MALIN

Malin Corporation plc

Interim Financial Statements

For the 6-month period ended 30 June 2016

Contents

Malin at a glance

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 operating businesses in dynamic and fast growing segments of the life sciences industry. Through its operational involvement, Malin works with our 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
Owen Hughes
Robert A. Ingram
Kieran McGowan
Kyran McLaughlin
Sean Murphy
(resigned on 17 August 2016)
Prof. Dr Uwe Bicker
(resigned on 26 April 2016)

At 30 June 2016:

16
Investee Companies

5
Science & Discovery
An2H
Hatteras
Kymab
KNOW Bio
Poseida

6
Clinical
Emba Neuro
Emba Medical
Immunocore
Novan
Melinta
Viamet

5
Commercial
3D4Medical
Altan
Jaan Health
Serenus
Xenex

Equity capital raised
€380 million

Debt capital facility
€70 million

Capital invested to date
€313 million

FY16 Highlights

Reporting period

Capital

Investing activity

Completed €20.7 million of follow-on investments[1] in Hatteras, Viamet, Xenex, Melinta, Emba Medical and 3D4Medical.

January 2016	**February** 2016	**March** 2016	**April** 2016	**May** 2016

Investee company operational updates

January & February
Kymab and the University of Texas MD Anderson announced a strategic cancer drug discovery and development alliance to discover and develop novel human therapeutic antibodies to treat a variety of cancers.

Immunocore's IMCgp100 for the treatment of uveal melanoma was granted FDA Orphan Drug designation which qualifies Immunocore for a number of development incentives and fast track registration for IMCgp100.

Novan announced 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 initiated a Phase 3 study of delafloxacin in Hospital-Treated Community-Acquired Bacterial Pneumonia.

March
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.

Viamet reported positive results from planned interim analysis of its ongoing Phase 2b clinical trial of VT-1161 in onychomycosis and recurrent vulvovaginal candidiasis.

Immunocore's IMCgp100 started Phase 1 trials for the treatment of uveal melanoma.

May
Melinta announced top-line results from the second Phase 3 study of delafloxacin, for the treatment of patients with acute bacterial skin and skin structure infections, having met the primary endpoints required by the US FDA and EMA.

Viamet's VT-1598 for the treatment of coccidioidomycosis granted FDA Orphan Drug designation.

[1] The majority of follow-on investing activity by Malin relates to options and commitments agreed as part of its initial investment transactions with investee companies.

Post-reporting period

Secured a debt facility of €70.0 million over a period of 7 years from the European Investment Bank to enable Malin to increase its investment in innovation and research across the dynamic and fast-growing segments of the European life sciences industry.

Completed €12.3 million of follow-on investments in Melinta and Poseida.

Malin established a business, to be named NeuVT, which will focus on the development of innovative peripheral and neurovascular therapies to address areas of high unmet need. NeuVT was established by combining existing Malin investee companies, Emba Medical and Emba Neuro, together with NeuVT Ltd, a company started by the founders of Emba Medical to develop a platform of neurovascular therapies.

June 2016 | **July** 2016 | **August** 2016 | **September** 2016

June
Completed a restructuring of the Serenus business to narrow the geographic focus of the business to East Africa in the short-term using an agency product distribution model.

Viamet received fast track designation from the FDA for VT-1129 for the treatment of cryptococcal meningitis.

3D4Medical received prestigious Apple Design Award for its flagship application, Complete Anatomy, from over 2 million apps available across iOS and macOS, for technical excellence, outstanding design and innovation.

August
Novan announced that the first patient has been dosed in its Phase 2 clinical program to evaluate the efficacy and safety of topical nitric oxide product candidate SB208 in the treatment of infections caused by dermatophytes such as Trichophyton rubrum.

Chief Executive's Review

To All Shareholders,

2016 to date has been a busy and productive period for Malin. At the outset we thank you for your trust in us and your continued support of Malin and our approach to participating in the life sciences industry.

Before I provide an update on some specific Malin items, the following areas are of relevance to help frame out the environment within which we are operating.

General Market Comments

- The global macro environment remains a challenge in terms of contradictory micro and macro economic data, juxtapositioning of real interest rates versus asset values, sensitivity and market reaction to political, environmental, security and socially driven "event risk".
- The negative interest rate phenomenon across Europe and Japan has now extended from sovereign debt to selected corporate debt; as of last month there was an estimated $12 trillion in outstanding negative yield bonds in the market place; the existence of such a market structure turns much of traditional investment theory upside down.
- BREXIT has caused the European Union and both its direct and indirect component parts to come under intense scrutiny; Britain will certainly undergo significant economic and fiscal adjustments over the next few years.
- Japan continues to struggle to demonstrate any economic growth or reform while the balance of the Asia Pacific economies (including China of course) provide growth at various levels.
- The US, in the throes of a rather unique Presidential election process, has enough depth and breadth to demonstrate growth and opportunities in specific areas while needing to continue to re-invent others areas of its economy.

Life Science Industry Comments

- Science and innovation continue to progress across a multiplicity of areas including computational biology, chemistry and physical science as well as diagnostics at the micromolar level.
- Reimbursement on a global basis will continue to be a core consideration in current and future business models as it relates to both opportunities and challenges; the evolving financial framework will continue to challenge the status quo business models.
- Large pharmaceutical companies continue to search for mid to late stage clinical assets as well as seeking to add commercial assets that can provide additive growth to their underlying business.
- Publicly quoted values of many small to medium size companies have been marked down by traditional equity investors as these providers of capital have sought to de-risk their portfolios over the course of the year.

- Healthcare market indices, a reflection of publicly quoted life science companies' market performance, have declined by as much as 20% in the year to date.

Malin Specific Comments

- Year to date Malin equity has outperformed healthcare indices by up to 50%.
- Our assets continue to be diversified in terms of risk/reward, timeline and underlying execution characteristics; in sum we invested approximately 1/3 of our capital into science and technology companies, 1/3 into mid to late stage clinical companies and 1/3 into commercial market companies. This balance provides our investors with a broad exposure to life sciences across multiple components of the sector. We now regard Immunocore as a clinical company given its significant clinical progress, having viewed it as a science company when we completed our initial investment. The progression of assets over time will create further opportunities for Malin to re-invest capital in new scientific and technical innovation.
- In addition to our permanent equity capital generated from the public offerings in 2015, we established a credit relationship with the European Investment Bank ("EIB") over the course of 2016. The EIB has provided Malin with a €70 million 7-year debt facility. This additional non–dilutive capital provides us with a funding source that complements our equity capital. We are pleased to have the EIB as a strategic funding partner and look forward to working with them closely in the years to come.
- Our involvement across our investee companies continues to be a blend of operational, strategic, directional and advisory as well as lending execution assistance as and when required. Of particular focus for us over the past few months has been our direct and active involvement with a number of our investee companies in capital planning and utilisation as well as sourcing talent that can assist in advancing execution.
- Progress has been made across many of our companies. Of particular note, I would highlight the continued commercial and revenue progress of Xenex and Altan. In addition, Melinta completed a successful Phase 3 pivotal trial in the infectious disease space. Clinical trial progression has been achieved in Novan and Viamet on their respective portfolios. This is also the case for Immunocore which we continue to work closely with across a broad array of topics.

