 December 2015, Malin invested €1.4 million (£1.0 million) to acquire 7,246 shares ordinary shares in Immunocore. As at 31 December 2015, Malin held 10% of the company's issued share capital.

Malin has accounted for its stake in Immunocore as an investment in associate as it can exercise significant influence but not control over Immunocore as a result of its board representation. Malin has 2 designated directors on the board of Immunocore which consists of 9 directors in total.

POSEIDA

On 15 December 2015, Malin invested €18.2 million ($20.0 million) in Poseida to obtain 31% of the company's issued share capital. Poseida is a privately-held human therapeutics company focused on the development of novel therapies using its ground-breaking proprietary genome engineering technologies. The company's platform technologies can be broadly applied to a vast array of human diseases.

Malin has also committed to invest a further €9.2 million ($10.0 million) between the 6 month and 1 year anniversary of the close, subject to the achievement of certain milestones by Poseida. Malin's investment commitment is a derivative financial liability and is initially recognised and subsequently measured at fair value. The fair value of the call option was $42k (€38k) at initial recognition and at 31 December 2015.

Malin has accounted for its stake in Poseida as an investment in associate as it can exercise significant influence but not control over Poseida as a result of its board representation. Malin has appointed 2 directors to the board of Poseida which consists of 5 directors.

JAAN HEALTH

On 30 June 2015, Malin completed a €0.4 million ($0.5 million) investment in cash to acquire 12% of the issued share capital of Jaan Health, Inc. ("Jaan Health"), a New York based healthcare mobile technology company dedicated to managing medication adherence. At this time, Malin accounted for Jaan Health as an available-for-sale investment as Malin could not exercise significant influence. On 21 December 2015, Malin invested an additional €0.5 million ($0.5 million) to bring its stake to 19% of Jaan Health's issued share capital. Malin has appointed 1 director to the board of Jaan Health which consists of 3 directors. As a result, Malin has accounted for its stake in Jaan Health as an investment in associate from 21 December 2015 as it can exercise significant influence but not control over Jaan Health.

The Group's share of the results of associates, all of which are unlisted, and its share of their net assets have been set out on the following page. The summarised financial information for each of Malin's 10 associate companies is based on their respective financial statements modified for fair value adjustments on acquisition.

	Novan €'m	Viamet €'m	Kymab €'m	3D4 Medical €'m	An2H €'m	EMBA Medical €'m	Immunocore €'m	Poseida €'m	KNOW Bio €'m	Jaan Health €'m	Total €'m
Total comprehensive gain/(loss) for the period from Malin's investment to 31 December 2015:											
Gain/(loss) for the period from Malin's investment to 31 December 2015	(3.3)	(2.7)	(2.2)	(0.3)	(0.4)	(0.5)	3.5	-	-	-	(5.9)
Gain on changes in equity ownership of investments	2.4	-	-	-	-	-	-	-	-	-	2.4
Other comprehensive income/(losses) for the period from Malin's investment to 31 December 2015[1]	0.1	(0.3)	0.1	0.4	-	0.1	(3.0)	0.2	-	-	(2.4)
Total comprehensive gains/(losses) for the period from Malin's investment to 31 December 2015	**(0.8)**	**(3.0)**	**(2.1)**	**0.1**	**(0.4)**	**(0.4)**	**0.5**	**0.2**	**-**	**-**	**(5.9)**
Statement of financial position as at 31 December 2015:											
Non-current assets	2.2	0.3	2.5	1.4	-	-	58.5	0.1	4.8	-	69.8
Current assets	43.6	29.1	32.1	9.0	2.6	1.2	313.8	20.5	1.7	0.9	454.5
Non-current liabilities	-	(0.4)	-	-	-	-	-	(4.6)	-	(0.2)	(5.2)
Current liabilities	(4.7)	(6.8)	(10.5)	(0.5)	(0.1)	(0.9)	(78.0)	(5.5)	-	(0.2)	(107.2)
Net assets at 31 December 2015	**41.1**	**22.2**	**24.1**	**9.9**	**2.5**	**0.3**	**294.3**	**10.5**	**6.5**	**0.5**	**411.9**
Malin's share of net assets[2]	**6.7**	**2.7**	**3.3**	**3.8**	**0.7**	**0.1**	**30.9**	**3.3**	**1.1**	**0.1**	**52.7**
Malin's ownership interest at 31 December 2015 (rounded %)	16%	12%	14%	38%	27%	25%	10%	31%	16%	19%	
Malin's interest in the investee at incorporation	-	-	-	-	-	-	-	-	-	-	-
Consideration for associates acquired during the period	27.3	18.6	18.0	14.7	4.2	3.7	74.3	18.2	-	0.9	179.9
Net consideration attributed to financial derivatives	-	-	-	(0.7)	-	-	-	-	-	-	(0.7)
Transaction costs	0.6	0.6	0.4	0.4	0.3	0.2	-	0.3	-	0.1	2.9
Spin-out of KNOW Bio	(1.1)	-	-	-	-	-	-	-	1.1	-	-
Total comprehensive income/(loss) attributable to the Group	(0.8)	(3.0)	(2.1)	0.1	(0.4)	(0.4)	0.5	0.2	-	-	(5.9)
Carrying amount of investee at 31 December 2015	**26.0**	**16.2**	**16.3**	**14.5**	**4.1**	**3.5**	**74.8**	**18.7**	**1.1**	**1.0**	**176.2**

[1] Relates to foreign currency translation adjustments.
[2] The Group's share of the net assets of its associate companies relates to the recognised assets of these companies only. It does not include goodwill attributed to the company by the Group on initial recognition of the investee company.

Notes to the consolidated financial statements
(continued)

14. Business Combinations

The Group acquired 3 subsidiaries during the period to 31 December 2015; Altan, Serenus and Emba Neuro. The following table summarises the consideration paid for these 3 companies, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date as well as the goodwill arising from these business combinations.

	Altan €'m	Serenus €'m	Emba Neuro €'m	Total €'m
Provisional fair value of net assets acquired:				
Property, plant and equipment	12.8	-	-	12.8
Intangible assets	31.1	-	0.1	31.2
Inventories	15.2	0.1	-	15.3
Trade and other receivables	13.7	-	-	13.7
Cash and cash equivalents	13.5	15.8	2.3	31.6
Deferred tax asset	1.0	-	-	1.0
Other receivables	1.0	-	-	1.0
Loans and borrowings	(32.9)	(2.2)	(0.5)	(35.6)
Current tax liability	(3.2)	-	-	(3.2)
Deferred tax liabilities	(9.1)	-	-	(9.1)
Other creditors	(0.1)	-	-	(0.1)
Trade and other payables	(5.4)	(0.2)	(0.1)	(5.7)
Net assets acquired	**37.6**	**13.5**	**1.8**	**52.9**
Malin's % shareholding at the acquisition date	65%	48%	54%	-
Malin's % of fair value of net assets	24.5	6.4	1.0	31.9
Goodwill (note 17)	**10.0**	**10.2**	**1.3**	**21.5**
Total consideration (enterprise value)	**34.5**	**16.6**	**2.3**	**53.4**
Satisfied by:				
Cash consideration	**34.5**	**16.6**	**2.3**	**53.4**
Non-controlling interest	**13.1**	**7.1**	**0.8**	**21.0**

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the business combinations above given the complexity and timing of closure of these transactions. Any amendments to these fair values within the 12 month timeframe from the date of acquisition are disclosable in the financial statements for the period in which this timeframe ends as stipulated by IFRS 3.

In each of the above business combinations the non-controlling interest in the acquiree has been measured at the proportionate share of the acquiree's identifiable net assets.

Costs of €1.7 million related to the acquisitions were expensed to general and administration expenses, of which €0.3 million is presented within Company Establishment Costs, for the period to 31 December 2015.

ALTAN

On 10 June 2015, Malin acquired 65% of the share capital of Altan, a specialty pharmaceutical company, for consideration of €34.5 million. On the same date, Altan acquired 100% control of the GES Group, a privately held group of Spanish injectable drug companies, focused on the generic pain and anti-infective segments of the injectable drugs market, for consideration of €73.5 million. Altan paid GES €87.5 million in total, including €14.0 million of consideration for excess cash and cash equivalents and working capital amounts retained within the GES Group.

Based on the fair value determination of the acquisition date net assets, goodwill of €10.0 million was recognised in the financial statements. Given the complexity and timing of the closure of the Altan transaction, management had not completed their full analysis of the components of fair value of the business and the assignment of these fair values to identifiable assets and liabilities when Group's interim results were released. Following a detailed analysis of the business, its cash flows and the identifiable assets and liabilities, the goodwill balance previously disclosed as €22.6 million has reduced to €10.0 million and the incremental portion of the total fair value of the acquisition has been attributed to identifiable intangible assets, property, plant and equipment and inventory. The recognition of incremental identifiable net assets has resulted in the recognition of an additional deferred tax liability of €7.6 million.

The fair value of intangible assets included in the acquisition balance sheet was determined based on the identification of 3 client segments and valuable customer relationships within each segment.

The fair value of inventory included in the acquisition balance sheet was determined based on the current replacement cost of raw materials and the selling price less relevant deductions for work-in-progress and finished goods inventory.

The fair value of property, plant and equipment included in the acquisition balance sheet was determined using estimated rental value and yield methodology.

The pre-acquisition reserves were also adjusted to account for expenses recognised in the period 10 June 2015 to 31 December 2015 which relate to expenses incurred prior to 10 June 2015.

The fair value of loans and borrowings in the acquisition balance sheet was determined to be equivalent to market value on 10 June 2015.

The fair value of all other assets was deemed to be equivalent to their book value.

The net cash outflow on the Altan acquisition was as follows:

	2015 €'m
Cash flows from investing activities	
Cash consideration	(34.5)
Cash acquired	13.5
Net cash consideration	**(21.0)**

The impact of the Altan business combination on the Group's income statement as if the acquisition happened at the start of the period is set out in the following table:

	2015 €'m
Revenue	42.3
Cost of sales	(30.1)
Research and development	(1.2)
General and administration	(7.7)
Profit for the period	**3.3**

Notes to the consolidated financial statements (continued)

14. Business Combinations (continued)

SERENUS

On 22 May 2015, Malin acquired approximately 48% of the issued share capital of Serenus, a speciality biopharmaceutical company specialising in in-licensing, registering, and commercialising US Food and Drug Administration ("FDA"), European Medicines Agency and Japan's Pharmaceutical and Medical Devices Agency approved therapeutics to address unmet medical needs with high regional prevalence in the African market. Malin controls the board of Serenus and a number of critical control functions of the business and on this basis, it was determined that Serenus is a subsidiary of Malin.

Goodwill of €10.2 million was recognised after the fair value determination of the acquisition date balance sheet. The goodwill arising on this business combination represents the highly skilled assembled Serenus management team.

On 4 December 2015, the Group invested a further €7.9 million ($8.4 million) in Serenus to acquire an additional 28% interest in Serenus, increasing the Group's share of Serenus' issued share capital from 48% to 76%. The increase in Malin's ownership interest arising from this investment was accounted for as an equity transaction.

