MALIN

Malin Corporation plc

Annual Report 2017

Who we are

Malin's purpose is to create shareholder value through selective long-term application of capital and operational expertise to innovative private businesses in the life sciences industry.

Directors

- Donal O'Connor (Chairman)
- Adrian Howd, Ph.D (CEO)
- Darragh Lyons (CFO)
- Liam Daniel
- Owen Hughes
- Robert A. Ingram
- Kieran McGowan

Investee Companies

Therapeutics	Health-Tech	Nidus
POSEIDA THERAPEUTICS	3D4MEDICAL Transforming Medical Learning	An2H
IMMUNOCORE targeting T cell receptors	XENEX GERM-ZAPPING ROBOTS	ARTIZAN BIOSCIENCES
kymab	Jaan Health	HATTERAS VENTURE PARTNERS
Melinta THERAPEUTICS	NeuV NEUROVASCULAR TECHNOLOGIES	KNOWBIO
VIAMET		wren therapeutics
novan		
ALTAN		

Malin at a glance

As at December 2017

Net capital exposure

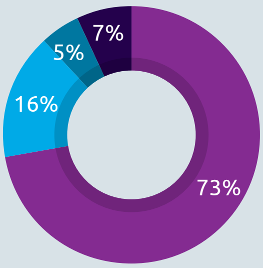
€369m

Fair value estimate of investee companies*

€401m

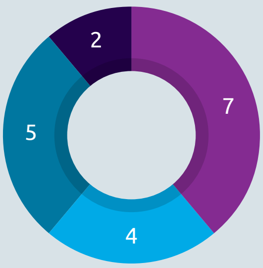
Capital Deployed (% of capital)

- Therapeutics
- Health-Tech
- Nidus
- Other**



Capital Deployed (No. of companies)

- Therapeutics
- Health-Tech
- Nidus
- Other**



* Estimated in accordance with International Private Equity Valuation Guidelines ("IPEV").

** Represents investee subsidiary companies Cilatus and Serenus.

Contents

2017 Investee Company Performance Highlights

	Investee Company	Business Area: *Clincial / Regulatory*	Business Area: *Talent*
Therapeutics	**Poseida**	• First patient treated in Phase 1 study of P-BCMA-101 CAR-T stem cell memory therapy in patients with multiple myeloma. • Presented preclinical solid tumour data on the company's PSMA-specific CAR-T stem cell memory drug candidate for the treatment of prostate cancer showing P-PSMA-101 demonstrated potent anti-tumor efficacy, a persistently high percentage of the highly desirable stem cell memory T-cell subtype and no detectable tonic signaling or T-cell exhaustion.	• Strengthened leadership team including senior hires in regulatory and manufacturing / technical operations.
	Immunocore	• Presented data showing durable tumour responses and a doubling of the one-year survival rate for metastatic uveal melanoma patients treated in two Phase 1 studies of IMCgp100. • IMCgp100 received a Promising Innovative Medicine (PIM) Designation under the UK Early Access to Medicines Scheme for the treatment of patients with uveal melanoma.	• Strengthened the board and the senior management team with some key additions over the course of 2017. Subsequent to year-end, Dr Eliot Forster stepped down as CEO and the search for a successor has been initiated.
	Kymab	• Initiated its first clinical study; KY1005 - a fully human monoclonal antibody – for autoimmune diseases and completed its dosing of 24 patients. • Strong preclinical progression with the company predicting that KY1005 is the first of a steady stream of products focused on autoimmune diseases, immune-oncology, haematology and infectious disease.	• Significantly strengthened its executive leadership team and board in 2017 by appointing Dr Arndt Schottelius as EVP Research and Development, Dr Sonia Quaratino as CMO and Dr Martin Nicklasson as Non-Executive Chairman.
	Melinta	• Obtained US FDA approval for Baxdela™ (delafloxacin) for Acute Bacterial Skin and Skin Structure Infections (ABSSSI) and launched the product in the US in January 2018. • Successfully completed Phase 1 clinical study of topical radezolid for the treatment of mild-to-moderate acne vulgaris and initiation of Phase 2 study.	• Significantly strengthened its executive leadership team following the Cempra merger including the appointment of Dan Wechsler as CEO.
	Viamet	• Positive results from REVIVE Phase 2b trial of VT-1161 in RVVC and from RENOVATE Phase 2b trial of VT-1161 in onychomycosis. • Received fast track designation from the US FDA for VT-1598 for the treatment of Valley Fever.	
	Novan	• Following mixed results from the Phase 3 pivotal clinical trials for SB204, the company hopes to complete an additional pivotal trial via third-party financing and execution. • Reported positive antifungal topline results with SB208 in Phase 2 trial. • First patients dosed in Phase 1b atopic dermatitis trial and psoriasis trial for SB414. • Phase 2 trial initiated in molluscum contagiosum, a contagious viral skin infection and first patient dosed in January 2018.	• Made several leadership adjustments including the appointment of former Malin CEO, Kelly Martin, as interim CEO of Novan. • Also strengthened board with additional regulatory, drug development and manufacturing experience.
Health-Tech	**3D4Medical**		
	Xenex		
Nidus		• Continued scientific progression across the various platform technologies within Nidus.	• KNOW Bio significantly strengthened its leadership team adding 4 new board members having previously added a CEO, CFO and CSO to the business.

Commerical / Strategic	*Financial*
• Entered into a license agreement with TeneoBio, Inc., for the use of UniDab™ in CAR-T cell therapy.	• Awarded a $19.8 million grant to support the clinical development of P-BCMA-101 product candidate from the California Institute for Regenerative Medicine.
• As part of its discovery collaboration with GSK, identified a lead compound in its second discovery programme and initiated a third oncology programme.	• The Bill & Melinda Gates Foundation agreed to invest up to $40 million in Immunocore to support the development of immunotherapies for infectious diseases.
• Expanded its Infectious Disease Programmes with the receipt of a grant from the Bill & Melinda Gates Foundation to accelerate the development of novel vaccines and therapeutics for infectious diseases, including HIV.	
• Entered into a commercial and co-development agreement for delafloxacin in 68 countries with Menarini Group. • Completed all-stock merger transaction with Cempra, Inc. to become a NASDAQ-listed company. • Acquired infectious disease portfolio from The Medicines Company including 3 marketed products.	• Melinta raised $230 million in debt and equity financing to fund the Medicines Company portfolio acquisition with a further $50 million of debt available to Melinta within the next 2 years.
• Annouced that NovaQuest Capital is to acquire the VT-1161 antifungal programme and continue its development. As well as an upfront payment, of which Malin's share is $11.6 million, Viamet will benefit from its regulatory and future potential ongoing commercial success. This transaction closed in Q1 2018.	
	• Announced intention to raise $38 million through a public offering of common stock and warrants and completed this financing in January 2018.
• Launched several new products during the year and grew the number of users on its flagship platform product, Complete Anatomy, to approximately 450,000.	
• Continued its expansion into global markets by signing an exclusive distribution license with Terumo Corporation for Japan.	

Chairman's Letter

On behalf of the Board of Malin,

I am pleased to present our annual report and financial statements for the year ended 31 December 2017. While some of our investee companies have had a challenging 2017, most of our portfolio has made excellent progress in the year. We are hopeful that this positive progress, particularly from our key assets, can be maintained and accelerated in 2018 with important data and other significant milestones expected over the course of the year.

The recent equity placing in January 2018, from which we raised approximately €28 million, was necessary to strengthen our balance sheet and better position us to support our core investee companies that we see as having the potential to drive significant value for our shareholders. Our capital position has been further strengthened by inflows from asset realisations during the early months of 2018. A more optimally structured debt facility with the European Investment Bank, with whom we are currently in discussions with, and potential further inflows from asset realisations, would further augment our capital position.

Our share price performance in 2017 has been disappointing. We believe the current share price to be significantly misaligned with the progress and value of our assets. Adrian and his team are tackling this issue by taking a series of initiatives to improve our investor communication strategy with our major shareholders and the broader market. These include issuing a CEO quarterly newsletter, holding an investor day, explore having a dual listing, gaining additional analyst coverage and providing an international private equity valuation (IPEV) compliant valuation of our portfolio. As Chairman of the company, I also intend to have a regular dialogue with our major shareholders and, since my appointment on 1 January 2018, I have initiated this process.

During the fourth quarter of 2017, a major restructuring program was implemented to better align the company's structure with the current phase of the company's business evolution. As part of this process, steps have been taken to make a significant reduction, approximately 33%, in the forecasted operating cash spend for 2018 which is now focused on the core activities being undertaken to drive value for shareholders.

On 1 October 2017, Dr Adrian Howd replaced Kelly Martin as CEO following Kelly's resignation as CEO and Board Director. The board believes that Adrian is the ideal candidate to progress the company at this stage of its development given his background and experience together with his comprehensive knowledge of our assets, many of which are on the cusp of major inflection points. I replaced Kyran McLaughlin as Chairman of the Board following his resignation from the Board on 31 December 2017. On behalf of the Board, I thank both Kelly and Kyran for their contributions to Malin. We are working to identify at least two new Independent Non-Executive Directors with the appropriate skill sets to augment the Board. We hope to have the candidates appointed to the Board in advance of our 2018 AGM.

We look forward to communicating our progress with you in the months ahead.

Donal O'Connor
Chairman

14 March 2018

Chief Executive's Review

Introduction

Overall, 2017 was a year of progress for Malin's key component – our investee companies. Many assets successfully reached important milestones which have significantly de-risked their respective businesses, while others have continued their path towards value inflection points where strategic or public market interest is heightening. Our asset progress since IPO has been marked. As we enter 2018, we have 5 companies with clinical Proof-of-Concept data and 6 generating revenues. Over 1,000 people have received innovative, and potentially life-saving, new medicines from Malin's investee companies in clinical trials since our IPO. Over the course of the next 12 months, we will be totally focused on translating this progress into value creation for our shareholders.

Key Events for our Investee Companies

I have highlighted below some of the important events and developments that occurred within our investee companies during 2017.

Poseida made big strides in 2017. Having presented striking pre-clinical data for its lead program, P-BCMA-101, a CAR-T for multiple myeloma, Poseida initiated a clinical trial for P-BCMA-101 in December 2017. The first patient has been dosed and Poseida expects to report data from the initial dose cohorts later in 2018. Poseida also presented data from a preclinical study of its next most advanced program, a CAR-T approach in prostate cancer during 2017. This data showed the complete elimination of solid tumours in a previously incurable preclinical model of prostate cancer. The potential and progress of Poseida's underlying technology platform was further validated during 2017 with the receipt of a $19.8 million grant to support the clinical development of the P-BCMA-101 product candidate from the California Institute for Regenerative Medicine. We continue to work closely with Poseida and the level of strategic and investor interest in differentiated CAR-T approaches is intensifying.

The Malin business model was further validated in December 2017 as we closed our first transaction which realised a cash return for us. Viamet's Phase 3-ready lead compound VT1161 was acquired by NovaQuest Capital with a transaction structure that is very attractive for Malin. The sale of the compound followed strikingly positive Phase 2b data that Viamet announced in two anti-fungal indications (recurrent vulvovaginal candidiasis ("RVVC") and fungal nail infection) in early 2017. NovaQuest Capital will now be responsible for all of the further development and commercialisation of this molecule. In addition to our portion of the upfront payment of approximately $11.6 million ($10.6 million of which we received in February 2018), we will receive regulatory and commercial milestones and ongoing sales royalties assuming the successful development and commercialisation of the compound in at least one indication. Going forward, we expect that the progress of this molecule will provide a substantial cash flow to Malin.

The failure of one of Novan's two Phase 3 acne trial to hit all of the required primary endpoints was a disappointment in early 2017. The company has subsequently undergone significant management and board change, expanded the breadth of the pipeline by advancing antiviral and anti-inflammatory programmes and announced that it hopes to re-run the acne trial using third party financing and execution. Completing the deal with a third party on the financing and execution of the acne program and the initiation of the re-run of the Phase 3 trial with minimal downside risk would represent important steps in Novan's recovery process. These progressive steps would enhance Novan's value proposition, which is underpinned by the breadth of the pipeline as well as the significant upside possible from a successful outcome in re-running the acne trial. This value proposition is not appreciated by Novan's current public market value, in our opinion.

Following the US FDA approval of Melinta's new antibiotic, Baxdela™, in mid-2017, the company has had a lot of activity. Its merger with Cempra gave Melinta a NASDAQ listing and a significant cash balance to fund the launch of its newly approved drug, as well as a sales team infrastructure to help in the smooth commercial launch of Baxdela™. Melinta subsequently acquired The Medicines Company's anti-infectives portfolio which complements Baxdela™ and makes Melinta a world-leading anti-infectives company which should, in our view, be fully appreciated by the public markets over time.

The board and management of NeuVT are currently undertaking a review of the business to determine how best to position and progress the business. NeuVT does not currently have the capital to advance its products that are in development. The business review may result in the separation, sale or spin-off of certain assets from the NeuVT business. We expect the business review to be completed and the resulting resolutions to be executed by the end of the first half of 2018 and we will assess the investment opportunity.

Kymab achieved the important milestone in 2017 of becoming a clinical stage company, with its first antibody therapeutic, KY1005, for the treatment of autoimmune diseases, entering a Phase 1 study. With its Kymouse™ platform, a mouse-model that can generate fully human monoclonal antibodies, Kymab is building a pipeline of assets and developing several other clinical candidates. It expects that the KY1005 clinical study will be the first of what will be a steady stream of clinical trials.

Immunocore's clinical and pre-clinical development continued its positive forward momentum in 2017 and we hope that interim data from its pivotal Phase 2/3 study in metastatic uveal melanoma will be released before the end of 2018. This data, if positive, will significantly validate Immunocore's very extensive solid tumour pipeline.

Malin Business Updates

Our primary corporate objective is to deliver substantial Total Shareholder Return ("TSR") from the successful allocation of capital and operational resources to private life sciences businesses. Since my appointment as CEO on 1 October 2017, I have re-positioned the business and its resources on the assets with the greatest source of actionable upside and value for our shareholders. I also implemented a restructuring of our business to align the infrastructure with the resources required for the current phase of the journey. One of the consequences of this restructuring process was to close our US office and reduce our costs. We expect 2018 operating spend to be roughly one-third lower than in 2017 at approximately €12 million. Further refinements to our structure and certain resulting additional cost savings will be pursued.

Whilst our assets have progressed, our share price performance in the second half of 2017 was particularly poor. A key focus of mine is to work with the management team to close the gap between intrinsic value and share price. Since my appointment as CEO we have initiated a more active level of communication with shareholders and the market more generally and this will accelerate over the months ahead. One of the issues that we will seek to address is helping investors to better appraise how the progress of our assets impacts our underlying fair value. Our previous fair value model, Observable Fair Value, resulted in updates to the valuations of investee companies only where there has been a capital transaction by the investee company. This resulted in valuations being outdated. For 31 December 2017 and going forward, we have adopted the International Private Equity Valuation ("IPEV") guidelines to estimate the fair value of our investee companies. Although management's view of the fair value of our investee companies exceeds the fair value estimated in accordance with these guidelines, this IPEV-compliant fair value gives a more current view of the value of our investee companies than the previous Observable Fair Value model.

We issued further equity in May 2017 and in January 2018. Our balance sheet is now strengthened and we are hopeful that it will be further augmented by inflows over the course of the year ahead.

The Year Ahead

We look forward to the coming year with increasing confidence and expect that the significant momentum in our investee companies will deliver key events of significant value for Malin shareholders as they progress some transformational therapies for patients.

Adrian Howd
CEO
14 March 2018

Our Vision

To build quality life science companies and translate their success into Total Shareholder Returns for our shareholders

Long Duration Capital

Assets and Talent

Operational & Strategic Expertise

Time

Value Unlock & Shareholder Returns

"Our primary corporate objective is to deliver substantial TSR from the successful allocation of capital and operational resources to private life science businesses."

Adrian Howd
CEO

Our Competitive Advantage

Quality Assets

Our assets give public market investors access to private life sciences assets with unique exposure across diverse modalities, therapeutic areas and geographies. Our assets have been sourced and filtered through our network of world-renowned scientists, clinicians and regulators, as well as industry and investment experts.

Operational Approach

We are not passive investors. We are actively engaged in our assets, investing our team, talent, network and time as well as capital.

Expertise

Our team, board and network combine multi-decades of experience across many functional domains of life science company evolution.

Patient Capital

Our capital cycle is long and is not constrained by a fixed term. Our public equity gives investors the ability to increase or decrease exposure and gives us flexibility in how we deliver returns to shareholders.

Unique Risk Return Spectrum

Our exposure to early stage assets is less than 5% of our net capital exposure. Our assets are largely maturing development or commercial companies and we hold meaningful stakes in them. This gives us the potential for significant returns from successful assets while our downside risk is protected by the diversity of the portfolio.

Business Structure

Our business and investments have been structured tax efficiently to maximise returns to shareholders. Some of our maturing assets could provide significant cash flows to our business in the medium term, broadening our funding opportunities and sustainability.

Business Strategy & Key Performance Indicators

The business strategy to achieve Malin's overall vision is focused on 3 core business areas:

- Asset Progression
- Total Shareholder Return
- Corporate & Capital Position

Business area	Description	Performance Metric
Asset Progression	• Malin will continue to work closely with its assets to help them reach the optimal value inflection point with a focused allocation of capital and operational resources on the sources of greatest TSR potential • A number of Malin's investee companies are maturing to the point where Malin can generate returns from distributions, strategic acquisition of the entire company or by Malin disposing of its interest	• Valuation of Malin's assets using the International Private Equity Valuation Guidelines • Proceeds from dividends and disposals of interests in our investee companies
Total Shareholder Return	• Malin will work to translate asset progress into TSR by share price appreciation and cash returns to shareholders	• The aggregate of the appreciation in value of the reported trade price for a Malin Ordinary Share over the initial placing price (€10.00) • Distributions and returns of capital to shareholder per Ordinary Share
Corporate & Capital Position	• Malin will work to have the financial strength to support the business and its core assets in particular and minimise future dilution to shareholders • Malin will maintain the corporate structure to remain tax efficient and to best support the unlocking of significant value from Malin's assets with the flexibility to refine the structure as the business evolves • Malin will work to improve the liquidity, market understanding and knowledge of Malin's equity thereby potentially reducing the gap between Malin's market capitalisation and management's estimate of intrinsic value	• Capital inflows from non-dilutive capital sources • Cash tax charges on realised gains and distributions from investee companies • Malin holding company operating expenses • Improved liquidity and share price performance

Operating Review

Our Investee Companies

Over the course of the past 3 years, we have assembled a platform of life sciences assets spanning innovation across therapeutics, devices and technologies. In each of our investee companies, Malin has identified cutting-edge science and technology, world-class talent and compelling value propositions. Malin's 3 core business units are Therapeutics, Health-Tech and Nidus.

At 31 December 2017, our net capital exposure was €369 million with breadth across stages of development and therapeutic areas to appropriately align risk and value potential. The progression of assets over time is anticipated to create further opportunities for Malin to re-invest capital in new scientific and technical innovation.

Collectively, Malin's assets have progressed strongly over the period since our initial investments. Some of this progress is reflected in our estimate of the fair value of our investee companies on page 29 while some progress will only be reflected in our fair value estimate with incremental progression and further de-risking of the assets. 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 13 to 27.

Therapeutics

Our therapeutics group of assets is comprised of investee companies developing breakthrough therapeutic approaches and technologies. Our interest is primarily in platform technologies where we have identified a potential for scientific, regulatory or commercial differentiation. The foci of our companies include small molecule therapies, therapeutic antibodies, immuno-oncology therapy and new therapeutic modalities including cell-based therapies and gene therapy.

Health-Tech

These investee companies work at the intersection of healthcare and technology and seek to improve the efficacy, efficiency and cost of delivering healthcare using ground-breaking technologies. As well as the development of innovative and potentially life-saving therapies, we also have health-tech investee companies focused on developing and commercialising technologies in the areas of medical education, patient engagement and hospital disinfection.

Nidus

Nidus is Malin's early stage scientific and technology business unit. Malin leverages its professional and academic relationships in sourcing these investments which give Malin exposure to early stage discovery platform technologies. Malin has a modest investment allocation to these early stage assets. The capital invested in Nidus of €17.5 million[1] represents less than 5% of Malin's net capital exposure.

1 €5.0 million of the capital invested in Nidus at 31 December 2017 represents convertible bridge debt.

"Our therapeutics assets are maturing well. The majority of our higher risk assets are successfully past the point of maximum risk."

Adrian Howd
CEO

Therapeutics

Poseida

At 31 December 2017

Malin investment to date: €31.5 million

Malin equity ownership: 37%

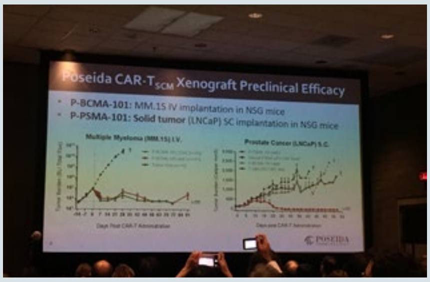
Poseida utilises best-in-class, proprietary genome editing technologies to develop targeted, life-saving therapeutics in areas of high unmet medical need. Poseida has demonstrated proof-of-principle that validates the potential of their differentiated genome engineering technologies and the related therapeutic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

Poseida's lead indication is a CAR-T therapy for multiple myeloma where striking pre-clinical data indicates the potential for durability advantage for Poseida's CAR-T products. A clinical trial of P-BCMA-101 for the treatment of patients with relapsed or refractory multiple myeloma was initiated in December 2017. The first patient has been dosed and Poseida expects to report data from the initial dose cohorts later in 2018. Poseida has continued to present exciting preclinical data for P-BCMA-101 at conferences including AACR, ASGCT & ASH.

Poseida's next most advanced program is a PSMA-specific CAR-T stem cell memory drug candidate for the treatment of prostate cancer. Data for P-PSMA-101 was presented at the American Association for Cancer Research Prostate Cancer Meeting in December 2017 on a preclinical study which demonstrated that this therapy could completely eliminate solid tumors in a previously incurable preclinical model of prostate cancer. Consistent with findings from the CAR-T program in multiple myeloma models, a high concentration of stem cell memory T-cells and improved stability of the binder resulted in unprecedented durability of response, without re-administration of treatment.

Poseida's first gene therapy indication is beta-thalassemia.



Poseida presented at the American Society of Hematology in December 2017. Poseida's CAR-T modifications are engineered using its proprietary piggyBac™ non-viral gene delivery system and Centyrin™ binding domain, which enables a streamlined and scalable manufacturing process that does not employ viruses, cytokines or magnetic beads and consistently produces high concentrations of modified T cells necessary to treat patients. This process yields an exceptionally high percentage (>70%) of the highly desirable stem cell memory T cell subtype (Tscm) even when starting with patient materials where Tscm is very rare. In contrast, competitor products typically report 0-20% Tscm cells. Recent studies show that Tscm cells may result in a CAR-T product that is more efficacious in patients.

Programme	Preclinical	Phase 1	Phase 2	Phase 3	Registration	Indication
P-BCMA-101 CAR-T Therapy						Multiple Myeloma
P-PSMA-101 CAR-T Therapy						Prostate Cancer
P-HBB-101 Ex vivo Gene Therapy						Beta-thalassemia
P-BCMA-ALLO1 Allogeneic CAR-T Therapy						Multiple Myeloma
Early Research						Various

Therapeutics (continued)

Immunocore

At 31 December 2017

Malin investment to date:	€73.4 million
Malin equity ownership:	10%

Based in Oxford, UK, Immunocore is a biotechnology company focused on the development of a new class of biologic drugs with its proprietary novel T cell receptor ("TCR") based technology for immunotherapies.

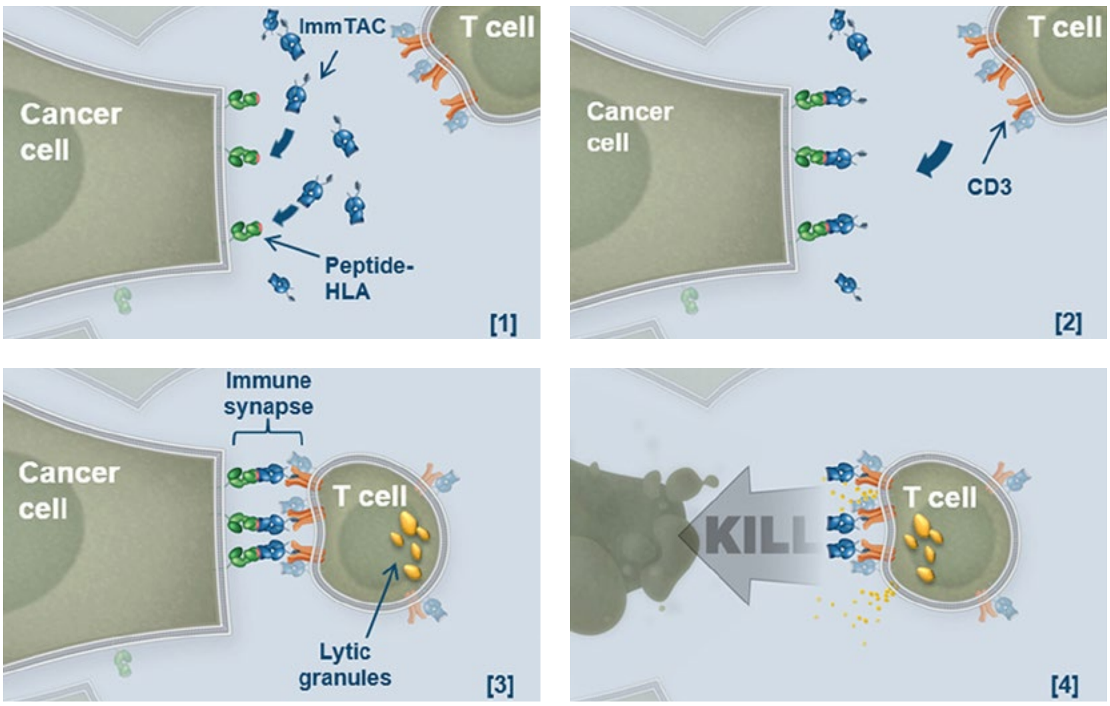
Immunocore is primarily focused on oncology but its technology is also applicable to infectious diseases and autoimmune disorders. Immunocore is the first company to enable the engineering of TCRs as therapeutics, targeting a class of antigens (HLA-peptide antigens) which cannot be targeted with antibodies.

Immunocore has developed proprietary technology focused on small protein molecules called Immune mobilising TCR Against Cancer ("ImmTACs") 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, which target cell surface proteins, ImmTACs 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 4 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 releases its load of cancer cell killing lytic granules, leading to destruction of the cancer.



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.

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 Imfinzi (durvalumab) and tremelimumab for cutaneous melanoma and in combination with Eli Lilly for the treatment of metastatic cutaneous and uveal melanomas respectively. IMCgp100 has been granted Orphan Drug Designation by the US FDA for the treatment of uveal melanoma.

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

Programme	Preclinical	Phase 1	Phase 2	Phase 3	Registration	Indication
IMCgp100						Uveal melanoma
IMCgp100+AZ[1]						Cutaneous melanoma
IMCgp100 + Lilly[2]						Various
Other internal						Various
Co-development[3]						NSCLC/Bladder Cancer/Synovial sarcoma
Co-development[4]						Various

1. IMCgp100 plus AstraZeneca MedImmune's durvalumab and tremelimumab.
2. IMCgp100 plus a small molecule inhibitor from Lilly.
3. Co-discovery and co-development programme with GlaxoSmithKline.
4. Co-discovery programmes with Genentech, GlaxoSmithKline, AstraZeneca MedImmune and Eli Lilly.