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We continue to be impressed with the amount of asset opportunities that exist within the life science space. Through a prudent balance of risk/reward and capital management, we will continue to explore opportunities within unique assets or circumstances that unfold as our Malin journey continues.

At the same time and as importantly, we are focused on our existing assets and remain confident that the value proposition within these assets is substantial.

Lastly, I would like to recognise the employees of Malin as well as the board of directors and our advisory partners. The collective talent, focus and dedication in delivering a unique business model and performance to our investors is a constant throughout the entire team.

Kelly Martin
Chief Executive Officer

8 September 2016

Financial Review

At 30 June 2016, Malin Corporation plc ("the Company") had invested over €313 million across 16 life sciences assets. Our investee 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 manufacture and 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.

The Company's period-end cash position was €33.2 million. Some near-term value inflection points within our assets could support cash realisations and inflows. In addition, the completion of a 7-year €70 million debt facility with the EIB is accretive to our capital base and provides us with non-dilutive capital to deploy within existing or new assets. Securing this facility and having the EIB as a strategic funding partner affirms the quality of Malin's assets, shareholders and investment strategy. None of this facility had been drawn down by 30 June 2016.

Basis of preparation of the Group's consolidated financial statements

The Group's (Malin Corporation plc and its subsidiary undertakings) condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") which requires the Group to consolidate investee companies which it controls (subsidiaries), equity account for investee companies over which it has the right to exercise significant influence (associate companies) and account for the remainder of our investments at fair value where it does not control or significantly influence the companies (available-for-sale investments).

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

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

Fair value of the Group's investee companies

Although the Group is not mandated by 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. Implied fair value progression from, for example, positive scientific, clinical or commercial advancement is not incorporated in the fair values shown. Such investee companies are presented at the initial euro cost of investment. This progress will be reflected when a capital market transaction validates this progress with an enhanced valuation. We expect a number of the Group's investee companies to complete financing transactions over the coming months.

Investee Company	Cost to 30 June 2016[1] €'m	Observable Fair value at 30 June 2016 €'m
Science & Discovery		
An2H	4.2	4.2
Kymab	18.0	18.0
Poseida	18.2	18.2
Hatteras	2.0	2.0
KNOW Bio	0.0	1.1[2]
Clinical		
Immunocore	74.3	85.6[3]
Viamet	23.1	23.1
Melinta	40.2	40.2
Novan	27.3	53.5[2]
Emba Medical	4.6	4.6
Emba Neuro	3.2	3.2
Commercial		
Altan	34.5	34.5
Xenex	23.2	23.2
Serenus	24.5	24.5[4]
Jaan Health	0.9	0.9
3D4Medical	15.2	15.2

[1] Cost of non-euro based investments is based on the transaction at the date of initial recognition.

[2] The increase in the fair value of Novan is based on a financing round completed in December 2015, prior to it transferring its non-dermatology assets and rights to a newly established entity, KNOW Bio. The shares of that company were distributed to Novan's existing shareholders on a pro-rata basis.

[3] The increase in the fair value of Immunocore is based on transactions in Immunocore's equity capital in December 2015, at an enhanced value from that at which Malin aquired its initial equity stake.

[4] Malin recognised an impairment charge of €2.7 million against the recognised goodwill of Serenus during the first half of 2016.

Financial Review
(continued)

Malin's investments

At 30 June 2016, the Company had invested €313.4 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 at 30 June 2016.

Investee	Headquarters	Investment consideration[1] €'m	% shareholding at 30 June 2016[2]
Subsidiaries			
Altan	Ireland	34.5	65%
Emba Neuro	Ireland	3.2	61%
Serenus	Ireland	24.5	76%
Associate investments			
3D4Medical	Ireland	15.2	38%
An2H	Ireland	4.2	26%
Emba Medical	Ireland	4.6	27%
Immunocore	UK	74.3	10%
Jaan Health	US	0.9	16%
KNOW Bio	US	0.0	16%
Kymab	UK	18.0	12%
Poseida	US	18.2	29%
Novan	US	27.3	16%
Viamet	US	23.1	15%
Available-for-sale investments			
Hatteras	US	2.0	N/A
Melinta	US	40.2	17%
Xenex	US	23.2	12%
		313.4	

[1] Includes amounts transferred from Brandon Point Industries on Malin's admission to the Enterprise Securities Market.
[2] Shareholding based on issued share capital at 30 June 2016.

Malin's cash position
The Group's consolidated cash and cash equivalents balance at 30 June 2016 of €60.4 million includes cash and cash equivalent balances of €27.2 million held by Malin's investee subsidiary companies and €33.2 million held by the Company and Malin direct corporate subsidiaries.

At 31 December 2015, the Company and its direct corporate subsidiaries had a cash balance of €67.0 million. In the 6-month period to 30 June 2016, the Group completed follow-on investments of €20.7 million in 6 of its existing investee companies. After taking account of operating expenses and working capital adjustments, the Company's cash position at 30 June 2016 was €33.2 million.

Malin's operating expenses
Malin, including its investee company operating subsidiaries, incurred cash and non-cash operating expenses of €43.8 million in the 6-month period to 30 June 2016.

The consolidated operating expenses incurred by the Company and its subsidiaries during the 6-month period to 30 June 2016, presented in the condensed consolidated income statement, are analysed below.

The completion of a 7-year €70 million debt facility with the EIB is accretive to our capital base and provides us with non-dilutive capital to deploy within existing or new assets.

	Cost of sales expenses €'m	Research & development expenses €'m	General & administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	9.0	9.0
Investee subsidiary companies	15.0	2.9	7.4	25.3
Goodwill impairment	-	-	2.7	2.7
Share-based payment charges	-	-	6.8	6.8
	15.0	**2.9**	**25.9**	**43.8**

Statement of Directors' Responsibilities

Each of the currently appointed Directors (whose names appear on page 1) confirm to the best of their knowledge:

1. That the unaudited condensed consolidated interim financial statements comprising the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and in accordance with the ESM Rules for Companies as issued by the Irish Stock Exchange.