	2015 €'m
Reduction in carrying amount of NCI due to issuance of new shares to parent	(2.9)
NCI portion of proceeds from issuance of new shares to parent (24% of €7.9 million)	1.9
Movement in equity attributable to owners of the Group	**(1.0)**

The net cash outflow on the Serenus acquisition was as follows:

	2015 €'m
Cash flows from investing activities	
Cash consideration	(16.6)
Cash acquired	15.8
Net cash consideration	**(0.8)**

The impact of the Serenus business combination on the Group's income statement as if the acquisition happened at the start of the period is set out in the following table:

	2015 €'m
Revenue	-
Cost of sales	-
Research and development	-
General and administration	(5.2)
Loss for the period	**(5.2)**

EMBA NEURO

In December 2014, Emba Neuro was incorporated as a sister company to Emba Medical, for the purposes of developing the Emba technology for application in the neurovascular field. All shareholders of Emba Medical received a proportionate interest in Emba Neuro so BPI held approximately 10% of the equity of Emba Neuro. This interest transferred to Malin on 2 February 2015 as part of the BPI Investment Transfers at a fair value of €nil.

Malin's interest in Emba Neuro increased from 10% to 54% on 25 March 2015 when Malin invested €2.3 million ($2.5 million) in the company. On the basis of Malin's majority controlling shareholding and its representation on the board of directors, Emba Neuro has been deemed a subsidiary of Malin and the investment has been accounted for as a business combination.

Malin's interest in Emba Neuro increased again on 21 December 2015 when Malin invested €0.9 million ($1.0 million) in the company to increase its stake from 54% to 61%. The increase in Malin's ownership interest arising from this investment was accounted for as an equity transaction.

	2015 €'m
Reduction in carrying amount of NCI due to issuance of new shares to parent	-
NCI portion of proceeds from issuance of new shares to parent (39% of €0.9 million)	0.3
Movement in equity attributable to owners of the Group	**0.3**

Goodwill of €1.3 million was recognised following the fair value determination of the acquisition date balance sheet. The goodwill arising on this business combination represents the skills and expertise of the founders allowing the company to successfully advance the development of the device.

The net cash outflow on the Emba Neuro acquisition was as follows:

	2015 €'m
Cash flows from investing activities	
Cash consideration	(2.3)
Cash acquired	2.3
Net cash consideration	**-**

The impact of the Emba Neuro business combination on the Group's income statement as if the acquisition happened at the start of the period is set out in the following table:

	2015 €'m
Revenue	-
Cost of sales	-
Research and development	(2.3)
General and administration	-
Loss for the period	**(2.3)**

Notes to the consolidated financial statements
(continued)

15. Available-for-sale investments

	31 December 2015 €'m
At incorporation	-
Cash consideration paid for investments acquired during the period	48.3
Non-cash consideration for investments acquired during the period (BPI Investment Transfers)	2.2
Estimate of the fair value of the derivative liability acquired (note 16)	1.8
Transaction costs	0.7
Fair value movement recognised in other comprehensive income	-
Exchange differences recognised in other comprehensive income – currency translation	1.0
At 31 December 2015	**54.0**

The Group's non-current available for sale investments at 31 December 2015 consist of the following:

	31 December 2015 €'m
Unlisted securities	
Melinta	34.1
Xenex	19.1
Hatteras	0.8
	54.0

MELINTA

Melinta is a Connecticut-based therapeutic company focused on saving lives threatened by the global public health crisis of bacterial infections through the development of novel antibiotics that provide new and better therapeutic solutions. Melinta is rapidly progressing its late-stage investigational antibiotic, delafloxacin, which is currently in Phase 3 development for acute bacterial skin and skin structure infections ("ABSSSI"). Delafloxacin has been designated a Qualified Infectious Disease Product ("QIDP") for both ABSSSI and community-acquired bacterial pneumonia by the FDA.

Malin completed a €31.1 million ($35.0 million) cash investment in Melinta on 9 June 2015 to acquire approximately 14% of its issued share capital. The fair market value of Malin's investment in Melinta at 31 December 2015 is €34.1 million.

Malin also committed to invest a further a $10.0 million (€9.2 million) at the same subscription price, which Melinta can put to Malin within 12 months of the acquisition date.

The $10.0 million put option is a derivative financial liability. The fair value of this derivative is estimated at $1.9 million (€1.8 million) at 31 December 2015 (see note 16). Since Malin acquired its equity interest in Melinta and the put option to invest a further $10.0 million on the same date, the total consideration paid of €31.1 million ($35.0 million) has been determined as being the net consideration for the fair value of the shares and the put option liability. Management has determined that given the recent nature of this investment, in the absence of observable market transactions to infer a revised fair value and based on an assessment of the market and company performance in the period since acquisition, cost is still a fair approximation of fair value. The only change to the fair value of the investment is a foreign exchange gain of €1.1 million. Therefore, the investment is still held at fair value, being consideration paid of €31.1 million ($35.0 million), the fair value of the put option of €1.8 million ($1.9 million), a foreign exchange gain of €1.1 million and transaction costs related to this investment of €0.1 million.

On 9 March 2016, Melinta called its $10.0 million put option with Malin. Malin paid €9.1 million ($10.0 million) for approximately 3% incremental Melinta equity bringing Malin's stake to 17%.

XENEX

Xenex Disinfection Services LLC ("Xenex") is a Texas-based disinfection technology company which is focused on disinfection in healthcare facilities, eliminating harmful bacteria, viruses and fungi which can cause hospital-acquired infections ("HAIs") in patients and staff. Xenex's primary product is a patented pulsed xenon UV room disinfection robot which is used for the advanced cleaning of healthcare and other facilities.

Malin acquired an approximate 1% interest in Xenex on 2 February 2015 by way of share consideration of €2.2 million ($2.5 million) as part of the BPI Investment Transfers and invested a further €16.5 million ($17.7 million) in cash on 2 April 2015 to bring its total equity stake in Xenex to approximately 11% of the company's issued share capital.

Management has determined that given the recent nature of this investment, in the absence of observable market transactions to infer a revised fair value and based on an assessment of the market and company performance in the period since acquisition to 31 December 2015, cost is still a fair approximation of fair value. Therefore, there was no change to the fair value of the investment, other than a foreign exchange loss of €0.1 million, between the acquisition date and 31 December 2015. Transaction costs related to this investment amounted to €0.5 million.

On 10 March 2016, Malin invested a further €4.5 million ($5.0 million) to increase its holding in Xenex from approximately 11% to 12% of the issued share capital.

HATTERAS

On 6 August 2015, Malin agreed to invest a minimum of $15.0 million (approximately €13.8 million) and, depending on a number of factors, up to a total of $20.0 million (approximately €18.4 million) with Hatteras , a life sciences focused venture capital firm based in North Carolina. Hatteras invests in early stage companies in life sciences with a broad focus including medical devices, diagnostics, discovery science and clinical platforms as well as healthcare IT. €0.7 million ($0.8 million) of this total commitment was advanced to Hatteras in August 2015. Transaction costs related to this investment amounted to €0.1 million. Management has determined that given the recent nature of this investment, in the absence of observable market transactions to infer a revised fair value and based on an assessment of the market and company performance in the period since acquisition, cost is still a fair approximation of fair value.

A further €0.5 million ($0.6 million) of the total commitment was advanced to Hatteras on 14 January 2016.

FAIR VALUE

Available-for-sale investments are fair valued at each reporting date. The Group's available-for-sale assets are not traded in active markets and therefore the initial fair value attributed to these assets was based on the cost of the investment. All of the available-for-sale investments were acquired by the Group in the period from incorporation to 31 December 2015 and the subscription price paid for the investments represented the market price at the acquisition date. This valuation is classified as a Level 3 valuation (note 28). Management has determined that given the recent nature of these investments, in the absence of observable market transactions to infer a revised fair value and based on an assessment of the market and company performance in the period since acquisition, cost is still a fair approximation of fair value.

Notes to the consolidated financial statements
(continued)

16. Derivative assets and liabilities

As at 31 December 2015, in addition to Malin's initial tranches of investments in its investee companies that it has completed, Malin had entered into call and put investment options and contingent investment commitments which could result in Malin making further investments in these companies over time. The potential follow-on investment contracts are described below. The fair value of each of these investment options and commitments, at 31 December 2015, all of which are considered derivative financial instruments, is set out below.

	31 December 2015 €'m
Derivative financial assets:	
Viamet call option	1.1
3D4Medical call option	0.7
Serenus call option	—
	1.8
Derivative financial liability:	
Melinta put option	(1.8)
An2H investment commitment	—
Hatteras investment commitment	—
Poseida investment commitment	—
Interest rate swap	(0.3)
	(2.1)
Net derivative financial asset/(liability) position	**(0.3)**

VIAMET

BPI transferred its 33% portion of a $15.0 million (approximately €13.8 million) call option with Viamet to Malin as part of the investor rights transferred to Malin as part of the BPI Investment Transfers. The $15.0 million option is held by a company controlled by Malin. The full amount of the consideration paid by Malin to BPI of €4.4 million ($5.0 million) was determined to be attributable to the equity interest transferred so the fair value of the call option transferred as a contribution from BPI to Malin.

The option has been recognised as a derivative financial asset with a corresponding increase in equity to reflect this contribution from BPI in its capacity as founder of Malin. The fair value of the call option on initial recognition and at 31 December 2015 was €1.1 million ($1.3 million). A description of the significant unobservable inputs to the valuation using the Black Scholes model is set out below.

Significant unobservable inputs	Assumptions
Exercise price of the option	$1.78
Expected life of option	0.75 years
Share price volatility	58%
Dividends expected	$Nil
Risk-free interest rate	0.4%

On 17 February 2016, Malin exercised its 33% portion of the $15.0 million call option with Viamet. Malin paid €4.5 million ($5.0 million) for approximately 2% incremental Viamet equity. The full amount of the option was exercised on this date.

MELINTA

On 9 June 2015, Malin committed to invest a further $10.0 million (€9.2 million), at the same subscription price as the initial investment, which Melinta can put to Malin within 12 months of the acquisition date. The $10.0 million put option is a derivative financial liability. The fair value of this derivative was estimated at $1.9 million (€1.7 million) at the acquisition date. Since Malin acquired its equity interest in Melinta and the put option obliging it to invest a further $10.0 million on the same date, the consideration paid of €31.1 million ($35.0 million) has been determined as being the net consideration for the fair value of the shares and the put option liability. Therefore, the available-for-sale investment was initially recognised at a fair value of €32.8 million on the acquisition date. There was no change to the fair value of the investment between the acquisition date and 31 December 2015 other than a foreign exchange gain of €1.1 million. The fair value of the derivative financial liability at 31 December 2015 was €1.8 million ($1.9 million). The movement of €0.1 million represents a foreign exchange gain on the derivative. A description of the significant unobservable inputs to the valuation using the Black Scholes model is set out below.