Therapeutics (continued)

Kymab

At 31 December 2017

Malin investment to date:	€20.7 million
Malin equity ownership:	9%

Kymab, the first spin-out from The Wellcome Trust Sanger Institute, Cambridge, UK, is deploying its best-in-class antibody platform to build a pipeline of differentiated drug candidates. By utilising its proprietary Kymouse™ platform, a mouse-model that can generate fully human monoclonal antibodies, Kymab is building a pipeline of assets across 4 main therapeutic areas including immuno-oncology, autoimmune disorders, infectious disease and haematology. By inserting the complete human antibody repertoire, covering nearly 3 million bases in the correct place in the mouse genome, researchers at Kymab have been able to create a viable and healthy mouse with an intact immune system that expresses human rather than mouse antibodies. As a result, the Kymouse™ platform generates very high affinity, candidate-quality molecules against multiple challenging and previously intractable disease targets without the need for further lead optimisation.

As well as its primary use to discover novel antibody therapeutics, the Kymouse™ platform is unique as a surrogate human for testing vaccine candidates designed to elicit a humoral immune response. Through its existing relationship with the Bill and Melinda Gates Foundation, Kymab has already initiated research collaborations aimed at identifying vaccines and therapeutic antibodies for a range of infectious diseases, including malaria, Salmonella Typhi, HIV and Bordetella pertussis. In January 2017, the Gates Foundation extended its collaboration with Kymab, providing a further $9 million in research and development grant funding over 3 years to accelerate the development of novel vaccines and therapeutics for infectious diseases.

In addition to the flagship Kymouse™ platform, Kymab has 2 further technologies which Kymab believes will advance the discovery of fully human monoclonal antibody drugs: a B-cell screening platform that deeply mines the Kymouse™ platform 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.

2017 was transformative for Kymab, as it became a clinical stage company, with its first antibody therapeutic, KY1005, for the treatment of autoimmune diseases, entering a Phase 1 study. KY1005 binds to OX40-ligand and blocks it from activating OX40, a protein that induces a prolonged response in T-cells of the immune system, which can lead to diseases of the immune system. By blocking this activation, KY1005 may address an underlying immune system imbalance in patients with autoimmune conditions. KY1005 has already shown excellent preclinical results in a model of acute Graft-versus-Host Disease (aGVHD) published in a poster presentation at the American Society of Haematology Annual Meeting in San Diego in 2016 and later in September 2017 in Science Translational Medicine. Furthermore, in November 2017, Kymab also presented encouraging tumour inhibition data at the Society for Immunotherapy of Cancer's ("SITC") 32nd Annual Meeting on its novel anti-ICOS antibody KY1044, the lead candidate in its growing immuno-oncology pipeline. Kymab plans to file an Investigational New Drug ("IND") application for KY1044 in late 2018 and commence clinical trials in 2019. In addition to this, Kymab is developing several other clinical candidates and the company expects that the KY1005 clinical study will be the first of what will be a steady stream of clinical trials. Kymab has also entered into collaborations with partners possessing world-leading scientific and medical expertise and novel technological capabilities including the MD Anderson Cancer Center, Novo Nordisk and the Bill & Melinda Gates Foundation.

Kymab significantly strengthened its executive leadership team and board in 2017 by appointing Dr Arndt Schottelius as Executive Vice President Research and Development, Dr Sonia Quaratino as Chief Medical Officer and Dr Martin Nicklasson as Non-Executive Chair.

Melinta

At 31 December 2017

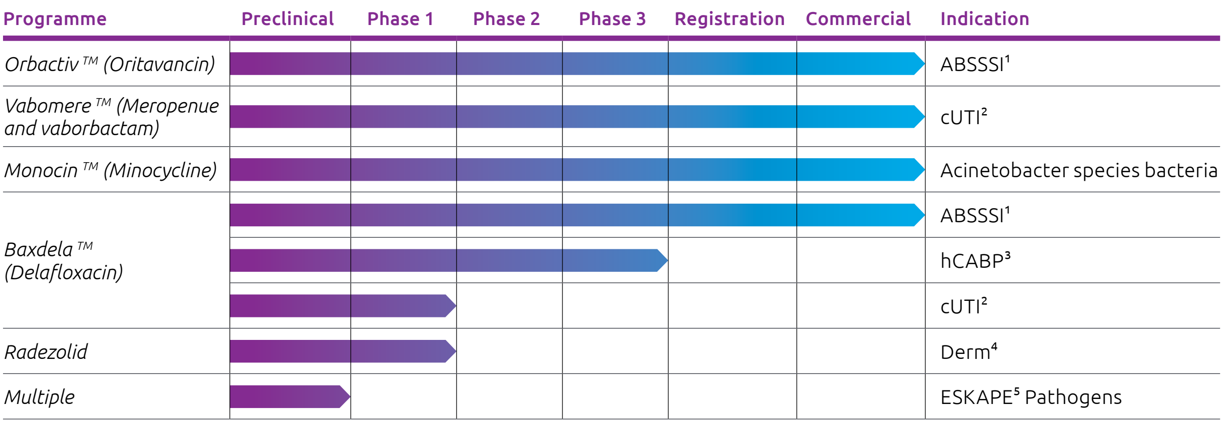
Malin investment to date:	€46.9 million
Malin equity ownership:	7%

Melinta is the largest pure-play antibiotics company in the world following its merger with Cempra, Inc. to become a NASDAQ-listed company in November 2017 and the subsequent acquisition of The Medicines Company's (NASDAQ: MDCO) infectious disease business in January 2018, which included 3 marketed products and MDCO's experienced sales force. Melinta's four marketed products include Baxdela™ (delafloxacin); Vabomere™ (meropenem and vaborbactam), Orbactiv® (oritavancin) and Minocin® (minocycline) for injection. It also has an extensive pipeline of preclinical and clinical-stage products representing many important classes of antibiotics, each targeted at a different segment of the anti-infective market. Together, this portfolio gives Melinta the unique ability to provide providers and patients with a range of solutions that can meet the tremendous need for novel antibiotics treating serious infections.

Baxdela™ was approved by the US FDA in 2017 for acute bacterial skin and skin structure infections ("ABSSSI") based on its efficacy against both gram-positive and gram-negative pathogens, including MRSA. It was given priority review by the US FDA due to its designation as a Qualified Infectious Disease Product ("QIDP") under the Generating Antibiotic Incentives Now ("GAIN") Act of 2012. The QIDP designation qualifies Baxdela™ for certain incentives related to the development of new antibiotics, including a five-year extension of any non-patent exclusivity period awarded to the drug. The intravenous and oral formulations of Baxdela™ for the treatment of ABSSSI were launched in the US in January 2018. In March 2017, Melinta and Menarini Group entered into a commercial and co-development agreement for Baxdela™ in 68 countries outside of the US. Malin's subsidiary, Altan Pharma, holds the African and Middle Eastern commercial rights. Baxdela™ is also being developed to treat Community Acquired Bacterial Pneumonia ("CABP") and is currently undergoing a Phase 3 clinical trial.

Melinta strengthened its executive leadership team following the merger with Cempra, including the appointment of Dan Wechsler as President and Chief Executive Officer.

Melinta believes that the 4 currently approved products have the potential to generate over $1 billion from US peak sales; the robust and diverse drug development pipeline can fuel future growth while its Nobel prize-winning proprietary discovery technology, the ESKAPE Pathogen Program, can address emerging resistance.



1. Acute Bacterial Skin and Skin Structure Infections.
2. Complicated Urinary Tract Infections.
3. Hospital treated Community Acquired Bacterial Pneumonia.
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 and Enterobacter species.

Viamet

At 31 December 2017

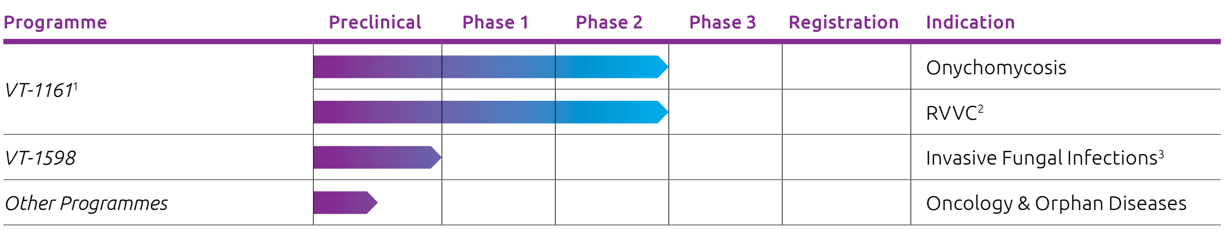
Malin investment to date:	€29.9 million
Malin equity ownership:	15%

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.

Initial drug discovery and development efforts have been focused on a clinically validated metalloenzyme target, fungal CYP51, with broad applications in the treatment of human fungal infections. Viamet's most advanced molecule, VT-1161, was acquired by NovaQuest Capital Management ("NovaQuest Capital") in January 2018. The acquisition of this molecule followed the successful Phase 2b clinical trials for the treatment of recurrent vulvovaginal candidiasis ("RVVC") and onychomycosis, or fungal nail infection, announced in 2017. NovaQuest Capital will be responsible for the further development of VT-1161. Although the financial terms of the transaction were not publicly disclosed, the common consideration structure of a transaction of this type includes an upfront payment, regulatory and commercial milestone payments and a royalty on all worldwide sales. Malin's share of the upfront payment to Viamet shareholders was \$11.6 million (€9.4 million), of which \$10.6 million was received in February 2018.

Beyond VT-1161, Viamet's next most advanced molecule is VT-1598, an orally available inhibitor of fungal CYP51 that has shown high potency and selectivity in in-vitro studies. An IND filing has been approved for VT-1598 and the molecule is ready to enter clinical testing for a range of invasive fungal infections, including cryptococcal meningitis. The early stage pipeline also includes promising preclinical product candidates which target other validated metalloenzymes in the areas of cardiovascular disease and oncology. Viamet management believes the MIDAS technology is applicable to a broad range of metalloenzyme targets across many therapeutic indications.



1. Acquired by NovaQuest Capital but Viamet and its shareholders benefit economically by its further development and commercialisation in at least one indication.
2. Recurrent Vulvovaginal Candidiasis.
3. Invasive fungal infection, including coccidioidomycosis, also known as Valley Fever.

Altan

At 31 December 2017

Malin investment to date: €34.5 million

Malin equity ownership: 65%

Altan is a specialty pharmaceutical company headquartered in Dublin, Ireland with a Spanish-based generic injectable business. Altan was founded by four former executives from Abbott. Altan develops, manufactures and markets injectable medications for the hospital and other provider segments in Europe and select Asian and Latin American markets. 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 will aim to improve its competitive profile in Europe by establishing a direct presence in selected large European markets. Altan is building a comprehensive R&D pipeline to support accelerated new product launches and will pursue additional business development and licensing opportunities in Europe and in international markets.

Novan

At 31 December 2017

Malin investment to date: €35.1 million

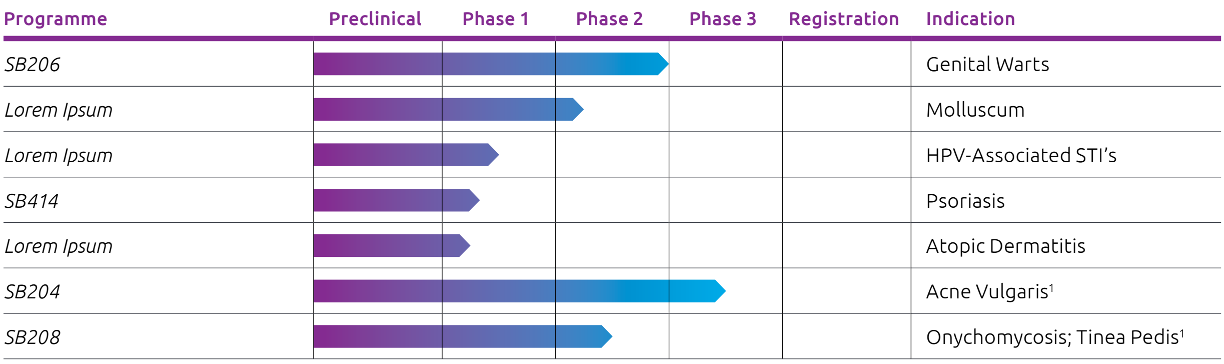
Malin equity ownership: 16%

Novan, based in Morrisville, North Carolina, US, is a clinical stage public biotechnology company focused on leveraging nitric oxide's natural antiviral and immunomodulatory mechanisms of action to treat dermatological and oncovirus-mediated diseases using the company's nitric oxide platform. Nitric oxide fulfills multiple roles across biological functions including as part of the natural immune system response against microbial pathogens and a critical regulator of inflammation. Novan's nitric oxide platform is comprised of two key components, the proprietary NITRICIL™ technology, which drives creation of new chemical entities, and the topical formulation science, both of which are used to modulate product candidate for specific indications.

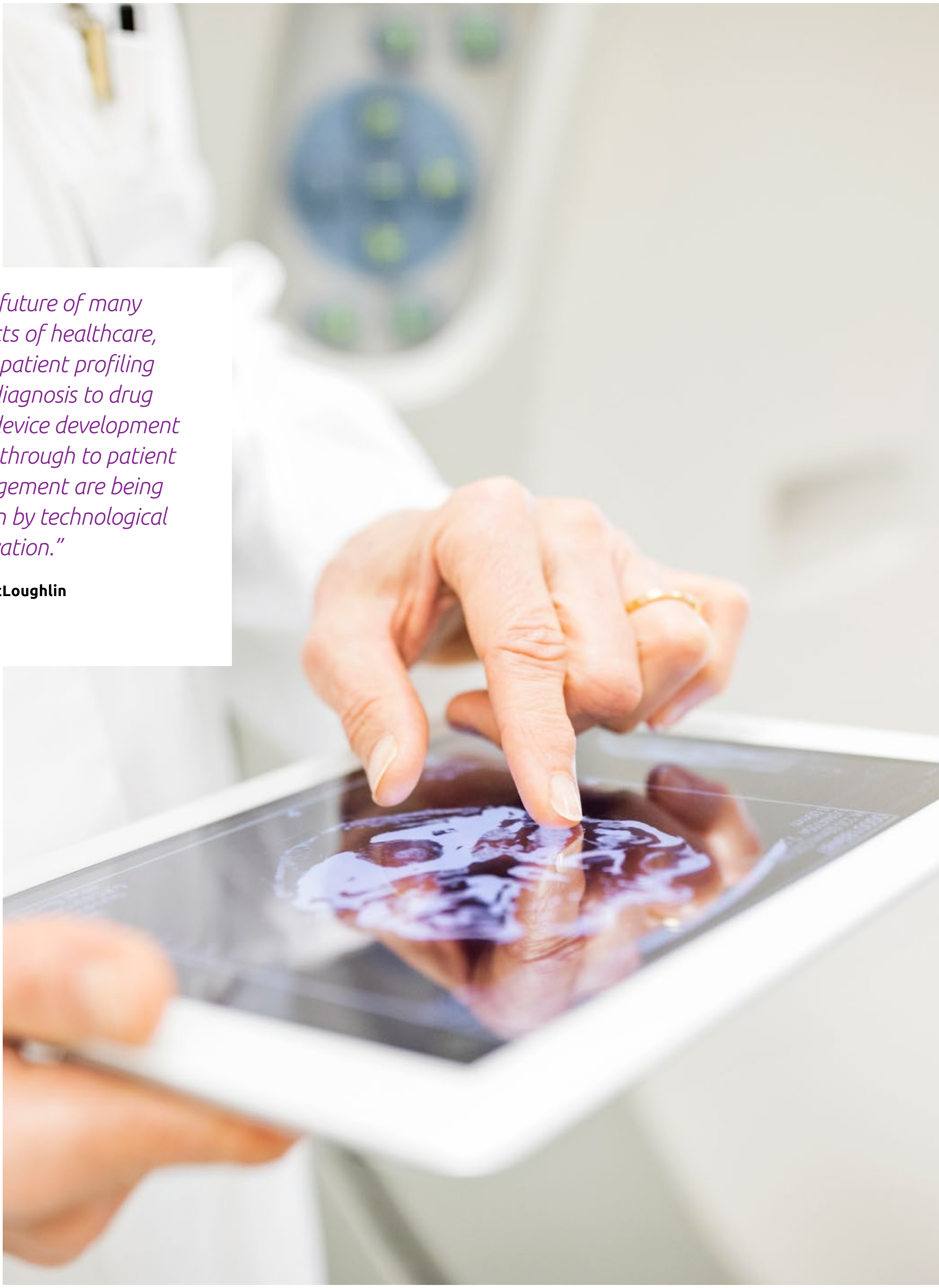
In January 2017, Novan announced the results of both of its Phase 3 pivotal clinical trials for SB204 in the treatment of acne vulgaris. SB204 demonstrated statistical significance compared to vehicle on all three co-primary endpoints in one of the trials but demonstrated statistical significance on only one of three co-primary endpoints in the other. Novan intends to execute the 1 additional Phase 3 pivotal trial that is required before the filing of a New Drug Application ("NDA") using third-party financing and execution.

During 2017, good progress was made in advancing and expanding the breadth of Novan's pipeline across anti-fungal, anti-inflammatory and antiviral indications. Novan reported positive anti-fungal Phase 2 results in April 2017 and initiated Phase 1b clinical trials in psoriasis and atopic dermatitis during the fourth quarter of 2017. In January 2018, the first patient was dosed in a Phase 2 trial for the treatment of molluscum contagiosum, a contagious skin infection caused by the molluscipox virus.

In January 2018, Novan completed a $38.0 million financing round, issuing 10 million common shares and accompanying warrants. Malin did not participate in this financing round and its stake in Novan was reduced to 10% following completion.



1. Non-core development programs, evaluating external partnering opportunities



"The future of many aspects of healthcare, from patient profiling and diagnosis to drug and device development right through to patient engagement are being driven by technological innovation."

Neil McLoughlin
COO

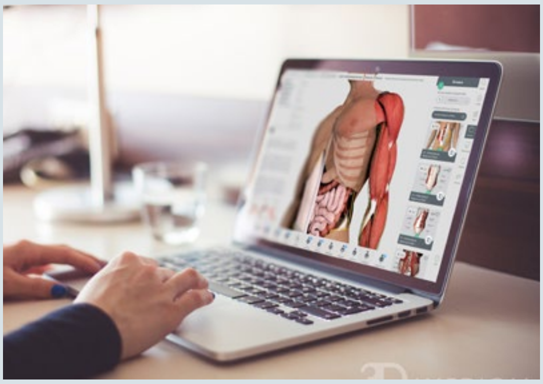
Health-Tech

3D4Medical

At 31 December 2017

Malin investment to date:	€15.2 million
Malin equity ownership:	38%

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. 3D4Medical's software has been featured on-stage at Apple and Microsoft events and is used daily in universities and clinical organisations around the world.

To date, 3D4Medical has had over 12 million app downloads worldwide and numerous top grossing No. 1's on the Apple App Store. Beyond the app stores, 3D4Medical has made significant progress over the past year in growing the users on the company's flagship platform product, Complete Anatomy, where it has approximately 450,000 users. The company has recently launched this product on the iPhone and will soon launch its Android version.

3D4Medical has also begun work on bringing their medical technology into the real world using augmented reality.

Health-Tech (continued)

Xenex

At 31 December 2017

Malin investment to date:	€23.2 million
Malin equity ownership:	11%

Located in San Antonio, Texas, 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. Hospital acquired infections ("HAIs") are one of the leading causes of death in the US. The Centre for Disease Control and Prevention statistics show that 1 in every 25 patients in the US will contract a HAI and of those, 1 in 9 will die. 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.

Xenex's Pulsed Xenon Full Spectrum™ UV disinfection robots leverage the full germicidal UV spectrum to achieve four primary methods of cellular damage and disinfect surfaces without contact or chemicals. Traditional UV disinfection methodologies primarily achieve one type of cellular damage and contain toxic mercury or hydrogen peroxide.

Xenex's disinfection robots can effectively disinfect a typical patient/procedure room in 5 to 10 minutes, as demonstrated in 23 peer-reviewed published studies. Xenex is the only UV disinfection provider with multiple hospital customers reporting fewer infections in peer reviewed published studies.

Due to its speed and ease of use, the Xenex system integrates smoothly into hospital cleaning operations. Nearly 400 hospitals around the world 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.

NeuVT

At 31 December 2017

Malin investment to date: €19.7 million[1]

Malin equity ownership: 32%

NeuVT is an Irish medical device company seeking to design and develop innovative and effective interventional therapies for the treatment of stroke and vascular diseases. NeuVT had its first product approved by the US FDA in 2017 and has a pipeline of innovative neurovascular products in development. The board and management of NeuVT are currently undertaking a review of the business to determine how best to position and progress the business. NeuVT does not currently have the capital to advance its products that are in development. The business review may result in the separation, sale or spin-off of certain assets from the NeuVT business. We expect the business review to be completed and the resulting resolutions to be executed by the end of the first half of 2018.

Given the significant uncertainty over this business and the possible separation, sale or spin-off of certain of its assets, Malin management could not forecast the future cash flows or returns from the business with sufficient certainty to support the carrying amount of the NeuVT business on the Group's balance sheet at 31 December 2017 and therefore recognised an impairment charge of €15.7 million to fully impair the carrying value of the business on the balance sheet at 31 December 2017.

Jaan Health

At 31 December 2017

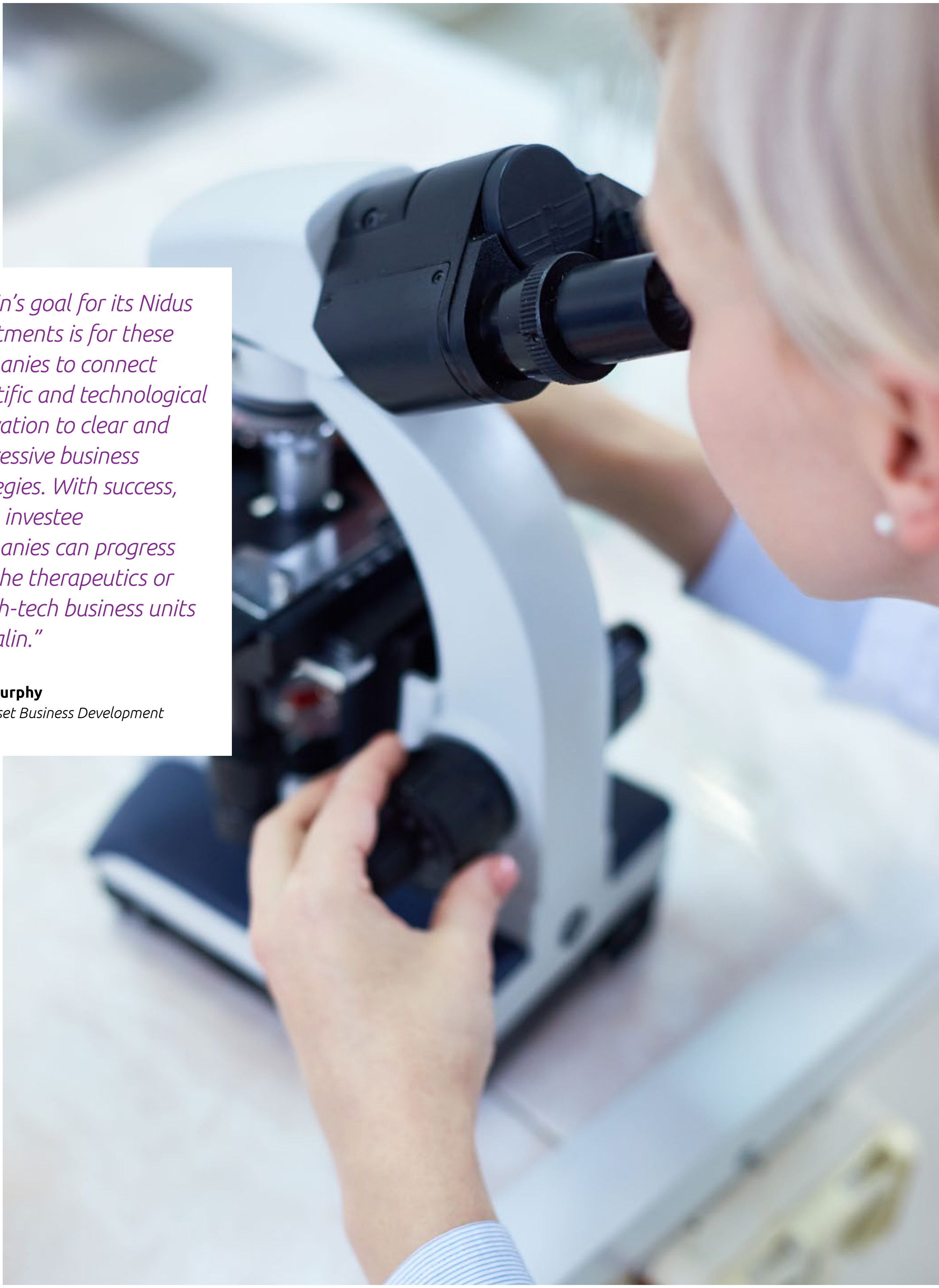
Malin investment to date: €0.9 million

Malin equity ownership: 15%

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

Founded by an experienced team of healthcare and 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.

1 €6.5 million of the capital invested in NeuVT at 31 December 2017 represents bridge debt extended during 2017.



"Malin's goal for its Nidus investments is for these companies to connect scientific and technological innovation to clear and progressive business strategies. With success, these investee companies can progress into the therapeutics or health-tech business units of Malin."

Sean Murphy
EVP, Asset Business Development

Nidus

Total Invested capital in Nidus assets at 31 December 2017: €17.5 million[1]

An2H

At 31 December 2017

Malin equity ownership: 26%[2]

An2H is an Irish headquartered company focused on the design of 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 and destroy useful proteins and allow 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. An2H's goal as an early stage drug discovery company is to predictably and repetitively design patented compounds for druggable targets with the intent to out-license these compounds for commercial availability. Currently, An2H is bringing a selection of compounds through pre-clinical testing in advance of an Investigational New Drug ("IND") filing.

1 €5.0 million of the capital invested in Nidus assets at 31 December 2017 represents convertible bridge debt.

2 Malin's equity ownership of An2H at 31 December 2017 does not take into account €5.0 million of convertible bridge debt extended to An2H in 2016.

Artizan

At 31 December 2017

Malin equity ownership: 27%

Artizan is a US biotechnology company headquartered in Durham, North Carolina, with labs in New Haven, Connecticut, focused on developing a platform to eliminate disease-causing bacteria in the gut microbiota. The ability to target these specific bacteria could lead to treatment options for many digestive disorders as well as other diseases including obesity, autoimmune diseases, and a wide variety of skin, lung and central nervous system ("CNS") diseases. Artizan's proprietary technology platform, IgA-SEQ™, is based on the discovery made by founders Prof Dr Richard Flavell, Noah Palm, Ph.D., and Marcel de Zoete, Ph.D. in Yale University's Department of Immunobiology, that they could distinguish certain pathogenic bacteria from the remainder of the intestinal microbiota. The company's initial focus is on Inflammatory Bowel Disease ("IBD"), specifically Crohn's Disease and Ulcerative Colitis, for which Artizan has generated proof-of-principle data in mouse models of disease and is focused on selecting a number of clinical targets for further progression.

Hatteras

Hatteras is a US-based 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.

Malin's strategic partnership with Hatteras and its investment in the Hatteras Venture Partners V ("HVP V") fund 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. In February 2018, Malin received its first distribution from HVP V following the successful divestment of a portfolio company.

KNOW Bio

At 31 December 2017

Malin equity ownership: 16%

KNOW Bio was established in December 2015, when Novan spun off its non-dermatology assets into a new company, KNOW Bio, with the aim of developing the nitric oxide-based NITRICIL™ platform for application in other therapeutic areas, including respiratory diseases (including cystic fibrosis), hair loss, wound-healing and oncology. KNOW Bio aims to target its drug and device pipeline through wholly or majority owned subsidiary companies. In 2017, 2 significant subsidiaries were formed, PhotonMD™ and Novoclem™, and dedicated, experienced management teams were hired.

PhotonMD™ is a medical device company focused on the development of natural, chemical free, non-UV containing light technology therapies for chronic diseases using the unique application of specific wavelengths of light that play an important role in unlocking key elements in human physiology. One of the keys to modulating the immune system is the power to control nitric oxide ("NO") and reactive oxygen species. The Company's initial areas of focus include aesthetic, autoimmune, inflammatory diseases and other conditions susceptible to light-based healing. PhotonMD™ submitted a 510(k) filing for its initial product in 2017 and anticipates commercialising this product in 2018.