2. The interim management report includes a fair review of the following information:

   (i) An indication of important events that have occurred during the 6-month period ended 30 June 2016 and their impact on the condensed consolidated financial statements for the 6-month period to 30 June 2016; and a description of the principal risks and uncertainties for the remaining 6 months of the year; and

   (ii) Related party transactions that have taken place in the 6-month period ended 30 June 2016 and that have materially affected the financial position or performance of the Company during that period; and any changes to the related party transactions described in the 2015 Annual Report that could do so.

On behalf of the Board:

Kelly Martin	**Darragh Lyons**
CEO	CFO

8 September 2016

Independent Review Report to Malin Corporation plc

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the 6 months ended 30 June 2016 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU ("IFRSs"). Our review was conducted in accordance with the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the 6 months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the ESM Rules.

Basis of our report, responsibilities and restriction on use

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the ESM Rules. As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of 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 review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the ESM Rules. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Sean O'Keefe

8 September 2016
for and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Unaudited condensed consolidated income statement

for the 6-month period ended 30 June 2016

	Notes	Unaudited 6-month period ended 30 June 2016 Total €'m	Unaudited period from incorporation on 16 December 2014 to 30 June 2015 Total[1] €'m
Revenue		22.5	2.5
Cost of sales	5	(15.0)	(1.9)
Gross profit		**7.5**	**0.6**
Research and development expenses	5	(2.9)	(0.5)
General and administrative expenses	5	(25.9)	(23.6)
Operating loss		**(21.3)**	**(23.5)**
Share of income statement losses of associate undertakings	7	(13.6)	(2.1)
Net gains on changes in equity ownership of associate undertakings	7	1.1	-
Fair value movements on derivatives	10	(1.0)	-
Finance expense		(1.3)	(1.1)
Loss before tax		**(36.1)**	**(26.7)**
Income tax	6	(0.7)	0.1
Loss after tax for the period		**(36.8)**	**(26.6)**
Equity holders of the parent		(35.9)	(25.8)
Non-controlling interest		(0.9)	(0.8)
Basic and diluted loss per share attributable to owners of the parent (euro per share)	15	(€0.91)	(€1.52)

[1] Includes Company Establishment Costs of €17.1 million incurred in the period from incorporation on 16 December 2014 to 31 December 2015 in relation to the Company's formation, acquisition of subsidiaries costs and a share based payment charge relating to the Founder Shares issued to Brandon Point Industries.

Unaudited condensed consolidated statement of comprehensive income

for the 6-month period ended 30 June 2016

	Notes	Unaudited 6-month period ended 30 June 2016 Total €'m	Unaudited period from incorporation on 16 December 2014 to 30 June 2015 Total[1] €'m
Net loss for the period		**(36.8)**	**(26.6)**
Foreign currency translation differences		(1.0)	(0.6)
Share of OCI of associate undertakings – foreign currency translation	7	(11.3)	(0.4)
Available-for-sale investments – foreign currency translation	9	(1.1)	(0.4)
Other comprehensive loss for the period		**(13.4)**	**(1.4)**
Total comprehensive loss for the period		**(50.2)**	**(28.0)**
Equity holders of the parent		(49.2)	(27.2)
Non-controlling interest		(1.0)	(0.8)

[1] Includes Company Establishment Costs of €17.1 million incurred in the period from incorporation on 16 December 2014 to 31 December 2015 in relation to the Company's formation, acquisition of subsidiaries costs and a share based payment charge relating to the Founder Shares issued to Brandon Point Industries.

Unaudited condensed consolidated statement of financial position

As at 30 June 2016

	Notes	Unaudited 30 June 2016 €'m	Audited 31 December 2015 €'m
Assets			
Non-current assets			
Investments in associates	7	158.5	176.2
Available-for-sale investments	9	66.4	54.0
Goodwill and other intangible assets	11	46.1	51.3
Property, plant and equipment		12.1	12.2
Deferred tax asset	6	1.1	1.3
Total non-current assets		**284.2**	**295.0**
Current assets			
Inventories		13.5	14.0
Trade and other receivables		14.2	16.4
Derivative financial assets	10	0.2	1.8
Cash and cash equivalents	12	60.4	97.0
Total current assets		**88.3**	**129.2**
Total assets		**372.5**	**424.2**
Liabilities			
Non-current liabilities			
Loans and borrowings	13	25.2	27.6
Provisions		0.1	0.5
Deferred tax liability	6	7.4	7.9
Total non-current liabilities		**32.7**	**36.0**
Current liabilities			
Loans and borrowings	13	5.6	7.3
Derivative financial liabilities	10	0.4	2.1
Trade and other payables		11.6	12.7
Current tax payable		1.0	0.7
Total current liabilities		**18.6**	**22.8**
Equity			
Share capital	14	-	-
Share premium		388.4	387.9
Other reserves		(2.3)	6.3
Retained losses		(79.6)	(44.9)
Equity attributable to owners of parent		**306.5**	**349.3**
Non-controlling interests		14.7	16.1
Total equity		**321.2**	**365.4**
Total liabilities and equity		**372.5**	**424.2**

On behalf of the Board:

Kelly Martin Darragh Lyons

Kelly Martin
CEO

Darragh Lyons
CFO

8 September 2016

Unaudited condensed consolidated statement of changes in equity

for the 6-month period ended 30 June 2016

	Unaudited – Attributable to the equity holders						
	Share capital €'m	Share premium €'m	Other reserves €'m	Retained earnings €'m	Total €'m	Non-controlling interests €'m	Total equity €'m
At beginning of period	-	387.9	6.3	(44.9)	349.3	16.1	365.4
Acquisition accounting finalisation	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Comprehensive income:							
Loss for the period	-	-	-	(35.9)	(35.9)	(0.9)	(36.8)
Other comprehensive losses	-	-	(13.3)	-	(13.3)	(0.1)	(13.4)
Total comprehensive losses for the period	**-**	**-**	**(13.3)**	**(35.9)**	**(49.2)**	**(1.0)**	**(50.2)**
Equity settled share-based payments	-	0.5	5.9	-	6.4	-	6.4
Exercise of Viamet derivative liability	-	-	(1.1)	1.1	-	-	-
Recycle of foreign currency translation	-	-	(0.1)	0.1	-	-	-
Total transactions with shareholders	**-**	**0.5**	**4.7**	**1.2**	**6.4**	**-**	**6.4**
At 30 June 2016	**-**	**388.4**	**(2.3)**	**(79.6)**	**306.5**	**14.7**	**321.2**