Significant unobservable inputs	Assumptions
Exercise price of the option	$1.045
Expected life of option	6 months
Share price volatility	50%
Dividends expected	$Nil
Risk-free interest rate	0.5%

On 9 March 2016, Melinta called its $10.0 million option with Malin. Malin paid €9.1 million ($10.0 million) for approximately 3% incremental Melinta equity.

3D4MEDICAL

Malin's call option is exercisable solely at Malin's discretion, at any time between 12 and 24 months from 30 June 2015 at a premium of 100% over the subscription price per share paid on 30 June 2015 to subscribe for such additional number of shares as shall increase Malin's percentage equity shareholding to 50% on a fully diluted basis. The call option is a derivative financial asset. The fair value of this derivative was estimated at $0.8 million (€0.7 million) at the acquisition date. Since Malin acquired its 38% interest in 3D4Medical and the call option allowing it to invest a further $20.7 million (€19.0 million) on the same date, the consideration paid of €14.7 million ($16.4 million) has been determined as being the net consideration for the fair value of the shares and the call option asset. There was no change to the fair value of the call option in the period from initial acquisition to 31 December 2015.

A description of the significant unobservable inputs to the valuation using the Black Scholes model is set out below.

Significant unobservable inputs	Assumptions
Exercise price of the option	$58,929
Expected life of option	1.5 years
Share price volatility	50%
Dividends expected	$Nil
Risk-free interest rate	1.0%

AN2H

Malin's contingent investment commitment of €10.0 million is contingent on the achievement of certain scientific milestones by An2H. The €10.0 million contingent investment consideration is a derivative financial liability which is required to be recognised and subsequently measured at fair value. It has been determined that the fair value of this contingent investment commitment was close to €nil when the investment closed and there has been no change to the fair value in the period to 31 December 2015.

SERENUS

Malin owns 76% of the fully diluted share capital of Serenus. Malin is entitled to invest a further $16.6 million (€15.2 million) to maintain its equity stake at 76% following the issuance of shares under Serenus's long-term incentive plan arrangements. Malin's call option in Serenus is a derivative equity instrument under IFRS. Malin has determined that the fair value of this option was close to €nil at 31 December 2015.

Notes to the consolidated financial statements (continued)

16. Derivative assets and liabilities (continued)

HATTERAS

Malin has a commitment to invest up to $15.0 million (approximately €13.8 million) and, depending on a number of factors, up to a total of $20.0 million (approximately €18.4 million) with Hatteras. As at 31 December 2015, €0.7 million ($0.8 million) of this total commitment had been advanced. The remaining €13.1 million ($14.2 million) commitment is a derivative financial liability which is required to be recognised and subsequently measured at fair value. It has been determined that the fair value of this commitment was close to €nil when the investment closed and there has been no change to the fair value in the period to 31 December 2015.

POSEIDA

On 15 December 2015, as well as investing €18.2 million to obtain 31% of the issued share capital of Poseida, Malin committed to invest a further $10.0 million (€9.2 million), at the same subscription price as the initial investment, upon the achievement of certain milestones by Poseida. The $10.0 million contingent commitment is a derivative financial liability. The fair value of this derivative was estimated at $42k (€38k) at the acquisition date. The available-for-sale investment has been initially recognised at a fair value of €18.2 million. There was no change to the fair value of the derivative financial liability between the initial investment and 31 December 2015, other than an insignificant foreign exchange loss.

A description of the significant unobservable inputs to the derivative valuation is set out below.

Significant unobservable inputs	Assumptions
Spot share price of commitment	$3.43
Expected life of commitment	0.45 years
Dividends expected	$Nil
Risk-free interest rate	0.65%

INTEREST RATE SWAP

During the period, Altan entered into a swap agreement to obtain a fixed interest rate of 0.85% on €18.0 million of its loan principal. The swap was re-measured to fair value at 31 December 2015 and the €0.3 million expense was recognised in the income statement.

17. Goodwill and other intangible assets

	Goodwill €'m	Customer Lists €'m	Other Intangibles €'m	Total €'m
Cost:				
At incorporation	-	-	-	-
Acquisition of subsidiaries	21.5	26.9	4.3	52.7
Exchange differences	(0.2)	-	-	(0.2)
Additions	-	-	0.4	0.4
At 31 December 2015	**21.3**	**26.9**	**4.7**	**52.9**
Accumulated amortisation:				
At incorporation	-	-	-	-
Exchange differences	-	-	-	-
Amortisation	-	(1.3)	(0.3)	(1.6)
At 31 December 2015	**-**	**(1.3)**	**(0.3)**	**(1.6)**
Net book value: 31 December 2015	**21.3**	**25.6**	**4.4**	**51.3**
Net book value: At incorporation	**-**	**-**	**-**	**-**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of acquired subsidiaries at the date of acquisition. Included in the Group's statement of financial position at 31 December 2015 is goodwill of €21.3 million. This arose from the Group's initial acquisition of Serenus in May 2015 (€10.2 million), the acquisition of Altan in June 2015 (€10.0 million), the acquisition of Emba Neuro in March 2015 (€1.3 million) and a foreign exchange loss on goodwill of €0.2 million. The Group has identified each investee subsidiary company as a CGU.

The investee company acquisitions to which significant amounts of goodwill (greater than 10% of the total value) have been allocated are as follows:

	31 December 2015 €'m
Serenus	10.0
Altan	10.0

The Group tests goodwill for impairment at each reporting date or whenever there is an indication that the goodwill may be impaired. This testing involves determining the investee company's value-in-use and comparing this to the carrying amount of the investee company. Where the value-in-use exceeds the carrying value of the investee company, the asset is not impaired, but where the carrying amount exceeds the value-in-use, an impairment loss is recognised to reduce the carrying amount of the investee company to its value-in-use. Estimates of value-in-use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairments tests. In each case, these key assumptions have been made by management and are consistent with relevant external sources of information.

Where a value-in-use approach is used to assess the recoverable amount of the investee company, calculations use pre-tax cash flow projections based on financial budgets and projections covering a 5 to 7 year period. The cash flow forecasts exclude incremental profits and other cash flows derived from planned acquisition activities. Sales forecasts have been extrapolated using growth rates based on similar companies' experiences. The value in use of each asset is calculated using a pre-tax discount rate representing the Group's estimated pre-tax weighted average cost of capital, adjusted to reflect risks associated with each investee company. The assumptions used for the value-in-use approach are detailed in the table below:

	Projection period	Growth rate	Terminal growth rate	Discount rate
Serenus	7 years	4-18%	2%	9%
Altan	5 years	11%	0%	8%

Notes to the consolidated financial statements
(continued)

18. Property, plant and equipment

	Land and buildings €'m	Plant and equipment €'m	Total €'m
Cost:			
At incorporation	-	-	-
Acquisition of subsidiaries	4.1	8.7	12.8
Additions	0.1	0.3	0.4
At 31 December 2015	**4.2**	**9.0**	**13.2**
Accumulated depreciation:			
At incorporation	-	-	-
Charged in the period	(0.1)	(0.9)	(1.0)
At 31 December 2015	**(0.1)**	**(0.9)**	**(1.0)**
Net book value: 31 December 2015	**4.1**	**8.1**	**12.2**
Net book value: at incorporation	**-**	**-**	**-**

On 10 June 2015, the Group acquired Altan which had property, plant and equipment with a fair value of €12.8 million on the acquisition date.

Depreciation of €1.0 million has been charged to general and administration costs in the income statement during the financial period.

19. Inventories

	31 December 2015 €'m
Raw materials	6.0
Work-in-progress	0.3
Finished goods	7.7
	14.0

During the period to 31 December 2015 the Group acquired Altan which had inventory with an acquisition date fair value of €15.2 million, including a positive fair value adjustment of €5.5 million. Between the acquisition date and 31 December 2015, €4.8 million of this fair value adjustment was realised in the income statement.

Inventory with a carrying value of €0.1 million was written off in the period to 31 December 2015.

20. Trade and other receivables

	31 December 2015 €'m
Trade receivables	13.1
Prepayments	1.8
Vat recoverable	0.8
Other debtors	0.7
	16.4

The trade receivables balance of €13.1 million relates almost entirely to Altan and incorporates private and public hospitals and healthcare providers in Spain and other European countries, as well as Latin America, Asia and other geographies.

21. Cash and cash equivalents

	31 December 2015 €'m
Cash held by Malin and Malin direct corporate subsidiaries	67.0
Cash held by Malin investee company subsidiaries	30.0
	97.0

At 31 December 2015, the Group's cash and cash equivalents balance of €97.0 million was denominated in the following currencies:

	31 December 2015 €'m
Euro	52.7
US Dollar	40.3
Pound Sterling	0.6
Canadian Dollar	3.2
South African Rand	0.2
	97.0

22. Trade and other payables

	31 December 2015 €'m
Trade payables	6.4
Accrued expenses	5.7
PAYE, VAT payable and social welfare	0.6
	12.7

23. Borrowings

	31 December 2015 €'m
Current borrowings	
Bank borrowings	5.4
Loan drawn down from related party (note 32)	1.9
	7.3
Non-current borrowings	
Bank borrowings	27.6
	27.6
Total borrowings	**34.9**

Notes to the consolidated financial statements
(continued)

23. Borrowings (continued)

€32.5 million of the Group's borrowings at 31 December 2015 relate to a secured term loan obtained by Altan in conjunction with the acquisition of the GES Group (note 14). The term loan is secured on the assets of the former GES Group and is for a term of 72 months. The loan carries a coupon of 3.50% plus the 6 month Euribor rate.

In addition, Altan secured a €7.5 million revolving credit facility which can be drawn at any time through May 2019 and carries a coupon of 3.25% plus the 6 month Euribor rate. This facility remains fully undrawn.

During the period, Altan entered into a swap agreement to obtain a fixed interest rate of 0.85% on €18.0 million of its loan principal. The swap was re-measured to fair value at 31 December 2015 and the €0.3 million fair value loss was recognised in the income statement in finance expense.

24. Share capital and premium

	31 December 2015	
	Number	€'m
Authorised Share Capital		
Ordinary Shares of €0.001 each	300,000,000	0.3
A Ordinary Shares of €0.001 each	5,000,000	-
B Ordinary Shares of €0.001 each	-	-
C Ordinary Shares of €0.001 each	350,000	-
D Ordinary Shares of €0.001 each	650,000	-
	306,000,000	**0.3**
Issued Share Capital		
Ordinary Shares of €0.001 each	39,230,527	-
A Ordinary Shares of €0.001 each	3,279,299	-
B Ordinary Shares of €0.001 each	-	-
C Ordinary Shares of €0.001 each	-	-
D Ordinary Shares of €0.001 each	-	-
	42,509,826	**-**

AUTHORISED SHARE CAPITAL

On incorporation, the authorised share capital of the Parent Company was €10,000,000 divided into 10,000,000,000 Ordinary Shares of €0.001 each. The Shareholders passed a number of resolutions to alter the authorised share capital of the Parent Company during February and March 2015 as part of the restructuring of the capital of the Parent Company prior to the Placing of the Ordinary Shares on the ESM ("the Placing"). On 19 March 2015, immediately prior to the Placing, the Shareholders passed resolutions to alter the authorised share capital of the Parent Company to €306,000 divided into 300,000,000 Ordinary Shares of €0.001 each, 5,000,000 A Ordinary Shares of €0.001 each, 350,000 C Ordinary Shares of €0.001 each and 650,000 D Ordinary Shares of €0.001 each. There have been no changes to the authorised share capital of the Parent Company since this date.

