THERAMetrics holding AG – Condensed consolidated interim financial information as per 30 June 2013 (unaudited)

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Consolidated balance sheet
(in CHF)

ASSETS	Note	30 June 2013	31 December 2012 *
Property, plant and equipment		427'960	584'354
Non-current assets		**427'960**	**584'354**
Other receivables and accruals		159'773	320'872
Prepaid expenses		56'138	48'356
Cash and cash equivalents		447'350	333'917
Current assets		**663'261**	**703'145**
Total assets		**1'091'221**	**1'287'499**
EQUITY AND LIABILITIES			
Share capital	7	722'616	697'284
Reserves		113'738'770	113'747'569
Accumulated loss		(117'220'684)	(117'020'910)
Equity attributable to THERAMetrics's shareholders		**(2'759'297)**	**(2'576'057)**
Financial debts		47'624	97'253
Pension obligations	4	69'966	106'828
Non current liabilities		**117'590**	**204'081**
Trade and other payables		761'350	829'034
Financial debts		2'581'107	2'644'680
Accrued liabilities		390'471	185'761
Current liabilities		**3'732'928**	**3'659'475**
Total equity and liabilities		**1'091'221**	**1'287'499**

* restated, see note 4

The notes on pages 7 to 10 are an integral part of this interim financial information.

Consolidated income statement
(in CHF)

	Six months ended 30 June	
	2013	**2012 ***
Research & development	(451'505)	(1'386'838)
Sales & marketing	(264'056)	(239'522)
Management & administration	(1'804'285)	(1'591'285)
Operating result	**(2'519'846)**	**(3'217'645)**
Finance income	2'900	46'549
Finance costs	(345'229)	(48'628)
Result before income taxes	**(2'862'175)**	**(3'219'724)**
Income taxes	-	-
Result of the period attributable to THERAMetric's shareholders	**(2'862'175)**	**(3'219'724)**
Basic and diluted loss per common share	**(0.04)**	**(0.05)**

* restated, see note 4

The notes on pages 7 to 10 are an integral part of this interim financial information.

Consolidated statement of comprehensive income
(in CHF)

	Six months ended 30 June	
	2013	2012 *
Result of the period	**(2'862'175)**	**(3'219'724)**
Actuarial gains/losses from defined benefit plans	55'447	116'139
Total of items not subsequently recycled	55'447	116'139
Currency translation differences	(8'799)	(8'802)
Total of items which might subsequently recycled	(8'799)	(8'802)
Other comprehensive income for the period, net of tax	**46'648**	**107'337**
Total comprehensive loss for the period attributable to THERAMetric's shareholders	**(2'815'527)**	**(3'112'387)**

* restated, see note 4

The notes on pages 7 to 10 are an integral part of this condensed, consolidated interim financial information.

Condensed consolidated cash flow statement
(in CHF)

	Six months ended 30 June	
	2013	**2012**
Cash flow used in operating activities	**(1'651'091)**	**(2'976'331)**
Cash flow from/ (used in) investing activities	**41'290**	**6'575**
Proceeds from issuance of shares, net of transaction costs	25'332	-
Purchases and proceeds with own shares	1'819'954	-
Repayment of borrowings	(113'202)	(285'132)
Interest paid	(2'822)	(5'150)
Proceeds from loan facility agreement	-	2'000'000
Cash flow from financing activities	**1'729'262**	**1'709'718**
Net effect of currency translation on cash and cash equivalents	(6'028)	(35'560)
Increase (Decrease) in cash and cash equivalents	**113'433**	**(1'295'598)**
Cash and cash equivalents at beginning of period	333'917	1'804'813
Cash and cash equivalents at end of period	**447'350**	**509'215**

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THERAMetrics
- Adaptive Research for Life Sciences -

Consolidated statement of changes in equity
(in CHF)