Unaudited condensed consolidated statement of changes in equity

for the period from incorporation on 16 December 2014 to 30 June 2015

	Unaudited – Attributable to the equity holders						
	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	-	-	-	(25.8)	(25.8)	(0.8)	(26.6)
Other comprehensive losses	-	-	(1.4)	-	(1.4)	-	(1.4)
Total comprehensive losses for the period	**-**	**-**	**(1.4)**	**(25.8)**	**(27.2)**	**(0.8)**	**(28.0)**
Issue of shares on admission to the ESM	-	330.0	-	-	330.0	-	330.0
Issue of shares to BPI as consideration for BPI Investment Transfers	-	7.6	-	-	7.6	-	7.6
Issue costs	-	(8.3)	-	-	(8.3)	-	(8.3)
Receipt of call option on Viamet from BPI for nil consideration	-	-	1.1	-	1.1	-	1.1
Equity settled share-based payments	-	15.4	1.6	-	17.0	-	17.0
Acquired with subsidiaries	-	-	-	-	-	14.2	14.2
Total transactions with shareholders	**-**	**344.7**	**2.7**	**-**	**347.4**	**14.2**	**361.6**
At 30 June 2015	**-**	**344.7**	**1.3**	**(25.8)**	**320.2**	**13.4**	**333.6**

Unaudited condensed consolidated statement of cash flows

for the 6-month period ended 30 June 2016

	Notes	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 30 June 2015 €'m
Cash flows from operating activities			
Loss for the period		(36.8)	(26.6)
Adjustments for:			
Amortisation of intangible assets	11	1.8	-
Depreciation of property, plant and equipment		0.7	0.1
Impairment of goodwill	11	2.7	-
Inventory provision		0.4	-
Net share of losses and gains attributable to equity accounted investments	7	12.5	2.1
Movement on inventory valued at fair value		0.6	1.1
Non-cash share-based compensation		6.4	17.0
Derivative		1.0	-
Finance costs		1.3	1.1
Tax charge	6	0.7	(0.1)
		(8.7)	**(5.3)**
(Increase) in inventory		(0.5)	(1.6)
(Increase)/decrease in trade and other receivables		1.5	(1.5)
Increase/(decrease) in trade and other payables		(1.8)	3.2
Tax paid		(0.5)	-
Interest paid		(0.6)	-
Net cash used in operating activities		**(10.6)**	**(5.2)**
Cash flows from investment activities			
Investments in associates	7	(5.9)	(86.6)
Acquisition of subsidiary, net of cash acquired		-	(21.8)
Purchases of available-for-sale investments	9	(14.8)	(43.2)
Purchase of intangibles	11	(0.1)	-
Purchase of property, plant and equipment		(0.7)	(0.1)
Net cash used in investing activities		**(21.5)**	**(151.7)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	330.0
Transaction costs relating to issuance of ordinary shares		-	(8.3)
Decrease in loans and borrowings	13	(3.3)	-
Net cash (used in)/from financing activities		**(3.3)**	**321.7**
Net (decrease)/increase in cash and cash equivalents		**(35.4)**	**164.8**
Cash and cash equivalents at beginning of period	12	97.0	-
Exchange losses on cash and cash equivalents		(1.2)	(1.1)
Cash and cash equivalents at end of period	**12**	**60.4**	**163.7**

Notes to the unaudited condensed consolidated financial statements

for the 6-month period ended 30 June 2016

1. General information and basis of preparation

Malin Corporation plc ("the Company") is an Irish incorporated public limited company trading on the Enterprise Securities Market ("ESM") of the Irish Stock Exchange.

The unaudited condensed consolidated interim financial statements of the Company for the 6 months ended 30 June 2016 (the "interim financial statements") include the financial statements of the Company and its subsidiary undertakings (together referred to as "the Group" or "Malin").

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as adopted by the European Union. They do not include all of the information required for full annual statutory financial statements and should be read in conjunction with the audited consolidated financial statements of Malin Corporation plc as at and for the period from incorporation on 16 December 2014 to 31 December 2015 ("period ended 31 December 2015").

The interim financial statements are presented in euro, rounded to the nearest million (€'m) unless otherwise stated. Euro is the functional currency of the Company and also the presentation currency for the Group's financial reporting. The interim 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.

The preparation of the interim 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 interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the period ended 31 December 2015.

The Company's approach to managing cash resources is to ensure as far as possible that it will always have sufficient cash resources 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; and
- Maintain sufficient financial resources to mitigate against risk and unforeseen events.

As at 30 June 2016, the Company's main source of funding was equity finance, having raised €372.0 million on equity markets in 2015. On 23 June 2016, the Company's subsidiary, Malin Life Sciences Holdings Limited, secured a debt facility of €70.0 million over a period of 7 years from the European Investment Bank ("EIB"). On 29 July 2016, the first €10.0 million tranche of this facility was drawn down. The Company will also seek to raise incremental capital for additional or follow-on investments and to meet ongoing costs.

A number of the Group's assets have made meaningful progress over the period which has or is expected to result in value creation. The Directors expect that some of these assets may have near-term value inflection points which could result in cash realisations and inflows which would bolster the Company's cash resources.

On the basis of the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements for the 6-month period ended 30 June 2016.

These results are unaudited but were reviewed by our auditors. The interim financial statements do not constitute statutory financial statements. The statutory financial statements for the period ended 31 December 2015, together with the independent auditor's report thereon, have been filed with the Companies Registration Office and are available on the Company's website. The auditor's report on those financial statements was not modified.

2. Significant accounting policies

The accounting policies applied in these interim financial statements are consistent with those applied in the consolidated financial statements as at and for the period ended 31 December 2015 as none of the newly effective amendments to IFRS standards had an impact on the Group in the 6-month period to 30 June 2016.