Novoclem™ is initially focused on developing a NO-based treatment for people living with Cystic Fibrosis and infected with Pseudomonas aeruginosa. In November 2017, its lead inhaled antimicrobial drug candidate, BIO51, was designated as a Qualified Infectious Disease Product ("QIDP") by the US FDA for the treatment of chronic pulmonary infections in patients with Cystic Fibrosis. The company anticipates submitting an IND application filing and initiating First-In Human clinical trials in 2018.

Wren

At 31 December 2017

Malin equity ownership: 35%

Wren Therapeutics is a biopharmaceutical company based in Cambridge, UK, focused on drug discovery and development for protein misfolding diseases, which include Alzheimer's and Parkinson's diseases, type-2 diabetes, and many rare forms of amyloidosis. Wren's proprietary technology platform is built on a new and fundamental understanding of the origins of these diseases and is based on more than a decade of scientific research at the University of Cambridge and Lund University.

2018 and 2019 Anticipated Newsflow

	2018 Potential Newsflow	2019 Potential Newsflow
Poseida	• Report initial cohort data for P-BCMA-101 trial in multiple myeloma	• Report complete cohort data for P-BCMA-101 in multiple myeloma • Initiate pivotal P-BCMA-101 multiple myeloma trial
Immunocore	• Interim data from pivotal Phase 2/3 study in metastatic uveal melanoma (late 2018) • Interim data from IMCgp100 cutaneous melanoma combination trial • File additional ImmTAC IND and commence Phase 1	• Report pivotal metastatic uveal melanoma data • File additional ImmTAC IND and commence Phase 1
Kymab	• Phase 1 data from lead asset KY1005 • Commence Phase 2 proof-of-concept trial in autoimmune indications	• Initiate Phase 1 KY1044 oncology clinical trial
Melinta	• Complete acquisition of The Medicines Company infectious disease portfolio • Commercial launch for Baxdela™ in ABSSSI • Report Phase 3 data for Baxdela™ in CABP • QIDP for Radezolid for bacterial vaginosis	• Approval and launch of Baxdela™ in CABP
Viamet	• Close VT-1161 sale to NovaQuest • NovaQuest initiates Phase 3 trials for VT-1161 in RVVC	• NovaQuest completes enrolment for Phase 3 VT-1161 RVVC trial
Novan	• Sign and announce third-party financing and execution deal for SB204 acne Phase 3 trial • Partner initiates Phase 3 SB204 acne trial • Report SB206 top-line Phase 2 results for molloscum • Report SB414 top-line Phase 1b results for atopic dermatitis and psoriasis	• Final Phase 2 data for SB206 in molloscum
Xenex	• File & receive US FDA approval for next-generation robot	• Launch US FDA-approved next-generation robot
Altan	• Expand direct commercial presence into additional territories	• Product launches resulting from ongoing internal R&D efforts

Financial Review

As at 31 December 2017:

Capital Position

Equity raised

€**407** million

Debt balance

€**40** million

Cash

€**14** million*

Investments

Net Cash Exposure**

€**369** million

Therapeutics
€273 million

Health-Tech
€59 million

Nidus
€17 million

Other
€20 million

Fair value estimate of investee companies

€**401** million***

Update from the CFO, Darragh Lyons

- Our Malin corporate year-end cash position of approximately €14 million has been strengthened during early 2018 following the completion of an equity placing which raised gross proceeds of approximately €28 million. We have also had inflows from asset realisations and distributions of almost €10 million in this period. We are hopeful of further inflows from asset realisations over the next 12 months as a number of our assets reach maturity and the optimal value inflection points for Malin to realise some or all of its investment.
- We are engaged with the European Investment Bank (the "EIB") with regard to a possible amendment of the terms of our debt facility to better align its structure with our business needs.
- We have adopted the International Private Equity Valuation ("IPEV") guidelines to estimate the fair value of our investments. We have estimated the fair value of our investments at 31 December 2017 at €401 million. A number of key events in our investee companies over the next 12 months have the potential to further de-risk our investments and drive significant value appreciation.
- Following the appointment of Adrian Howd as CEO of Malin in October 2017 a number of measures were taken to simplify the organisation resulting in a projected decrease in Malin's operating expenses for 2018 by almost one-third to €12 million. This may reduce further as management continues to assess the business needs.

* Cash position boosted by the €28 million equity raise in January 2018 and approximately €10 million of asset realisation proceeds in 2018 to date.

** Capital invested less capital returns to Malin.

*** Estimated in accordance with International Private Equity Valuation Guidelines.

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, estimated fair value information. We previously estimated this based on "Observable Fair Value" which updated valuations of investee companies only where there has been a capital transaction by the investee company. This resulted in valuations in those particular assets becoming outdated very quickly.

For 31 December 2017, we have adopted the IPEV guidelines to estimate the fair value of our investee companies. Although management's estimate of the fair value of our investee companies exceeds the fair value estimated in accordance with these guidelines, this IPEV-compliant fair value gives a more current view of the value recognised from the scientific development and commercial progress of our investee companies than Observable Fair Value. The IPEV guidelines are recognised as best practice in the valuation of private companies.

	Net Cash Exposure	IPEV Fair Value Estimate*	Basis
Therapeutics			
Poseida	31.5	55.5	Milestone
Immunocore	74.3	82.9	Milestone
Kymab	20.7	27.3	Price of recent investment
Melinta	46.9	20.5	Market
Viamet	29.9	75.9	DCF
Novan	35.1	9.2	Market
Altan	34.5	65.3	DCF
Health-Tech			
3D4Medical	15.2	14.2	Cost***
Xenex	23.2	30.5	Price of recent investment
Jaan Health	0.9	0.8	Cost***
NeuVT	19.7	-	Impaired
Nidus			
An2H	9.2	9.2	Cost
Artizan	1.2	1.1	Cost***
Hatteras	3.6	3.3	Other
KNOW Bio	-	1.0	Price of recent investment
Wren	3.5	3.8	Cost***
Other**	20.0	0.4	Mixed
Total	**369.4**	**400.9**	

* The following considerations are used when calculating the fair value of unlisted life science companies:
Cost basis: Where the investment has been made recently it is valued on a cost basis unless there is objective evidence that a change in fair value has occurred since the investment was made.
Price of recent investment: Where there has been any recent investment by third parties, the price of that investment generally provides the basis of the valuation.
Discounted Cash Flows: Involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business.
Milestone analysis: In applying the milestone analysis approach, the Group attempts to assess whether there has been an indication of change in fair value based on consideration of the progress of the Company's key milestones. A milestone event may include technical, regulatory and/or financial measures.
Other: Interest in an underlying fund is based on a reported NAV provided by the investee fund manager.

** Represents investee subsidiary companies Cilatus and Serenus.

*** Movement between Net Cash Exposure and IPEV fair value estimate relates to unrealised foreign exchange.

Financial Review (continued)

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 with the exception of impairments of available-for-sale investments which are recognised in the consolidated income statement. 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

	2017 €'m	2016 €'m
Investments in associate undertakings	117.3	162.3
Investments in available-for-sale undertakings	81.6	79.3
Goodwill and other intangible assets	39.4	57.6
Property, plant and equipment	11.0	12.2
Other	1.7	8.9
Total non-current assets	**251.0**	**320.3**
Inventories	13.8	13.9
Trade and other receivables	16.1	19.8
Cash	27.1	48.9
Total current assets	**57.0**	**82.6**
Loans and borrowings	(63.5)	(67.6)
Trade and other payables	(16.3)	(17.5)
Deferred tax liability	(6.6)	(8.7)
Provisions	(0.2)	(1.0)
Total liabilities	**(86.6)**	**(94.8)**
Equity	**221.4**	**308.1**

Consolidated Income Statement

	2017 €'m	2016 €'m
Revenue	41.9	42.1
Cost of sales	(30.8)	(30.6)
Gross Profit	**11.1**	**11.5**
Operating Expenses		
Research and development expenses	(11.5)	(5.1)
Selling, general and administrative expenses	(62.3)	(62.6)
Total operating expenses	**(73.8)**	**(67.7)**
Share of net losses of associate undertakings	(25.0)	(26.4)
Loss on change in equity ownership of associate undertakings	(5.3)	-
Fair value movement on reclassification to available-for-sale investments	15.3	-
Reclassification of available-for-sale investment impairment loss from other comprehensive income	(21.5)	-
Fair value movement on derivatives	(1.8)	(1.3)
Net finance expense	(6.4)	(2.4)
Loss before tax	**(107.4)**	**(86.3)**
Taxation	1.2	(0.3)
Loss after tax	**(106.2)**	**(86.6)**

"I believe the adoption of the IPEV-based fair value estimate provides a better basis to assess the progress of our assets and I am hopeful that, with the achievement of key milestones by our investee companies, significant further value can be unlocked over the next 12 months".

Darragh Lyons
CFO

Financial Review (continued)

Malin's investments

The table below provides an overview of our subsidiary, associate company and available-for-sale investment interests at 31 December 2017.

Investee[1]	Headquarters	Malin % shareholding at 31 December 2017[2]
Subsidiaries		
Altan	Ireland	65%
NeuVT	Ireland	32%
Wren	UK	35%
Cilatus	Ireland	80%
Serenus	Ireland	76%
Associate investments		
3D4Medical	Ireland	38%
Immunocore	UK	10%
Jaan Health	US	15%
Poseida	US	37%
Novan	US	16%
Viamet	US	15%
An2H	Ireland	26%
Artizan	US	27%
KNOW Bio	US	16%
Available-for-sale investments		
Kymab	UK	9%
Melinta	US	7%
Xenex	US	11%
Hatteras	US	-

Cash position

Malin's consolidated cash and cash equivalents balance at 31 December 2017 of €27.1 million includes cash and cash equivalent balances of €13.6 million held by its investee subsidiary companies and €13.5 million held by Malin and Malin's direct corporate subsidiaries.

During 2017, Malin incurred cash outflows of €18.6 million to make follow-on investments and convertible note purchases in 5 of Malin's existing investee companies.

On 3 May 2017, Malin completed a placing of 2,689,906 new Ordinary Shares, raising gross proceeds of €27.0 million.

Subsequent to year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares, raising gross proceeds of €27.8 million.

Our Malin corporate year-end cash position of €13.5 million has been strengthened during the first couple of months of 2018 following the completion of an equity placing which raised gross proceeds of approximately €28 million. We have also had inflows from asset realisations of almost €10 million in this period.

1. Notwithstanding the above categorisation of Malin's investee companies, the Group's activities are organised, reviewed and analysed internally under a single operating segment structure.
2. Shareholding based on issued share capital at 31 December 2017 and does not take convertible debt capital into account.

Debt facility with EIB

On 23 June 2016, Malin secured a €70.0 million debt facility over a period of 7 years from the EIB to enable Malin to increase its investment in innovation and research across the dynamic and fast-growing segments of the European life sciences industry. As at 31 December 2017, Malin had drawn down €40.0 million of this debt facility. We are engaged with the EIB with regard to a possible amendment of the terms of our debt facility to better align its structure with our business needs.

Revenue

The full amount of the Group's revenue of €41.9 million (2016: €42.1 million) is attributable to Malin's subsidiaries, Altan (€39.8 million) and Cilatus (€2.1 million). Altan's revenue is derived from the sale of pharmaceutical products, primarily the sale of injectable medications, to hospitals and other healthcare providers. Cilatus' revenue is derived from the provision of consulting services to biotechnology companies.

Operating expenses

The consolidated cash and non-cash operating expenses incurred by Malin and its subsidiaries during the year to 31 December 2017, presented in the consolidated income statement, are analysed below.

	Cost of sales expenses €'m	Research & development expenses €'m	Selling, general & administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	17.3	**17.3**
Malin corporate subsidiaries - restructuring and exceptional charges	-	-	1.6	**1.6**
Investee subsidiary companies	30.8	11.5	9.4	**51.7**
Write-off of goodwill and intangible assets on subsidiary	-	-	15.8	**15.8**
Founder Equity and Malin share-based payment charges	-	-	18.0	**18.0**
Investee company employee share-based payment charges	-	-	0.2	**0.2**
	30.8	11.5	62.3	**104.6**

Malin's corporate operating expenses for 2017 were €17.3 million. Following the appointment of Adrian Howd as CEO of Malin in October 2017 a number of measures were taken to simplify the organisation resulting in a projected decrease in Malin's operating expenses for 2018 to €12 million. This may reduce further as management continues to assess the business needs.

The consolidated operating expenses incurred by Malin and its subsidiaries during the year ended 31 December 2016 are analysed below.

	Cost of sales expenses €'m	Research & development expenses €'m	Selling, general & administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	20.2	**20.2**
Investee subsidiary companies	30.6	5.1	13.5	**49.2**
Write-off of goodwill of subsidiary	-	-	9.7	**9.7**
Malin share-based payment charges	-	-	19.2	**19.2**
	30.6	5.1	62.6	**98.3**

Risk Management

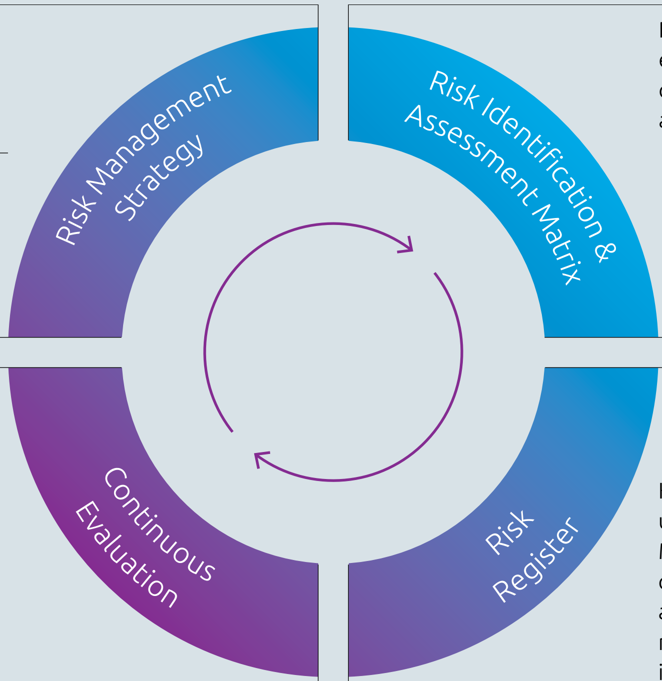
The execution of Malin's strategy is subject to a number of risks and uncertainties. A vigorous and effective risk management framework is essential for Malin to achieve its objectives. The ongoing assessment and review of the risks facing Malin and each of its investee companies is a key focus of the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

Malin's Risk Framework

Efficacy of the risk framework is monitored and refined

Malin's risk appetite is defined and agreed

Risks facing Malin and each of its investee companies identified and assessed



Risk assessments are monitored regularly by the Audit Committee and overseen by the Board

Key risks analysed and understood. Mitigating factors are considered and appropriate mitigating actions put in place.

"Our assets are largely maturing development or commercial companies and we hold meaningful stakes in them. This gives us the potential for significant returns from successful assets while our downside risk is protected by the diversity of the portfolio".

Adrian Howd
CEO

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.

Risk Management (continued)

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 could have specific risks related to its business as well as being exposed to risks related to its investee companies.

Risk and description	Mitigating factors and actions
1. Asset Risk	
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 within 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.	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; • 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 Malin's 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. Malin's assets are largely maturing development or commercial companies in which Malin holds meaningful stakes. This gives Malin the potential for significant returns from successful assets while the downside risk is protected by the diversity of the portfolio. In the view of Malin's management team and board, the majority of its higher risk assets are successfully past the point of maximum risk.

Risk and description	Mitigating factors and actions
2. Capital Risk	
The inability of Malin to fund its operations and follow-on investment opportunities in its existing investee companies or 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.	Malin's initial 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 year-end cash position of approximately €14 million has been strengthened during early 2018 following the completion of an equity placing which raised gross proceeds of approximately €28 million. Malin has also had inflows from asset realisations of almost €10 million in this period. Management is hopeful of further inflows from asset realisations over the next 12 months as a number of assets reach maturity and the optimal value inflection points for Malin to realise some or all of its investment. 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. The predominant ownership of Malin equity by a small number of long-term shareholders and the resultant illiquidity of the stock significantly contributed to, what management believe is, a disproportionate decline in the Main share price since mid-2016 resulting in a significant decline in Malin's intrinsic value and market capitalisation. The Board and management have identified a number of steps to help remedy this anomaly in Malin's capital market structure and will seek to execute them as soon as possible.
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.	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 the majority of its companies 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.

Risk Management (continued)

Malin's Key Risks and Mitigating Factors and Actions (continued)

Risk and description	Mitigating factors and actions
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 its knowledge into future activities. Malin is team oriented and collectively driven to achieve meaningful results for its 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.
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 which are identified, assessed and continually reviewed by Malin's management as part of its risk management process. 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 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 seeks to mitigate 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, healthcare technology and fully commercial organisations. • 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 Malin's 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 to Malin's 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

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.

Over the past 12 months, in particular, we have seen how our capital and support for our investee companies can directly benefit patients with life-threatening diseases. While these benefits have been primarily seen within clinical trial settings to date, as our investee companies continue to progress, our participation and commitment to these companies developing innovative therapies will hopefully benefit society more broadly.

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.

The motivated and highly committed Malin team provides the business with a strong competitive advantage. Given the importance of our people, Malin endeavours to attract, develop, reward and retain the strongest talent across all areas of the business.

Malin employees are encouraged and supported to upskill as this offers both professional and personal development while also broadening the skillset of the Company. Malin has a diverse and experienced group of advisory partners which gives the Company unique access to expertise, know-how and experience across a wide range of specialities in the life sciences sector.

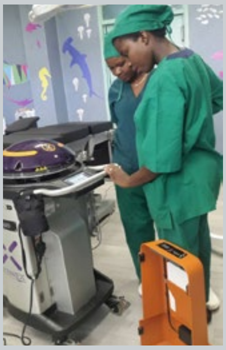
Business practice and approach

Malin's purpose is to create shareholder value through the selective long-term application of capital and operational expertise to private 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.

Integrated national commitment and social contribution

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 of its contribution to society.

During 2017, Malin donated a Xenex robot to Tumaini la Maisha, a Tanzanian based NGO supporting the National Children's Cancer Service. The Xenex unit is being used in the paediatric building at the Muhimbili National Hospital in Tanzania and has played a significant role in reducing the number of infections acquired by children during treatment at the hospital by improving the sterility of the environment.

Governance

Chairman's Introduction

Dear Shareholder,

I am pleased to present the Corporate Governance Report of Malin Corporation plc for 2017.

This section of the annual report contains details of the key features of Malin's governance structures and provides an insight into our Board and Board Committees, including their membership and activities during 2017. I believe that integrity, transparency and accountability are key principles of corporate governance and I intend to uphold these principles in my role as Chairman of the Board. I look forward to working closely with the Non-Executive Directors and with Adrian, Darragh and other members of the senior management team to ensure Malin operates under a robust governance framework which facilitates the growth of Malin's business and which ultimately delivers returns for our shareholders.

Since my appointment as Chairman, on 1 January 2018, I have sought to engage with the Company's major shareholders with a view to seeking to understand their views about Malin, our current business and our plans for the future. I intend to continue to have an open dialogue with our major shareholders and ensure that there is strong communication between them and the Board.

The Nominations Committee is currently working to identify at least two new Independent Non-Executive Directors with the necessary skill sets to augment the Board. I hope the successful candidates will be identified in advance of our 2018 AGM, at which they will be put to shareholders for election.

Donal O'Connor
Chairman
14 March 2018

Board of Directors

Donal O'Connor (67)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Chairman	1 January 2018	6 months*
Chairman of the Nominations Committee	1 January 2018	N/A
Member of the Audit Committee	1 July 2017	6 months

Donal O'Connor is currently a non-executive director of Perrigo Company plc and Theravance Biopharma, Inc. Mr O'Connor previously held a number of positions at partner level in PwC Ireland, including serving as senior partner from 1995 until 2007. He also served as a member of the PwC Global Board from 2003 to 2008. He was appointed to the Board as an Independent Non-Executive Director of Malin with effect from 1 July 2017.

Adrian Howd, Ph.D (46)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Chief Executive Officer	1 October 2018	2 years 11 months*

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. Mr Howd also served as executive vice president and head of Neuroscience and Corporate Development at Evotec AG. Mr Howd has a Ph.D in molecular neuroscience from the University of London. He served as Malin's Chief Investment Officer from August 2015 to September 2017 and CEO at the time of Malin's IPO.

Darragh Lyons (37)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Chief Financial Officer	19 December 2014	3 years

Darragh Lyons is a Fellow of Chartered Accountants Ireland and held a number of senior finance positions in Elan Corporation plc ("Elan") prior to the sale of Elan to Perrigo Company in December 2013. Prior to joining Elan, Mr Lyons worked with PwC in Dublin, the US and Canada, and also served in the firm's Global Technical Accounting Group.

Liam Daniel (65)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Lead Independent Non-Executive Director	12 February 2015	2 years 11 months
Chairman of the Audit Committee	3 March 2015	2 years 10 months
Chairman of the Governance and Conflicts Committee	3 March 2015	2 years 10 months
Member of the Remuneration Committee	3 March 2015	2 years 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. Mr Daniel 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.

* Represents from date of initial appointment to the Board of Directors.

Board of Directors (continued)

Owen Hughes (43)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Independent Non-Executive Director	12 February 2015	2 years 11 months
Member of the Audit Committee	3 March 2015	2 years 10 months
Member of the Nominations Committee	3 March 2015	2 years 10 months
Member of the Governance and Conflicts Committee	3 March 2015	1 year 10 months
Member of the Remuneration Committee	1 January 2018	N/A

Owen Hughes currently serves as managing director of MPM Capital and as CEO of Cullinan Oncology, a portfolio company of the UBS Oncology Impact Fund managed by MPM Capital, which is focused on developing high value cancer therapeutics. He is also a director of Radius Health, an osteoporosis company seeking regulatory approval for its lead product candidate. Prior to holding this position at Cullinan Oncology, Mr Hughes was chief business officer and head of Corporate Development at Intarcia Therapeutics, a late-stage diabetes company. Prior to Intarcia, Mr Hughes served as a director at Brookside Capital, a multibillion-dollar hedge fund that falls under the Bain Capital umbrella. There, Mr Hughes co-managed public and private healthcare investments including those in the biotechnology, medtech and services segments. Mr Hughes has over 16 years of Wall Street experience on both the buy and sell-side.

Robert A. Ingram (75)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Independent Non-Executive Director	12 February 2015	2 years 11 months
Member of the Nominations Committee	3 March 2015	2 years 10 months

Robert A. Ingram is the former CEO/chairman of GlaxoWellcome where he co-led the merger and integration that formed GlaxoSmithKline. Mr Ingram 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 both Novan and Viamet, two 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 (74)

Position	Date of Appointment	Tenure as of 31 Dec 2017
Independent Non-Executive Director	3 March 2015	2 years 10 months
Chairman of the Remuneration Committee	3 March 2015	2 years 10 months
Member of the Nominations Committee	10 February 2016	1 year 10 months

Kieran McGowan was chief executive of the Industrial Development Authority of Ireland from 1990 until his retirement in 1998. Mr McGowan served as chairman of CRH plc from May 2007 to May 2012, and has sat on the board of a number of private companies. He 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.

Former Directors

The following individuals also served as Directors during 2017:

- Kelly Martin (retired effective 30 September 2017)
- Kyran McLaughlin (retired effective 31 December 2017)

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 development.

There is no specific corporate governance regime mandated in Ireland for companies admitted to trading on the Enterprise Securities Market ("ESM"), however Malin voluntarily commits to comply with the principles of the Quoted Companies' Alliance 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 and resources, the principal provisions of the UK Corporate Governance Code (the "Code") as issued by the Financial Reporting Council in April 2016, together with the Irish Corporate Governance Annex published by the Irish Stock Exchange (together "the Codes").

The Board has also adopted a set of corporate governance guidelines (the "Corporate Governance Guidelines"), which are available on the Company's website. 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 evaluation, leadership development, Board Committees, Board meeting proceedings, Board and Independent Director access to senior 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, annual reports 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.

Corporate Governance Statement (continued)

Board Composition

The Board comprises of 7 Directors, being the Chairman, 4 Independent Non-Executive Directors and 2 Executive Directors. The Nominations Committee is currently working to identify at least two new Independent Non-Executive Directors. The Board meets regularly, and no less than 6 times per year. The Directors have established 4 standing committees, being an Audit Committee, a Remuneration Committee, a Nominations Committee and a Governance and Conflicts Committee, to assist in the execution of its responsibilities. Each Committee has formally delegated rules and responsibilities. Further details in respect of each of these Committees and the work carried out by them in 2017 is outlined on pages 50 to 64.

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 the Board 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 is responsible for ensuring that there is ongoing and effective communication with shareholders and that members of the Board develop and maintain an understanding of the views of shareholders.

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.

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 CEO. The specific responsibilities of the Lead Independent Director are set out in the Corporate Governance Guidelines.

Chief Executive Officer

The CEO is responsible for the day-to-day management of Malin's operations and the implementation of strategy and policies agreed by the Board. The CEO 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

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. All Directors have access to the advice and services of the Company Secretary and 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. Directors have continuing obligations to update the Board on any changes to potential conflicts.

Directors' and Officers' Liability Insurance

Malin maintains appropriate Directors' and Officers' liability ("D&O") insurance cover, the level of which is reviewed annually.

Board Attendance

During 2017, the Board held 6 scheduled meetings. In addition to the scheduled meetings, the Board also met on 7 occasions to address specific matters. The individual attendance record of the Directors at Board meetings during 2017 is set out in the table below.

Director	Number of Board Meetings Attended in 2017
Donal O'Connor*	8/8
Adrian Howd	13/13
Darragh Lyons	13/13
Liam Daniel	13/13
Owen Hughes	13/13
Kieran McGowan	13/13
Robert A. Ingram	12/13
Former Directors	
Kelly Martin**	8/8
Kyran McLaughlin***	13/13

* Appointed to the Board effective 1 July 2017.

** Retired from the Board effective 30 September 2017.

*** Retired from the Board effective 31 December 2017.

Remuneration

Details of the Directors' remuneration are set out in the Directors' Remuneration Report on pages 53 to 62.

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 judgment. The Board has considered the independence of each Non-Executive Director, and affirmatively determined Mr Daniel, Mr Hughes, Mr McGowan and Mr Ingram, 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. Mr O'Connor was considered independent in his role as a Non-Executive Director which he held immediately prior to his appointment as Chairman on 1 January 2018.

Appointments to the Board

All Directors, with the exception of Mr O'Connor, were appointed to the Board in the context of Malin's intention to apply for a public listing in March 2015. Mr O'Connor was appointed to the Board in July 2017. The Directors were evaluated for their suitability in terms of skills, expertise and independence. The terms and conditions of the Non-Executive Directors' appointments are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal business hours. The Nominations Committee leads the process for Board appointments and makes recommendations to the Board in this regard.

Commitment

Under their terms of appointment, 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.

Corporate Governance Statement (continued)

Induction
All Directors received a Director Induction Pack at the time of their appointment to the Board which provides background information on Malin and its investee companies and the various obligations arising from its governance structures and listing on 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.

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. It is intended that the training and development needs of Directors will be considered by the Board, through the Governance and Conflicts Committee, in the context of the Board evaluation process that is scheduled to be undertaken in 2018.

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 maintains 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 Board, through the Governance and Conflicts Committee, is committed to undertake a Board evaluation process on an annual basis. The Board evaluation is designed to enable consideration of 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. In light of Mr Howd's recent appointment as Chief Executive Officer in October 2017 and Mr O'Connor's recent appointment as Chairman in January 2018, the annual Board evaluation, due to take place in January 2018, has been postponed to the second half of the year.

Re-election
All current Directors offered themselves for re-election at Malin's 2017 AGM and were duly re-elected.