	Note	Attributable to equity holders of the Company: Share capital	Reserves	Accumulated loss	Total equity
Balance at 1 January 2012 (as published)		**689'176**	**113'759'265**	**(113'984'400)**	**464'041**
Restatement IAS 19 revised				(87'090)	**(87'090)**
Balance at 1 January 2012 (restated)		**689'176**	**113'759'265**	**(114'071'490)**	**376'951**
Result of the period		-	-	(3'219'724)	(3'219'724)
Other comprehensive income	4	-	(8'802)	116'139	107'337
Total comprehensive income		-	*(8'802)*	*(3'103'585)*	*(3'112'387)*
Deferred compensation expense reserve		-	-	*1'070'000*	*1'070'000*
Total transactions with owners	*7*	-	-	*1'070'000*	*1'070'000*
Balance at 30 June 2012		**689'176**	**113'750'463**	**(116'105'075)**	**(1'665'436)**
Balance at 1 January 2013 (as published)		**697'284**	**113'747'569**	**(117'131'228)**	**(2'686'375)**
Restatement IAS 19 revised	4			110'318	110'318
Balance at 1 January 2013 (restated)		**697'284**	**113'747'569**	**(117'020'910)**	**(2'576'057)**
Result of the period		-	-	(2'862'175)	(2'862'175)
Other comprehensive income		-	(8'799)	55'447	46'648
Total comprehensive income		-	*(8'799)*	*(2'806'728)*	*(2'815'527)*
Purchases and proceeds with own shares				*1'819'954*	*1'819'954*
Capital increase, net of transaction costs		*25'332*			*25'332*
Share-based compensation expense		-	-	*787'000*	*787'000*
Total transactions with owners	*7*	*25'332*	-	*2'606'954*	*2'632'286*
Balance at 30 June 2013		**722'616**	**113'738'770**	**(117'220'684)**	**(2'759'297)**

The notes on pages 7 to 10 are an integral part of this interim financial information.

Notes to the interim financial information

1 General information

THERAMetrics holding AG (former name: mondoBIOTECH holding AG) ("THERAMetrics" or the "Company") is a corporation limited by shares incorporated under Swiss law and listed on the SIX Swiss Exchange (SIX Swiss Exchange ticker symbol: RARE). The Company's domicile and registered office is at Mürgstrasse 18, CH-6370 Stans, Switzerland. The Annual General Meeting ("AGM") from June 20, 2013 renamed the company from mondoBIOTECH holding AG to THERAMetrics holding AG.

THERAMetrics holding AG is an independent biotech company that discovers drugs for patients suffering from rare diseases ("Orphan Diseases"). The Company discovers medicinal product candidates ("MPCs") to be developed as drugs by (i) redirecting, through its "in silico" unique Search&Match methodology, already existing drugs (mainly peptides of human origin) for the treatment of rare diseases and by (ii) validating these MPCs by its community of leading medical experts in Orphan Diseases, created and continuously maintained by THERAMetrics ("the Rare Community"). The Company believes that this methodology allows to significantly reduce research time and costs, compared to those of traditional wet-lab processes.

2 Basis of presentation

This condensed consolidated interim financial information for the six months ended on 30 June 2013 has been prepared in accordance with IAS 34 'Interim financial reporting' and is not audited and not reviewed. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements 2012 which have been prepared in accordance with IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

3 Uncertainties and ability to continue operations

The Group remains subject to various risks and uncertainties, including but not limited to the timing of achieving profitability, the substantial uncertainty of the drug development process, including uncertainty of the outcome of clinical trials, and significant regulatory approval requirements. The Group's ability to continue operations as currently conducted depends on its ability to raise additional financial resources until revenues reach a level to sustain positive cash flows, which the Group expects not to be within the next three to four years. As a consequence, the uncertainties surrounding the availability of necessary additional funds also cast uncertainties about the Group's ability to continue as a going concern.

As of 30 June 2013, the Group disposes of CHF 0.447 million of cash and cash equivalents.

The Company has been granted a subordinated and unsecured loan, for a total amount of CHF 2.5 million, by its largest shareholder, BioPharma Invest AG (BPI). The loan agreement allows the borrower to convert the loan into shares of the Company. On 25 January 2013 BPI has exercised its right to convert the loan into common shares of the Company. The loan will be converted into common shares at the average stock market price of the last 60 days prior to the notice of conversion. The respective shares will be issued by the Company by a share capital increase which has been approved by the AGM on 20 June 2013. As per 30 June 2013 the loan has not been converted yet into common shares.

In 2012 the Company has signed an agreement with BPI which has granted the Company the right to purchase from it up to 30 million of the Company's ordinary shares, in monthly tranches of up to 2.5 million shares each, over three years, at a symbolic price.