A number of new standards, amendments to standards and interpretations are not yet effective for the period and have not yet been applied in preparing the financial statements:

New / Revised International Financial Reporting Standards	Expected effective date[1]
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: *Applying the consolidation exception (18 December 2014)*	1 January 2016
IFRS 14: *Regulatory Deferral Accounts (30 January 2014)*	1 January 2016
Amendments to IAS 7: *Disclosure Initiative (29 January 2016)*	1 January 2017
Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses (19 January 2016)*	1 January 2017
IFRS 15: *Revenue from contracts with customers (May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015)*	1 January 2018
IFRS 9: *Financial Instruments (24 July 2014)*	1 January 2018
Clarifications to IFRS 15: *Revenue from Contracts with Customers (12 April 2016)*	1 January 2018
Amendments to IFRS 2: *Classification and measurement of share-based payment transactions (20 June 2016)*	1 January 2018
IFRS 16: *Leases (13 January 2016)*	1 January 2019
Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture (September 2014)*	Deferred indefinitely[2]

3. Critical accounting estimates and judgements

The critical accounting estimates and judgements applied in these interim financial statements are consistent with those applied in the consolidated financial statements as at and for the period ended 31 December 2015, except for the second grant of the 2015 Long Term Incentive Plan, which took place in May 2016, as described in note 16.

4. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("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.

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[1] These are the IASB effective dates not yet endorsed under EU IFRS.
[2] Pending outcome of research project on the equity method of accounting.

Notes to the unaudited condensed consolidated financial statements
(continued)

5. Operating expenses

The operating expenses that arose during the 6-month period to 30 June 2016 are analysed below:

	Cost of sales expenses €'m	Research and development expenses €'m	General and administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	9.0	9.0
Investee subsidiary companies	15.0	2.9	7.4	25.3
Goodwill impairment (note 11)	-	-	2.7	2.7
Share-based payments charges (note 16)	-	-	6.8	6.8
	15.0	**2.9**	**25.9**	**43.8**

The operating expenses that arose during the period from 16 December 2014 to 30 June 2015 are analysed below:

	Cost of sales expenses €'m	Research and development expenses €'m	General and administrative expenses[1] €'m	Total[1] €'m
Malin corporate subsidiaries	-	-	2.2	2.2
Investee subsidiary companies	1.9	0.5	1.3	3.7
Business integration costs	-	-	1.4	1.4
Founder Equity share-based payment charges	-	-	1.6	1.6
	1.9	**0.5**	**6.5**	**8.9**

[1] Excludes Company Establishment Costs of €17.1 million incurred in the period from incorporation on 16 December 2014 to 31 December 2015 in relation to the Company's formation, acquisition of subsidiaries costs and a share based payment charge relating to the Founder Shares issued to Brandon Point Industries.

6. Income tax

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 30 June 2015 €'m
Current tax expense	0.8	0.2
Deferred tax (benefit)	(0.1)	(0.3)
Income tax expense/(benefit)	**0.7**	**(0.1)**

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

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 30 June 2015 €'m
Net loss before tax	(36.1)	(26.7)
Tax at the Irish corporation tax rate of 12.5%	(4.5)	(3.3)
Income taxed at higher rates	0.6	-
Expenses not deductible for tax purposes	1.0	1.2
Unused tax losses for which no deferred tax asset is recognised (no expiry date)	3.7	-
Other	(0.1)	2.0
Income tax expense/(benefit) on net loss	**0.7**	**(0.1)**

The current tax expense comprises corporation tax payable in Spain, Kenya, the US and the UK on normal business activities.

The deferred tax benefit relates to the recognition of deferred tax assets in respect of the operating losses of the Group in the US and the UK because it is probable that future operating profits will be available in these jurisdictions against which the Group can use these operating losses. The deferred tax benefit also comprises the release to the condensed consolidated income statement of previously recognised deferred tax liabilities.

Notes to the unaudited condensed consolidated financial statements
(continued)

7. Investments in associates

At 30 June 2016 and 31 December 2015, Malin had 10 associates, all of which are equity accounted and which Malin consider to be material.

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 31 December 2015 €'m
At beginning of period	176.2	-
Cash consideration for investments in associates during the period	5.9	174.5
Non-cash consideration for associates acquired (BPI Investment Transfers)	-	5.4
Net consideration attributed to financial derivatives related to associates	-	(0.7)
Exercise of Viamet financial derivative during the period (note 10)	0.2	
Transaction costs	-	2.9
Share of net losses of associates:		
Income statement – share of losses	(13.6)	(5.9)
Income statement – net gain on partial disposal	1.1	2.4
Other comprehensive income – currency translation loss	(11.3)	(2.4)
At end of period	**158.5**	**176.2**

A net gain of €1.1 million was recognised in the 6-month period to 30 June 2016 arising from the net impact of dilutive and enhancing shareholding events in a number of associate undertakings.

Viamet Pharmaceuticals Holdings LLC ("Viamet")
On 17 February 2016, Malin exercised a call option with Viamet, which entitled Malin to invest a further $5.0 million in Viamet at the same subscription price as its initial investments in the period through to the release of the interim Phase 2b clinical trial results for Viamet's lead compound, VT-1161. Following the exercise of this €4.5 million ($5.0 million) option, Malin's stake in Viamet increased to approximately 15% of Viamet's issued share capital.

Emba Medical Ltd ("Emba Medical")
On 3 May 2016, Malin invested a further €0.9 million ($1.0 million) in Emba Medical increasing its equity stake to 27%.

Poseida Therapeutics Inc. ("Poseida")
On 1 August 2016, Malin completed its $10.0 million contingent investment commitment with Poseida following the achievement by Poseida of the operational milestones included in the initial investment agreement. Malin paid €9.0 million ($10.0 million) for approximately 9% incremental equity to bring its equity stake in Poseida to 38%.

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 at the reporting date.

[1] 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.