ISSUED SHARE CAPITAL

Ordinary Shares

On incorporation, the Issued Share Capital was 1 Ordinary Share of €0.001. On 25 March 2015, on admission to the ESM, 30,971,312 New Ordinary Shares were issued at a Placing Price of €10.00 each.

The Parent Company had also secured additional investment commitments of €28.0 million as of the Admission Date pursuant to which additional new Ordinary Shares could subsequently be issued at the Placing Price ("Additional Investment Shares"). The conditions attached to the issuance of the Additional Investment Shares were subsequently satisfied in full, and on 12 May 2015 the Company issued 2,786,183 New Ordinary Shares.

1,543,199 of the Issued Ordinary Shares at 31 December 2015 relates to Ordinary Shares issued to the Founder (see below). Immediately prior to the Placing, the Parent Company had issued 4,000,000 Ordinary Shares to the Founder. Simultaneously with the Placing, the Founder's holding of Ordinary Shares was reduced to 1,415,831 Ordinary Shares representing 4% of the Total Issued Share Capital of the Parent Company at the time of issuance. 2,584,169 Ordinary Shares were acquired by the Parent Company for nil consideration and cancelled, representing the issued Founder Ordinary Shares in excess of 4% of the Total Issued Share Capital of the Parent Company immediately following the Placing. In conjunction with the issuance of the Additional Investment Shares, 127,368 C Ordinary Shares converted to Ordinary Shares of the Parent Company so as to preserve the percentage interest represented by the Founder Shares at Admission (4%), following the issue of the Additional Investment Shares.

On 17 July 2015, Malin completed a placing of 3,821,571 new Ordinary Shares in the capital of the Parent Company, representing approximately 10% of the Total Issued Share Capital at the time of issuance, at a price of €10.99 per share to raise gross proceeds of €42.0 million. Following admission of these follow-on placing shares, the Issued Ordinary Share Capital consisted of 39,122,265 Ordinary Shares of nominal value €0.001 each.

On 25 September 2015, 34,812 new Ordinary Shares were issued in consideration of services rendered to the Group during 2015 by a Non-Executive Director and third-party advisor. No proceeds arose on the issue.

On 13 November 2015, 73,450 new Ordinary Shares were issued under the 2015 LTIP (note 27). No proceeds arose on the issue.

As at 31 December 2015, the Issued Ordinary Share Capital consisted of 39,230,527 Ordinary Shares of nominal value €0.001 each.

A Ordinary Shares

The A Ordinary Shares of 3,279,299 at 31 December 2015 relate to A Ordinary Shares issued to the Founder (see below). Immediately prior to the Placing, the Parent Company had issued 4,000,000 A Ordinary Shares to the Founder. Simultaneously with the Placing, the Founder's holding of A Ordinary Shares was reduced to 3,008,641 A Ordinary Shares representing 8.5% of the Total Issued Share Capital of the Parent Company at the time of issuance.

991,359 A Ordinary Shares were acquired by the Parent Company for nil consideration and cancelled, representing the issued Founder A Ordinary Shares in excess of 8.5% of the Total Issued Share Capital of the Parent Company immediately following the Placing.

In conjunction with the issuance of the Additional Investment Shares, 270,658 D Ordinary Shares converted to A Ordinary Shares of the Parent Company so as to preserve the percentage interest represented by the Founder A Ordinary Shares at Admission (8.5%), following the issue of the Additional Investment Shares.

B Ordinary Shares

On 2 February 2015, the Parent Company allotted and issued 2,203 B Ordinary Shares of €1.00 each to Brandon Point Enterprises 5 Limited ("BPE5"), a subsidiary of BPI, at a premium of €232.03 per share and the shares were credited as fully paid up for cash payable of €0.5 million. On 5 February 2015, the Parent Company issued 32,797 B Ordinary Shares of €1.00 each to 8 persons with a value of €7.6 million, which equals a premium of €231.99 per share as consideration for the BPI Investment Transfers. Immediately prior to the Admission Date, the B Ordinary Shares were converted to 815,473 New Ordinary Shares at a conversion ratio of approximately 23.2992 Ordinary Shares for each B Ordinary Share based on the aggregate value of the BPI Investment Transfers and the cash subscribed of €8.1 million divided by the Placing Price.

Notes to the consolidated financial statements (continued)

24. Share capital and premium (continued)

C Ordinary Shares

350,000 fully paid C Ordinary Shares of €0.001 each were issued to the Founder on 19 March 2015. In conjunction with the Additional Investment Shares, 127,368 C Ordinary Shares converted to Ordinary Shares of the Parent Company so as to preserve the percentage interest represented by the Founder Shares at Admission (4%), following the issue of the Additional Investment Shares. Immediately following this conversion, the balance of the C Ordinary Shares held by the Founder of 222,632 was acquired by the Parent Company for nil consideration and cancelled.

D Ordinary Shares

650,000 fully paid D Ordinary Shares of €0.001 each were issued to the Founder on 19 March 2015. In conjunction with the Additional Investment Shares, 270,658 D Ordinary Shares converted to A Ordinary Shares of the Parent Company so as to preserve the percentage interest represented by the Founder A Ordinary Shares at Admission (8.5%), following the issue of the Additional Investment Shares. Immediately following this conversion, the balance of the D Ordinary Shares held by BPE5 of 379,342 was acquired by the Parent Company for nil consideration and cancelled.

Founder Shares

In conjunction with the formation and admission of Malin, the Parent Company issued Founder Shares to BPI. At 31 December 2015, BPE5 held 2,125,610 Ordinary Shares of which 1,543,199 Ordinary Shares represented 4% of the Total Issued Share Capital of the Parent Company at the time of issuance and 3,279,299 A Ordinary Shares which represented 8.5% of the Total Issued Share Capital of the Parent Company at the time of issuance.

The Founder A Ordinary Shares are convertible into Ordinary Shares in 2 separate tranches. The first tranche of 2,314,561 A Ordinary Shares is convertible at any time after the third year anniversary of Admission on the achievement by the Parent Company of a CAGR on TSR of equal to or greater than 11%. The second tranche of 964,738 A Ordinary Shares is convertible at any time after the fifth year anniversary of Admission on the achievement by the Parent Company of a CAGR on TSR of equal to or greater than 17.5%. Refer to note 27 on share-based compensation for further information.

At 31 December 2015, BPE5's holding of 2,125,610 Ordinary Shares represents 5.0% of the Total Issued Share Capital of the Parent Company, while BPE5's holding of 3,279,299 A Ordinary Shares represents 7.7% of the Total Issued Share Capital of the Parent Company.

25. Other reserves

	Share-based payment reserve €'m	Available-for-sale reserve €'m	Foreign currency translation reserve €'m	Viamet BPI transfer reserve €'m	Re-measurement of NCI €'m	Capital redemption reserve €'m	Total €'m
At incorporation	-	-	-	-	-	-	-
Receipt of call option on Viamet from BPI	-	-	-	1.1	-	-	1.1
Founder A Ordinary Shares expense	4.7	-	-	-	-	-	4.7
2015 LTBP and 2015 LTIP charges	0.2	-	-	-	-	-	0.2
Altan share-based payment charge	0.8	-	-	-	-	-	0.8
Currency translation:							
Arising in the period – subsidiaries	-	-	0.2	-	-	-	0.2
Arising in period – associate undertakings	-	-	(2.4)	-	-	-	(2.4)
Available-for-sale investments – change in fair value (foreign currency) (note 15)	-	1.0	-	-	-	-	1.0
Transactions with NCI	-	-	-	-	0.7	-	0.7
At 31 December 2015	**5.7**	**1.0**	**(2.2)**	**1.1**	**0.7**	**-**	**6.3**

SHARE-BASED PAYMENT RESERVE

The share-based payment reserve comprises the amounts expensed in the income statement in connection with share-based payments which were unissued at 31 December 2015. For further information on share-based payments, please refer to note 27.

AVAILABLE-FOR-SALE RESERVE

The available-for-sale reserve comprises unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets including changes arising from foreign currency translation. For further information on the Group's available-for-sale investments, please refer to note 15.

FOREIGN CURRENCY TRANSLATION RESERVE

The Group's foreign currency translation reserve represents all foreign exchange differences from incorporation arising from the translation of the net assets of the Group's non-euro denominated operations, including the translation of the profits and losses of such operations from the actual rate for the period to the closing rate at the reporting date, as well as the Group's share of the currency translation adjustment of its associates.

VIAMET BPI TRANSFER RESERVE

BPI transferred its 33% portion of a $15.0 million (approximately €13.8 million) call option with Viamet to Malin as part of the investor rights transferred to Malin as part of the BPI Investment Transfers. The $15.0 million option is held by a company controlled by Malin. The full amount of the consideration paid by Malin to BPI of €4.4 million ($5.0 million) for the Viamet transfer was attributed to the equity interest transferred so the fair value of the call option transferred is recognised as a contribution from BPI to Malin. The fair value of the option on initial recognition and at 31 December 2015 was estimated at $1.3 million (€1.1 million).

The option has been recognised as a derivative financial asset with a corresponding increase in equity to reflect this contribution from BPI in its capacity as Founder of Malin. Malin exercised its portion of the option in February 2016. For further information on the call option, please refer to note 16.

Notes to the consolidated financial statements
(continued)

25. Other reserves (continued)

RE-MEASUREMENT OF NCI

The amount of €0.7 million resulted entirely from the re-measurement of the NCI following step-up investments in Malin's subsidiaries, Emba Neuro and Serenus, during December 2015, which resulted in increases in Malin's ownership interests.

CAPITAL REDEMPTION RESERVE

The capital redemption reserve of €2k has arisen from the Parent Company buying back and cancelling its ordinary shares.

26. Loss per Ordinary Share

Basic loss per share is computed by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted loss per share is computed by dividing the net loss for the period by the weighted average number of Ordinary Shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares, including the unvested Founder A Ordinary Shares and outstanding RSUs.

	31 December 2015 €'m
Numerator:	
Net loss for the period attributable to equity holders of the parent	(44.9)
Denominator:	
Weighted average number of Ordinary Shares outstanding for the period	27,480,561
Basic and diluted loss per share (euro per share)	(€1.63)

As at 31 December 2015, there were 3,279,299 unvested Founder A Ordinary Shares and 265,131 outstanding RSUs that could potentially have a dilutive impact on earnings per share in the future. As a net loss was recorded in the period, the dilutive potential shares are anti-dilutive for the earnings per share.