Accountability

Financial and Business Reporting
Page 7 contains an outline of Malin's business model, 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 taken into account that Malin's year-end cash position of approximately €14 million has been strengthened in January and February 2018 following the completion of an equity placing which raised gross proceeds of approximately €28 million and from asset realisations of almost €10 million in this period. The Board also considered that further inflows may occur during 2018 from asset realisations and that Malin is engaged with the European Investment Bank around a possible amendment of the terms of Malin's debt facility to better align its structure with Malin's business needs.

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 has undertaken an assessment of the principal risks facing the Company. Details of the risks identified and the process by which the Board oversees risk management is contained on pages 34 to 39. The Board has delegated responsibility for 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 and further details on this topic are contained in the Audit Committee Report on pages 50 to 52.

Relations with Shareholders

Shareholder Communication

The Chairman, CEO 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 Regulatory News Service announcements. Such announcements also appear on Malin's website.

Annual General Meeting

Formal notification and related papers are sent to all shareholders at least 21 days before the AGM and separate resolutions are proposed on each substantially separate issue. For each resolution, proxy appointment forms 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 are 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 are also made available on Malin's website following the AGM. 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 gives shareholders an opportunity to ask questions of the Chairman and, through him, the Chairmen of the various Board Committees.

Share Dealing

As a company listed on the ESM, Malin is subject to the Market Abuse Regulation ("MAR") and the Board has adopted a share dealing code to ensure compliance with MAR. Under the share dealing code, Persons Discharging Managerial Responsibility ("PDMRs"), including all Directors are required to obtain clearance before dealing in Company shares. PDMRs and applicable employees are prohibited from dealing in Company shares during close periods and prohibited periods, and when the individual is in possession of inside 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 year ended 31 December 2017.

Overview

The Audit Committee comprises 2 Independent Non-Executive Directors and the Chaiman of the Company. The Audit Committee met on 5 occasions during 2017. 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.

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.

Activities in 2017

During 2017, the Audit Committee continued to focus on verifying that Malin is accounting for its investments appropriately to ensure that Malin's financial statements give a true and fair view of the Company's financial affairs. The Committee also closely monitored the Company's cash position, operating expenditure, the covenants which the Company is subject to under its debt facility with the EIB and the Company's committed and uncommitted investment outflows. During 2017, the Committee considered and recommended a €340 million reduction to the Company's share premium account following shareholder approval received at the 2017 AGM.

Details of the significant issues considered by the Audit Committee in respect of Malin's financial statements are set out on page 51.

Liam Daniel
Chairman, Audit Committee
14 March 2018

Major Tasks undertaken by the Audit Committee

Financial Reporting	Consideration of the accounting policies adopted by Malin Consideration and review of the 2016 annual financial statements Consideration and review of the 2017 interim financial statements
Narrative Reporting	Review of the content of the 2016 annual report Review of the content of the 2017 interim report
External Audit	Review of the report from the external auditor on the key findings from the 2016 year-end audit Review of the report from the external auditor on the key findings from their review of the 2017 interim financial statements Review of the external auditor plan for the year-end 2017 audit Re-appointment of the external auditor
Budget	Review and recommendation to Board for approval of 2017 operating budget
Capital Reduction	Consideration and recommendation to the Board for approval of share capital reduction
Internal Controls	Review of the report from the independent external internal auditor on the key findings from their review of internal controls in 2016
Risk	Review of risk framework

Significant issues considered in relation to Malin's Financial Reporting

Matters	Judgments
Accounting Policies of Malin	The Committee considered the accounting policies adopted by Malin to ensure that the policies adopted continued to be appropriate and in accordance with 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 2014 applicable to companies reporting under IFRS.
Accounting treatment of Malin's investments	The Audit Committee assessed the accounting treatment to be applied to ensure that each Malin 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 is satisfied that Malin's financial statements appropriately account for, and adequately disclose, all investments held by the Company as at 31 December 2017.
Impairment of Malin's investments	The Audit Committee assessed the potential for impairments to the carrying value of the Company's investments.
Capital Position	The Audit Committee closely monitored the Company's cash position, committed and uncommitted investment outflows and the EIB debt covenants. The Committee also assessed the likelihood of inflows from asset realisations and further debt drawdown thereby monitoring the need to seek to raise additional equity capital.

Audit Committee Report (continued)

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 4 of the 5 Audit Committee's meetings in 2017. 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, discussions on investment valuations and impairments and the receipt and consideration of audit plans.

The Audit Committee has evaluated the work undertaken by the external auditor during 2017, 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 2017 is appropriate for a public company, taking into account Malin's size and stage of development. An independent external party undertook testing of certain of Malin's internal controls during 2016 and reported their findings to the Audit Committee at their meeting in February 2017.

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 has 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 34 to 39. The Board has delegated responsibility for the ongoing review of Malin's Risk Register to the Audit Committee.

Internal Audit

Malin has engaged an external professional services firm to undertake internal audit reviews. The internal audit review carried out in 2017 focused on the financial reporting of investee companies to Malin and the results of the review were presented to the Audit Committee at its meeting in March 2018.

Confidential Disclosures (Whistleblowing) Policy

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

Audit Committee membership and attendance at meetings in 2017

Members	2017 meetings
Liam Daniel (Chairman)	5/5
Owen Hughes	5/5
Donal O'Connor*	2/2
Kyran McLaughlin**	3/3

* Appointed to the Audit Committee effective 1 July 2017.
** Retired from the Audit Committee effective 1 July 2017.

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 43 and 44.

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 year ended 31 December 2017.

Overview

The Remuneration Committee comprises 3 Independent Non-Executive Directors and it met 4 times during 2017. The Remuneration Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on Malin's website. Owen Hughes was appointed to the Committee with effect from 1 January 2018 following Kyran McLaughlin's retirement from the Board.

Activities in 2017

Some of the key activities of the Company during 2017 included the consideration and approval of the remuneration of Adrian Howd as incoming CEO of the Company and the consideration and approval of a revised annual compensation cycle for the Company. The Committee also considered the revised employee appraisal system introduced in 2017.

Former CEO Settlement Agreement

In conjunction with the termination of Kelly Martin as CEO of Malin in September 2017, the Committee considered his contractual entitlements and the fees payable to Mr Martin through his engagement as an Advisory Partner to the Company. Subsequent to year-end, in March 2018, the Committee agreed a cash settlement agreement with Mr Martin to deal with all of the shares owed to him by the Company and to terminate his advisory engagement with the Company.

Disclosure

In line with Malin's previous annual reports, this report incorporates 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 2017. The Board is committed to high standards of disclosure and transparency in respect of remuneration. Since his appointment in January 2018, the Chairman of the Board has sought to actively engage with major shareholders and listen to their views on a range of matters related to the Company, including operating costs.

Shareholder Vote

This Directors' Remuneration Report will be put to a shareholder "advisory" vote at Malin's 2018 AGM. 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 shareholders' views in respect of Directors' Remuneration.

Kieran McGowan
Chairman, Remuneration Committee
14 March 2018

Directors' Remuneration Report (continued)

Principal Responsibilities of the Remuneration Committee

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

- Determine and agree with the Board the framework for the remuneration of the Executive Directors.
- Recommend and monitor the level and structure of remuneration for senior management.
- 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.
- Approve the design of all performance related pay plans operated by Malin and approve the total annual payments made under such plans.
- Review of the design of all share incentive schemes prior to recommendation to the Board for approval and determine 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 2017

- Consideration of severance arrangements for Kelly Martin on termination as CEO
- Consideration and approval of Remuneration arrangements for Adrian Howd as incoming CEO
- Consideration of remuneration for Kelly Martin under his engagement as an Advisory Partner
- Consideration and approval of severance arrangements for employees made redundant
- Consideration and approval of revised annual compensation cycle
- Consideration of revised employee appraisal system

Remuneration Committee membership and attendance at meetings in 2017

Members	2017 meetings
Kieran McGowan (Chairman)	4/4
Liam Daniel	4/4
Owen Hughes*	N/A
Kyran McLaughlin**	4/4

* Appointed to the Remuneration Committee effective 1 January 2018

** Retired from the Board with effect from 31 December 2017

The Board considers that the Chairman of the Remuneration Committee has recent and 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 43 to 44.

Directors' Remuneration Policy Report

Malin's policy on Executive Director remuneration is designed to reward, retain and motivate the Executive Directors to perform in the best interests of shareholders. The components of the remuneration and incentive arrangements for Executive Directors and senior management are set out in the table below.

Element	Purpose and 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 base salary only. Contributions are made into the Company's defined contribution pension scheme or an individual's personal pension plan.	Up to 15% of base salary.	Not performance related.
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 annual aggregate Company bonus pool not to exceed 100% of annual aggregate base salaries. The Remuneration Committee sets the size of the total bonus pool on an annual basis and approves the individual awards to Executive Directors and senior management.	Company goals and objectives are approved by the Remuneration Committee. Awards are determined by the Remuneration Committee based on actual performance against the Company and individual performance metrics.

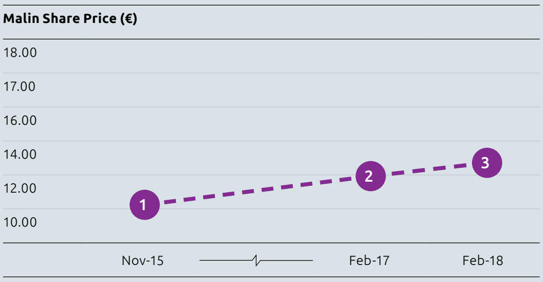
Directors' Remuneration Report (continued)

Element	Purpose and 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 2015 LTIP came into effect on 1 November 2015. Generally awards under the 2015 LTIP are made annually but awards may also be made to 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 share options, Restricted Shares, Restricted Stock Units ("RSUs") and Share Appreciation Rights ("SARs"). To date all awards have been in the form of RSUs. Generally, an award will lapse on cessation of employment. However, in certain circumstances[1] the award will not lapse. On a change of control of the Company, the Remuneration Committee has a range of options available to it in respect of existing awards, 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; or (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.	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 10 year period, including the 2015 Long Term Bonus Plan ("2015 LTBP").	Performance targets (if applicable) for the vesting of awards are set by the Remuneration Committee at the time of grant of awards.

1 Including health reasons (as defined), redundancy, voluntary severance or otherwise at the discretion of the Remuneration Committee.

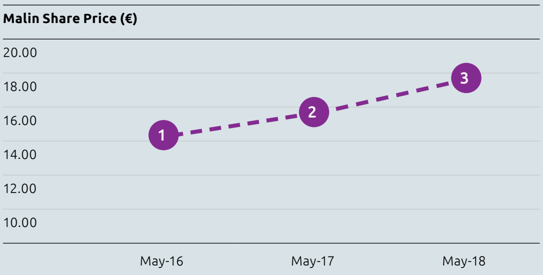
TSR Targets in the November 2015 Awards under the 2015 LTIP

1. Base price of €10.55 per share on which TSR targets are set. One third of the total award vested on 2 November 2015 (the grant date).
2. The second tranche of RSUs (one third of total award) achieved the relevant performance criteria of TSR of 10% between the grant date and 1 February 2017.
3. The third tranche of RSUs (one third of total award) did not vest as Malin did not achieve a TSR of 25% between the grant date and 1 February 2018 and therefore the RSUs with performance criteria in this third tranche lapsed.



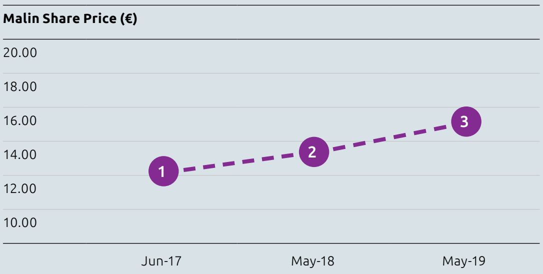
TSR Targets in the May 2016 Awards[1] under the 2015 LTIP

1. Base price of €14.31 per share on which TSR targets are set. One third of the total award vested on 12 May 2016 (the grant date).
2. The second tranche (one third of total award) of RSUs did not vest as Malin did not achieve a TSR of 10% between the grant date and 12 May 2017.
3. The third tranche of RSUs (one third of total award) will vest if Malin achieves a TSR of 25% between the grant date and 12 May 2018. This infers Malin having a share price of €17.88[2] on 12 May 2018 for the third tranche to vest. If the third tranche TSR target is achieved, the second tranche of RSUs will vest alongside the third tranche of RSUs. If the third tranche target is not achieved, the second tranche and third tranche of RSUs will lapse.



TSR Targets in the June 2017 Awards under the 2015 LTIP

1. Base price of €12.23 per share on which TSR targets are set. One third of the total award will vest on the earlier of the occurrence of a Cash Monetisation Trigger or 12 May 2018. A Cash Monetisation Trigger is defined as the achievement by Malin of one or more asset realisation events resulting directly or indirectly in a cash inflow to the Company at the level approved by the Remuneration Committee. The Remuneration Committee subsequently agreed to accelerate the vesting of the first tranche if it is possible to facilitate the sale of sufficient shares to facilitate net settlement and issuance of balance to employees.
2. The second tranche of RSUs will vest if Malin achieves a TSR of 10% between 6 June 2017 (the grant date) and 12 May 2018. This infers Malin having a share price of €13.45[2] on 12 May 2018 for the second tranche of the awards to vest. If this TSR criteria is not achieved on 12 May 2018, the second tranche will vest in the event that the TSR criteria for the third tranche is achieved.
3. The third tranche of RSUs will vest if Malin achieves a TSR of 25% between the grant date and 12 May 2019. This infers Malin having a share price of €15.29[2] on 12 May 2019 for the third tranche to vest. If the third tranche target is not achieved, the second tranche and third tranche of RSUs will lapse.



1 Awards under the 2015 LTIP were made to the majority of employees in May 2016. The Committee made awards to Mr Kelly Martin in July 2016. No performance targets were applied to these awards due to the nature and timing of them.

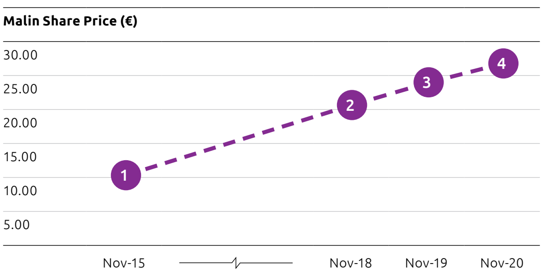
2 As well as share price appreciation, all other distributions to shareholders are taken into account in calculating the TSR achieved by Malin during the vesting period. TSR is defined in Malin's Constitution and the share price appreciation element is calculated using a volume weighted average of the reported trade price for an Ordinary Share (as derived from the Irish Stock Exchange Daily Official List) for the 20 Business Days immediately preceding the day on which the TSR is due to be calculated.

Directors' Remuneration Report (continued)

Element	Purpose and 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 2015 LTBP 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 3 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 November 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 re-tested 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. TSR is defined in Malin's Constitution and the share price appreciation element is calculated using a volume weighted average of the reported trade price for an Ordinary Share (as derived from the Irish Stock Exchange Daily Official List) for the 20 Business Days immediately preceding the day on which the TSR is due to be calculated.

Allocations under the 2015 LTBP

In September 2017 the Remuneration Committee resolved to allocate 79.5% of any bonus pool that is triggered under the 2015 LTBP to certain specific individuals. The remaining 20.5% of any bonus pool shall be distributed to eligible participants at the discretion of the Committee. Details of the allocation to individuals who served as Directors in 2017 are set out in the table to the right:

Name	Percentage Allocation of Bonus Pool
Kelly Martin	22.5%
Adrian Howd	17%
Darragh Lyons	10%

Notes to the Directors' Remuneration Policy Report

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 and 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, other than the Chairman of the Board, are paid additional fees for memberships of Board Committees. Fees for Non-Executive Directors are set by the Board (excluding the Non-Executive Directors). The Board resolved to reduce fees for Non-Executive Directors by 25% with effect from 1 October 2017. Non-Executive Directors are entitled to participate in the Company's 2015 LTIP. In July 2016 the Board approved an annual grant of RSUs to each Non-Executive Director. Under the term of the grants, the RSUs will vest on the earlier of: (i) 10 years from the date of grant; or (ii) 90 days after the individual ceases to be a Director. An award will lapse in the event that the Director ceases to be a Director of Malin within 12 months from the date of grant, unless the Board resolves that such award shall not lapse. The awards made to Non-Executive Directors do not contain performance related elements. No Non-Executive Director had any role in determining their own award. No annual grant was made to the Non-Executive Directors in 2017.	Fees as at 1 January 2018 were: • Chairman fee: €93,750 • Base Director fee: €37,500 • Audit Committee Chairmanship fee: €15,000 • Audit Committee Membership fee: €11,250 • Other Committee Chairmanship fee: €7,500 • Other Committee Membership fee: €5,625 • Lead Independent Non-Executive Director fee: €7,500

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 Constitution of the Company require, or the Board of the Company resolves, that the Non-Executive Director stand for re-election. All of the Company's Non-Executive Directors were re-elected at the Malin's 2017 AGM. Non-Executive Directors are typically expected to serve two 3-year terms but may be invited by the Board to serve for an additional period. Non-Executive Directors are not entitled to any compensation in the event of loss of office.

Directors' Remuneration Report (continued)

Director Remuneration for 2017

The following table summarises the remuneration received by the Directors of the Company, in their role as Directors, in respect of the year ended 31 December 2017:

	Base Salary/Fees (1) €'000	Pension (2) €'000	Benefits (3) €'000	Cash Bonus (4) €'000	Cash Severance (5) €'000	LTIP/ Equity-based Remuneration (6) €'000	Total (€'000)
Chairman							
Donal O'Connor*	28	-	-	-	-	-	28
Executive Directors							
Adrian Howd (CEO)	419	42	14	75	-	-	550
Darragh Lyons (CFO)	217	7	266	50	-	-	540
Non-Executive Directors							
Liam Daniel	91	-	-	-	-	-	91
Owen Hughes	75	-	-	-	-	-	75
Robert A. Ingram	54	-	-	-	-	-	54
Kieran McGowan	63	-	-	-	-	-	63
Former Directors							
Kelly Martin** (former CEO)	65	-	26	-	3,233	-	3,324
Kyran McLaughlin*** (former Chairman)	117	-	-	-	-	-	117
Total	**1,129**	**49**	**306**	**125**	**3,233**	**-**	**4,842**

* Mr O'Connor was appointed to the Board on 1 July 2017 and was appointed Chairman with effect from 1 January 2018

** Mr Martin retired from the Board with effect from 30 September 2017

*** Mr McLaughlin retired from the Board with effect from 31 December 2017

(1) Base salary for Executive Directors comprises Directors' fees and salary paid by the Group. Fees for Mr Martin exclude fees earned as an Advisory Partner to the Company from 1 October 2017 to 31 December 2017.

(2) Pension represents Company contributions to the Company's defined contribution pension scheme, an individual's approved personal pension plan or the Company's 401(K) plan.

(3) 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. Mr Lyons relocated to the Company's US office in 2016 and was based there in 2017. The relocation costs and US health insurance paid by the Company on Mr Lyons's behalf, including a tax gross-up charge of €77,379, are recorded as a benefit.

(4) Cash bonus represents the value of the bonus awarded in respect of 2017 under the Company's Annual Cash Bonus Plan. 2016 approved but deferred bonuses for Adrian Howd and Darragh Lyons were paid during 2017.

(5) Mr Martin's salary was amended with effect from 1 August 2016 and from such date it consisted of: (i) an annual cash salary of $75,000 and a Director's fee of €20,000; and (ii) the issue of 150,000 Ordinary Shares in Malin annually. Mr Martin also agreed to receive his cash bonus for 2016 in shares (75,000 Ordinary Shares). Mr Martin's Employment Agreement with the Company was terminated with effect from 30 September 2017. Under the terms of his Employment Agreement, Mr Martin was contractually entitled to a severance payment equal to two times annual salary and two times prior year bonus. This equated to Mr Martin having an entitlement to: (i) Cash payment of $150,000 (approximately €133,000) and; (ii) 450,000 Ordinary Shares in Malin. On 30 September 2017, Mr Martin was also owed 65,449 Ordinary Shares in respect of an LTIP grant made in July 2016 which had vested and he retained 75,000 unvested outstanding RSUs, one-third of which were due to vest on the earlier of achievement of trigger event or 12 May 2018 with the remainder subject to TSR performance vesting conditions.

None of the 765,449 Ordinary Shares due to Mr Martin in respect of (i) his salary from August 2016 through to his termination on 30 September 2017; (ii) his 2016 bonus that he agreed to receive in shares; (iii) his severance related shares; or (iv) the vested 65,449 LTIP Ordinary Shares; had been issued to Mr Martin by 31 December 2017. On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as his 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million. This cash settlement charge is included in the table, along with Mr Martin's September 2017 cash severance of €133,000, above rather than the estimated 2017 share-based compensation charges associated with the equity that Mr Martin ultimately forfeited.

(6) No Awards to Directors under the 2015 LTIP were issued during 2017. Details on the 2015 LTIP awards made to Executive Directors in 2017 are presented in the table below. No awards were made to Non-Executive Directors in 2017.

Employment Agreements

The Executive Directors have employment agreements containing notice periods not exceeding 6 months (the "Employment Agreements"). The current Employment Agreements with Adrian Howd and Darragh Lyons were entered into on 2 October 2017 and 12 September 2017 respectively. The Employment Agreements contain an entitlement to notice and payment in lieu of notice. Under the Employment Agreements, in certain circumstances, including 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 individual a severance payment equal to 2 times their 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 boards of investee companies they generally 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. Novan was an exception to this general policy in 2017, the details of which are included in note 30 to the financial statements.

LTIP Awards

The table below contains details of the awards made to Executive Directors during 2017 under the 2015 LTIP:

Directors	Type of Award	Number of RSUs Awarded	Vesting Thresholds	Vesting Period	Market Price on Date of Grant
Adrian Howd	RSUs	20,650 RSUs	1/3 on earlier of achievement of trigger event or 12 May 2018; 2/3 subject to TSR performance thresholds and temporal vesting	6 June 2017 – 12 May 2019	€12.23
Darragh Lyons	RSUs	24,779 RSUs	1/3 on earlier of achievement of trigger event or 12 May 2018; 2/3 subject to TSR performance thresholds and temporal vesting	6 June 2017 – 12 May 2019	€12.23

LTIP Awards – Former Directors

In June 2017, Mr Martin was awarded 75,000 RSUs under the 2015 LTIP. The market price of these awards on the date of grant was €12.23 and the vesting period was 6 June 2017 to 12 May 2019. One-third of this RSU award was due to vest on the earlier of achievement of a trigger event or 12 May 2018 with the remaining two thirds subject to TSR performance thresholds achievable in May 2018 and May 2019.

In September 2017, Mr Martin's employment contract was terminated and in accordance with the terms of his Employment Termination Agreement, Mr Martin's June 2017 LTIP awards of 75,000 RSUs would remain in place with the same terms as of the grant date.

As part of the settlement agreement made with Mr Martin on 14 March 2018, Mr Martin agreed to forfeit these 75,000 RSUs.

Directors' Remuneration Report (continued)

Directors' and Company Secretary's Share Interests

	Shares beneficially owned as at 1 January 2017	Unvested RSUs under 2015 LTIP as at 1 January 2017	Shares beneficially owned as at 31 December 2017	Unvested RSUs under 2015 LTIP as at 31 December 2017	Shares beneficially owned as at 14 March 2018	Unvested RSUs under 2015 LTIP as at 14 March 2018
Directors						
Donal O'Connor	-	-	-	-	-	-
Adrian Howd	44,292	167,142	46,539	253,720	46,539	253,720
Darragh Lyons	15,995	32,385	19,367	47,931	19,367	47,931
Liam Daniel	10,000	20,000	10,000	20,000	10,000	20,000
Kieran McGowan	14,099	20,000	14,099	20,000	14,099	20,000
Robert A. Ingram	17,406	20,000	17,406	20,000	17,406	20,000
Owen Hughes	11,373	20,000	11,373	20,000	11,373	20,000
Former Directors						
Kelly Martin*	1,978,915	65,449	N/A	N/A	N/A	N/A
Kyran McLaughlin**	80,000	20,000	200,000	20,000	N/A	N/A
Company Secretary						
Padraic Roche	8,699	18,890	8,699	27,959	8,699	27,959

* Mr Martin retired from the Board with effect from 30 September 2017.

** Mr McLaughlin retired from the Board with effect from 31 December 2017.

Nominations Committee Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the report of the Nominations Committee of Malin Corporation plc for the year ended 31 December 2017.

Overview

The Nominations Committee comprises of 3 Independent Non-Executive Directors and the Chairman of the Company. I joined the Committee as Chairman upon my appointment as Chairman of the Board on 1 January 2018. 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.

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.

Activities in 2017

During 2017 the Committee reviewed the composition of the Board in light of the findings of the Board Evaluation process undertaken in January 2017. As a result of this review the Committee, led by the previous Chairman Kyran McLaughlin, sought to augment the Board and as part of this process I was appointed as an Independent Non-Executive Director in July 2017.

The Committee is committed to increasing the size and diversity of the Board and in particular to further enhance the Board by adding Directors with different backgrounds and skillsets. The Committee has engaged third-party executive search firm, Egon Zehnder, to assist with the process of identifying suitable candidates for appointment to the Board. It is intended that at least two new Independent Non-Executive Directors will be identified in advance of the 2018 AGM, at which point they will seek election from shareholders.

Donal O'Connor
Chairman, Nominations Committee
14 March 2018

Principal Responsibilities

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

- 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;
- Conducting evaluations of the Chairman of the Board and the CEO.

Nominations Committee membership and attendance at meetings in 2017

Members	2017 meetings
Donal O'Connor (Chairman)*	N/A
Robert A. Ingram	1/1
Owen Hughes	1/1
Kieran McGowan	1/1
Kyran McLaughlin**	1/1

* Appointed to the Committee effective 1 January 2018
** Retired from the Board effective 31 December 2017

Governance and Conflicts Committee Report

Dear Shareholder,

On behalf of the Board, I am pleased to present to you the report of the Governance and Conflicts ("G&C") Committee of Malin Corporation plc for the year ended 31 December 2017.

Overview

The G&C Committee comprises 2 Independent Non-Executive Directors. The G&C Committee operates in accordance with its Terms of Reference as adopted by the Board and which are available on the Company's website.

The G&C Committee's primary role is to oversee Malin's compliance with its Corporate Governance Guidelines and relevant corporate governance codes, and to provide oversight and supervision on the Company's Code of Conduct and Conflicts of Interest Policy. Under the G&C Committee's Terms of Reference, it is also charged with ensuring that an annual Board self-evaluation takes place.

Activities in 2017

Board Evaluation

The Committee resolved to undertake a self-facilitated Board Evaluation process in Quarter 1 of 2018. However due to the recent appointments of Adrian Howd as CEO in October 2017 and Donal O'Connor as Chairman in January 2018, together with the fact that the Board, through the Nominations Committee, is seeking to recruit two additional Independent Non-Executive Directors, the Chairman of the Board and the Chairman of the Committee agreed to defer the Board Evaluation to the second half of 2018.

Review of Directors Interests Declarations

One of the functions of the Committee is to review the Declarations of Interest submitted by Directors. At its meeting in December 2017 the Committee reviewed the existing Declarations.

Performance Threshold for A Ordinary Shares

The Committee reviewed the relevant TSR performance thresholds required for the A Ordinary Shares in the Company to convert to Ordinary Shares and that this could occur at any point after 25 March 2018.

Liam Daniel
Chairman, Governance and Conflicts Committee
14 March 2018

Governance and Conflicts Committee membership and attendance at meetings in 2017

Members	2017 meetings
Liam Daniel (Chairman)	2/2
Owen Hughes	2/2

Directors' Report

The Directors present the Directors' report and the consolidated financial statements of Malin Corporation plc and its subsidiary companies for the year ended 31 December 2017.

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 during 2017.

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 taken into account that Malin's year-end cash position of approximately €14 million has been strengthened in January and February 2018 following the completion of an equity placing which raised gross proceeds of approximately €28 million. Malin has also had inflows from asset realisations of almost €10 million in this period. The Board also considered that further inflows may occur during 2018 from asset realisations and that Malin is engaged with the European Investment Bank around a possible amendment of the terms of our debt facility to better align its structure with Malin's business needs.