	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 6-month period to 30 June 2016:											
Losses for the 6-month period to 30 June 2016	(4.2)	(2.5)	(1.8)	(0.6)	(0.3)	(0.7)	(2.8)	(0.5)	(0.1)	(0.1)	(13.6)
Gain/(loss) on changes in equity ownership of investments	-	1.5	0.4	-	-	0.1	-	(0.8)	-	(0.1)	1.1
Other comprehensive income/(losses) for the 6-month period to 30 June 2016	(0.5)	(0.3)	(1.7)	(0.3)	-	-	(8.2)	(0.4)	0.1	-	(11.3)
Total comprehensive losses for the 6-month period to 30 June 2016	**(4.7)**	**(1.3)**	**(3.1)**	**(0.9)**	**(0.3)**	**(0.6)**	**(11.0)**	**(1.7)**	**-**	**(0.2)**	**(23.8)**
Statement of financial position as at 30 June 2016:											
Non-current assets	9.1	0.5	2.4	1.5	-	-	45.5	0.8	4.8	-	64.6
Current assets	20.4	22.5	38.6	6.9	1.6	0.1	256.5	16.0	1.6	0.7	364.9
Non-current liabilities	(4.7)	(0.3)	-	-	-	-	-	(2.3)	-	(0.2)	(7.5)
Current liabilities	(10.5)	(4.4)	(8.9)	(0.4)	(0.3)	(1.5)	(66.1)	(5.6)	-	(0.3)	(98.0)
Net assets/(liabilities) at 30 June 2016	**14.3**	**18.3**	**32.1**	**8.0**	**1.3**	**(1.4)**	**235.9**	**8.9**	**6.4**	**0.2**	**324.0**
Malin's share of net assets/(liabilities)[1]	**2.3**	**2.7**	**3.9**	**3.0**	**0.3**	**(0.4)**	**23.6**	**2.6**	**1.0**	**-**	**39.0**
Malin's ownership interest at 30 June 2016 (rounded %)	16%	15%	12%	38%	26%	27%	10%	29%	16%	16%	
Malin's interest in investee at 1 January 2016	26.0	16.2	16.3	14.5	4.1	3.5	74.8	18.7	1.1	1.0	176.2
Consideration for investments in associates during the period	-	4.5	-	0.5	-	0.9	-	-	-	-	5.9
Exercise of Viamet derivative option	-	0.2	-	-	-	-	-	-	-	-	0.2
Total comprehensive loss attributable to Malin in 2016	(4.7)	(1.3)	(3.1)	(0.9)	(0.3)	(0.6)	(11.0)	(1.7)	-	(0.2)	(23.8)
Carrying amount of investee at 30 June 2016	**21.3**	**19.6**	**13.2**	**14.1**	**3.8**	**3.8**	**63.8**	**17.0**	**1.1**	**0.8**	**158.5**

8. Business combinations

On 10 June 2015, Malin acquired 65% of the share capital of Altan Pharma Ltd ("Altan"), a specialty pharmaceutical company, for consideration of €34.5 million. Given the complexity and the timing of the closure of the Atlan 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 the Group's 2015 Annual Report was released. Following a detailed analysis of the business, its cash flows and the identifiable assets and liabilities, the goodwill balance previously disclosed as €10.0 million has increased to €10.7 million.

Notes to the unaudited condensed consolidated financial statements
(continued)

9. Available-for-sale investments

Malin has 3 available-for-sale investments, Melinta Therapeutics Inc. ("Melinta"), a clinical stage biopharmaceutical company, Xenex Disinfection Services LLC ("Xenex"), a disinfection technology company and Hatteras Venture Partners V ("Hatteras"), a life sciences focused venture capital fund.

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 31 December 2015 €'m
At beginning of period	54.0	-
Cash consideration paid for investments acquired during the period	14.8	48.3
Non-cash consideration for investments acquired during the period (BPI Investment Transfers)	-	2.2
Estimate of the fair value of Melinta derivative liability acquired	-	1.8
Exercise of Melinta derivative liability during the period (note 10)	(1.3)	-
Transaction costs	-	0.7
Fair value movement recognised in other comprehensive income	-	-
Exchange differences recognised in other comprehensive income – currency translation	(1.1)	1.0
At end of period	**66.4**	**54.0**

The breakdown of the Group's available-for-sale investments is set out below:

	30 June 2016 €'m	31 December 2015 €'m
Unlisted securities		
Melinta	41.2	34.1
Xenex	23.2	19.1
Hatteras	2.0	0.8
At end of period	**66.4**	**54.0**

Melinta
On 9 March 2016, Melinta called its $10.0 million put option with Malin which required Malin to invest a further $10.0 million at the same subscription price as its initial investment. Malin paid €9.1 million ($10.0 million) for approximately 3% incremental Melinta equity bringing Malin's stake to 17%.

On 6 July 2016, Malin committed to invest a further €3.3 million ($3.7 million) in Melinta in 2 tranches through the purchase of convertible promissory notes. Malin paid €1.7 million on 7 July 2016 and €1.6 million on 15 August 2016.

Xenex
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 €13.5 million) and, depending on a number of factors, up to a total of $20.0 million (approximately €18.0 million) with Hatteras. As at 30 June 2016, €2.0 million ($2.2 million) of this total commitment was advanced to Hatteras including €0.5 million on 14 January 2016 and €0.8 million on 27 June 2016.

10. Derivative assets and liabilities

As at 30 June 2016, in addition to Malin's initial investments 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 30 June 2016, all of which are considered derivative financial instruments, is set out below.

	30 June 2016 €'m	31 December 2015 €'m
Derivative financial assets:		
Viamet call option	-	1.1
3D4Medical call option	0.2	0.7
Serenus call option	-	-
	0.2	**1.8**
Derivative financial liabilities:		
Melinta put option	-	(1.8)
An2H investment commitment	-	-
Hatteras investment commitment	-	-
Poseida investment commitment	-	-
Interest rate swap	(0.4)	(0.3)
	(0.4)	**(2.1)**
Net derivative financial liability position	**(0.2)**	**(0.3)**

Viamet

On 17 February 2016, Malin exercised a call option with Viamet, which entitled Malin to invest a further $5.0 million in Viamet at the same subscription price as its initial investments in the period through to the release of the interim Phase 2b clinical trial results for Viamet's lead compound, VT-1161. Following the exercise of this €4.5 million ($5.0 million) option, Malin's stake in Viamet increased to approximately 15% of Viamet's issued share capital. Malin exercised its option in February 2016 when the fair value of the option was estimated at €0.2 million ($0.2 million) resulting in a reduction in the derivative asset and a charge to the condensed consolidated income statement of €0.9 million for the 6-month period to 30 June 2016.

Melinta

On 9 June 2015, Malin committed to invest a further $10.0 million at the same subscription price as the initial investment, which Melinta can put to Malin within 12 months of the acquisition date. The put option was recognised as a derivative financial liability. Melinta called its put option on 9 March 2016 when the fair value of the derivative financial liability was €1.3 million ($1.9 million) resulting in a reduction in the derivative liability and a credit to the condensed consolidated income statement of €0.5 million for the 6-month period to 30 June 2016.

3D4Medical Ltd ("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 €0.2 million ($0.2 million) at 30 June 2016 resulting in a reduction in the derivative asset and a charge to the condensed consolidated income statement of €0.5 million for the 6-month period to 30 June 2016.

Notes to the unaudited condensed consolidated financial statements
(continued)

10. Derivative assets and liabilities (continued)

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 year
Share price volatility	50.6%
Dividends expected	$Nil
Risk-free interest rate	0.675%

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 (€9.0 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 $6k (€5k) at 30 June 2016 resulting in a charge of €33k to the condensed consolidated income statement for the 6-month period to 30 June 2016.