27. Share-based compensation

	2015 expense €'m
Founder Ordinary Shares expense	15.4
Founder A Ordinary Shares expense	4.7
Long-term bonus plan expense	0.2
Long-term incentive plan expense	1.6
Shares issued for services rendered	0.4
Altan share-based payment expense	1.2
	23.5

FOUNDER SHARES

In connection with the Admission, Malin issued 1,543,199 Ordinary Shares to BPI representing 4% of the Total Issued Share Capital of the Parent Company at the grant date referred to as the Founder Ordinary Shares. In addition, the Parent Company issued 3,279,299 A Ordinary Shares representing 8.5% of the Total Issued Share Capital of the Parent Company at the grant date to BPI referred to as the Founder A Ordinary Shares.

The A Ordinary Shares are convertible into Ordinary Shares upon the achievement by the Parent Company of agreed performance thresholds or on the occurrence of a change of control.

There are 2 separate tranches of performance thresholds upon which the Founder A Ordinary Shares convert to Ordinary Shares. The first tranche of 6% (2,314,561 A Ordinary Shares) is convertible at any time after the third year anniversary of Admission on the achievement by the Parent Company of a CAGR on TSR of equal to or greater than 11%. The second tranche of 2.5% (964,738 A Ordinary Shares) is convertible at any time after the fifth year anniversary of Admission on the achievement by the Parent Company of a CAGR on TSR of equal to or greater than 17.5%. The Founder A Ordinary Shares will automatically and immediately convert on a one-for-one basis to Ordinary Shares on a change of control.

The Founder Ordinary Shares are subject to a 3 year lock-up arrangement from the Admission Date during which time BPI may not sell, transfer, grant any option over, or otherwise dispose of, the legal, beneficial or any interest that it has in these shares for a period of 3 years following Admission. During such 3 year lock-up arrangement BPI is entitled after the expiry of the first year, to mortgage, charge, pledge, lend, grant security over or otherwise encumber the Founder Shares.

The full amount of the fair value of the Founder Ordinary Shares of €15.4 million was recognised as a share-based payment expense on the grant date (the Admission Date) and is presented within the Company Establishment Costs in the income statement (note 7). The fair value per share was determined to be equal to the Placing Price of €10.00 per share.

The fair value of the Founder A Ordinary Shares has been arrived at by applying a Monte Carlo simulation technique with the following weighted average assumptions:

	Assumptions
Expected volatility	35%
Expected life	9 years
Expected dividend yield	-
Risk-free interest rate	0.54%

Based on the Monte Carlo model, the fair value of the First Tranche of Founder A Ordinary Shares (11% CAGR TSR Target vesting from the third anniversary of the Placing) has been estimated at €6.84 per share. The fair value of the Second Tranche Founder A Ordinary Shares (17.5% CAGR TSR Target vesting from the fifth anniversary of the Placing) has been estimated at €4.23 per share.

The cumulative fair value of the First Tranche Founder A Ordinary Shares (2,314,561 A Ordinary Shares) issued to BPI on the Admission Date is €15.8 million and the cumulative fair value of the Second Tranche Founder A Ordinary Shares (964,738 A Ordinary Shares) issued to BPI on the Admission Date is €4.1 million.

Malin will recognise the fair value of these awards as an expense in the income statement with a corresponding credit recorded in a share based payment reserve in equity over the relevant vesting periods. The vesting period of the First Tranche Founder A Ordinary Shares has been estimated at 3 years while the vesting period of Second Tranche Founder A Ordinary Shares has been estimated at 5 years. A charge of €4.7 million was recognised for the period to 31 December 2015 in relation to the Founder A Ordinary Shares. This charge is presented within general and administrative expenses in the income statement (note 6).

LONG-TERM BONUS PLAN

The 2015 LTBP provides for a bonus pool to be created if an exceptional level of TSR is delivered by the Group. The bonus pool will be an amount equal to 8.5% of the TSR in respect of the performance period commencing on 1 November 2015. The LTBP has the potential to vest over the earlier of one of three performance periods: cumulative TSR from the commencement date of 100% is achieved after 3 years; cumulative TSR from the commencement date of 125% is achieved after 4 years; or cumulative TSR from the commencement date of 150% is achieved after 5 years.

Notes to the consolidated financial statements
(continued)

27. Share-based compensation (continued)

If the TSR of 150% is not achieved after 5 years, the plan will terminate and no bonus payments will be made. Any obligations arising under the plan may be settled in cash, shares or a combination of both cash and shares. The Remuneration Committee has sole discretion and control over how any obligations arising under this plan will be settled. As a result of the equity settlement option and in the absence of a past history or other factors suggesting that the pool would be settled in cash, the plan will be accounted as an equity settled share based payment transaction. Because the eligible participants of the plan do not have details of the specific benefits that might accrue to them individually under the plan, the grant date of the LTBP is not deemed to occur until the Remuneration Committee operates its discretion at the end of the vesting period to allocate the pool to the eligible participants.

The fair value of the award was determined at the start of the service period and will be estimated at each reporting date with the final measurement occurring at the end of the vesting period. As well as the achievement of the TSR targets, there is an implied service condition by eligible participants. The TSR target is a "market condition", so is taken into account when determining the fair value of the equity instruments. Malin has measured the fair value of the services received by reference to the fair value of the 2015 LTBP on the grant date. The Group will recognise the fair value of the plan over its estimated vesting period of 5 years.

The fair value of the 2015 LTBP awards has been arrived at by applying a Monte Carlo simulation technique with the following weighted average assumptions:

	At grant date 1 November 2015	At year-end 31 December 2015
Reference share price	€10.63	€10.63
Expected volatility	37.69%	37.77%
Expected life	5 years	5 years
Expected dividend yield	-	-
Risk-free interest rate	0.295%	0.31%

Based on the Monte Carlo model, the cumulative fair value of the 2015 LTBP awards was estimated at €8.0 million at the grant date and €7.9 million at 31 December 2015.

A charge of €0.2 million was recognised for the period to 31 December 2015 in relation to the 2015 LTBP awards. This charge is presented within general and administrative expenses in the income statement (note 6).

LONG-TERM INCENTIVE PLAN

In November 2015, the Remuneration Committee of the Board of Directors made the first grant pursuant to the terms and conditions of the Group's 2015 LTIP. The initial 2015 LTIP grant of 397,697 RSUs has 3 equal tranches, of 132,566 RSUs, vesting over the 27 month period following the grant date. The first tranche of awards was not subject to vesting conditions and vested immediately on 2 November 2015. There are 2 vesting conditions attached to the second and third tranches: (i) achievement of the TSR target (market condition) which applies to the majority of the awards granted, and (ii) employees must remain in employment at the vesting date (service condition) which applies to all of the awards granted.

The fair value of the first tranche of RSUs awarded under the 2015 LTIP that vested on the grant date of 2 November 2015 was based on the Malin share price on the date of the grant date of €10.55. The cumulative fair value of this award was €1.5 million.

Malin recognised this fair value expense in the consolidated income statement on the grant date. The Group net-settled a portion of employee awards with equity and paid the taxes due on behalf of the employees resulting in a credit to share premium of €0.8 million.

The fair value of the second and third tranches of the awards made under the 2015 LTIP, which are subject to the achievement of TSR targets, were determined on the grant date using a Monte Carlo simulation technique with the following weighted average assumptions:

	Assumptions
Expected volatility	32.82%
Expected life – second tranche	15 months
Expected life – third tranche	27 months
Expected dividend yield	-
Risk-free interest rate	0.014%

Based on the Monte Carlo model, the fair value of the 2015 LTIP awards, which are subject to the achievement of TSR targets, has been estimated at €4.96 per share (second tranche) and €5.38 per share (third tranche). The cumulative fair value of the second and third tranche awards at the reporting date is €1.4 million. Malin will recognise this fair value expense in the income statement with a corresponding credit recorded in a share-based payment reserve within 'other reserves' in equity over the relevant vesting periods. A charge of €0.1 million was recognised for the second and third tranches in the period to 31 December 2015.

The RSUs outstanding at 31 December 2015 are summarised below:

	No. of RSUs
Outstanding at 16 December 2014	-
Granted	397,697
Exercised	(73,450)
Net settlement adjustment	(59,116)
Outstanding at 31 December 2015	**265,131**

ALTAN PHARMA LIMITED LONG-TERM INCENTIVE PLAN

On 3 December 2015, Altan granted to its management team an option to acquire 500,000 ordinary shares in Altan at a price of €5.30 per option share. This option is exercisable for some or all of the option shares at any time up to 10 June 2025 and there are no vesting conditions attached to the award. The fair value of this award on the grant date was determined to be €2.40 per option share. The cumulative fair value of this award on the grant date was €1.2 million. Malin recognised this fair value expense in the consolidated income statement on the grant date with a corresponding credit recorded in a share-based payment and NCI reserve.

The fair value of the award was determined on the grant date using a Black Scholes model with the following assumptions:

	31 December 2015
Expected volatility	36.35%
Expected life	9.5 years
Expected dividend yield	-
Risk-free interest rate	1.015%

Notes to the consolidated financial statements
(continued)

28. Financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 31 December 2015. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	31 December 2015	
	Carrying amount €'m	Fair value €'m
Financial assets:		
Available-for-sale investments (note 15)	54.0	54.0
Derivative financial assets (note 16)	1.8	1.8
Cash at bank and in hand (note 21)	97.0	97.0
At 31 December 2015	**152.8**	**152.8**
Financial liabilities:		
Interest bearing loans and borrowings	(32.1)	(29.4)
Non-interest bearing loans and borrowings	(2.8)	(2.6)
Derivative financial liabilities (note 16)	(2.1)	(2.1)
At 31 December 2015	**(37.0)**	**(34.1)**

	Level 1 €'m	Level 2 €'m	Level 3 €'m	Total €'m
Financial assets measured at fair value:				
Available-for-sale investments				
Unquoted equity shares (note 15)	-	-	54.0	54.0
Derivative financial assets (note 16)	-	-	1.8	1.8
Cash at bank and in hand (note 21)	-	97.0	-	97.0
At 31 December 2015	**-**	**97.0**	**55.8**	**152.8**
Financial liabilities measured at fair value:				
Interest bearing loans and borrowings	-	(29.4)	-	(29.4)
Non-interest bearing loans and borrowings	-	(2.6)	-	(2.6)
Derivative financial liabilities (note 16)	-	(0.3)	(1.8)	(2.1)
At 31 December 2015	**-**	**(32.3)**	**(1.8)**	**(34.1)**

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (e.g. quoted prices for similar assets). These are mainly based on prices determined from recent investments in the last 12 months and a review of the individual circumstances of each investee company.
- Level 3 inputs are unobservable inputs for the asset or liability.

Where quoted prices in active markets are not available, the standard identifies 3 types of valuation techniques that can be applied to estimate fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities, or a group of assets and liabilities, such as a business. The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). The cost approach will only be relevant if the investment was acquired within the previous 12 months and its cost is still considered to be a reasonable approximation to fair value at the measurement date.