Directors Statement on Relevant Audit Information

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that: (i) so far as that Director is aware, there is no relevant audit information of which the company's auditors are unaware; and (ii) that Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 for each financial year. As required by the ESM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The Directors have elected to prepare the Company financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2014.

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 or loss for the period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State that the Financial Statements comply with IFRS as adopted by the EU 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 IFRS as adopted by the EU 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.

Directors' Report (continued)

Directors Compliance Statement

The Directors acknowledge that they are responsible for securing compliance by Malin with its Relevant Obligations as defined in section 225 of the Companies Act 2014 (the "Relevant Obligations"). The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company in respect of compliance by the Company with its Relevant Obligations. The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations including reliance on the advice of qualified accounting, legal and tax professionals employed by Malin and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during 2017.

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 2018 AGM.

Substantial Holdings

The issued share capital of the Company as at 14 March 2018 consisted of 45,530,960 Ordinary Shares (31 December 2017: 42,398,830 Ordinary Shares). 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 14 March 2018, insofar as the Company is aware, are set out in the table below:

Name	% of Issued Share Capital
Woodford Investment Managers	22.75%
Reedy Creek Investments LLC	11.81%
UK Pension Protection Fund	11.11%
Ireland Strategic Investment Fund	10.98%
Aviva Global Investors	6.49%
Peter Löscher	4.33%
Kelly Martin*	4.30%

* 1,114,888 shares (representing 2.45% of the issued share capital) held by corporate entities are regarded as being disclosable interests 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 these entities. In addition, these entities held 3,279,299 A Ordinary Shares in the Company at 31 December 2017 and at 14 March 2018.

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 did not make any donations disclosable under the Electoral Act 1997 during 2017.

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 and Conflicts Report – Page 64
Principal activities, business review and likely future developments	Chairman's Letter; Chief Executive's Review; Operating Review – Pages 4 to 40
Principal Risks and Uncertainties	Risk Management – Pages 34 to 39
Results	Financial Statements – Pages 67 to 137
Corporate Governance	Governance and Conflicts Report – Page 64
Directors Remuneration	Directors' Remuneration Report – Pages 53 to 62
Interests of the Directors and Company Secretary in the share capital of the Company	Directors' Remuneration Report – Pages 53 to 62
Subsidiaries	Financial Statements – Page 101
Events after the Balance Sheet Date	Financial Statements – Page 127

On behalf of the Board:

Adrian Howd
CEO

Darragh Lyons
CFO

14 March 2018

Financial Statements

Independent auditor's report to the members of Malin Corporation plc

1 Opinion: our opinion is unmodified

We have audited the financial statements of Malin Corporation plc ("the Company") for the year ended 31 December 2017, 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, including the accounting policies in note 2. 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 (EU) and, as regards the Company financial statements, Irish Law and FRS 101 *Reduced Disclosure Framework*.

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 2017 and of its loss for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- 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 Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities are further described in the *Auditor's Responsibilities* section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA") as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion, the key audit matters, in decreasing order of audit significance, were as follows:

Carrying value of goodwill and other intangible assets €39.4 million *(2016: €57.6 million)* and investment in subsidiaries of Malin Corporation plc €180.0 million *(2016: €168.7 million)*

Refer to pages 84 to 85 (accounting policy) and pages 102 to 103 (financial disclosures)

The key audit matter	*How the matter was addressed in our audit*
The group has significant goodwill and intangible assets arising from acquisitions. There is a risk that the carrying values of goodwill and intangible assets in the Group financial statements, and of investments in subsidiaries in the Malin Corporation plc parent company financial statements, will be greater than their estimated recoverable amount. The recoverable amount of goodwill is arrived at by forecasting and discounting future cash flows to determine value in use for each cash generating unit ("CGU"). These cashflows are inherently judgmental and rely on key assumptions including future trading performance, future growth rates, terminal growth rates and discount rates.	Our audit procedures included, amongst others: • Obtaining and documenting our understanding of the goodwill assessment process and testing the design and implementation of the relevant controls therein; • Assessing the Group's cash flow forecast models calculations by updating our understanding of the models that support the carrying value of goodwill; • Considering the key assumptions of the cash flow forecasts used in the determination of the values in use for each CGU, and comparing them where possible to external data; • Testing the mathematical accuracy of the financial models and performing sensitivity analysis on the key assumptions in the models; • Challenging the key assumptions of the models, by comparing them against our own expectations, based on our knowledge of the subsidiaries and experience of the industry in which they operate; • Considering management's assessment of impairment indicators in respect of other intangible assets by reviewing the performance of the underlying businesses of subsidiaries; • Assessing the impact of changes in the valuation of these assets on the carrying value of investments in the Malin Corporation Plc parent company Balance Sheet. As a result of our work, we determined that the quantum of impairment recognised for goodwill and IPR&D intangibles in respect of the NeuVT group was appropriate. For those CGUs where the Group determined no impairment was required, we found that these judgments were supported by reasonable assumptions. We considered the carrying value of investments in subsidiaries to be appropriate. We found the related disclosures to be appropriate.

Independent auditor's report to the members of Malin Corporation plc (continued)

Valuation of investments in associates €117.3 million *(2016: €162.3 million)* and available-for-sale investments €81.6 million *(2016: €79.3 million)*

Refer to pages 82 to 83 (accounting policy) and pages 96 to 101 (financial disclosures)

The key audit matter	*How the matter was addressed in our audit*
The group has a number of investments that it accounts for as equity-accounted investees and as available-for-sale financial assets. There is a risk of error relating to the valuation of these investments given the judgmental nature of some of the inputs used in the valuation techniques to assess for impairment indicators for equity- accounted investees and to determine fair value for available-for-sale financial assets.	Our audit procedures included, amongst others: • Obtaining and documenting our understanding of the investment valuation and impairment assessment process and testing the design and implementation of the relevant controls therein; • Assessing the Group's valuation models by updating our understanding of the models; • Considering the key assumptions in the valuation models, and comparing them where possible to external data; • Testing the mathematical accuracy of the financial models and performing sensitivity analysis on the key assumptions in the models; • Challenging the key assumptions of the models, by comparing against our own expectations, based on our knowledge of the investments and experience of the industry in which they operate. Overall, we found the key assumptions used in, and the resulting estimates of investee valuation to be appropriate. We found the disclosures in respect of the Group's investments to be appropriate.

3 Our application of materiality and an overview of the scope of our audit

Materiality

The materiality for the Group financial statements as a whole was set at €2.4 million (2016: €2.9 million). This has been calculated with reference to a benchmark of Group net assets, normalised to exclude the impairment charge of €15.7 million arising on goodwill and IPR&D intangibles related to the Company's subsidiary, NeuVT (note 14 of the financial statements). Materiality represents 1% of the benchmark, which we consider to be one of the principal financial benchmarks relevant to members of the Company in assessing financial performance of the Group.

The materiality for the parent company financial statements as a whole was set at €2.4 million (2016: €2.9 million). This has been calculated with reference to a benchmark of parent company net assets, of which it represents 0.6%.

Tailoring our scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 3 components (2016: 4) of the Group's 15 (2016: 16) components.

Of the 3 components selected, full scope audits were performed for 2 components (2016: 4) and 1 component (2016: Nil) was subjected to the audit of one or more account balances. The latter was not individually financially significant but was included in the scope of our group reporting work in order to provide further coverage over the Group's results.

The Group's principal reporting component, Altan Pharma Limited, was subject to audit for group reporting purposes. Altan Pharma Limited represents 95% of the total revenue and 24% of the total assets of the Group. The remaining 5% (2016: 1%) of total group revenue and 76% (2016: 80%) of total group assets was subjected to audit procedures by the Group team. 20% (2016: 24%) of Group's losses before tax is represented by the remaining 12 (2016: 12) reporting components.

The Group team performed the audit of the Group head operations component, including the audit of the parent company, and the audit work on the other in-scope components was performed by component auditors.

The Group team instructed the component auditor of Altan Pharma Limited as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for the audit work to be performed at the component as €1 million. The Group team held discussions with the component to undertake an assessment of audit risk, audit strategy, and to discuss in detail the findings reported to the Group team. Any further work deemed to be required by the Group team was then performed by the component auditor.

Of the remaining components, the Group team determined that none of these components are individually significant. We performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Independent auditor's report to the members of Malin Corporation plc (continued)

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises all the information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

6 Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose 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.

7 We have nothing to report on other matters on which we are required to report by exception

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.

8 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 65, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls and may involve any area of law and regulation not just those directly affecting the financial statements.

A full description of our responsibilities is provided on IAASA's website at *https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f- a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf*

9 The purpose of our audit work and to whom we owe our responsibilities

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 our report, or for the opinions we have formed.

Sean O'Keefe
14 March 2018
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green Dublin 2

Consolidated income statement

for the year ended 31 December 2017

	Notes	2017 €'m	2016 €'m
Revenue	4	41.9	42.1
Cost of sales	6	(30.8)	(30.6)
Gross profit		**11.1**	**11.5**
Research and development expenses	6	(11.5)	(5.1)
Selling, general and administrative expenses	6	(62.3)	(62.6)
Operating loss		**(62.7)**	**(56.2)**
Share of losses attributable to associate undertakings	11	(25.0)	(26.4)
Loss on change in equity ownership of associate undertakings	11	(5.3)	-
Fair value movement on reclassification to available-for-sale investments	12	15.3	-
Reclassification of available-for-sale investment impairment loss from other comprehensive income	12	(21.5)	-
Fair value movements on derivative assets and liabilities	15	(1.8)	(1.3)
Finance income	9	0.5	0.5
Finance expense	9	(6.9)	(2.9)
Loss before tax		**(107.4)**	**(86.3)**
Income tax	10	1.2	(0.3)
Loss after tax for the year		**(106.2)**	**(86.6)**
Equity holders of the parent		(98.8)	(83.5)
Non-controlling interest	28	(7.4)	(3.1)
Basic and diluted loss per share attributable to owners of the parent (euro per share)	24	(€2.36)	(€2.12)

Consolidated statement of comprehensive income

for the year ended 31 December 2017

	Notes	2017 €'m	2016 €'m
Loss after tax for the year		(106.2)	(86.6)
Other comprehensive income/(loss) ("OCI"):			
Items that may be reclassified subsequently to the income statement			
Foreign currency translation differences		(2.1)	0.1
Kymab transaction: reclassification of previously recognised foreign currency translation of associate		1.9	-
Share of OCI of associate undertakings – foreign currency translation	11	(11.6)	(9.3)
Available-for-sale investments – fair value movement (including exchange differences)	12	(35.1)	11.8
Reclassification of available-for-sale investment impairment loss to income statement	12	21.5	-
Other comprehensive (loss)/income for the year		**(25.4)**	**2.6**
Total comprehensive loss for the year		**(131.6)**	**(84.0)**
Attributable to:			
Equity holders of the parent		(123.6)	(81.4)
Non-controlling interest	28	(8.0)	(2.6)

Consolidated statement of financial position

As at 31 December 2017

	Notes	2017 €'m	2016 €'m
Assets			
Non-current assets			
Investments in associates	11	117.3	162.3
Available-for-sale investments	12	81.6	79.3
Goodwill and other intangible assets	14	39.4	57.6
Property, plant and equipment	16	11.0	12.2
Derivative financial asset	15	0.2	0.2
Deferred tax asset	10	1.5	1.7
Other non-current assets	18	-	7.0
Total non-current assets		**251.0**	**320.3**
Current assets			
Inventories	17	13.8	13.9
Trade and other receivables	18	16.1	17.9
Derivative financial assets	15	-	1.9
Cash and cash equivalents	19	27.1	48.9
Total current assets		**57.0**	**82.6**
Total assets		**308.0**	**402.9**
Liabilities			
Non-current liabilities			
Loans and borrowings	21	57.6	62.9
Provisions		0.2	1.0
Deferred tax liability	10	6.6	8.7
Total non-current liabilities		**64.4**	**72.6**
Current liabilities			
Loans and borrowings	21	5.9	4.7
Derivative financial liabilities	15	0.2	0.3
Trade and other payables	20	16.0	16.7
Current income tax liabilities		0.1	0.5
Total current liabilities		**22.2**	**22.2**
Equity			
Share capital	22	-	-
Share premium		81.2	393.2
Other reserves	23	13.5	20.5
Retained earnings/(losses)		112.6	(127.7)
Equity attributable to owners of parent		**207.3**	**286.0**
Non-controlling interests	28	14.1	22.1
Total equity		**221.4**	**308.1**
Total liabilities and equity		**308.0**	**402.9**

On behalf of the Board:

Adrian Howd
CEO
14 March 2018

Darragh Lyons
CFO

Consolidated statement of changes in equity

for the year ended 31 December 2017

	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 beginning of year	-	393.2	20.5	(127.7)	286.0	22.1	308.1
Comprehensive income:							
Loss for the year	-	-	-	(98.8)	(98.8)	(7.4)	(106.2)
Other comprehensive losses	-	-	(23.9)	(0.9)	(24.8)	(0.6)	(25.4)
Total comprehensive loss for the year	**-**	**-**	**(23.9)**	**(99.7)**	**(123.6)**	**(8.0)**	**(131.6)**
Equity settled share-based payments	-	-	17.9	-	17.9	-	17.9
Issue of shares – share-based payments	-	1.0	(1.0)	-	-	-	-
Issue of shares from additional placing	-	27.0	-	-	27.0	-	27.0
Reduction of share premium		(340.0)	-	340.0	-	-	-
Total transactions with shareholders	**-**	**(312.0)**	**16.9**	**340.0**	**44.9**	**-**	**44.9**
At 31 December 2017	**-**	**81.2**	**13.5**	**112.6**	**207.3**	**14.1**	**221.4**

Consolidated statement of changes in equity

for the year ended 31 December 2016

	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 beginning of year	-	387.9	6.3	(44.9)	349.3	16.1	365.4
Acquisition accounting finalisation	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Comprehensive income:							
Loss for the year	-	-	-	(83.5)	(83.5)	(3.1)	(86.6)
Other comprehensive gains	-	-	3.0	(0.4)	2.6	0.5	3.1
Total comprehensive gain/(loss) for the year	**-**	**-**	**3.0**	**(83.9)**	**(80.9)**	**(2.6)**	**(83.5)**
Equity settled share-based payments	-	-	17.2	-	17.2	-	17.2
Issue of shares – share-based payments	-	5.3	(5.3)	-	-	-	-
Acquired with subsidiaries	-	-	-	-	-	9.4	9.4
Exercise of Viamet derivative asset	-	-	(1.1)	1.1	-	-	-
Transactions with NCI	-	-	0.4	-	0.4	(0.4)	-
Total transactions with shareholders	**-**	**5.3**	**11.2**	**1.1**	**17.6**	**9.0**	**26.6**
At 31 December 2016	**-**	**393.2**	**20.5**	**(127.7)**	**286.0**	**22.1**	**308.1**

Consolidated statement of cash flows

for the year ended 31 December 2017

	Notes	2017 €'m	2016 €'m
Cash flows from operating activities			
Loss for the year		(106.2)	(86.6)
Adjustments for:			
Amortisation of intangible assets	14	3.6	3.4
Impairment of goodwill and intangibles	14	15.8	9.7
Depreciation of property, plant and equipment	16	1.8	1.6
Impairment of property, plant and equipment	16	0.5	-
Inventory provisions		-	1.4
Losses attributable to associate investments	11	30.3	26.4
Fair value gain in reclassification to available-for-sale investments	12	(15.3)	-
Reclassification of available-for-sale investment impairment loss	12	21.5	-
Movement on inventory valued at fair value		-	0.6
Non-cash stock compensation	25	18.2	17.2
Net finance costs	9	6.4	2.4
Derivative fair value movements	15	1.8	1.3
Tax (benefit)/charge	10	(1.2)	0.3
		(22.8)	(22.3)
Increase in inventory		(0.6)	(1.8)
Decrease in trade and other receivables		1.8	3.5
(Decrease)/increase in trade and other payables		(1.9)	1.3
Income tax paid		(1.1)	(2.0)
Interest and finance expenses paid		(2.6)	(1.1)
Net cash used in operating activities		**(27.2)**	**(22.4)**
Cash flows from investment activities			
Investments in associates	11	(7.8)	(27.2)
Acquisition of subsidiary, net of cash acquired		-	(1.2)
Purchase of available-for-sale investments	12	(4.3)	(14.8)
Purchase of intangible assets	14	(3.0)	(2.1)
Purchase of property, plant and equipment	16	(1.2)	(1.0)
Convertible loan notes acquired from investees		-	(11.8)
Net cash used in investing activities		**(16.3)**	**(58.1)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		27.0	-
Transaction costs relating to financing activities		-	(0.8)
Repayment of loans and borrowings	21	(4.3)	33.0
Net cash from financing activities		**22.7**	**32.2**
Net decrease in cash and cash equivalents		**(20.8)**	**(48.3)**
Cash and cash equivalents at beginning of year		48.9	97.0
Exchange (losses)/gains on cash and cash equivalents		(1.0)	0.2
Cash and cash equivalents at end of year	19	**27.1**	**48.9**

Notes to the consolidated financial statements

for the year ended 31 December 2017

1. General information and basis of preparation

Malin Corporation plc ("the Company") is an Irish incorporated and domiciled public limited company trading on the Enterprise Securities Market ("ESM") of the Irish Stock Exchange ("ISE") as of 25 March 2015 (the "Admission").

The audited consolidated financial statements (the "financial statements") include the financial statements of the Company and all of its subsidiary undertakings (together referred to as "the Group" or "Malin"). These financial statements have been prepared in accordance with European Union ("EU") adopted International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and the Companies Act 2014.

A separate Company statement of comprehensive income is not presented in these financial statements as the 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 Company for the year to 31 December 2017 was €9.1 million (2016: €10.1 million).

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

The preparation of the financial statements requires management to make judgments, 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 judgments 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.

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 31 December 2017, the Company's main source of funding was a combination of equity finance and debt finance. During 2015, the Company raised €372.0 million on equity markets. On 3 May 2017, the Company completed a placing of 2,689,906 new Ordinary Shares in the capital of the Company representing approximately 6.4% of Malin's issued share capital at this time, at a price of €10.03 per share, raising gross proceeds of €27.0 million.

Subsequent to year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company representing approximately 7.3% of the Company's issued share capital at this time, at a price of €8.88 per share, raising proceeds of €27.8 million.

In 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"). As at 31 December 2017, €40.0 million of this facility was drawn down.

Several 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.

In January 2018, Viamet Pharmaceuticals Holdings, LLC ("Viamet") completed the sale of its most advanced molecule, VT-1161, to NovaQuest Capital Management LLC ("NovaQuest Capital"). The acquisition of the molecule followed the successful Phase 2b clinical trials for the treatment of recurrent vulvovaginal candidiasis ("RVVC") and onychomycosis, or fungal nail infection.

1. General information and basis of preparation (continued)

NovaQuest Capital will be responsible for the further development of VT-1161. Although the financial terms of the transaction were not publicly disclosed, in addition to a share of an upfront payment, Malin will receive regulatory and commercial milestone payments and a royalty on all worldwide sales assuming successful development in at least one indication. Malin's share of the upfront payment to Viamet shareholders was $11.6 million (€9.4 million) of which $10.6 million was received in February 2018.

Malin also received a dividend from Hatteras Venture Partners V ("Hatteras") of €0.5 million ($0.6 million) in February 2018 following the disposal of a Hatteras investment at a 94% gain.

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 approval of this report. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the 12-month period ended 31 December 2017.

2. Significant accounting policies

New standards

The following new and amended standards and interpretations are effective for the Group for the first time for the financial year beginning 1 January 2017 as follows:

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses

The aforementioned did not have a material impact on the Group.

A number of new standards, amendments to standards and Interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements. These are set out as follows:

- IFRS 9: Financial Instruments[1]
- IFRS 15: Revenue from contracts with customers including amendments to IFRS 15: Effective date of IFRS 15 and clarifications to IFRS 15[1]
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
- Annual Improvements to IFRS 2014 – 2016 Cycle[1,2]
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions[1,2]
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration[1,2]
- IFRS 16: Leases2[3]
- IFRIC 23: Uncertainty over Income Tax Treatments[2,3]
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures[2,3]

The Group is in the process of assessing the impact on the financial statements of the new standards, interpretations and amendments to published standards and IFRS 9 and IFRS 15 are the only new standards identified as having the potential to impact on the Group's financial statements. Both standards are mandatorily effective for the financial year beginning 1 January 2018.

1 Amendments are effective for annual period commencing after 1 January 2018

2 Not yet EU endorsed

3 Amendments are effective for annual period commencing after 1 January 2019

Notes to the consolidated financial statements (continued)

2. Significant accounting policies (continued)

Following an assessment of the qualitative and quantitative impact of these new standards, management expects no material impact on the Group's financial statements other than additional disclosure requirements. IFRS 15 will require extensive disclosures on customer contract terms, including performance obligations, and revenue recognition, which will be relevant for Malin's investee company subsidiary, Altan Pharma Ltd ("Altan"). IFRS 9 will require disclosure requirements for the Group's investments in equity instruments designated at fair value through other comprehensive income and the Group's credit risk exposures.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and the Group's share of net assets of associates for the year ended 31 December 2017.

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 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.

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.

2. Significant accounting policies (continued)

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 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, after partial reclassification of certain gains and losses from other comprehensive income.

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 ("AFS") 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.

With the exception of Melinta Therapeutics, Inc. ("Melinta") which is a NASDAQ-listed public entity, the Group's available-for-sale assets are not traded in active markets, were acquired by the Group in the period from incorporation, on 16 December 2014, to 31 December 2017 and the subscription price paid represented the market price at the acquisition date. For some of the Group's available-for-sale investments, the price that would be received to sell the asset in an orderly transaction between market participants at the reporting date, can be identified. For the remaining available-for-sale investments, management has determined that given the recent timing of these investments and based on an assessment of the market and company performance in the intervening period, the initial investment price is still a fair approximation of fair value at the reporting date.

Revenue recognition

Revenue represents the fair value of the consideration receivable for the sale of goods and services 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.

2. Significant accounting policies (continued)

Sale of services
Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the related contract or fully when no further obligations exist on the related service contract. When the outcome of the contract can be measured reliably, stage of completion is measured by reference to services completed to date as a percentage of total services to be performed. Where services are to be performed rateably over a period of time, revenue is recognised on a straight-line basis over the period of the contract.

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 ("CEO") 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 currency translation reserve within equity.

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 year to 31 December 2017	Year end – 31 December 2017	Average year to 31 December 2016	Year end – 31 December 2016
US Dollar	1.13	1.20	1.11	1.05
Pound Sterling	0.88	0.89	0.82	0.86

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.

2. Significant accounting policies (continued)

Goodwill is carried at the initial cost 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)

Intangible assets include in-process research and development ("IPR&D") and customer lists acquired through business combinations, in addition to software and project development costs incurred by the Group.

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.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

	Annual rate
Customer lists	10%
IPR&D	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%

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.

Notes to the consolidated financial statements (continued)

2. Significant accounting policies (continued)

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 the arrangement. 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 provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2. Significant accounting policies (continued)

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 on Admission in 2015 are shown in the share premium reserve in equity as a deduction, net of tax, from the proceeds. Transaction costs associated with subsequent equity placings are deducted from retained earnings.

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 performance 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 judgments

The critical accounting estimates and judgments described below reflect the critical estimates and judgments made by management in the period. It is anticipated that additional critical estimates and judgments will arise as the business develops, including critical estimates and judgments made within the investee companies. Management evaluates estimates and judgments 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 judgments, 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.

(i) 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")

Notes to the consolidated financial statements (continued)

3. Critical accounting estimates and judgments (continued)

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 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.

On 13 September 2017, the Remuneration Committee passed a resolution to allocate 79.5% of the 2015 LTBP to select identifiable Malin executives. This decision triggered an accounting treatment distinction between the 79.5% allocated portion and the 20.5% unallocated portion of the 2015 LTBP.

79.5% allocated portion

The grant date of the 79.5% allocated portion of the 2015 LTBP is deemed to be 13 September 2017 and the cumulative fair value of the entire 2015 LTBP awards was determined on this date as €6.8 million by applying a Monte Carlo simulation technique. Malin's share price on this date was €12.00 per Ordinary Share. The fair value of the 79.5% allocated portion was €5.4 million on this date. The key assumptions for the Monte Carlo model, at 13 September 2017, 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 from the commencement date.

Share price volatility
The share price volatility used in determining the fair value is approximately 38%. It is based on comparable 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 -0.09%.

Dividends
At 13 September 2017, 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 was assumed.

20.5% unallocated portion

As the eligible participants of the 20.5% unallocated portion of the LTBP do not have details of the specific benefits that might accrue to them individually under the plan, the grant date of this portion 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 20.5% pool to the eligible participants. The fair value of the award was determined at the start of the service period in 2015 and will continue to 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.

3. Critical accounting estimates and judgments (continued)

Based on the Monte Carlo model, the cumulative fair value of the 20.5% unallocated portion of the 2015 LTBP awards was estimated at €0.3 million on 31 December 2017 by applying a Monte Carlo simulation technique. Malin's share price on this date was €8.50 per Ordinary Share. The key assumptions for the Monte Carlo model, at 31 December 2017, 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 from the commencement date.

Share price volatility
The share price volatility used in determining the fair value is approximately 36%. It is based on comparable 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 -0.05%.

Dividends
At 31 December 2017, 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 was assumed.

2015 LTIP
The Company's 2015 LTIP was established on 1 November 2015. The terms of awards granted under the 2015 LTIP are set out in the Directors' Remuneration Report on pages 53 to 62. Awards granted under the 2015 LTIP are generally structured in tranches with the first tranche of awards not subject to vesting conditions and vesting immediately on the grant date. In general, there are 2 vesting conditions attached to subsequent 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.

Awards under the 2015 LTIP were made to employees on 6 June 2017. The first tranche will vest on the earlier of (i) the occurrence of a cash monetisation trigger and (ii) 12 May 2018.

The fair value of the second and third tranches of RSUs granted in 2017 under the 2015 LTIP 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 specific vesting period of each grant.

Share price volatility
The share price volatility used in determining the fair value of restricted stock units ("RSUs") granted 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.

Notes to the consolidated financial statements (continued)

3. Critical accounting estimates and judgments (continued)

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 grants under the 2015 LTIP.

(ii) Fair value of financial instruments
Available-for-sale investments
Available-for-sale investments are fair valued at each reporting date. Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated in the fair value reserve to the income statement. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement. If the fair value of an impaired available-for-sale investment subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement. Impairment losses recognised in the income statement for an available-for-sale investment are not reversed through the income statement.

With the exception of Melinta, the Group's available-for-sale assets are not traded in active markets and were acquired by the Group in the period from incorporation to 31 December 2017. For the Group's available-for-sale investment in Hatteras, following a fair value review of its underlying investment, management has determined that cost continues to be a fair approximation of fair value. Xenex Disinfection Services LLC ("Xenex") completed a financing round in 2017 in which third-party investors participated. The enhanced valuation of this financing round over the valuations of Xenex when Malin completed its prior investments formed the basis for the fair value of Malin's entire Xenex investment holding at 31 December 2017.

Malin's investment in Kymab Ltd ("Kymab") was reclassified from an associate investment to an available-for-sale investment on 1 January 2017. This resulted in the re-measurement of Malin's investment in Kymab to fair value on the reclassification date. The fair value of Malin's investment in Kymab was determined based on the valuation of the Series C financing round completed by Kymab in November 2016 at a 48% premium to the post-money valuation of the Series B financing round completed in 2015.

Based on Melinta's share price at 31 December 2017 of $15.80, the fair value of Malin's investment in Melinta on this date was €20.5 million ($24.6 million). Malin has recognised an impairment on its investment in Melinta of €21.5 million because management has determined that a decline in fair value of this magnitude is "significant" in accordance with IAS 39 Financial Instruments: Recognition and Measurement (see note 12).

b. Critical judgments 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 has 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.