On 1 August 2016, Malin completed its $10.0 million contingent investment commitment with Poseida following the achievement by Posedia of the operational milestones included in the initial investment agreement. Malin paid €9.0 million ($10.0 million) for approximately 9% incremental equity to bring its equity stake in Poseida to 38%.

Serenus, Hatteras and An2H
Malin has determined that the fair value of its options and commitments with Serenus Biotherapeutics Ltd ("Serenus"), Hatteras and An2H Discovery Ltd ("An2H"), which Malin determined were close to €nil at 31 December 2015, have not changed in the 6-month period to 30 June 2016.

Interest rate swap
In 2015, 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 30 June 2016 and a €0.1 million expense was recognised in the condensed consolidated income statement for the 6-month period ended 30 June 2016.

11. Goodwill and other intangible assets

	Goodwill €'m	Customer Lists €'m	Other Intangibles €'m	Total €'m
Cost:				
At 1 January 2016	21.3	26.9	4.7	52.9
Exchange differences	(0.2)	-	-	(0.2)
Additions	-	-	0.1	0.1
Acquisition accounting finalisation (note 8)	0.7	-	(1.3)	(0.6)
At 30 June 2016	**21.8**	**26.9**	**3.5**	**52.2**
Accumulated amortisation:				
At 1 January 2016	-	(1.3)	(0.3)	(1.6)
Exchange differences	-	-	-	-
Amortisation	-	(1.3)	(0.5)	(1.8)
Impairment	(2.7)	-	-	(2.7)
At 30 June 2016	**(2.7)**	**(2.6)**	**(0.8)**	**(6.1)**
Net book value: at 30 June 2016	**19.1**	**24.3**	**2.7**	**46.1**
Net book value: at 1 January 2016	21.3	25.6	4.4	51.3

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 condensed consolidated statement of financial position at 30 June 2016 is goodwill of €19.1 million arising from the acquisition of investee subsidiary companies.

The Group tests goodwill for impairment annually 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.

During the 6-month period to 30 June 2016, a restructuring of the Serenus business was completed to narrow the geographic focus of the business to East Africa in the short-term using an agency product distribution model. The revised long-term projections resulted in a value-in-use for Serenus that does not support the original carrying value of goodwill associated with the cash-generating unit. An impairment charge of €2.7 million has been recognised in the condensed consolidated income statement for the 6-month period ended 30 June 2016, reducing the carrying value of Serenus's goodwill from €9.8 million to €7.1 million.

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 Serenus impairment test. These key assumptions have been made by management and are consistent with relevant external sources of information. The Serenus value-in-use calculations used pre-tax cash flow projections based on financial budgets and projections covering a 5 year period. The cash flow forecast excluded incremental profits and other cash flows that could be derived from future licensing or other business development opportunities. Sales forecasts were extrapolated using growth rates based on similar companies' experiences. The value-in-use of Serenus was calculated using a pre-tax discount rate representing the conservative end of pharmaceutical industry comparable companies.

The assumptions used for the value-in-use approach are detailed in the table below.

	Projection period	Terminal growth rate	Discount rate
Serenus	5 years	2%	14%

Notes to the unaudited condensed consolidated financial statements
(continued)

12. Cash and cash equivalents

	30 June 2016 €'m	31 December 2015 €'m
Cash held by Malin and Malin direct corporate subsidiaries	33.2	67.0
Cash held by Malin investee company subsidiaries	27.2	30.0
	60.4	**97.0**

13. Borrowings

	30 June 2016 €'m	31 December 2015 €'m
Current borrowings		
Bank borrowings – Malin investee company subsidiaries	3.8	5.4
Loan drawn down from related party	1.8	1.9
	5.6	**7.3**
Non-current borrowings		
Bank borrowings – Malin investee company subsidiaries	25.2	27.6
	25.2	**27.6**
Total borrowings	**30.8**	**34.9**

On 23 June 2016, Malin announced that it had secured a debt facility of €70.0 million from the EIB. As at 30 June 2016, Malin had not drawn down any of the debt facility.

All of the Group's borrowings at 30 June 2016 were in respect of Malin's investee company subsidiaries. During the 6-month period to 30 June 2016, Altan made loan repayments of €3.3 million.

14. Share capital

Authorised share capital

On 26 April 2016, the unissued C Ordinary Shares and unissued D Ordinary Shares in the authorised share capital of the Company were cancelled. On the same date, 305,000,000 B Ordinary Shares, 200,000,000 Series Preferred Shares and 305,000,000 Deferred Shares were authorised for issue. There were no other changes to the authorised share capital of the Company in the 6-month period to 30 June 2016.

Issued ordinary share capital

On 14 January 2016, 4,617 new Ordinary Shares were issued under the 2015 LTIP. On 23 May 2016, 34,516 new Ordinary Shares were issued under the 2015 LTIP (note 16). No proceeds arose on either issue. There have been no other changes to the Issued Share Capital of the Company in the 6-month period to 30 June 2016. As at 30 June 2016, the Issued Ordinary Share Capital consisted of 39,269,660 Ordinary Shares of nominal value €0.001 each.

15. 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 Restricted Stock Units ("RSUs").

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 30 June 2015 €'m
Numerator:		
Net loss for the period attributable to equity holders of the parent	(35.9)	(25.8)
Denominator:		
Weighted average number of Ordinary Shares outstanding for the period	39,244,297	16,938,456
Basic and diluted loss per share (euro per share)	(€0.91)	(€1.52)

As at 30 June 2016, there were 3,279,299 unvested Founder A Ordinary Shares (30 June 2015: 3,279,299) and 396,121 outstanding RSUs (30 June 2015: nil) that could potentially have a dilutive impact on earnings per share in future. As a net loss was recorded in the period, the dilutive potential shares are anti-dilutive for the earnings per share.

16. Share-based compensation

	6-month period to 30 June 2016 €'m	Period from 16 December 2014 to 30 June 2015 €'m
Founder Ordinary Shares expense	-	15.4
Founder A Ordinary Shares expense	3.0	1.6
Long-term bonus plan expense	2.0	-
Long-term incentive plan expense	1.8	-
	6.8	**17.0**

Founder Shares

A charge of €3.0 million (2015: €1.6 million) was recognised for the first and second tranches of the Founder A Ordinary Shares in the 6-month period to 30 June 2016. This charge is presented within general and administrative expenses in the income statement (note 5).

2015 Long-term bonus plan ("2015 LTBP")

The 2015 LTBP provides for a bonus pool to be created if an exceptional level of Total Shareholder Return ("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.