FAIR VALUE OF CASH AT BANK AND IN HAND

For cash at bank and in hand the carrying value is deemed to reflect a reasonable approximation of fair value.

FAIR VALUE OF BORROWINGS

The fair value of borrowings is measured by discounting contractual cash flows at prevailing interest and exchange rates.

FAIR VALUE OF INVESTMENTS

The fair value of Malin's private investments will be determined using the following market and income approaches including:

- Price of a recent investment
- Relative valuation
- Industry benchmarks
- Discounted cash flows

The appropriate approach will be that for which there is sufficient data available to determine fair value and Malin will typically apply a number of techniques to ensure the reliability of the valuation. Wherever possible Malin will use valuation techniques which make maximum use of market-based inputs.

Price of a recent investment

The valuation of a company is based on the latest share issue in which external investors have invested new capital. During the period following the date of the relevant transaction, the new valuation will be adjusted according to change or events which may influence the fair value of the company.

Relative valuation

The value of a company is estimated relative to the market prices of similar companies. This involves comparing the company with similar companies in the same industry, stage of development, market, pipeline depth and so forth. The 3 types of relative valuation used are direct comparison to a company, peer group average and peer group average adjusted for differences. These are explained below.

(i) Direct comparison to a company

This is used where a public company is very similar to the company the Group is valuing in terms of the development stage, products, pipeline, operations, market etc. A discount will usually be applied to take account of the incremental value associated with public equities as opposed to private securities.

Notes to the consolidated financial statements
(continued)

28. Financial instruments (continued)

(ii) Peer group average
This technique involves reviewing publicly traded companies to develop a peer group similar to the company being valued, referred to as "comparable" companies. Market multiples are developed based on 2 inputs: (i) quoted trading prices; and (ii) financial metrics, such as revenue, net income, earnings before interest, taxes, depreciation and amortisation ("EBITDA"), etc.

(iii) Peer group average adjusted for differences
Where there are variances between the company being valued and the comparable companies used in calculating the peer group average, the market multiples are adjusted, as appropriate, for differences in the stages of development, therapeutic market sizes, growth rates, profitability and other relevant factors. The adjusted multiples are then applied to the subject company's comparable financial metric.

Industry benchmarks
The market transaction multiple method is based upon prices paid in observed market transactions of comparable companies or assets. Valuation multiples are developed from observed market data for a particular financial or operating metric of the business enterprise. Financial metrics include earnings or revenue. Operating metrics include the stage of development of the lead compound(s).

Discounted cash flows
Discounted cash flows ("DCF") involve estimating the fair value of a company by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. The key assumptions used in applying the DCF model to Malin's companies are:
- Discount rate
- Probability of success for development stage assets
- Market size and peak sales
- Costs of development

FAIR VALUE OF MALIN'S AVAILABLE FOR SALE INVESTMENTS

Available-for-sale investments are fair valued at each reporting date. The Group's available-for-sale assets are not traded in active markets and therefore the initial fair value attributed to these assets was based on the cost of the investment in an arms-length negotiated transaction. All of the available-for-sale investments were acquired by the Group in the period from incorporation to 31 December 2015 and the subscription price paid for the investments represented the market price at the acquisition date. This valuation is classified as a Level 3 valuation. Management has determined that given the recent nature of these investments, in the absence of observable market transactions to infer a revised fair value and based on an assessment of the market and company performance in the period since acquisition, cost is still a fair approximation of fair value.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments that are not traded in an active market is determined by using valuation techniques. Management have assessed the characteristics of each of these contracts to determine the most appropriate basis for determining the fair value of these derivatives on initial recognition. For further information on the basis, estimates and assumptions used for each derivative contract please refer to note 16.

29. Financial risk management

The Group's objectives when managing its financial risks are to safeguard the Group's ability to continue as a going concern in order to build value and provide compelling total shareholder return performance, while maintaining a strong balance sheet to support the continued organic and acquisitive growth of its businesses and to maintain investor and market confidence.

The Group is exposed to financial risks which arise during the ordinary course of business. These financial risks primarily relate to the Group's liquidity risk and exposure to foreign currency fluctuations.

RISK EXPOSURES

a. Credit risk

Exposure to credit risk

Credit risk arises from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents give rise to credit risk on amounts due from counterparties. The maximum credit risk is represented by the carrying value at the reporting date and management does not anticipate that any significant counterparty will fail to meet its obligations. The Group controls this exposure by transacting with high quality financial institutions for the purpose of placing deposits and limiting its exposure to any one financial institution. Exposure to each counterparty and any changes in their credit rating is monitored by management on a regular basis. The Group's treasury policy criteria limits the amount of cash that can be held with financial institutions based on their credit rating per established rating agencies.

Of the total cash and cash equivalents at 31 December 2015, the following table shows the amounts held with A-rated and B-rated institutions based on Standard and Poor's credit ratings and equivalent credit ratings from other established rating agencies.

	31 December 2015 €'m
A-rated financial institutions	64.3
B-rated financial institutions	32.7
	97.0

Trade and other receivables

	31 December 2015 €'m
Trade receivables	13.1
VAT recoverable	0.8
Prepayments and other debtors	2.5
Cash at bank and in hand	97.0
	113.4

The trade receivables balance of €13.1 million relates almost entirely to Altan and incorporates private and public hospitals and healthcare providers in Spain and other European countries, as well as Latin America, Asia and other geographies. There is no concentration of credit risk or dependence on individual customers. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Trade receivables	**31 December 2015 €'m**
Spain	9.5
EU (excluding Spain)	2.8
ROW	0.8
	13.1

Notes to the consolidated financial statements (continued)

29. Financial risk management (continued)

Included in the Group's trade and other receivables as at 31 December 2015 are balances of €8.3 million which are past due at the reporting date, of which €0.1 million has been provided for. The aged analysis of trade receivable balances is as follows:

	31 December 2015 €'m
Current	4.8
Less than 30 days overdue	2.9
30 – 60 days overdue	1.5
60 – 90 days overdue	1.1
90 – 120 days overdue	0.7
Over 120 days overdue	2.1
	13.1

The movement in the provision for impairment of trade receivables during the year is as follows:

	2015 €'m
At incorporation	-
Arising on acquisition	0.3
Subsequent recovery of amounts previously provided for	(0.1)
Amounts written off during the year	(0.2)
Provision for impairment recognised in the period	0.1
At 31 December 2015	**0.1**

The provision for impairment relates to trade receivables which are over 120 days due from Spanish, European and rest-of-world healthcare providers to Altan.

b. Liquidity risk

The Group maintains a strong balance sheet which includes cash balances in current and deposit accounts with notice periods of up to 35 days. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to:

- Fund its ongoing activities and future capital commitments
- Ensure funds exist to allow for the selective and efficient deployment of capital in strategic businesses which have potential to create further shareholder value
- Maintain sufficient financial resources to mitigate against risk and unforeseen events.

As at 31 December 2015, the Group's main source of funding was equity finance. On 25 March 2015, Malin was admitted to trading for the first time on the ESM having raised €330.0 million. On 17 July 2015, Malin completed a non pre-emptive placing of additional Ordinary Shares and raised gross proceeds of €42.0 million. The Group also had a loan balance of €34.9 million at 31 December 2015. The Group believes it has sufficient cash resources and bank debt facilities at its disposal, which provides flexibility in financing existing operations, acquisitions and other developments.

Malin's capital position, and its ability to invest in new or existing assets, may be impacted by a number of potential value inflection points during 2016 which could result in capital inflows, as well as potential inflows from raising additional equity or debt capital.

The financial liabilities of the Group at 31 December 2015 relate to short-term trade and other payables which all have a contractual maturity of 3 months or less, derivatives and a secured term loan (note 23).

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements.

	Carrying amount €'m	Contractual cash flow €'m	6 months or less €'m	6-12 months €'m	Between 1-2 years €'m	Between 2-5 years €'m	More than 5 years €'m
Interest bearing loans and borrowings	32.1	37.2	3.9	2.5	5.2	21.2	4.4
Non-interest bearing loans and borrowings	2.8	2.8	2.0	0.1	0.3	0.3	0.1
Trade and other payables	12.7	12.7	12.7	-	-	-	-
Provisions	0.5	0.5	0.5	-	-	-	-
Derivative financial instruments							
Put option	1.8	9.2	9.2	-	-	-	-
Interest rate swap	0.3	0.8	0.1	0.1	0.2	0.4	-
Contingent investment commitments[1]	-	19.2	-	19.2	-	-	-
Commitments	-	13.0	1.2	1.2	2.5	3.7	4.4
At 31 December 2015	**50.2**	**95.4**	**29.6**	**23.1**	**8.2**	**25.6**	**8.9**

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the value of investments held will affect the Group's income or the value of its holding of financial instruments.

Foreign exchange risk

Malin's functional and reporting currency is euro. Foreign exchange risk arises from future commercial and investment transactions, recognised assets and liabilities and net investments in the Group's foreign operations giving rise to other currencies, principally the US dollar and Canadian dollar. Details of the Group's assets and liabilities and income statement are set out below.

	Euro €'m	USD €'m	CAD €'m	GBP €'m	ZAR €'m	Total €'m
Assets and liabilities held by the Group	321.8	39.3	3.2	1.0	0.1	365.4
Income statement	(38.4)	(11.5)	-	(0.1)	0.4	(49.6)

A reasonably possible strengthening, or weakening, of the US dollar and Canadian dollar against the euro at 31 December 2015 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Income statement		Equity	
Effect in €'m	Strengthening €'m	Weakening €'m	Strengthening €'m	Weakening €'m
USD (5% movement)	(0.4)	0.4	2.1	(1.9)
CAD (5% movement)	-	-	0.2	(0.2)

Interest rate risk

The Group is exposed to interest rate risk on its cash deposits as at 31 December 2015 and the interest bearing debt held by Altan of €32.1 million. Interest rate risk is managed on a continuous basis in conjunction with assessing the funding requirements of the Group.

Capital risk

Malin considers capital to consist of certain equity (share capital, share premium and retained earnings) and long-term debt. The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the ongoing development of the Group. The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital.

Other risks

Malin had investments across 16 different entities at the reporting date. The Group mitigates exposure to the value of these investments by having an established investment appraisal process in place which involve continuous monitoring procedures which are subject to senior management and board review.

[1] Investment commitment subject to achievement of milestones by investee company.

Notes to the consolidated financial statements
(continued)

30. Non-controlling interests

	2015 €'m
At incorporation	-
Acquisition of subsidiaries in the period (note 14)	21.0
Share of loss for the period	(4.7)
Share-based payment charge attributable to NCI	0.4
Equity transactions with NCI	(2.9)
Follow-on cash investment by parent into subsidiary	2.2
Share of foreign exchange reserve	0.1
At 31 December 2015	**16.1**

On 3 December 2015, the Group acquired an additional 28% interest in Serenus for €7.9 million ($8.4 million), increasing its ownership from 48% to 76% of the issued share capital. On 21 December 2015, the Group acquired an additional 7% interest in Emba Neuro for €0.9 million ($1.0 million), increasing its ownership from 54% to 61% of the issued share capital.