In July 2012, the Company has entered into an investment agreement with the alternative investment firm Global Emerging Markets Group (GEM), giving the Company the right to sell GEM Company ordinary shares, over three years, up to an amount of CHF 7.5 million. Therefore, the Company will purchase over time its own shares from BPI and resell such shares to GEM. The difference between the selling price and the purchase price will be used to finance the Company's working capital needs.

On June 20 2013, the annual general meeting of the shareholders approved the ordinary share capital increase of up to CHF 3'217'865.46 as proposed by the Board of Directors. With the approval of the increase of the ordinary share capital the shareholders supported the envisaged business combination with Pierrel International Research AG. Post business combination, Pierrel S.p.A. and Fin Posillipo S.p.A., the shareholders of Pierrel Research International AG, will together hold approximately 77.3% of the share capital of the new combined entity. However, as per June 30, 2013 Pierrel S.p.A. and Fin Posillip S.p.A have not yet taken over the control of the Company. The capital increase respectively the change of control will take place by end of September 2013.

Hence, the management believes it appropriate to disclose this condensed consolidated interim financial information on a going concern basis.

4 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2012, except for the accounting of the defined benefit plans according to the amendment to IAS 19 *Employee Benefits*. The restatement from the adoption of IAS 19 revised had the following impact:

	Published HY 2012	Adjustment	Restated HY 2012
	CHF	*CHF*	*CHF*
Research & development	-1'390'345	3'507	-1'386'838
Operating result	**-3'221'152**	**3'507**	**-3'217'645**
Result before income taxes	**-3'223'231**	**3'507**	**-3'219'724**
Result of the period attributable to THERAMetric's shareholders	**-3'223'231**	**3'507**	**-3'219'724**
Basic and diluted loss per common share	*-0.05*	*-*	*-0.05*
Actuarial gains/losses from defined benefit plans	-	116'139	116'139
Other comprehensive income for the period, net of tax	**-8'802**	**116'139**	**107'337**
Total comprehensive loss for the period attributable to THERAMetric's shareholders	**-3'232'033**	**119'646**	**-3'112'387**

	Published 31 December 2012	Adjustment	Restated 31 December 2012
	CHF	*CHF*	*CHF*
Accumulated loss	-117'131'228	110'318	-117'020'910
Equity attributable to THERAMetric's shareholders	**-2'686'375**	**110'318**	**-2'576'057**
Pension obligations	217'146	-110'318	106'828
Non current liabilities	**314'399**	**-110'318**	**204'081**

	Published 31 December 2011	Adjustment	Restated 31 December 2011
	CHF	*CHF*	*CHF*
Accumulated loss	-113'984'400	-87'090	-114'071'490
Equity attributable to THERAMetric's shareholders	**464'041**	**-87'090**	**376'951**
Pension obligations	190'589	87'090	277'679
Non current liabilities	**317'811**	**87'090**	**404'901**

5 Seasonality

The Group is not exposed to seasonal fluctuations in its operations.

6 Operating segments

The Group has two operating segments: 'Projects' and 'Development Services'. The operating segments were determined within a matrix-oriented organization based on the different operating and strategic approaches characterising each operating segment.

The segment 'Projects' focuses on the discovery of Medicinal Product Candidates addressing rare diseases and the licensing-out of those reaching the stage of "Ready for Licensing" Products. Revenues in this operating segment only occur when a licensing-out agreement is signed up and consist of signing-up fees, milestone payments when each development stage is successfully concluded and, in case of market approval, royalties on net sales.

The segment 'Development Services' offers additional clinical development services to partners who have licensed-in one of the Company's Medicinal Product Candidates.

Results of activities considered incidental to THERAMetric's main operations as well as unallocated revenues, expenses and assets are reported separately under the caption 'Corporate'.

In first six months of 2013, as the Company has not concluded any new licensing-out agreement nor any of its licensed-out Medicinal Product Candidates has achieved any milestone, no revenues arose from the 'Project' segment. Similarly, the Company has not been involved in any clinical study as service provider and therefore also the 'Development Services' segment was producing any revenue.