3. Critical accounting estimates and judgments (continued)

Malin has determined that it has significant influence over Viamet, Novan Inc. ("Novan"), 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 boards 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.

Malin's investment in Kymab was reclassified from an associate investment to an available-for-sale investment on 1 January 2017 when management determined that Malin no longer had the ability to exert significant influence over the financial and operating policy decisions of Kymab. This resulted from Kymab's completion of a Series C financing transaction which caused a dilution of Malin's equity from 11% to 10% and an increase in the size of the Kymab board of directors from 10 members to 11 members.

(ii) Assessing the carrying value of investments in associates and goodwill

Investment in Associates

An impairment review is performed where there is an indication of impairment of an investee company. Indicators of impairment include, but are not limited to; negative changes in technology or markets, significant delay in achieving or failure to attain appropriate regulatory approval, clinical trial failure or postponement, a significant fall in the market capitalisation of the investee company or if the carrying amount of the investee company in the financial statements is higher than the company's discounted future cash flows.

If there is an indication that an investee company asset may be impaired, then the asset's recoverable amount is calculated. The recoverable amount is the higher of the investee company's fair value less costs of disposal (net selling price) and its value-in-use (present value of future cash flows expected to be derived from the investee company). Given the nature of some of the Group's investments in early-stage and development companies, applying both the net selling price and value-in-use (present value of future cash flows expected to be derived from the investee company) approaches to estimating the recoverable amount of investee companies involves making significant estimates and judgments.

In applying the net selling price approach to estimating the recoverable amount of investee companies, Malin references the value of comparable public companies or market transactions to estimate the fair value of a privately-held investee company. Significant judgment is required in assessing the comparability of the market transactions and/or public company to the Malin investee company being assessed. Management typically refer to more than one comparable transaction/company in applying this technique.

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. The cash flow forecasts exclude incremental profits and other cash flows derived from planned acquisition activities. Sales forecasts are 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.

In applying the value-in-use approach, where there are often no current and no short-term future earnings or positive cash flows for our investee companies, significant estimation is required to gauge the probability and financial impact of the successes or failures of development or research activities and to make reliable cash flow forecasts. In making the cash flow forecasts, significant estimates and judgments are required in determining the commercial prospects for the approved drug including the peak sales, market share and pricing that it can achieve and the time and costs involved in doing so.

Management recognises the significant judgments and subjectivity associated with the assumptions used to prepare a value-in-use calculation and seeks to ensure key assumptions are consistent with relevant external sources of information.

3. Critical accounting estimates and judgments (continued)

An impairment loss is recognised to the extent that an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement. Where the investee company's recoverable amount exceeds the carrying value, no impairment loss is recognised.

At 31 December 2017, management determined that indicators of impairment existed for Malin's investments in Melinta and Novan resulting from the carrying amount of Malin's investments exceeding the fair value of these investments based on the companies' market capitalisation. Management determined that the recoverable amount of these investments exceeded the carrying amounts so no impairment charge has been recognised. The basis and key assumptions made by management in estimating the recoverable amount of its investment in Novan are set out in note 11. The basis and key assumptions made by management in estimating the recoverable amount of its investment in Melinta are set out in note 12.

Management will continue to actively assess the performance and position of its investee company asset and review for future indicators of impairment.

Goodwill

Goodwill recognised on investee company subsidiary acquisitions is not tested for impairment separately as it does not generate cash flows independently of other assets. Goodwill is tested for impairment only when a CGU or group of CGUs to which goodwill has been allocated is being tested for impairment or as part of the annual mandatory impairment testing of goodwill (without there being an indication of impairment in the underlying CGUs).

The board and management of Malin's investee subsidiary company, NeuVT Ltd ("NeuVT"), are currently undertaking a review of the business to determine how best to position and progress the business. NeuVT does not currently have the capital to advance its products that are in development. The business review may result in the separation, sale or spin-off of certain assets from the NeuVT business. We expect the business review to be completed and the resulting resolutions to be executed by the end of the first half of 2018. Following the completion of the business review, Malin will assess its possible participation in any financing rounds undertaken by NeuVT or its related entities.

Given the significant uncertainty over this business and the possible separation, sale or spin-off of certain of its assets, Malin management could not forecast the future cash flows or returns from the business with sufficient certainty to support the carrying amount of the NeuVT business on the Group's balance sheet at 31 December 2017. Malin has therefore recognised an impairment charge of €15.7 million in the 2017 income statement recording an impairment charge of €3.9 million to fully impair the recognised goodwill and €11.8 million to fully impair the acquired IPR&D.

4. Revenue

The Group's revenue is largely attributable to Malin's investee subsidiary, Altan (€39.8 million), with the balance of €2.1 million attributable to Malin's investee subsidiary, Cilatus Biopharma Ireland Limited ("Cilatus") (2016: €0.4 million). Altan's revenue is derived from the sale of pharmaceutical products, primarily the sale of injectable medications, to hospitals and other healthcare providers.

The Group's revenues are analysed below based on the geographical location of customers.

	2017 €'m	2016 €'m
Spain	23.2	24.3
EU (excluding Spain)	13.1	12.2
Rest of world	5.6	5.6
	41.9	**42.1**

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 CEO of the Group, Adrian Howd.

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. Cost of sales and operating expenses

The operating expenses that arose during the year to 31 December 2017 are analysed below:

	Cost of sales expenses €'m	Research and development expenses €'m	Selling, general and administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	17.3	17.3
Malin corporate subsidiaries – restructuring and exceptional charges	-	-	1.6	1.6
Investee subsidiary companies	30.8	11.5	9.4	51.7
Write-off of goodwill and intangible assets on subsidiary (notes 13 and 14)	-	-	15.8	15.8
Founder Equity and Malin share-based payment charges (note 25)	-	-	18.0	18.0
Investee company employee share-based payment charges (note 25)	-	-	0.2	0.2
	30.8	**11.5**	**62.3**	**104.6**

Restructuring and exceptional charges

The business was restructured during the fourth quarter of 2017 to align the business infrastructure with the resources required for the current phase of the Company's evolution in driving maximum value from our existing assets. This resulted in a reduction in headcount primarily associated with the closure of our US office.

The operating expenses that arose during the year to 31 December 2016 are analysed below:

	Cost of sales expenses €'m	Research and development expenses €'m	Selling, general and administrative expenses €'m	Total €'m
Malin corporate subsidiaries	-	-	20.2	20.2
Investee subsidiary companies	30.6	5.1	13.5	49.2
Write-off of goodwill on subsidiary	-	-	9.7	9.7
Founder Equity and Malin share-based payments charges	-	-	19.2	19.2
	30.6	**5.1**	**62.6**	**98.3**

Notes to the consolidated financial statements (continued)

7. Statutory and other information

	2017 €'m	2016 €'m
Amortisation and impairment of goodwill and intangible assets (note 14)	19.4	3.4
Depreciation and impairment of property, plant and equipment (note 16)	2.3	1.6
Auditor's remuneration		
Audit of Group and Company financial statements	0.2	0.2
Other assurance services	0.1	0.1
Tax advisory services	0.2	0.2
Other non-audit services	0.1	-
	0.6	**0.5**

Directors' remuneration for the year to 31 December 2017 was €4.8 million (2016: €9.8 million) and is set out in the Directors' Remuneration Report on pages 53 to 62. Auditor's remuneration for the audit of the Company financial statements was €10,000 (2016: €10,000).

8. Employee costs

The average number of persons (full time equivalents) employed by the Group (including Executive Directors) during the year and at 31 December 2017, analysed by category was:

	2017 average	2016 average
Cost of sales	191	202
Research and development	25	15
Selling, general and administrative	74	75
	290	**292**

The number of persons (full time equivalents) employed by the Group (including Executive Directors) at 31 December 2017 was 302 (31 December 2016: 303).

The employee benefit expenses for the period were:

	2017 €'m	2016 €'m
Wages and salaries	16.3	17.9
Severance costs	1.1	-
Social welfare costs	2.7	2.7
Defined contribution costs	0.4	0.5
Share-based payments expense	12.1	13.0
	32.6	**34.1**

9. Net finance expense

	2017 €'m	2016 €'m
Finance income		
Interest income	(0.5)	(0.5)
	(0.5)	**(0.5)**
Finance expense		
Interest expense	3.0	2.0
Impairment of convertible loan notes (note 12)	2.8	-
Net foreign exchange loss	1.1	0.9
	6.9	**2.9**
Net finance expense	**6.4**	**2.4**

The interest expense of €3.0 million relates to Malin's debt facility with the EIB and Altan's secured term loan. Please refer to note 21 for details of these borrowings. Please refer to note 12 for details on the charge of €2.8 million related to the impairment of convertible loan notes.

10. Income tax

	2017 €'m	2016 €'m
Current tax expense	0.7	1.6
Deferred tax benefit	(1.9)	(1.3)
Income tax (benefit)/expense	**(1.2)**	**0.3**

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

	2017 €'m	2016 €'m
Loss before tax	(107.4)	(86.3)
Tax at the Irish corporation tax rate of 12.5%	(13.4)	(10.8)
Income taxed at higher rates	0.5	0.5
Expenses not deductible for tax purposes	5.7	5.5
Unused tax losses for which no deferred tax asset is recognised (no expiry date)	6.1	5.3
Other	(0.1)	(0.2)
Income tax (benefit)/expense on net loss	**(1.2)**	**0.3**

The current tax expense comprises corporation tax payable in Spain, the US and the UK on normal business activities. The deferred tax benefit mainly arises due to the write off of the €1.6 million deferred tax liability initially recognised on the fair value step up of NeuVT's net assets on acquisition in 2016. The deferred tax benefit also relates to the recognition of deferred tax assets in respect of timing differences 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 recognise these timing differences.

Notes to the consolidated financial statements (continued)

10. Income tax (continued)

The total deferred tax liability at 31 December 2017 was €6.6 million (31 December 2016: €8.7 million) arising from deferred tax recognised on the acquisition of Altan in 2015.

The total deferred tax asset at 31 December 2017 was €1.5 million (31 December 2016: €1.7 million) arising from temporary differences between tax value and book value of property, plant and equipment in Altan and timing differences on recognition of expenses in the US.

Deferred tax assets have not been recognised in respect of certain tax losses of the Group amounting to €81.7 million (2016: €53.3 million) because it is not probable that future taxable profits will be available against which the Group can use these tax losses.

11. Investments in associates

At 31 December 2017, Malin had 9 associates (31 December 2016: 10), all of which are accounted for using the equity method of accounting.

	2017 €'m	2016 €'m
At beginning of year	162.3	176.2
Cash consideration for investments in associates during the period	7.8	27.2
Net impact attributed to financial derivatives related to associates (note 15)	-	(1.8)
Kymab Transaction: reclassification to available-for-sale investment	(10.9)	-
NeuVT Transaction: reclassification to subsidiary	-	(3.6)
Share of net losses of associates:		
Income statement – share of losses	(25.0)	(26.4)
Income statement – net loss on partial disposal	(5.3)	-
Other comprehensive income – foreign currency translation	(11.6)	(9.3)
At 31 December	**117.3**	**162.3**

Novan

In January 2017, Novan, a North Carolina-based public company listed on the NASDAQ exchange, announced the results of both of its Phase 3 pivotal clinical trials for SB204 in the treatment of acne vulgaris. SB204 demonstrated statistical significance compared to vehicle on all three co-primary endpoints in one of the trials but demonstrated statistical significance on only one of three co-primary endpoints in the other. Novan intends to complete an additional Phase 3 pivotal trial via third-party financing and execution, before the filing of a New Drug Application ("NDA").

During 2017, the breadth of Novan's pipeline was expanded across antifungal, anti-inflammatory and antiviral indications. Novan reported positive antifungal Phase 2 results in April 2017 and has initiated Phase 1b clinical trials in psoriasis and atopic dermatitis. In January 2018, the first patient was dosed in a Phase 2 trial for the treatment of molluscum contagiosum, a contagious skin infection caused by the molluscipoxvirus.

In January 2018, Novan completed a $38.0 million financing round, issuing 10 million common shares as well as warrants. Malin did not participate in this financing round and its stake in Novan was reduced to approximately 10% following the completion of this financing round.

Following the disappointing data from Novan's Phase 3 pivotal clinical trials for SB204, the share price of the company fell by over 80% resulting in the carrying amount of Malin's investment in Novan of €17.4 million exceeding the fair value of this investment of €9.2 million based on Novan's share price at 31 December 2017 of $4.22 per share.

11. Investments in associates (continued)

Management has determined that the carrying value of its investment in Novan is recoverable so no impairment charge has been recognised. Management used the value-in-use approach to estimate the recoverable amount of its investment in Novan using pre-tax discounted cash flows. The key components of the discounted cash flow model are the SB204 program in the treatment of acne vulgaris and SB206 for the treatment of molluscum contagiosum given it these are the most advanced late-stage programs being actively progressed. The model assumes that the company will be successful in executing its stated aim of completing the additional pivotal Phase 3 study using third-party financing and execution. The assumptions used in the discounted cash flow model include a discount rate of 15% and a 35% probability of both the SB204 and SB206 programs. We view these assumptions as being appropriately conservative to estimate the recoverable value of our investment given the extremely negative market performance of the company's shares.

Given the dilution in Malin's equity ownership of Novan following the financing transaction that was completed in January 2018 and recent changes in Novan's board composition, Malin will assess whether it continues to have the ability to exercise significant influence over Novan from 1 January 2018.

Viamet

On 21 March 2017, Malin invested a further €3.5 million ($3.8 million) in Viamet under an investment commitment made in 2016, following which Malin's equity stake in Viamet was 15%. Malin recognised a €2.1 million loss in the 2017 income statement arising from the re-measurement of Malin's equity interest in Viamet.

Kymab

In January 2017, management determined that Malin no longer had the ability to exert significant influence over the financial and operating policy decisions of Kymab. This resulted from Kymab's completion of a Series C financing transaction in November 2016 which caused a dilution of Malin's equity from 11% to 10% and an increase in the size of the Kymab board of directors from 10 members to 11 members.

Malin discontinued accounting for its investment in Kymab as an investment in associate from 1 January 2017 ("Kymab transaction"). This reclassification from associate investment to available-for-sale investment resulted in the derecognition of the carrying amount of Kymab as an associate investment of €10.9 million and the recognition of a gain in the Malin's consolidated financial statements of approximately €15.3 million primarily related to the re-measurement of this investment to fair value on the reclassification date of €28.1 million. The fair value was determined based on the valuation of the Series C financing round which was completed by Kymab in November 2016, subject to the completion of special conditions in 2017, at a 48% premium to the post-money valuation of the Series B financing round completed in 2015.

Poseida

On 21 July 2017, Malin invested a further €4.3 million ($5.0 million) in Poseida Therapeutics Inc. ("Poseida") as part of the company's Series A-1 financing round to maintain its shareholding in Poseida at approximately 37% of the company's issued share capital. Malin recognised a €0.6 million loss in the 2017 income statement arising from the re-measurement of Malin's equity interest in Poseida.

An2H

In October 2016, Malin entered into a convertible loan note agreement with An2H Discovery Ltd ("An2H") for €5.0 million (the "An2H notes") (see note 18). During 2017, the original maturity date of 31 December 2017 was extended, by agreement of both parties, to 31 March 2018.

Other associates

Malin does not consider its equity method investments in An2H Discovery Ltd ("An2H"), KNOW Bio LLC ("KNOW Bio"), Artizan Biopharma Inc. ("Artizan") and Jaan Health, Inc. ("Jaan Health") to be individually significant and has elected to group these investments into one category, in both the current year and prior comparative period, in the tables on pages 98 and 99.

The Group's share of the results of associates and its share of their net assets, for the current and comparative periods, have been set out on the following two pages.

Notes to the consolidated financial statements (continued)

11. Investments in associates (continued)

	Novan[1] €'m	Viamet €'m	Kymab €'m	3D4Medical €'m	Immunocore €'m	Poseida €'m	Other Associates[2] €'m	Total €'m
Total comprehensive loss for year to 31 December 2017:								
Loss for the year attributable to the Group	(5.0)	(4.2)	-	(1.6)	(5.1)	(6.7)	(2.4)	(25.0)
Loss on changes in equity ownership of investments[3]	-	(2.1)	-	-	(2.6)	(0.6)	-	(5.3)
Other comprehensive loss for the year attributable to the Group[4]	(2.7)	(2.3)	-	(1.5)	(2.0)	(2.9)	(0.2)	(11.6)
Total comprehensive loss for the year ended 31 December 2017	**(7.7)**	**(8.6)**	**-**	**(3.1)**	**(9.7)**	**(10.2)**	**(2.6)**	**(41.9)**
Statement of financial position as at 31 December 2017:								
Non-current assets	14.7	0.1	-	0.9	48.2	7.2	0.4	71.5
Current assets	3.0	4.0	-	1.8	167.0	14.1	6.2	196.1
Non-current liabilities	(12.9)	-	-	-	(20.9)	(9.2)	(0.1)	(43.1)
Current liabilities	(7.0)	(8.5)	-	(0.5)	(46.1)	(6.5)	(3.1)	(71.7)
Net assets/(liabilities) at 31 December 2017	**(2.2)**	**(4.4)**	**-**	**2.2**	**148.2**	**5.6**	**3.4**	**152.8**
Malin's share of net assets	**(0.4)**	**(0.6)**	**-**	**0.8**	**14.8**	**2.1**	**0.9**	**17.6**
Malin's ownership interest at 31 December 2017 (rounded %)	16%	15%	-	38%	10%	37%		
Malin's interest in the investee at 1 January 2017	25.1	19.7	10.9	14.2	59.1	26.6	6.7	162.3
Cash consideration for investments in associates during the year	-	3.5	-	-	-	4.3	-	7.8
Kymab Transaction: reclassification from associate to available-for-sale investment	-	-	(10.9)	-	-	-	-	(10.9)
Total comprehensive loss attributable to the Group	(7.7)	(8.6)	-	(3.1)	(9.7)	(10.2)	(2.6)	(41.9)
Carrying amount of investee at 31 December 2017[5]	**17.4**	**14.6**	**-**	**11.1**	**49.4**	**20.7**	**4.1**	**117.3**

1. As of 14 March 2018, Malin has estimated Novan's Q4 2017 income statement and forecasted a balance sheet as at 31 December 2017.
2. Malin does not consider its equity method investments in An2H, KNOW Bio, Artizan and Jaan Health, to be individually significant and has elected to group these investments into one category, in both the current year and prior comparative period.
3. Represents a gain or loss arising on the re-measurement of Malin's equity interest in its associate investee companies following the completion of funding rounds or issued share capital dilution, subsequent to Malin's initial investment in these investee companies, in which Malin may or may not have participated.
4. Represents foreign currency translation adjustments.
5. The difference between the carrying amount of the investee and Malin's share of the net assets of its associate investee companies relates to goodwill arising on the initial investment in the company.

11. Investments in associates (continued)

	Novan €'m	Viamet €'m	Kymab €'m	3D4Medical €'m	Immunocore €'m	Poseida €'m	Other Associates[1] €'m	Total €'m
Total comprehensive loss for year to 31 December 2016:								
Loss for the year attributable to the Group	(8.7)	(5.1)	(3.5)	(1.2)	(5.2)	(1.0)	(1.7)	(26.4)
Gain/(loss) on changes in equity ownership of investments[2]	(0.9)	1.9	0.3	-	-	(1.1)	(0.2)	-
Other comprehensive income/(loss) for the year attributable to the Group[3]	0.9	0.7	(2.2)	0.4	(10.5)	1.0	0.4	(9.3)
Total comprehensive loss for the year ended 31 December 2016	**(8.7)**	**(2.5)**	**(5.4)**	**(0.8)**	**(15.7)**	**(1.1)**	**(1.5)**	**(35.7)**
Statement of financial position as at 31 December 2016:								
Non-current assets	16.0	0.5	3.4	1.4	30.6	8.6	1.7	62.2
Current assets	33.7	18.5	25.7	6.2	225.5	18.2	13.2	341.0
Non-current liabilities	(7.6)	(0.3)	-	-	-	(1.0)	-	(8.9)
Current liabilities	(12.7)	(6.5)	(13.1)	(0.6)	(51.4)	(10.1)	(5.7)	(100.1)
Net assets at 31 December 2016	**29.4**	**12.2**	**16.0**	**7.0**	**204.7**	**15.7**	**9.2**	**294.2**
Malin's share of net assets	**4.8**	**2.0**	**1.8**	**2.7**	**21.3**	**5.8**	**1.7**	**40.1**
Malin's ownership interest at 31 December 2016 (rounded %)	16%	16%	11%	38%	10%	37%		
Malin's interest in the investee at 1 January 2016	26.0	16.2	16.3	14.5	74.8	18.7	9.7	176.2
Cash consideration for investments in associates during the year	7.8	7.8	-	0.5	-	9.0	2.1	27.2
Net consideration attributed to financial derivatives acquired during the year	-	(2.0)	-	-	-	-	-	(2.0)
Exercise of Viamet derivative asset during the year	-	0.2	-	-	-	-	-	0.2
NeuVT Transaction: reclassification to subsidiary	-	-	-	-	-	-	(3.6)	(3.6)
Total comprehensive loss attributable to the Group	(8.7)	(2.5)	(5.4)	(0.8)	(15.7)	(1.1)	(1.5)	(35.7)
Carrying amount of investee at 31 December 2016[4]	**25.1**	**19.7**	**10.9**	**14.2**	**59.1**	**26.6**	**6.7**	**162.3**

1. Malin does not consider its equity method investments in An2H, KNOW Bio, Emba Medical, Artizan and Jaan Health, to be individually significant and has elected to group these investments into one category, in both the current year and prior comparative period.
2. Represents a gain or loss arising on the re-measurement of Malin's equity interest in its associate investee companies following the completion of funding rounds, subsequent to Malin's initial investment in these investee companies, in which Malin may or may not have participated.
3. Represents foreign currency translation adjustments.
4. The difference between the carrying amount of the investee and Malin's share of the net assets of its associate investee companies relates to goodwill arising on the initial investment in the company.

12. Available-for-sale investments

	2017 €'m	2016 €'m
At beginning of year	79.3	54.0
Cash consideration for investments acquired during the period	4.3	14.8
Non-cash consideration for investments acquired during the period	5.0	-
Kymab transaction: reclassification from associate undertaking	10.9	-
Kymab transaction: fair value movement recognised in income statement	17.2	-
Exercise of Melinta derivative liability during the year	-	(1.3)
Fair value movement recognised in other comprehensive income (including exchange differences)	(35.1)	11.8
At 31 December	**81.6**	**79.3**

The breakdown of the Group's available-for-sale investments at 31 December 2017 is set out below:

	2017 €'m	2016 €'m
Unlisted securities:		
Xenex	30.5	33.8
Hatteras	3.3	2.1
Kymab	27.3	-
Listed securities:		
Melinta	20.5	43.4
	81.6	**79.3**

Foreign exchange differences

Of the total fair value decrease of €35.1 million recognised in 2017, approximately €13.6 million is attributable to negative unrealised foreign currency movements, primarily related to the weakening of the US Dollar.

Melinta

On 6 November 2017, Melinta completed an all-stock transaction merger with Cempra, Inc. and commenced trading on the NASDAQ exchange as MLNT. This transaction triggered the conversion of all outstanding Melinta convertible loan notes issued, including Malin's outstanding balance of €6.4 million ($7.4 million) plus accrued interest. The conversion of the loan notes into Melinta shares resulted in the revaluation of the loan notes to the fair value of shares received in return. This resulted in a write down of the loan notes to Malin's income statement of €2.8 million ($3.2 million) on this date. The public floatation of Melinta also triggered a change in the fair value of Malin's existing equity stake in Melinta. Based on Melinta's share price at 31 December 2017 of $15.80, the fair value of Malin's investment in Melinta on this date was €20.5 million ($24.6 million). Malin has recognised a fair value reduction in its investment in Melinta of €21.5 million. This change in fair value is initially recognised in the statement of other comprehensive income as a movement through the available-for-sale reserve account but is reclassified to the income statement as an impairment loss because, in our view, it represents a significant decline in fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). Management has determined that a decline in fair value of this magnitude is "significant". In spite of this accounting treatment, in accordance with the guidance in IAS 39 and management's interpretation of that guidance, management is confident that it will recover its investment in Melinta over time as Baxdela™ and the recently acquired Medicines Company infectious diseases portfolio gain commercial traction and public markets fully appreciate the breadth and potential of Melinta's commercial products and promising pipeline.

Under a lock-up agreement, Malin is restricted from selling any of its Melinta stock in the 6-month period post IPO, which will expire on 6 May 2018.

12. Available-for-sale investments (continued)

Xenex

During the year, Malin's shareholding in Xenex increased by less than 1% following the acquisition of 428,857 Series I Preferred Shares, with a fair value of €0.8 million ($0.9 million), by Malin's subsidiary, Serenus Biotherapeutics Ltd ("Serenus"). This increase is offset by an unrealised foreign exchange loss of €4.1 million attributable to the weakening of the US dollar. During 2016, a fair value uplift of €9.3 million was recognised on Malin's investment in Xenex based on the enhanced valuation of a financing round in 2016. Management has performed an analysis of the fair value of its investment in Xenex at 31 December 2017 and has determined that the fair value approximates the valuation at which a third-party validated financing round occurred in 2017.

Hatteras

Malin invested a further €1.6 million ($1.7 million) in Hatteras during 2017, bringing Malin's total investment to 31 December to €3.6 million ($3.9 million). Malin has committed to invest a further €13.4 million ($16.1 million) in Hatteras over a 10-year period which commenced in August 2015. Management has performed an analysis of the fair value of its investment in Hatteras and has determined that the fair value at 31 December 2017 approximates the original investment cost.

In February 2018, Malin received a dividend from Hatteras of €0.5 million ($0.6 million) following the disposal of a Hatteras investment with a 94% gain.

Kymab

On 1 January 2017, Kymab was reclassified from an associate investment to an available-for-sale investment. This resulted in a net gain of €17.2 million of which €15.3 million related to the re-measurement to fair value on the reclassification date and €1.9 million related to foreign currency translation. The fair value of Malin's investment in Kymab was determined based on the valuation of the Series C financing round completed by Kymab in November 2016 at a 48% premium to the post-money valuation of the Series B financing round completed in 2015. Malin made a €2.7 million ($3.0 million) contingent investment commitment as part of the Series C financing round and completed €1.4 million ($1.5 million) of this commitment in January 2017 with the balance completed in July 2017.

Please refer to note 26 for details on how Malin measures its available-for-sale investments.

13. Investee company subsidiaries

During the year, Malin rationalised the operations of Serenus and transferred ongoing regulatory applications to Altan. Malin also out-licensed its Middle Eastern and African distribution rights of Melinta's US FDA approved Baxdela™ product to Altan, whose experienced management team is best-placed to execute on these product and market opportunities and will have an initial primary focus on specific Middle Eastern markets.