The following table summarises the information at 31 December 2015 relating to each of the Group's subsidiaries that has NCI.

	Altan €'m	Serenus €'m	Emba Neuro €'m	Total €'m
NCI percentage at 31 December 2015	35%	24%	39%	
Non-current assets	42.9	0.3	0.1	
Current assets	39.5	19.5	0.6	
Non-current liabilities	(35.5)	(1.9)	-	
Current liabilities	(12.6)	(1.6)	(0.1)	
Net assets	**34.3**	**16.3**	**0.6**	
Net assets attributable to NCI	**12.0**	**3.9**	**0.2**	**16.1**
Revenue	22.9	-	-	
Net loss	(4.3)	(5.6)	(2.0)	
Other comprehensive income	-	0.3	-	
At 31 December 2015	**(4.3)**	**(5.3)**	**(2.0)**	
Loss allocated to NCI	(1.5)	(2.3)	(0.9)	(4.7)
OCI allocated to NCI	-	0.1	-	0.1
Total comprehensive income allocated to NCI	**(1.5)**	**(2.2)**	**(0.9)**	**(4.6)**

31. Commitments and contingencies

Malin, as the parent of the Group, and has entered into a guarantee in relation to any losses or liabilities, as defined in section 357 of the Companies Act 2014, of its Republic of Ireland registered subsidiary company, Malin Life Sciences Holdings Limited, for the year ended 31 December 2015.

Malin has signed up to 2 contingent investment commitment agreements which could result in Malin making further investments in 2 investee companies over time. Please refer to note 16 for more information on these contingent commitments.

32. Related party transactions

Under IAS 24, "Related Party Disclosures" ("IAS 24"), Malin has various related parties stemming from relationships with subsidiaries, associate undertakings and non-controlling interests, its founders, key management personnel and other related parties. All transactions with subsidiaries eliminate on consolidation and are not presented, in accordance with revised IAS 24.

BPI AND MALIN RELATED PARTIES

Malin's founder is BPI, an Irish headquartered integrated life sciences group. The related party transactions between Malin and BPI are set out below.

Brandon Point Management Services Unlimited Company (trading as "BPI Consulting") contract
Malin has entered into an operating services agreement (the "Operating Services Agreement") with BPI Consulting, a subsidiary of BPI, pursuant to which BPI Consulting will provide a range of corporate, administrative and operational services to the Company. The Operating Services Agreement is overseen by the Governance and Conflicts Committee of the Board. Malin pays for these services on normal commercial terms or competitively favourable terms reflecting the synergies between BPI Consulting's infrastructure and the infrastructure required by Malin. The annual fee is approved by the Governance and Conflicts Committee of the Board based on submissions of the services and costs provided by Malin and BPI Consulting. The Operating Services Agreement is subject to a maximum annual charge of €1.7 million for each year of the initial 3 year term. The charge for the period to 31 December 2015 was €1.3 million, inclusive of irrecoverable VAT. The Company paid BPI Consulting €0.9 million in respect of these services in March 2015 and the balance in January 2016.

Prior to the initiation of the Operating Services Agreement and in advance of the Placing, BPI Consulting provided the Company with services in relation to a range of corporate, administrative and operational 'back office' services; and legal, tax and due diligence services in relation to the 7 initial acquisitions and investments. The Company paid BPI Consulting a fee of €3.1 million (plus VAT) in respect of these services. This fee is included as part of the total Company Establishment Transaction Costs set out in note 7.

Founder Shares
In connection with the Admission, Malin issued BPI with Founder Ordinary Shares representing 4% of the Total Issued Share Capital of the Company at the time of issuance and Founder A Ordinary Shares representing 8.5% of the Total Issued Share Capital of the Company at the time of issuance. The Founder A Ordinary Shares are convertible into Ordinary Shares upon the achievement by the Company of agreed performance thresholds or on the occurrence of a change of control. A share-based payment charge of €15.4 million associated with the Founder Ordinary Shares and €4.7 million associated with the Founder A Ordinary Shares was recognised in the period to 31 December 2015. For further information on the Founder Shares, please refer to note 24 and note 27.

Other BPI shareholdings in Malin
In connection with the BPI Investment Transfers, Malin issued 764,145 Ordinary Shares to BPI along with its principals and shareholders, who funded initial investments that were transferred to Malin in each case at their initial transaction date value (i.e. the consideration paid by BPI, its principals and shareholders) totalling €7.6 million ($8.6 million) which was also the fair value of the investments at the date of transfer. For further information on the BPI Investment Transfers, please refer to note12.

BPI also subscribed for 51,328 Ordinary Shares Malin in cash at the Placing Price of €10.00 per share.

BPI along with its principals and shareholders have an interest in an aggregate 8.1% of the Issued Ordinary Share Capital of the Company. This includes the interests of John Given, Kelly Martin, Dr Adrian Howd, Darragh Lyons and Sean Murphy held in a personal capacity.

Notes to the consolidated financial statements
(continued)

32. Related party transactions (continued)

The interests of the Directors in the Issued Ordinary Share Capital of the Company on 31 March 2016, the latest practicable date, is set out below.

Name	Ordinary Shares	% of Issued Share Capital
John Given	66,736	0.2%
Kelly Martin	2,598,432[1]	6.6%
Dr Adrian Howd	34,942	0.1%
Darragh Lyons	8,478	-
Liam Daniel	10,000	-
Prof. Dr Uwe Bicker	40,000	0.1%
Owen Hughes	11,373	-
Robert A. Ingram	17,406	-
Kieran McGowan	14,099	-
Kyran McLaughlin	60,000	0.2%
Sean Murphy	369,883	0.9%

Employment contracts
5 Malin employees held separate employment agreements with BPI during the year, to allow a certain percentage of each employee's time to be dedicated to BPI activities. These contracts were withdrawn in October and November 2015 and each employee is now deemed to be a 100% employee of either Malin or BPI.

During the year, 2 BPI employees were seconded to Serenus, a subsidiary of Malin. The charge for the period from BPI to Serenus was €0.2 million, of which no amounts were outstanding at 31 December 2015.

Transactions with directors
During the year, Davy Stockbrokers, an Irish based stock broking, wealth management and financial advisory firm, of which Mr McLaughlin is deputy chairman and head of Capital Markets, provided advisory services to the company. The total invoiced value of these services was €1.1 million. There were no amounts outstanding at 31 December 2015.

Directors, shareholders and advisory partners of BPI
Mr Kelly Martin, CEO and Director of the Company, is a founder and shareholder of BPI and is a non-executive director of a number of BPI group companies. At 31 December 2015, Mr Martin held $245,000 of 10% loan notes in BPI.

Mr John Given, Chairman of the Company, is a founder, shareholder and non-executive director of BPI.

Dr Adrian Howd, CIO and Director of the Company, is a shareholder and non-executive director of BPI.

Mr Sean Murphy, Non-Executive Director of the Company, is a shareholder and joint managing director of BPI. At 31 December 2015, Mr Murphy held $390,000 of 10% loan notes in BPI.

Mr Darragh Lyons, CFO and Director of the Company, is a shareholder of BPI.

Ms Fiona Dunlevy, Head of Tax and Corporate Structuring of the Company, is a shareholder of BPI.

Ms Ita Finegan, Chief Administrator (Ireland) of the Company, is a shareholder of BPI.

[1] 2,125,610 Ordinary Shares, representing 5.4% of the Issued Ordinary Share Capital of the Company, held by BPE5 are regarded as being a disclosable interest on behalf of Mr Martin pursuant to Section 258(d) of the Companies Act, 2014 as Mr Martin is entitled to exercise or control the exercise of one third or more of the voting power at general meetings of BPE5, the company holding all of BPI's Malin equity interests. In addition, BPE5 holds 3,279,299 A Ordinary Shares.

Mr Kieran McGowan, Non-Executive Director of the Company, was an advisory partner of BPI up to 30 September 2015.

Mr Kyran McLaughlin, Non-Executive Director of the Company, was an advisory partner of BPI up to 30 September 2015. Mr McLaughlin holds $1,000,000 of 10% loan notes in BPI.

Mr Robert A. Ingram, Non-Executive Director of the Company, was an advisory partner of BPI up to 30 September 2015.

BPI Consulting Operating Services Agreement

BPI Consulting has operating services agreements in place with Serenus, Altan and Emba Neuro, all subsidiaries of Malin, and Emba Medical, an associate undertaking of the Group.

The Serenus operating services agreement commenced on 1 September 2015. The charge for the year was €1.4 million and €1k remained outstanding at year end.

The Altan operating services agreement commenced on 3 December 2015. The charge for the year was €3k, all of which remained outstanding at year end.

The Emba Medical operating services agreement commenced on 1 January 2015. The charge for the year was €28k of which €3k remained outstanding at year end.

The Emba Neuro operating services agreement commenced on 1 January 2015. The charge for the year was €28k of which €3k remained outstanding at year end.

RELATIONSHIPS WITH INVESTEE COMPANIES

Emba Medical and Emba Neuro

Mr Kelly Martin, CEO and Director of the Company, holds approximately 1.2% of the fully diluted equity capital of Emba Medical and approximately 0.7% of the fully diluted equity capital of Emba Neuro, in his own personal capacity. This interest pre-dates Malin's investments in Emba Medical and Emba Neuro.

Mr Sean Murphy, a Non-Executive Director of the Company, holds approximately 0.6% of the fully diluted equity capital of Emba Medical and approximately 0.4% of the fully diluted equity capital of Emba Neuro, in his own personal capacity. This interest pre-dates Malin's investments in Emba Medical and Emba Neuro.

Mr Kyran McLaughlin, a Non-Executive Director of the Company, holds approximately 4.9% of the fully diluted equity capital of Emba Medical and approximately 2.1% of the fully diluted equity capital of Emba Neuro, in his own personal capacity. Mr McLaughlin also holds approximately 0.8% of the equity of Xenex. These investments pre-date Mr Laughlin's appointment to the Board of Malin.

Hatteras

In August 2015, Malin agreed to invest a minimum of $15.0 million (approximately €13.8 million) and, depending on a number of factors, up to a total of $20.0 million (approximately €18.4 million) with Hatteras, a life sciences focused venture capital firm based in North Carolina. Mr Robert A. Ingram serves as General Partner of Hatteras.

Viamet

Hatteras Venture Partners, in which Mr Robert A. Ingram serves as General Partner, hold approximately 7% of the fully diluted equity capital of Viamet, through Hatteras Venture Partners III. Mr Ingram is Chairman of the Board of Viamet.

Novan

Mr Robert A. Ingram served as a director on Novan's board prior to Malin's agreement to invest in Novan. Mr Ingram is Chairman of the board of directors of Novan.