The segment information for the six months ended 30 June 2013 and 2012 is as follows:

	30.06.2013			
	Projects	**Development Services**	**Corporate**	**Total**
Research & development costs	(320'918)	-	(130'587)	(451'505)
Sales & marketing costs	(264'056)	-	-	(264'056)
Management & administration costs	(230'240)	-	(1'574'045)	(1'804'285)
Segmental operating result	**(815'214)**	**-**	**(1'704'632)**	**(2'519'846)**
Finance result - net				(342'329)
Result before income taxes				**(2'862'175)**

	30.06.2012			
	Projects	**Development Services**	**Corporate**	**Total**
Research & development costs	(1'145'492)	-	(241'346)	(1'386'838)
Sales & marketing costs	(222'286)	-	(17'236)	(239'522)
Management & administration costs	(247'269)	-	(1'344'016)	(1'591'285)
Segmental operating result	**(1'615'047)**	**-**	**(1'602'598)**	**(3'217'645)**
Finance result - net				(2'079)
Result before income taxes				**(3'219'724)**

The results for the period ended June 30, 2012 have been restated for the application of IAS 19 revised (see note 4).

7 Share capital

Issued share capital

As of 30 June 2013, the issued share capital amounts to CHF 722'615.67, consisting of 72'261'567 registered shares with a par value of CHF 0.01. This is an increase of 2'533'190 shares respectively CHF 25'332 from 1 January 2013 due to the exercise of options granted to key employees and members of the BoD (see below).

Authorized share capital

The Company had an authorized share capital of CHF 291'648.20 consisting of 29'164'820 registered shares with a par value of CHF 0.01 each, that the Board of Directors was authorized to issue by 26 May 2013. None of these shares were issued.

On 20 June 2013, the shareholders approved at the annual general meeting the creation of an authorized share capital by a maximum amount of CHF 1'200'000, consisting of 120'000'000 registered shares with a par value of CHF 0.01 each, that the Board of Directors is authorized to issue at any time by 19 June 2015. The authorized share capital will be created once the ordinary share capital increase related to the envisaged business combination has been executed, as described in Note 2.

Conditional share capital

The conditional share capital of the Company as at 30 June 2013 was CHF 293'501.43, consisting of 29'350'143 registered shares with a par value of CHF 0.01 each, of which 14'656'013 to be used for stock option plans to employees and consultants and 14'694'130 to be used for the exercise of conversion option rights granted in connection with bonds, notes or similar debt instruments issued by the Company.

As from 2012 the Company has implemented an Equity Award Program ("EAP") to grant share options to members of the BoD and selected employees. The EAP allows allocating up to 12'161'926 stock options, out of the 18'000'000 available for such purpose under the conditional share capital. Each option gives the right to purchase at par value one ordinary share of the Company. The share options are conditional on the employee's service period, i.e. the vesting periods of the options are 0 to 3.5 years from the grant date. The share options vest immediately in the case of a change in control of the Company. Management has assessed that there will be a change in control until end of September 2013.

The fair value of the options at the grant date has been assessed and spread over the vesting periods. Its impact for the first six months 2013 amounts to CHF 550'000 (2012:CHF 1'070'000), with the relevant expense being recognized in the income statement in the respective function, against accumulated losses in the equity for a corresponding amount.

Own shares

Purchase of own shares between 1 January and 30 June 2013: 8'800'000 shares for a total amount of CHF 4
Sale of own shares between 1 January and 30 June 2013: 8'701'477 shares for a total amount of CHF 1'819'954
Balance of own shares as per 30 June 2013: 98'523 shares for a total value of CHF 0.08.

8 Legal proceedings

At balance sheet date, the Group is not involved in any legal proceeding.

9 Intellectual Property strategy and its financial implications

The Company's success depends, among other things, on its ability to obtain, maintain and protect its intellectual property and on successfully defending it against third party challenges through different options, such as Patents and Orphan Drug Designations. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. In particular, as the Company works with relatively well known MPCs, it can obtain only patent protection for a combination, formula, process or novel indication application (second medical use application). The Company's intellectual property strategy is complex and may require the filing of several patent applications and the subsequent dropping of some of those. The chances to actually obtain patents on the several applications submitted to the Patent Offices are highly unpredictable and cannot be reliably forecasted.

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This condensed consolidated interim financial information for the six months ended on 30 June 2013 has been approved by the Board of Directors of THERAMetrics holding AG on 30 July 2013.