Notes to the consolidated financial statements (continued)

14. Goodwill and other intangible assets

	Goodwill €'m	Customer Lists €'m	IPR&D €'m	Other Intangibles €'m	Total €'m
Cost:					
At 1 January 2017	26.7	26.9	13.4	5.3	72.3
Exchange differences	(0.2)	-	(1.6)	-	(1.8)
Additions	-	-	-	3.0	3.0
At 31 December 2017	**26.5**	**26.9**	**11.8**	**8.3**	**73.5**
Accumulated amortisation:					
At 1 January 2017	(9.7)	(4.0)	-	(1.0)	(14.7)
Amortisation	-	(2.7)	-	(0.9)	(3.6)
Impairment	(3.9)	-	(11.8)	(0.1)	(15.8)
At 31 December 2017	**(13.6)**	**(6.7)**	**(11.8)**	**(2.0)**	**(34.1)**
Net book value: 31 December 2017	**12.9**	**20.2**	**-**	**6.3**	**39.4**
Net book value: 1 January 2017	**17.0**	**22.9**	**13.4**	**4.3**	**57.6**

	Goodwill €'m	Customer Lists €'m	IPR&D €'m	Other Intangibles €'m	Total €'m
Cost:					
At 1 January 2016	21.3	26.9	-	4.7	52.9
Acquisition of subsidiaries	6.4	-	12.5	-	18.9
Derecognition of subsidiary	(1.3)	-	-	(0.1)	(1.4)
Exchange differences	(0.4)	-	0.9	(0.1)	0.4
Additions	-	-	-	2.1	2.1
Acquisition accounting finalisation	0.7	-	-	(1.3)	(0.6)
At 31 December 2016	**26.7**	**26.9**	**13.4**	**5.3**	**72.3**
Accumulated amortisation:					
At 1 January 2016	-	(1.3)	-	(0.3)	(1.6)
Amortisation	-	(2.7)	-	(0.7)	(3.4)
Impairment	(9.7)	-	-	-	(9.7)
At 31 December 2016	**(9.7)**	**(4.0)**	**-**	**(1.0)**	**(14.7)**
Net book value: 31 December 2016	**17.0**	**22.9**	**13.4**	**4.3**	**57.6**
Net book value: 1 January 2016	**21.3**	**25.6**	**-**	**4.4**	**51.3**

The board and management of NeuVT are currently undertaking a review of the business to determine how best to position and progress the business. NeuVT does not currently have the capital to advance its products that are in development. The business review may result in the separation, sale or spin-off of certain assets from the NeuVT business. We expect the business review to be completed and the resulting resolutions to be executed by the end of the first half of 2018. Following the completion of the business review, Malin will assess its possible participation in any financing rounds undertaken by NeuVT or its related entities.

14. Goodwill and other intangible assets (continued)

Given the significant uncertainty over this business and the possible separation, sale or spin-off of certain of its assets, Malin management could not forecast the future cash flows or returns from the business with sufficient certainty to support the carrying amount of the NeuVT business on the Group's balance sheet at 31 December 2017. Malin has therefore recognised an impairment charge of €15.7 million in the 2017 income statement recording an impairment charge of €3.9 million to fully impair the recognised goodwill and €11.8 million to fully impair the acquired IPR&D.

Goodwill

Goodwill represents the excess of the consideration paid over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Included in the Group's statement of financial position at 31 December 2017 is goodwill of €12.9 million (31 December 2016: €17.0 million). The movement in goodwill arose from foreign exchange differences of €0.2 million and an impairment charge of €3.9 million, presented within selling, general and administrative expenses in the 2017 income statement, reducing the carrying value of the goodwill recognised on NeuVT to €nil.

During 2016, a restructuring of the Serenus business was completed and an impairment charge of €9.7 million was recognised in the 2016 income statement, reducing the carrying value of the goodwill recognised on Serenus to €nil.

The Group tests goodwill for impairment annually or whenever there is an indication that goodwill may be impaired. This testing involves determining the recoverable amount of the relevant cash generating unit (being each subsidiary company) and comparing this to the carrying amount of the investee company. A number of key assumptions have been made as a basis for the impairment 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. 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
Altan	2021	1.75%	1.75%	10%

IPR&D

The movement in IPR&D arose from foreign exchange differences of €1.6 million and an impairment charge of €11.8 million, presented within selling, general and administrative expenses in the 2017 income statement, reducing the carrying value of the IPR&D recognised on the NeuVT business combination to €nil (see note 13).

Other Intangibles

An impairment of €0.1 million was recorded in 2017 to bring Serenus' other intangibles balance to €nil at 31 December 2017.

15. Derivative assets and liabilities

As at 31 December 2017, Malin had entered into call and put investment options and contingent investment commitments with investee companies which could result in Malin making further investments in these companies over time. The fair value of each of these investment options and commitments is set out below.

	2017 €'m	2016 €'m
Derivative financial assets > 1 year:		
Cilatus call option	0.2	0.2
	0.2	**0.2**
Derivative financial assets < 1 year:		
Viamet call option	-	1.7
3D4Medical call option	-	0.2
	-	**1.9**
Derivative financial liabilities < 1 year:		
Interest rate swap	(0.2)	(0.3)
	(0.2)	**(0.3)**
Net derivative financial asset/(liability) position	**-**	**1.8**

The movement in Malin's derivative assets and liabilities during the year is as follows:

	2017 €'m	2016 €'m
At 1 January	1.8	(0.3)
Fair value of derivative assets/liabilities acquired during the year	-	2.2
Exercise of derivative assets/liabilities at fair value during the year	-	1.1
Lapse/waiver of derivative assets/liabilities at fair value during the year	(0.5)	-
Revaluation of derivative assets/liabilities to fair value during the year	(1.3)	(1.2)
At 31 December	**-**	**1.8**

Viamet

On 31 July 2017, Malin's call option, exercisable solely at Malin's discretion, to subscribe for 3.9 million shares at the same subscription price of $1.91 per share as Malin's follow-on investment in September 2016 lapsed without being exercised. The fair value of this derivative asset was estimated at €0.3 million at 30 June 2017 prior to lapsing on 31 July 2017 (31 December 2017: €1.7 million) resulting in a total charge to the 2017 income statement of €1.7 million.

3D4Medical

On 13 March 2017, Malin waived its call option with 3D4Medical to subscribe for additional shares, at a premium of 100% over the subscription price per share paid on 30 June 2015 when Malin acquired its initial 38% interest in 3D4Medical. The fair value of this derivative asset was estimated at €0.2 million ($0.2 million) at 31 December 2016 resulting in a charge to the consolidated income statement in 2017 of €0.2 million.

Cilatus

Malin has a call option to acquire the remaining 20% of Cilatus for consideration based on future EBITDA targets being met. The fair value of this derivative asset was estimated at €0.2 million (CHF 0.2 million) at 31 December 2017 and 31 December 2016.

15. Derivative assets and liabilities (continued)

Kymab

On 20 July 2017, Malin exercised its €1.3 million ($1.5 million) investment commitment with Kymab following the achievement of specified conditions (see note 11). The fair value of the derivative financial asset at 31 December 2016 and at the exercise date was close to €nil.

Hatteras, Artizan and Wren

Malin has determined that the fair value of each of its options and commitments with Hatteras, Artizan and Wren Therapeutics Ltd ("Wren") was close to €nil at 31 December 2017 and 31 December 2016.

Interest rate swap

Altan entered into a swap agreement in 2015 to obtain a fixed interest rate of 0.85% on €18.0 million of its loan principal (see note 21). The swap was re-measured to fair value at 31 December 2017 and a €0.1 million gain was recognised in the 2017 income statement.

16. Property, plant and equipment

	Land and buildings €'m	Plant and equipment €'m	Total €'m
Cost:			
At 1 January 2017	4.2	10.6	14.8
Additions	-	1.2	1.2
Disposals	-	(0.1)	(0.1)
At 31 December 2017	**4.2**	**11.7**	**15.9**
Accumulated depreciation:			
At 1 January 2017	(0.2)	(2.4)	(2.6)
Charged in the year	(0.1)	(1.7)	(1.8)
Impairment	-	(0.5)	(0.5)
At 31 December 2017	**(0.3)**	**(4.6)**	**(4.9)**
Net book value: 31 December 2017	**3.9**	**7.1**	**11.0**
Net book value: 1 January 2017	**4.0**	**8.2**	**12.2**

The impairment loss of €0.5 million is presented within general and administrative expenses in the 2017 income statement.

Notes to the consolidated financial statements (continued)

16. Property, plant and equipment (continued)

	Land and buildings €'m	Plant and equipment €'m	Total €'m
Cost:			
At 1 January 2016	4.2	9.0	13.2
Acquisition of subsidiaries (note 13)	-	0.6	0.6
Additions	-	1.0	1.0
At 31 December 2016	**4.2**	**10.6**	**14.8**
Accumulated depreciation:			
At 1 January 2016	(0.1)	(0.9)	(1.0)
Charged in the period	(0.1)	(1.5)	(1.6)
At 31 December 2016	**(0.2)**	**(2.4)**	**(2.6)**
Net book value: 31 December 2016	**4.0**	**8.2**	**12.2**
Net book value: 1 January 2016	**4.1**	**8.1**	**12.2**

17. Inventories

	2017 €'m	2016 €'m
Raw materials	8.3	8.0
Work-in-progress	0.5	0.5
Finished goods	5.0	5.4
	13.8	**13.9**

The Group's inventory at 31 December 2017 is attributable entirely to Malin's investee company subsidiary, Altan. A provision of €0.7 million was made against Altan inventory in the year ended 31 December 2017. A provision of €1.3 million was made against Serenus inventory in 2016.

18. Trade and other receivables and non-current assets

	2017 €'m	2016 €'m
Trade and other current assets		
Trade receivables	9.8	10.7
Prepayments	0.8	0.8
Vat recoverable	0.3	0.9
Convertible loan notes	5.0	5.0
Other debtors	0.2	0.5
	16.1	**17.9**
Other non-current assets		
Convertible loan notes	-	7.0
	-	**7.0**

18. Trade and other receivables and non-current assets (continued)

Trade and other receivables

Of the trade receivables balance of €9.8 million at 31 December 2017, €9.4 million relates 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 (31 December 2016: €10.3 million).

Convertible loan notes

In October 2016, Malin entered into a convertible loan note agreement with An2H for €5.0 million. The An2H notes are interest-free and have a maturity date of 31 March 2018, upon which time the outstanding principal is due to convert to either An2H equity or be repaid, if not having converted to An2H equity as part of a previous equity financing round. The An2H notes are expected to convert into equity on, or prior to, the maturity date.

The non-current receivables balance of €7.0 million at 31 December 2016, related entirely to the Melinta convertible loan notes outstanding at 31 December 2016. These loan notes converted into Melinta equity on 6 November 2017 (see note 12).

19. Cash and cash equivalents

	2017 €'m	2016 €'m
Cash held by Malin and Malin direct corporate subsidiaries	13.5	28.8
Cash held by Malin investee company subsidiaries	13.6	20.1
	27.1	**48.9**

As at 31 December 2017, the Group's cash and cash equivalents balance included a restricted cash balance of €2.0 million (31 December 2016: €2.0 million).

20. Trade and other payables

	2017 €'m	2016 €'m
Trade payables	8.2	6.9
Accrued expenses	7.5	9.6
PAYE, VAT payable and social welfare	0.3	0.2
	16.0	**16.7**

Notes to the consolidated financial statements (continued)

21. Borrowings

	2017 €'m	2016 €'m
Current borrowings		
Bank borrowings – Malin corporate	0.4	0.5
Bank borrowings – Malin investee company subsidiaries	5.5	4.2
	5.9	**4.7**
Non-current borrowings		
Bank borrowings – Malin corporate	39.5	39.3
Bank borrowings – Malin investee company subsidiaries	18.1	23.6
	57.6	**62.9**
Total borrowings	**63.5**	**67.6**

In 2016, the Company's subsidiary, Malin Life Sciences Holdings Limited ("MLSHL"), secured a debt facility of €70.0 million over a period of 7 years from the EIB. As at 31 December 2017, Malin had drawn down €40.0 million of this debt facility in 2 tranches of €10.0 million and €30.0 million. Each tranche is repayable in 4 equal payments over a 7-year period with the first repayment due in July 2020. Interest on the drawn down loan tranches is repayable semi-annually and is calculated as the 6-month Euribor rate plus an interest margin which equates to approximately 4% for both tranches. Transaction costs incurred relating to the debt facility were approximately €0.8 million and are amortised over the term of the loan under the effective interest rate method.

Under the terms of the EIB debt facility, Malin is obliged to pay a 0.1% non-utilisation fee on any undrawn facility from 22 December 2017 and is required to maintain a specific level of unencumbered funds in its bank accounts for the duration of the debt facility drawdown period. Malin is also required to hold 25% of investment realisation proceeds, with named exceptions, in a separate cash sweep account owned by Malin. The loan also stipulates that on any date, the aggregate of all amounts scheduled for payment to the EIB in the following 12 months should be kept in a separate bank account secured to the EIB.

The loan agreement with the EIB requires MLSHL to maintain a minimum cash balance of €25.0 million as well as a debt covenant requiring that the ratio of the total fair value of investments plus cash and qualifying liquidity to debt should at no time fall below 4:1. In September 2017, Malin obtained a temporary waiver to reduce the minimum cash covenant to €5.0 million on a phased basis through to 22 June 2018. This temporary waiver expired in January 2018 following the placing of additional ordinary shares of Malin and the strengthening of Malin's capital position. Discussions are ongoing with the EIB around the potential restructuring of the debt facility to better align it with the structure and needs of the Malin business.

Of the Group's borrowings at 31 December 2017, €22.7 million (31 December 2016: €27.3 million) relates to a secured term loan obtained by Altan in June 2015 of which €4.1 million was repaid in 2017. 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 3.0% in 2017 plus the 6-month Euribor rate. Altan entered into a swap agreement in 2015 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 2017 and a €0.1 million fair value gain was recognised in the 2017 income statement within finance income. In addition, Altan has a €7.5 million revolving credit facility which can be drawn at any time through May 2019 and carries a coupon of 3.0% in 2017 plus the 6-month Euribor rate. At the reporting date, this facility was fully undrawn. Altan is obliged to pay a 1.0% per annum non-utilisation fee on the undrawn facility.

The carrying value of the Group's borrowings at 1 January 2017 was €67.6 million. During 2017, €4.3 million of loan principal and €2.4 million of loan interest was repaid. Interest of €2.5 million was expensed and capitalised borrowings costs of €0.1 million were amortised. During 2017, €0.2 million of finance costs were paid.

22. Share capital and premium

	2017		2016	
	Number	€'m	Number	€'m
Authorised Share Capital				
Ordinary Shares of €0.001 each	300,000,000	0.3	300,000,000	0.3
A Ordinary Shares of €0.001 each	5,000,000	-	5,000,000	-
B Ordinary Shares of €0.0001 each	305,000,000	-	305,000,000	-
C Ordinary Shares of €0.001 each	-	-	-	-
D Ordinary Shares of €0.001 each	-	-	-	-
Series Preferred Shares of €0.001 each	200,000,000	0.2	200,000,000	0.2
Deferred Shares of €0.0001 each	305,000,000	-	305,000,000	-
	1,115,000,000	**0.5**	**1,115,000,000**	**0.5**
Issued Share Capital				
Ordinary Shares of €0.001 each	42,398,830	-	39,626,086	-
A Ordinary Shares of €0.001 each	3,279,299	-	3,279,299	-
B Ordinary Shares of €0.0001 each	-	-	-	-
C Ordinary Shares of €0.001 each	-	-	-	-
D Ordinary Shares of €0.001 each	-	-	-	-
Series Preferred Shares of €0.001 each	-	-	-	-
Deferred Shares of €0.0001 each	-	-	-	-
	45,678,129	**-**	**42,905,385**	**-**

Authorised share capital

There were no changes to the authorised share capital of the Company in the year to 31 December 2017.

Issued share capital

On 3 May 2017, Malin completed a placing of 2,689,906 new Ordinary Shares in the capital of the Company representing approximately 6.4% of the Company's issued share capital at this time, at a price of €10.03 per share, raising proceeds of €27.0 million. During the year, 82,838 new Ordinary Shares were issued following the vesting of awards under the 2015 LTIP (2016: 395,559). No proceeds arose on any issuance. There have been no other changes to the Issued Share Capital of the Company in the year to 31 December 2017. As at 31 December 2017, the Issued Ordinary Share Capital consisted of 42,398,830 Ordinary Shares of nominal value €0.001 each (31 December 2016: 39,626,086).

During his tenure as CEO, Kelly Martin's remuneration package primarily comprised of equity-based remuneration. At 31 December 2017, 765,449 Ordinary Shares were due and not yet issued to Malin's former CEO, Kelly Martin in respect of (i) his salary from August 2016 through to his termination on 30 September 2017 which he chose to primarily receive in shares; (ii) his 2016 bonus that he agreed to receive in shares; (iii) his severance related shares; and (iv) vested LTIP Ordinary Shares. On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million.

Subsequent to the year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company representing approximately 7.3% of the Company's issued share capital at this time, at a price of €8.88 per share, raising proceeds of €27.8 million. Following the admission of these new Ordinary Shares, Malin's issued Ordinary Share capital consisted of 45,530,960 Ordinary Shares of nominal value €0.001 each.

The A Ordinary Shares will automatically and immediately convert on a one-for-one basis to Ordinary Shares on a change of control. The A Ordinary Shares do not carry any voting rights, rights to a dividend or rights to participate on a return of capital.

Share premium

On 25 July 2017, the High Court authorised the Company to reduce its capital by reducing the share premium account by €340.0 million.

Notes to the consolidated financial statements (continued)

23. Other reserves

	Share-based payment reserve €'m	Available-for-sale reserve €'m	Foreign currency translation reserve €'m	Re-measurement of NCI €'m	Capital redemption reserve €'m	Total €'m
At 1 January 2017	17.6	12.8	(11.0)	1.1	-	20.5
Founder A Ordinary Shares expense	6.1	-	-	-	-	6.1
2015 LTBP and 2015 LTIP charges	11.8	-	-	-	-	11.8
Issues of shares – share-based payments	(1.0)	-	-	-	-	(1.0)
Currency translation:						
Arising in the period – subsidiaries	-	-	(1.5)	-	-	(1.5)
Arising in the period – associates	-	-	(11.6)	-	-	(11.6)
Arising in the period – recycle of FX – associates	-	-	0.9	-	-	0.9
Kymab transaction – reclassification of previously recognised foreign currency translation of associate	-	-	1.9	-	-	1.9
Available-for-sale investments – change in fair value (including foreign currency)	-	7.9	-	-	-	7.9
Reclassification of available-for-sale investment impairment loss to income statement	-	(21.5)	-	-	-	(21.5)
At 31 December 2017	**34.5**	**(0.8)**	**(21.3)**	**1.1**	**-**	**13.5**

	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 1 January 2016	5.7	1.0	(2.2)	1.1	0.7	-	6.3
Founder A Ordinary Shares expense	6.1	-	-	-	-	-	6.1
2015 LTBP and 2015 LTIP charges	11.1	-	-	-	-	-	11.1
Issues of shares – share-based payments	(5.3)	-	-	-	-	-	(5.3)
Currency translation:							
Arising in the period – subsidiaries	-	-	0.1	-	-	-	0.1
Arising in the period – associates	-	-	(9.3)	-	-	-	(9.3)
Arising in the period – recycle of FX – associates	-	-	0.4	-	-	-	0.4
Exercise of Viamet derivative asset	-	-	-	(1.1)	-	-	(1.1)
Available-for-sale investments – change in fair value	-	9.3	-	-	-	-	9.3
Available-for-sale investments – change in fair value (foreign currency)	-	2.5	-	-	-	-	2.5
Transactions with NCI	-	-	-	-	0.4	-	0.4
At 31 December 2016	**17.6**	**12.8**	**(11.0)**	**-**	**1.1**	**-**	**20.5**

23. Other reserves (continued)

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 the reporting date.

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.

Foreign currency translation reserve

The Group's foreign currency translation reserve represents all foreign exchange differences 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 associate undertakings.

Viamet BPI transfer reserve

The Viamet BPI transfer reserve represents a $5.0 million call option with Viamet that BPI transferred to Malin as part of the investor rights transferred to Malin in 2015 as part of the BPI Investment Transfers. Malin exercised the call option on 17 February 2016.

Re-measurement of NCI

This reserve category represents re-measurement of the NCI following step-up investments and disposals of Malin's subsidiaries which resulted in movements in Malin's ownership interests.

Capital redemption reserve

The capital redemption reserve of €2k arose in 2015 from the Company buying back and cancelling its ordinary shares.

24. Loss per Ordinary Share

Basic loss per share is computed by dividing the net loss for the year 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 year 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.

	2017 €'m	2016 €'m
Numerator:		
Net loss for the year attributable to equity holders of the parent	(98.8)	(83.5)
Denominator:		
Weighted average number of Ordinary Shares outstanding for the year[1]	41.8	39.4
Basic and diluted loss per share (euro per share)	**(€2.36)**	**(€2.12)**

As at 31 December 2017, there were 3,279,299 unvested Founder A Ordinary Shares (31 December 2016: 3,279,299) and 1,017,801 outstanding RSUs, of which 255,787 RSUs had vested but were not yet issued at 31 December 2017, that could potentially have a dilutive impact on earnings per share in the future. As a net loss was recorded in the year, the dilutive potential shares are anti-dilutive for the earnings per share.

1. The weighted average Ordinary Shares outstanding calculation includes 700,000 Ordinary Shares due to the former CEO, Kelly Martin, which had not been issued at the reporting date (see note 22) and 255,787 vested RSUs which were not yet issued at 31 December 2017. Subsequent to the reporting date, in March 2018, Mr Martin forfeited the 700,000 Ordinary Shares owed to him as well as 65,449 vested RSUs which had not been issued, in return for a cash settlement amount.

25. Share-based compensation

	2017 €'m	2016 €'m
Founder A Ordinary Shares expense	6.1	6.1
Long-term bonus plan expense	0.3	2.0
Long-term incentive plan and equity-based remuneration expense	11.5	11.0
Shares issued for services rendered	-	0.1
Employee share purchase plan	0.1	-
Investee company employee share-based payment charges	0.2	-
	18.2	**19.2**

As further explained below, on 14 March 2018, Mr Martin agreed to forfeit all shares owed to him (765,449 Ordinary Shares) in respect of salary, bonus, a vested LTIP grant, severance and unvested RSUs in return for a cash payment of €3.1 million. The aggregate equity-based share-based payment charges recognised in the income statement in 2017 and 2016 in respect of the 765,449 Ordinary Shares owed to Mr Martin, including severance related shares, was €9.0 million (2017: €7.8 million; 2016: €1.2 million). On the same date, Mr Martin's advisory contract with the Company was also terminated.

Founder Shares

In connection with the Admission in March 2015, Malin issued 1,543,199 Ordinary Shares to a BPI Group Company, representing 4% of the Total Issued Share Capital of the Company at the grant date, referred to as the Founder Ordinary 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 Founder Ordinary Shares are no longer subject to a lock-up arrangement.

In addition, the Company issued 3,279,299 A Ordinary Shares in March 2015 to a BPI Group Company, representing 8.5% of the Total Issued Share Capital of the Company at the grant date, referred to as the Founder A Ordinary Shares. 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 Company of a CAGR on TSR of equal to or greater than 11%. This infers Malin having a share price of €13.68 on the third-year anniversary date. 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 Company of a CAGR on TSR of equal to or greater than 17.5%. This infers Malin having a share price of €22.40 on the fifth-year anniversary date. 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 fair value of the Founder A Ordinary Shares was estimated in 2015 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) was 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) was 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 the BPI Group Company 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 the BPI Group Company on the Admission Date is €4.1 million. Malin is recognising 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.

25. Share-based compensation (continued)

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 €6.1 million was recognised for the year to 31 December 2017 (2016: €6.1 million) 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 Malin. Malin recognises the fair value of the plan over its estimated vesting period of 5 years from 1 November 2015. On 13 September 2017, the Remuneration Committee passed a resolution to allocate 79.5% of the 2015 LTBP to select identifiable Malin executives. This decision triggered an accounting treatment distinction between the 79.5% allocated portion and the 20.5% unallocated portion of the 2015 LTBP.

The grant date of the 79.5% allocated portion of the 2015 LTBP is deemed to be 13 September 2017 and the cumulative fair value of the entire 2015 LTBP pool was determined on this date as €6.8 million by applying a Monte Carlo simulation technique. The fair value of the 79.5% allocated portion was €5.4 million on this date. Malin is recognising the €5.4 million fair value charge as an expense in the income statement with a corresponding credit recorded in a share-based payment reserve in equity over the remaining vesting period of 2 years 10 months.

As the eligible participants of the 20.5% unallocated portion of the LTBP do not have details of the specific benefits that might accrue to them individually under the plan, the grant date of this portion 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 20.5% pool to the eligible participants. The fair value of the award was determined at the start of the service period in 2015 and will continue to be re-measured at each reporting date with the final measurement occurring at the end of the vesting period. Based on the Monte Carlo model, the cumulative fair value of the 20.5% unallocated portion of the 2015 LTBP awards was estimated at €0.3 million on 31 December 2017 by applying a Monte Carlo simulation technique.

A charge of €0.3 million was recognised for the year to 31 December 2017 in relation to the 2015 LTBP allocated and unallocated awards in the consolidated income statement (2016: €2.0 million).

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

	At 31 December 2017	At 13 September 2017	At 31 December 2016
Reference share price	€10.63	€10.63	€10.63
Expected volatility	36%	38%	38 %
Expected life	2 years 10 months	3 years 1 month	3 years 10 months
Expected dividend yield	-	-	-
Risk-free interest rate	(0.05)%	(0.09)%	(0.02)%

Further detail on the 2015 LTBP is out in the Directors' Remuneration Report on pages 53 to 62.

Long-term incentive plan

The Company's 2015 LTIP was established on 1 November 2015. The terms of share options granted under the 2015 LTIP during the year are set out in the Directors' Remuneration Report on pages 53 to 62.

In June 2017, 489,565 RSUs were granted under the 2015 LTIP, referred to as the June 2017 awards. The June 2017 awards will vest in 3 equal tranches over the 24-month period following the grant date. The first tranche of the June 2017 awards shall vest on the earlier of the occurrence of a cash monetisation trigger or 12 May 2018.

25. Share-based compensation (continued)

There are 2 vesting conditions attached to the second and third tranches of the June 2017 awards granted: (i) achievement of TSR target (market condition), and (ii) employees must remain in employment at the vesting date (service condition).

The fair value of the first tranche of RSUs granted in June 2017 was based on the Malin share price on the grant date. The total fair value of these awards was €1.9 million and Malin recognised this fair value expense in the consolidated income statement over the 12-month period to May 2018 resulting in a charge of €1.3 million to 31 December 2017.

The fair value of the second and third tranches of the June 2017 awards was estimated using the Monte Carlo simulation technique at €6.96 per share (second tranche) and €7.49 per share (third tranche). The cumulative fair value of these RSUs is €2.2 million. Malin will recognise this fair value expense over the respective vesting periods. A charge of €1.0 million was recognised in respect of the second and third tranches in the year.

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

	Assumptions
Reference share price	€12.23
Expected volatility[1]	40%
Expected life – second tranche	1 year
Expected life – third tranche	2 years
Expected dividend yield	-
Risk-free interest rate	(0.2)%

The fair value of awards made under the 2015 LTIP is recognised in the consolidated income statement with a corresponding credit recorded in a share-based payment reserve in equity over the relevant vesting periods. A charge of €3.9 million was recognised for the not-yet-vested tranches in the year to 31 December 2017. At 31 December 2017, the remaining unamortised expense for awards granted under the 2015 LTIP which remained unvested at 31 December 2017 was €2.5 million.

The RSUs outstanding at 31 December 2017 and 31 December 2016 are summarised below:

	No. of RSUs 2017	No. of RSUs 2016
Outstanding at beginning of year	634,073	265,131
Granted	489,565	903,114
Exercised – issued	(82,838)	(395,559)
Exercised – net settlement adjustment	-	(138,613)
Cancelled	(22,999)	-
Outstanding at end of year	**1,017,801**	**634,073**

Mr Kelly Martin - Settlement Agreement

At 31 December 2017, 765,449 Ordinary Shares were due and not yet issued to Malin's former CEO, Kelly Martin in respect of (i) his salary from August 2016 through to his termination on 30 September 2017 which he chose to primarily receive in shares; (ii) his 2016 bonus that he agreed to receive in shares; (iii) his severance related shares; and (iv) vested LTIP Ordinary Shares. On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million.

1. A historic volatility approach, using comparable companies to Malin has been used to derive the volatility of the Malin share price.

25. Share-based compensation (continued)

The equity-based share-based payment charges recognised in the income statement in 2017 and 2016, not awarded under the 2015 LTIP, including severance related shares, in respect of the 700,000 Ordinary Shares owed to Mr Martin at 31 December 2017, was €8.1 million (2017: €7.3 million; 2016: €0.8 million).

The equity-based share-based payment charges recognised in the income statement in 2017 and 2016, awarded under the 2015 LTIP, in respect of the 65,449 Ordinary Shares owed to Mr Martin at 31 December 2017, was €0.9 million (2017: €0.5 million; 2016: €0.4 million).