Serenus

Dr Menghis Bairu, a director and shareholder of Serenus, provided a shareholder loan of €2.3 million ($2.5 million) to Serenus, repayable upon demand. During the period to 31 December 2015, Serenus made repayments of €0.4 million ($0.5 million). The balance of €1.9 million ($2.0 million) was outstanding at year end.

KEY MANAGEMENT COMPENSATION

The key management personnel are the Executive and Non-Executive Directors of the Company. The remuneration expense for the Executive Directors in the period to 31 December 2015 was €3.5 million and is set out in the Directors' Remuneration report on pages 60 to 67 along with directors' fees.

Notes to the consolidated financial statements
(continued)

33. Events after the reporting date

EXERCISE OF VIAMET CALL OPTION

On 17 February 2016, Malin exercised its 33% portion of the $15.0 million call option with Viamet. The $15.0 million call option was held by a company controlled by Malin and the full amount of the option was exercised. Malin paid €4.5 million ($5.0 million) for approximately 2% incremental Viamet equity. For further information on the call option at 31 December 2015, please refer to note 16.

EXERCISE OF MELINTA PUT OPTION

On 9 March 2016, Melinta called its $10.0 million put option with Malin. Malin paid €9.1 million ($10.0 million) for approximately 3% incremental Melinta equity. For further information on the put option at 31 December 2015, please refer to note 16.

XENEX FOLLOW-ON INVESTMENT

On 10 March 2016, Malin invested a further €4.5 million ($5.0 million) to increase its holding in Xenex from approximately 11% to 12% of the issued share capital.

34. Subsidiaries and principal associated undertakings

A. SUBSIDIARIES

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2015 %
Ireland			
Malin Corporation plc	Ireland	Ultimate parent company	100%
Malin Life Sciences Holdings Limited	Ireland	Holding company	100%
Malin Life Sciences 1 Limited[1]	Ireland	Dormant	100%
Malin Life Sciences 2 Limited	Ireland	Dormant	100%
Malin Life Sciences 3 Limited	Ireland	Dormant	100%
Serenus Biotherapeutics Limited	Ireland	Distribution	76%
Altan Pharma Limited	Ireland	Holding Company	65%
Emba Neuro Limited	Ireland	Development of medical devices	61%
Brandon Point Enterprises 1 Limited	Ireland	Holding Company	72%[2]
United States			
Malin Life Sciences (US) Inc.	Connecticut	Management services	100%
Serenus Biotherapeutics, Inc.	Connecticut	Management services	76%
United Kingdom			
Malin Life Sciences (UK) Limited	Cambridge	Management services	100%

[1] Malin Life Sciences 1 Limited changed name to Malin Life Sciences International Limited on 29 January 2016.
[2] 28% equity ownership but 72% voting rights.

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2015 %
Jersey			
Malin J1 Limited	Jersey	Holding company	83%[1]
Malin J2 Limited	Jersey	Holding company	100%
Malin J3 Limited	Jersey	Holding company	100%
Spain			
Altan Pharma Spain SLU	Spain	Holding company	65%
GES SAU	Spain	Generic injectables	65%
Genfarma SL	Spain	Generic injectables	65%
Biomendi SAU	Spain	Generic injectables	65%
BVI			
Serenus Biotherapeutics, Inc.	BVI	Management services	76%
South Africa			
Serenus Biotherapeutics Pty Limited	Johannesburg	Distribution	76%
Kenya			
Serenus Biotherapeutics Kenya Limited	Nairobi	Distribution	76%

B. ASSOCIATES

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2015 %
Ireland			
AN2H Discovery Limited	Ireland	Oncology/neurology	27%
3D4Medical Limited	Ireland	Anatomy technology	38%
Emba Medical Limited	Ireland	Development of medical devices	25%
United States			
Jaan Health	New York	Mobile healthcare technology	19%
KNOW Bio, LLC	North Carolina	Nitric-oxide platform	16%
Novan Therapeutics, Inc.	North Carolina	Dermatology	16%
Poseida Therapeutics, Inc.	California	Genome engineering	31%
Viamet Pharmaceuticals Holdings, LLC	North Carolina	Anti-infectives	12%
United Kingdom			
Kymab Limited[2]	UK	Oncology	14%
Immunocore Limited	UK	Immuno-oncology	10%

35. Approval of financial statements

The Board of Directors approved the consolidated financial statements for the period ended 31 December 2015 on 31 March 2016.

[1] 33% equity ownership but 83% voting rights.

[2] Kymab's financial year end is 30 September. All other companies have a year end of 31 December.

Separate Financial Statements Parent Company

For the period from incorporation
on 16 December 2014 to 31 December 2015

Company statement of financial position

As at 31 December 2015

	Notes	31 December 2015 €'m
Assets		
Non-current assets		
Investments in subsidiaries	2	8.6
Total non-current assets		**8.6**
Current assets		
Loans and receivables from subsidiaries	3	296.9
Trade and other receivables		0.2
Cash and cash equivalents		64.9
Total current assets		**362.0**
Total assets		**370.6**
Liabilities		
Current liabilities		
Trade and other payables		0.3
Amounts due to subsidiary undertakings		0.1
Total current liabilities		**0.4**
Net assets		**370.2**
Equity		
Share capital	4	-
Share premium		387.9
Share-based payment reserve	5	4.9
Retained losses		(22.6)
Total equity		**370.2**

On behalf of the Board:

Kelly Martin
CEO

Darragh Lyons
CFO

31 March 2016

Malin Corporation plc (Parent Company)

Company statement of changes in equity

for the period from incorporation on 16 December 2014 to 31 December 2015

	Share capital €'m	Share premium €'m	Share-based payment reserve €'m	Retained earnings €'m	Total equity €'m
At incorporation	-	-	-	-	-
Comprehensive income:					
Loss for the period	-	-	-	(22.6)	(22.6)
Total comprehensive losses for the period	**-**	**-**	**-**	**(22.6)**	**(22.6)**
Issue of shares on admission to the ESM	-	330.0	-	-	330.0
Issue of shares from additional placing	-	42.0	-	-	42.0
Issue of shares to BPI as consideration for BPI Investment Transfers	-	7.6	-	-	7.6
Issue costs	-	(8.3)	-	-	(8.3)
Equity settled share-based payments	-	16.6	4.9	-	21.5
Total transactions with shareholders	**-**	**387.9**	**4.9**	**-**	**392.8**
At 31 December 2015	**-**	**387.9**	**4.9**	**(22.6)**	**370.2**

Malin Corporation plc (Parent Company)

Notes to the Parent Company financial statements

1. General information and basis of preparation

The Parent Company was incorporated on 16 December 2014. As further detailed in note 1 to the consolidated financial statements, on 25 March 2015, Malin Corporation plc was admitted to trading on the Enterprise Securities Market of the Irish Stock Exchange.

The individual financial statements of the Parent Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2014. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. A separate Parent Company statement of comprehensive income is not presented in these financial statements as the Parent Company has availed of the exemption provided by Section 304 of the Companies Act 2014. The loss attributable to shareholders dealt with in the financial statements of the Parent Company for the period from incorporation on 16 December 2014 to 31 December 2015 was €22.6 million.

Significant accounting policies applicable to these separate individual Parent Company financial statements, which are not reflected within the accounting policies for the consolidated financial statements, are detailed below.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are accounted for in these separate financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of investees. Investments in subsidiaries are carried at cost less impairment.

INTRA-GROUP GUARANTEES

Where the Parent Company enters into financial guarantee contracts to guarantee the financial indebtedness of companies within the Group, the Parent Company considers these to be insurance arrangements and accounts for them as such. The Parent Company treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As at 31 December 2015, the Parent Company had entered into guarantees in relation to the liabilities of the Republic of Ireland registered subsidiary company, Malin Life Sciences Holding Limited.

SHARE-BASED PAYMENTS

Where the parent company has granted rights over its equity instruments to the employees of Malin Corporation plc there is a corresponding increase recognised in the investment in the subsidiary.

Certain employees and directors receive remuneration in the form of share-based payments, whereby employees render services in exchange for shares or for rights over shares. The fair value of the employee service received in exchange for the grant of options or shares is recognised as an expense. As further detailed in note 27 to the consolidated financial statements, the total amount to be expensed on a straight line basis over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market based vesting conditions.

Notes to the Parent Company financial statements (continued)

1. General information and basis of preparation (continued)

Non-market based vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the movement is charged or credited to the investment in subsidiary undertakings, with a corresponding adjustments to equity.

2. Investment in subsidiary undertakings

	31 December 2015 €'m
At incorporation	-
Cost of capital contribution of BPI investment transfers to subsidiaries	7.6
Cost of capital contribution of investment to subsidiaries	0.1
Cost of share-based payments in respect of subsidiaries	0.9
	8.6

The capital contributions arising from share-based payment charges represents the Parent Company granting rights over its equity instruments to the employees of the Parent Company's subsidiaries. This results in a corresponding increase in investment in subsidiary.

Details of subsidiary undertakings are disclosed in note 34 of the consolidated financial statements.

3. Loans and receivables from subsidiaries

	31 December 2015 €'m
Loans to subsidiaries	296.4
Other amounts owed by subsidiaries	0.5
	296.9

Loans to subsidiaries are interest-free and repayable on demand.

4. Share capital

	31 December 2015	
	Number	€'m
Authorised Share Capital		
Ordinary Shares of €0.001 each	300,000,000	0.3
A Ordinary Shares of €0.001 each	5,000,000	-
B Ordinary Shares of €0.001 each	-	-
C Ordinary Shares of €0.001 each	350,000	-
D Ordinary Shares of €0.001 each	650,000	-
	306,000,000	**0.3**
Issued Share Capital		
Ordinary Shares of €0.001 each	39,230,527	-
A Ordinary Shares of €0.001 each	3,279,299	-
B Ordinary Shares of €0.001 each	-	-
C Ordinary Shares of €0.001 each	-	-
D Ordinary Shares of €0.001 each	-	-
	42,509,826	**-**

See note 24 of the consolidated financial statements for details of the Parent Company's authorised and issued share capital classes.

5. Share-based payment reserve

	Share-based payment reserve €'m
At incorporation	-
Founder A Ordinary Shares expense	4.7
2015 LTIP and 2015 LTBP charges	0.2
At 31 December 2015	**4.9**

See note 27 of the consolidated financial statements for details of the Parent Company's share-based payment reserve.

6. Related parties

See note 32 of the consolidated financial statements for details of the Group's related party transactions. The Parent Company has taken advantage of the exemption available to parent companies under IAS 24, not to disclose transactions and balances with wholly owned subsidiaries.

7. Directors emoluments and employee information

The remuneration of Directors is borne by the Parent Company in respect of the Directors' services to the Group as a whole. Full details of Directors' remuneration is set out in the Directors' Remuneration report on pages 60 to 67. The Parent Company had no employees during the period ending 31 December 2015.

8. Approval of financial statements

The Board of Directors approved the Parent Company financial statements for the period ended 31 December 2015 on 31 March 2016.

Directors, Secretary and Advisers

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554442

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