16. Share-based compensation (continued)

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 period-end 30 June 2016	At period-end 31 December 2015
Reference share price	€10.63	€10.63
Expected volatility	37.23%	37.77%
Expected life	4.5 years	5 years
Expected dividend yield	-	-
Risk-free interest rate	-0.12%	0.31%

Based on the Monte Carlo model, the cumulative fair value of the 2015 LTBP awards was estimated at €17.3 million at 30 June 2016 (31 December 2015: €7.9 million). A charge of €2.0 million was recognised for the 6-month period to 30 June 2016 in relation to the 2015 LTBP awards. This charge is presented within general and administrative expenses in the income statement (note 5).

2015 Long-term incentive plan (“2015 LTIP”)

During the 6 months ended 30 June 2016, 196,485 RSUs were granted under the 2015 LTIP. Each grant will vest in 3 equal tranches, over the 24 month period following the grant date. The first tranche of the majority of these awards was not subject to vesting conditions and vested immediately on 12 May 2016. There are 2 vesting conditions attached to the second and third tranches: (i) achievement of the TSR target (market condition), and (ii) employees must remain in employment at the vesting date (service condition).

The fair value of the RSUs awarded that vested on the grant date was based on the Malin share price on the date of the grant date. The cumulative fair value of these awards was €0.9 million.

Malin recognised this fair value expense in the consolidated income statement on the grant date. The Group withheld a portion of vested RSUs to allow for the payment of payroll taxes due on behalf of the employees resulting in a debit to share premium of €0.4 million.

The fair value of the majority of the awards made during the 6-month period to 30 June 2016, 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	35.14%
Expected life – second tranche	12 months
Expected life – third tranche	24 months
Expected dividend yield	-
Risk-free interest rate	-0.156%

Based on the Monte Carlo model, the fair value of tranche 2 and tranche 3 of the 2015 LTIP Grant 2 awards, which are subject to the achievement of TSR targets, has been estimated at €6.59 per share (second tranche) and €7.47 per share (third tranche). The cumulative fair value of these awards is €0.9 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 30 June 2016.

A charge of €0.7 million was recognised in relation to the second and third tranches of the awards, made under the 2015 LTIP in November 2015 in the 6-month period to 30 June 2016.

The RSUs outstanding at 30 June 2016 are summarised below:

	Total No. of RSUs
Outstanding at 1 January 2016	265,131
Granted	196,485
Vested – issued	(39,133)
Vested – net settlement adjustment	(26,362)
Outstanding at 30 June 2016	**396,121**

17. Financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2016 and 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.

	30 June 2016		31 December 2015	
	Carrying amount €'m	Fair value €'m	Carrying amount €'m	Fair value €'m
Financial assets:				
Available-for-sale investments (note 9)	66.4	66.4	54.0	54.0
Derivative financial assets (note 10)	0.2	0.2	1.8	1.8
At end of period	**66.6**	**66.6**	**55.8**	**55.8**
Financial liabilities:				
Interest bearing loans and borrowings	(28.0)	(26.6)	(32.1)	(29.4)
Non-interest bearing loans and borrowings	(2.8)	(2.6)	(2.8)	(2.6)
Derivative financial liabilities (note 10)	(0.4)	(0.4)	(2.1)	(2.1)
At end of period	**(31.2)**	**(29.6)**	**(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 (note 9)	-	-	66.4	66.4
Derivative financial assets (note 10)	-	-	0.2	0.2
At 30 June 2016	**-**	**-**	**66.6**	**66.6**
Financial liabilities measured at fair value:				
Interest bearing loans and borrowings	-	(26.6)	-	(26.6)
Non-interest bearing loans and borrowings	-	(2.6)	-	(2.6)
Derivative financial liabilities (note 10)	-	(0.4)	-	(0.4)
At 30 June 2016	**-**	**(29.6)**	**-**	**(29.6)**

Notes to the unaudited condensed consolidated financial statements
(continued)

18. Related party transactions

There have been no related party transactions or changes in related party transactions other than those described in the Annual Report in respect of the year ended 31 December 2015 that could have a material impact on the financial position or performance of the Group in the 6 months ended 30 June 2016.

19. Events after the reporting date

Partial drawdown of EIB debt facility
On 29 July 2016, Malin drew down the first €10.0 million of a €70.0 million 7-year debt facility with the EIB. This €10.0 million tranche carries an interest rate of approximately 4%.

Brandon Point Management Services Unlimited Company (trading as "BPI Consulting") contract
With effect from 1 July 2016, Malin and BPI Consulting mutually agreed to terminate the existing operating services agreement (the "Operating Services Agreement") between the 2 entities, under which BPI Consulting provided a range of corporate, administrative and operational services to the Company. The estimated charge for 2016, which was prepaid by the Company in January 2016, was €1.5 million, inclusive of irrecoverable VAT.

It was agreed that Malin would acquire the BPI Consulting business infrastructure used by Malin and previously paid for under the Operating Services Agreement. Malin paid BPI €0.3 million, representing the consideration paid for BPI's net assets acquired by Malin, less the repayment of the operating service charge prepaid to BPI Consulting in January 2016.

Poseida
On 1 August 2016, Malin completed its $10.0 million contingent investment commitment with Poseida. Malin paid €9.0 million ($10.0 million) for approximately 9% incremental equity to bring its equity stake in Poseida to 38%.

Melinta
On 6 July 2016, Malin committed to invest a further €3.3 million ($3.7 million) in Melinta in 2 tranches through the purchase of convertible promissory notes. Malin paid €1.7 million on 7 July 2016 and €1.6 million on 15 August 2016.

NeuVT
In August 2016, Malin established a business, to be named NeuVT, which will focus on the development of innovative peripheral and neurovascular therapies to address areas of high unmet need. NeuVT was established by combining existing Malin investee companies, Emba Medical and Emba Neuro, together with NeuVT Ltd, a company started by the founders of Emba Medical to develop a platform of neurovascular therapies.

This combination provides Malin with a unique opportunity to build a high growth, high technology platform business with scale that can leverage technological innovations across both peripheral and neurovascular applications as well as develop leverage across sales channels and the research and development platform. Malin invested €1.8 million ($2.0 million) at the date of combination and has an option to invest a further $4.0 million by 30 September 2016. If Malin exercises this option, Malin will own approximately 32% of NeuVT.

20. Approval of financial statements

The Board of Directors approved the condensed consolidated financial statements for the 6-month period ended 30 June 2016 on 8 September 2016.

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