In addition, the estimated equity-based share-based payment charges recognised in respect of the 75,000 unvested outstanding RSUs issued to Mr Martin in 2017 was €0.4 million. These charges are included in the 2017 share-based compensation charge of €18.2 million and in the 2016 charge of €19.2 million.

The surrender of the outstanding 765,449 Ordinary Shares and 75,000 unvested outstanding RSUs in March 2018 in return for a cash settlement amount is a modification in accordance with IFRS 2 Share-based Payments. €3.1 million, being the cash settlement amount, will be reclassified from equity to liabilities on the modification date (14 March 2018) and the difference between this and the aggregate equity-based share-based payment charges recognised in 2017 and 2016 of €6.3 million will remain in equity.

Employee Share Purchase Plan

In February 2017, the Board of Directors approved the establishment of an Employee Share Purchase Plan ("ESPP") to enable Malin employees to purchase shares on the market, at a 15% discount, using accumulated payroll deductions, lump sum amounts or a mixture of both. A charge of €0.1 million was recognised in 2017 related to the ESPP.

26. Financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 31 December 2017 and 31 December 2016. 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.

	2017		2016	
	Carrying amount €'m	Fair value €'m	Carrying amount €'m	Fair value €'m
Financial assets:				
Available-for-sale investments (note 12)	81.6	81.6	79.3	79.3
Derivative financial assets (note 15)	0.2	0.2	2.1	2.1
At end of year	**81.8**	**81.8**	**81.4**	**81.4**
Financial liabilities:				
Interest bearing loans and borrowings	(62.8)	(55.4)	(66.8)	(58.7)
Non-interest bearing loans and borrowings	(0.7)	(0.6)	(0.8)	(0.6)
Derivative financial liabilities (note 15)	(0.2)	(0.2)	(0.3)	(0.3)
At end of year	**(63.7)**	**(56.2)**	**(67.9)**	**(59.6)**

Notes to the consolidated financial statements (continued)

26. Financial instruments (continued)

	Level 1 €'m	Level 2 €'m	Level 3 €'m	Total €'m
Financial assets measured at fair value:				
Available-for-sale investments (unquoted equity shares)	-	-	61.1	61.1
Available-for-sale investments (quoted equity shares)	20.5	-	-	20.5
Derivative financial assets	-	-	0.2	0.2
At 31 December 2017	**20.5**	**-**	**61.3**	**81.8**
Financial liabilities measured at fair value:				
Interest bearing loans and borrowings	-	(55.4)	-	(55.4)
Non-interest bearing loans and borrowings	-	(0.6)	-	(0.6)
Derivative financial liabilities	-	(0.2)	-	(0.2)
At 31 December 2017	**-**	**(56.2)**	**-**	**(56.2)**

	Level 1 €'m	Level 2 €'m	Level 3 €'m	Total €'m
Financial assets measured at fair value:				
Available-for-sale investments (unquoted equity shares)	-	-	79.3	79.3
Derivative financial assets	-	-	2.1	2.1
At 31 December 2016	**-**	**-**	**81.4**	**81.4**
Financial liabilities measured at fair value:				
Interest bearing loans and borrowings	-	(58.7)	-	(58.7)
Non-interest bearing loans and borrowings	-	(0.6)	-	(0.6)
Derivative financial liabilities	-	(0.3)	-	(0.3)
At 31 December 2016	**-**	**(59.6)**	**-**	**(59.6)**

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.

26. Financial instruments (continued)

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 market interest and exchange rates.

Fair value of Malin's available for sale investments
Available-for-sale investments are fair valued at each reporting date. For the Group's available-for-sale investments that are not traded in active markets and for which a recent third-party validated financing round has occurred, the recent share price has formed the basis for the fair value of Malin's investment holding. Management performed an analysis of the fair value of its investment in Xenex at 31 December 2017 and determined that the fair value approximates the valuation at which a third-party validated financing round occurred in 2017. Management also performed an analysis of the fair value of its investment in Kymab at 31 December 2017 and determined that the fair value approximates the valuation of the Series C financing round which was completed by Kymab in November 2016, subject to the completion of specified conditions in 2017, at a 48% premium to the post-money valuation of the previous financing round. For the Group's available-for-sale investment in Hatteras, following a fair value review of its underlying investment, management has determined that cost continues to be a fair approximation of fair value. Melinta is a publicly listed entity with a share price at 31 December 2017 of $15.80 which equates to a fair value of Malin's investment on this date of €20.5 million ($24.6 million). An impairment of €21.5 million has been recognised in the income statement, to carry the Melinta investment at fair value.

On 6 November 2017, Melinta commenced trading on the NASDAQ-exchange and a quoted price in an active market became available for the Melinta shares. Malin transferred its financial instrument from a Level 3 investment to a Level 1 investment effective from this date. The Level 1 input is Melinta's publicly quoted share price as at 31 December 2017 of $15.80.

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.

27. 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 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.

Notes to the consolidated financial statements (continued)

27. Financial risk management (continued)

The Group's treasury policy criteria limit the amount of cash that can be held with financial institutions based on their credit rating per established rating agencies.

Of the Group's cash and cash equivalents balance at 31 December 2017, 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.

	2017 €'m	2016 €'m
A-rated financial institutions	11.5	27.7
B-rated financial institutions	15.6	21.2
	27.1	**48.9**

Trade and other receivables

	2017 €'m	2016 €'m
Trade receivables	9.8	10.7
Convertible loan notes	5.0	12.0
	14.8	**22.7**

Of the trade receivables balance of €9.8 million at 31 December 2017, €9.4 million relates 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 (31 December 2016: €10.3 million). 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	2017 €'m	2016 €'m
Spain	6.1	7.3
EU (excluding Spain)	2.9	3.0
ROW	0.8	0.4
	9.8	**10.7**

Included in the Group's trade and other receivables as at 31 December 2017 are balances of €5.1 million (31 December 2015: €5.3 million) which are past due at the reporting date, of which €0.2 million (31 December 2016: €0.1 million) has been provided for. The aged analysis of trade receivable balances is as follows:

Trade receivables	2017 €'m	2016 €'m
Current	4.7	5.4
Less than 30 days overdue	1.4	2.0
30 – 60 days overdue	0.9	0.9
61 – 90 days overdue	0.5	0.6
91 – 120 days overdue	0.4	0.4
Over 120 days overdue	1.9	1.4
	9.8	**10.7**

27. Financial risk management (continued)

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

	2017 €'m	2016 €'m
At beginning of year	0.1	0.1
Subsequent recovery of amounts previously provided for	(0.1)	-
Amounts written off during the period	-	(0.1)
Provision for impairment recognised in the period	0.2	0.1
At end of year	**0.2**	**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 statement of financial position 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.

At 31 December 2017, the Company's main source of funding was a combination of equity and debt finance. During 2015, the Company raised €380.0 million on equity markets and 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 EIB. As at 31 December 2017, €40.0 million of this facility was drawn down.

The loan agreement with the EIB requires Malin Life Sciences Holdings Limited to maintain a minimum cash balance of €25.0 million. Malin obtained a temporary waiver to reduce the minimum cash covenant to €5.0 million on a phased basis through to 22 June 2018. This temporary waiver expired in January 2018 following the placing of additional ordinary shares of Malin and the strengthening of Malin's capital position. The Group also has a separate loan balance with a carrying value of €23.6 million associated with its subsidiary, Altan.

On 3 May 2017, Malin completed a placing of 2,689,906 new Ordinary Shares in the capital of the Company representing approximately 6.4% of the Company's issued share capital at this time, at a price of €10.03 per share, to raise gross proceeds of €27.0 million.

On 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company representing approximately 7.3% of the Company's issued share capital at this time, at a price of €8.88 per share, raising proceeds of €27.8 million.

At 31 December 2017, Malin had entered into a number of investment commitments, some of which are contingent on investee milestones, which could result in Malin making further investments in specific investee companies over time. For further information on these commitments please refer to note 29.

The Group believes it has sufficient cash resources and bank debt facilities at its disposal, which provide flexibility in financing existing operations, acquisitions and other developments. Several 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.

Notes to the consolidated financial statements (continued)

27. Financial risk management (continued)

In January 2018, Viamet completed the sale of its most advanced molecule, VT-1161, to NovaQuest Capital. The acquisition of the molecule followed the successful Phase 2b clinical trials for the treatment of RVVC and onychomycosis, or fungal nail infection. NovaQuest Capital will be responsible for the further development of VT-1161. Although the financial terms of the transaction were not publicly disclosed, in addition to a share of an upfront payment, Malin will receive regulatory and commercial milestone payments and a royalty on all worldwide sales assuming successful development in at least one indication. Malin's share of the upfront payment to Viamet shareholders was $11.6 million (€9.4 million) of which $10.6 million was received in February 2018.

Malin also received a dividend from Hatteras of €0.5 million ($0.6 million) in February 2018, following the disposal of a Hatteras investment at a 94% gain.

The following are the undiscounted contractual maturities of financial instruments, including interest payments and excluding the impact of netting arrangements at 31 December 2017 and 31 December 2016.

	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	62.8	72.0	3.5	4.5	9.1	44.6	10.3
Non-interest bearing loans and borrowings	0.7	0.8	0.1	0.1	0.1	0.4	0.1
Trade and other payables	16.0	16.0	16.0	-	-	-	-
Derivative financial instruments							
Interest rate swap	0.2	0.6	0.1	0.1	0.2	0.2	-
Contingent investment commitments[1]	-	0.7	0.7	-	-	-	-
Investment commitments	0.3	13.5	4.1	5.1	4.3	-	-
At 31 December 2017	**80.0**	**103.6**	**24.5**	**9.8**	**13.7**	**45.2**	**10.4**

	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	66.8	78.9	3.2	3.6	8.0	43.1	21.0
Non-interest bearing loans and borrowings	0.8	0.9	0.1	0.1	0.1	0.4	0.2
Trade and other payables	16.7	16.7	16.7	-	-	-	-
Derivative financial instruments							
Interest rate swap	0.3	0.8	0.1	0.1	0.2	0.4	-
Contingent investment commitments[1]	-	7.1	4.9	2.2	-	-	-
Investment commitments	0.3	17.4	1.6	5.6	9.8	-	-
At 31 December 2016	**84.9**	**121.8**	**26.6**	**11.6**	**18.1**	**43.9**	**21.2**

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

27. Financial risk management (continued)

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 GB Pound Sterling.

Details of the Group's assets and liabilities and income statement are set out below.

	Euro €'m	USD €'m	GBP €'m	ZAR €'m	CHF €'m	Total €'m
Assets and liabilities held by the Group at 31 December 2017	128.5	86.3	6.7	-	(0.1)	221.4
2017 Income Statement	(84.7)	(20.0)	(1.2)	-	(0.3)	(106.2)

	Euro €'m	USD €'m	GBP €'m	ZAR €'m	CHF €'m	Total €'m
Assets and liabilities held by the Group at 31 December 2016	236.9	59.9	11.5	-	(0.1)	308.2
2016 Income Statement	(72.8)	(13.9)	(0.1)	0.3	(0.1)	(86.6)

A reasonably possible strengthening, or weakening, of the US dollar and GB Pound Sterling against the euro at 31 December 2017 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.

	2017			
	Income statement		Equity	
Effect in €'m	Strengthening €'m	Weakening €'m	Strengthening €'m	Weakening €'m
USD (5% movement)	(1.0)	0.9	4.2	(4.6)
GBP (5% movement)	(0.1)	0.1	0.3	(0.4)

	2016			
	Income statement		Equity	
Effect in €'m	Strengthening €'m	Weakening €'m	Strengthening €'m	Weakening €'m
USD (5% movement)	(0.5)	0.5	3.2	(2.9)
GBP (5% movement)	-	-	0.6	(0.5)

Notes to the consolidated financial statements (continued)

27. Financial risk management (continued)

At 31 December 2017, the Group's cash and cash equivalents balance of €27.1 million was denominated in the following currencies:

	2017 €'m	2016 €'m
Euro	22.3	33.3
US Dollar	2.4	10.4
Pound Sterling	2.4	5.1
Other	-	0.1
	27.1	**48.9**

Interest rate risk
The Group is exposed to interest rate risk on its cash deposits as at 31 December 2017 and the interest-bearing debt held by Malin and its subsidiary, Altan. Interest rate risk is managed on a continuous basis in conjunction with assessing the funding requirements of the Group. The Group's borrowings were subject to variable interest rates of 3% - 4% in 2017. Malin's investee company subsidiary, Altan, entered into a swap agreement in 2015 to obtain a fixed interest rate of 0.85% on €18.0 million of its loan principal (see note 21).

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 multiple entities at the reporting date. The Group mitigates exposure to the value fluctuations of these investments by having an established investment appraisal process in place which involves continuous monitoring procedures which are subject to senior management and board review.

28. Non-controlling interests

	2017 €'m	2016 €'m
At beginning of period	22.1	16.1
Acquisition accounting finalisation	-	(0.4)
	22.1	**15.7**
Acquisition of subsidiaries in the period	-	9.4
Share of loss for the period	(14.2)	(3.1)
Equity transactions with NCI	-	(0.8)
Follow-on cash investment by parent into subsidiary	-	0.4
Share of foreign exchange reserve	(0.6)	0.5
Non-recovery of NCI	6.8	-
At 31 December	**14.1**	**22.1**

28. Non-controlling interests (continued)

The following table summarises the information at 31 December 2017 relating to each of the Group's subsidiaries that has NCI.

	Altan €'m	NeuVT €'m	Other Entities[1]	Total €'m
NCI percentage at 31 December 2017	35%	68%		
Non-current assets	37.6	0.1	1.0	
Current assets	35.8	0.7	8.5	
Non-current liabilities	(24.9)	-	0.1	
Current liabilities	(13.9)	(2.1)	(1.4)	
Net assets	**34.6**	**(1.3)**	**8.2**	
Net assets attributable to NCI	**12.1**	**(0.9)**	**2.9**	
Revenue	39.8	-	2.1	41.9
Net loss	(0.6)	(18.8)	(2.7)	
Other comprehensive loss	-	(0.5)	(0.9)	
Total comprehensive loss	**(0.6)**	**(19.3)**	**(3.6)**	
Loss allocated to NCI	(0.2)	(12.8)	(1.2)	(14.2)
Non-recovery of NCI	-	6.8	-	6.8
OCI allocated to NCI	-	(0.3)	(0.3)	(0.6)
Total comprehensive loss allocated to NCI	**(0.2)**	**(6.3)**	**(1.5)**	**(8.0)**

Given the significant uncertainty over the NeuVT business and the possible separation, sale or spin-off of certain of its assets, as described in note 14, Malin management could not forecast the recoverability of intercompany loans between Malin and NeuVT as a subsidiary. As a result, on consolidation, Malin has provided for these loans as non-recoverable, resulting in a reduction of NCI of €6.8 million.

29. Commitments and contingencies

At 31 December 2017, Malin had made 2 investment commitments, to Hatteras and Cilatus, and a contingent investment commitment to Artizan, which could result in Malin making further investments in these investee companies over time.

In August 2016, Malin entered into a collaborative funding agreement with the University of Cambridge under which Malin has committed to invest €1.1 million (£1.0 million) per year in respect of the Nidus Cambridge Laboratory for a minimum period of 5 years. This funding commitment is expected to commence in 2018.

The Company, as the parent of the Group 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 2017.

1. Malin does not consider the NCI information of Cilatus, Serenus and Wren to be individually significant and selected to group these investments into "Other Entities" in the table above.

30. 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 the BPI Group, an Irish life sciences holding company. The related party transactions between Malin and the BPI Group are set out below.

Founder Shares

In connection with the Admission in 2015, Malin issued the BPI Group 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 non-cash share-based payment charge of €6.1 million associated with the Founder A Ordinary Shares was recognised in the period to 31 December 2017 (2016: €6.1 million). For further information on the Founder Shares, please refer to note 25.

Other BPI shareholdings in Malin

In connection with the BPI Investment Transfers in 2015, Malin issued 764,145 Ordinary Shares to the BPI Group 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 the BPI Group, 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.

The BPI Group along with its principals and shareholders have an interest in an aggregate 4.4% of the Issued Ordinary Share Capital of the Company. This includes the interests of current directors; Adrian Howd Ph.D, and Darragh Lyons and former director, Kelly Martin, held in a personal capacity.

The interests of the Directors in the Issued Ordinary Share Capital of the Company on 14 March 2018, the latest practicable date, is set out below.

Name	Ordinary Shares	% of Issued Share Capital
Donal O'Connor	-	-
Adrian Howd, Ph.D	46,539	0.1%
Darragh Lyons	19,367	-
Liam Daniel	10,000	-
Owen Hughes	11,373	-
Robert A. Ingram	17,406	-
Kieran McGowan	14,099	-

Transactions with directors

Kyran McLaughlin is deputy chairman of the Davy Group and head of the Capital Markets business division. Davy Corporate Finance, a separate division of the Davy Group, acted as Malin's ESM-required advisor during 2017. The total invoiced value of these services was €0.1 million (2016: €0.1 million). There was no amount outstanding at 31 December 2017 (31 December 2016: €nil). Mr McLaughlin resigned as director and Chairman of Malin on 31 December 2017.

30. Related party transactions (continued)

Directors and shareholders of BPI

Adrian Howd, Ph.D, CEO and Director of the Company, is a shareholder and non-executive director of the BPI Group.

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

Kyran McLaughlin, who resigned as Chairman and Director of the Company on 31 December 2017, held $1,000,000 of 10% loan notes in the BPI Group at 31 December 2016 (31 December 2015: $1,000,000).

Kelly Martin, former CEO and Director of the Company, is a founder and shareholder of the BPI Group and is a non-executive director of a number of BPI Group companies.

Relationships with investee companies

Emba Medical and Emba Neuro

Kyran McLaughlin and Kelly Martin held equity interests in Emba Neuro and Emba Medical which pre-dated Malin's investments in these entities. Post the restructuring of these entities into NeuVT under the NeuVT business combination in August 2016, Mr McLaughlin holds approximately 2% (31 December 2016: 2%) and Mr Martin holds approximately 12% (31 December 2016: 12%) of the post-combination equity capital of NeuVT in their own personal capacity, including the interests of their families where applicable, at 31 December 2017. The BPI Group holds an interest in approximately 36% of the post-combination equity capital of NeuVT at 31 December 2017, which includes Kyran McLaughlin and Kelly Martin's personal interests, as both are shareholders of the BPI Group.

Xenex

Mr McLaughlin held approximately 0.8% of the equity of Xenex as at 31 December 2017 (31 December 2016: 0.9%).

Hatteras

Malin had invested €3.6 million ($3.9 million) in Hatteras as at 31 December 2017 and has committed to invest a further €13.4 million ($16.1 million) in the company. Mr Robert A. Ingram serves as General Partner of Hatteras Venture Partners.

Viamet

Hatteras Venture Partners, in which Robert A. Ingram serves as General Partner, held approximately 7% (31 December 2016: 7%) of the fully diluted equity capital of Viamet, through various Hatteras Venture Partners funds. Mr Ingram is Chairman of the Board of Viamet.

Artizan

Hatteras Venture Partners held approximately 20% of the fully diluted equity capital of Artizan at 31 December 2017 (31 December 2016: 23%), through Hatteras Venture Partners V.

Novan

Robert A. Ingram served as a director on Novan's board prior to Malin's agreement to invest in Novan and was appointed Chairman of Novan in February 2016.

Kelly Martin, former CEO of Malin, Robert A. Ingram, a director of Malin, and Sean Murphy, a senior executive of Malin, received cash remuneration of $38,125, $65,000 and $45,000 respectively and share options of 34,014 each in 2017 (2016: $10,313, $16,250 and $11,250 respectively and 14,484 share options each in Novan), in their capacity as directors of Novan in 2017. Mr Ingram also owns 0.4% of common stock in Novan, in addition to the share options.

Key management compensation

The key management personnel are the Executive and Non-Executive Directors of the Company. The remuneration expense for the Executive Directors for the year to 31 December 2017 was €4.4 million (2015: €9.4 million) and is set out in the Directors' Remuneration Report on pages 53 to 62 along with Directors' fees.

Notes to the consolidated financial statements (continued)

30. Related party transactions (continued)

Mr Kelly Martin - Settlement Agreement

Mr Martin's Employment Agreement with the Company was terminated with effect from 30 September 2017. Under the terms of his Employment Agreement, Mr Martin was contractually entitled to a severance payment equal to two times annual salary and two times prior year bonus. This equated to Mr Martin having an entitlement to: (i) a cash payment of $150,000; (ii) 450,000 Ordinary Shares in Malin.

On the date of the termination of Mr Martin's Employment Agreement, he was also owed 65,449 Ordinary Shares in respect of an LTIP grant made in July 2016 which vested in July 2017 and Mr Martin retained 75,000 RSUs, one-third of which were due to vest on the earlier of achievement of trigger event or 12 May 2018 with the remainder subject to TSR-related vesting conditions.

Mr Martin was also due 175,000 Ordinary Shares in respect of his salary which he chose to largely receive in shares from 1 August 2016 until the termination of his Employment Agreement on 30 September 2017. Mr Martin was also due 75,000 Ordinary Shares in respect of his 2016 bonus that he agreed to receive in shares.

None of the shares owed to Mr Martin in respect of (i) his salary from August 2016 through to his termination on 30 September 2017; (ii) his 2016 bonus that he agreed to receive in shares; (iii) his severance related shares; and (iv) the 65,449 LTIP shares that were due; had been issued to Mr Martin by 31 December 2017. On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as his 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million. Approximately half of this cash payment will be made in March 2018 with the remainder due before the end of 2018.

The aggregate equity-based share-based payment charges recognised in the income statement in 2017 and 2016 in respect of the 765,449 Ordinary Shares owed to Mr Martin, including severance related shares, was €9.0 million (2017: €7.8 million; 2016: €1.2 million). In addition, the estimated equity-based share-based payment charges recognised in respect of the 75,000 unvested outstanding RSUs in 2017 was €0.4 million.

The surrender of the outstanding 765,449 Ordinary Shares and 75,000 RSUs in return for a cash settlement amount is a modification in accordance with IFRS 2 Share-based Payments. €3.1 million, being the cash settlement amount, will be reclassified from equity to liabilities on the modification date (March 2018) and the difference between this and the aggregate equity-based share-based payment charges recognised in 2017 and 2016 of €6.3 million will remain in equity. The cash settlement charge of €3.1 million is included in the calculation of the remuneration expense for the Executive Directors for the year to 31 December 2017 of €4.4 million rather than the 2017 share-based compensation charges associated with the equity that Mr Martin ultimately forfeited.

Following the termination of Mr Martin's employment as CEO and his resignation as a Director of Malin on 30 September 2017, Mr Martin was engaged by Malin in an asset-focused advisory role. The advisory contract was for the term of 1 October 2017 to 31 December 2019 and Mr Martin was entitled to receive a cash payment of $50k per month for the period of this contract. This advisory contract was terminated on 14 March 2018 and Malin agreed to make final payments to Mr Martin of $100k to settle his accrued charges for March 2018 and as final settlement of all other obligations under the contract.

31. Events after the reporting date

Mr Kelly Martin – Settlement Agreement
On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as his 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million. Mr Martin's advisory contract with Malin was also terminated on 14 March 2018 and Malin agreed to make final payments to Mr Martin of $100k to settle his accrued charges up to March 2018 and as final settlement of all other obligations under the contract. See note 30 for further information on this agreement.

Artizan contingent investment commitment
On 17 January 2018, Malin completed its €0.7 million ($0.9 million) contingent investment commitment with Artizan in accordance with the initial investment agreement.

Hatteras follow-on investment
Between the year-end date of 31 December 2017 and the date of release of this report, Malin had advanced a further €1.5 million ($1.9 million) to Hatteras under its investment commitment.

Placing of Ordinary Shares
Subsequent to the year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company raising proceeds of €27.8 million. Following the admission of these new Ordinary Shares, Malin's issued Ordinary Share capital consists of 45,530,960 Ordinary Shares of nominal value €0.001 each.

Investment inflows
In January 2018, Viamet completed the sale of its most advanced molecule, VT-1161, to NovaQuest Capital. Although the financial terms of the transaction were not publicly disclosed, in addition to a share of an upfront payment, Malin will receive regulatory and commercial milestone payments and a royalty on all worldwide sales assuming successful development in at least one indication. Malin's share of the upfront payment to Viamet shareholders was $11.6 million (€9.4 million) of $10.6 million which was received in February 2018.

Malin also received a dividend from Hatteras of €0.5 million ($0.6 million) in February 2018 following the disposal of a Hatteras investment at a 94% gain.

32. Subsidiaries and principal associated undertakings

a. Subsidiaries

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2017 %
Ireland			
Malin Corporation plc	Dublin	Ultimate parent company	100%
Malin Life Sciences Holdings Ltd	Dublin	Investment company	100%
Malin Life Sciences International Ltd	Dublin	Operating company	100%
Nidus Laboratories Ireland Ltd	Dublin	Holding company	100%
Harbour Square Corporate Secretaries Ltd	Dublin	Company secretarial	100%
Malin Life Sciences 8 Ltd	Dublin	Dormant	100%
Malin Life Sciences 9 Ltd	Dublin	Dormant	100%
Malin Private Ltd (formerly Malin Life Sciences 4 Ltd)	Dublin	Dormant	100%
Malin Private Holdings Ltd (formerly Malin Life Sciences 5 Ltd)	Dublin	Dormant	100%
Malin Private 1 Ltd	Dublin	Dormant	100%
Malin Private 2 Ltd	Dublin	Dormant	100%
Malin Private 3 Ltd	Dublin	Dormant	100%
Cilatus Biopharma Consulting Ltd (formerly Malin Life Sciences 6 Ltd)	Dublin	Operating company	80%
Cilatus Manufacturing Services Limited	Dublin	Operating company	80%
Brandon Point Management Services Unlimited Company	Dublin	Dormant	100%
Brandon Point Industries Unlimited Company	Dublin	Dormant	100%
Serenus Biotherapeutics Ltd	Dublin	Distribution	76%
Altan Pharma Ltd	Dublin	Operating company	65%
Hatchill Ltd	Dublin	Dormant	32%
NeuVT Ltd	Dublin	Development of medical devices	32%
Emba Neuro Ltd	Dublin	Holding company	61%
United States			
Malin Life Sciences, (US) Inc.	Connecticut	Holding company	100%
Brandon Point Industries, (US) Inc.	Connecticut	Dormant	100%
Serenus Biotherapeutics, Inc.	Connecticut	Holding company	76%
NeuVT, (US) Inc.	Delaware	Development of medical devices	32%
United Kingdom			
Malin Life Sciences (UK) Ltd	Cambridge	Dormant	100%
Nidus Laboratories Ltd	Cambridge	Operating company	100%
Wren Therapeutics Ltd	Cambridge	Operating company	35%
Jersey			
Malin J3 Ltd	Jersey	Holding company	100%
Spain			
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%
Kenya			
Serenus Biotherapeutics Kenya Ltd	Nairobi	Distribution	76%

32. Subsidiaries and principal associated undertakings (continued)

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2017 %
South Africa			
Serenus Biotherapeutics (Pty) Ltd	Johannesburg	Distribution	76%
Switzerland			
Cilatus Biopharma AG	Switzerland	Biopharma consulting	80%

b. Associates

Incorporated and operating in	Principal place of business	Principal activities	Group interest at 31 December 2017 %
Ireland			
An2H Discovery Ltd	Dublin	Oncology/neurology	26%
Brandon Point Enterprises 1 Ltd	Dublin	Holding company	28%[1]
3D4Medical Ltd	Dublin	Anatomy technology	38%
Emba Medical Ltd	Dublin	Holding Company	27%
United States			
Artizan Biopharma, Inc.	Delaware	Bacterial vaccination	27%
Jaan Health, Inc.	New York	Mobile healthcare technology	15%
KNOW Bio, LLC	North Carolina	Nitric-oxide platform	16%
Novan Inc.	North Carolina	Dermatology	16%
Poseida Therapeutics, Inc.	California	Genome engineering	37%
Viamet Pharmaceuticals Holdings, LLC	North Carolina	Metaloenzyme platform	15%
United Kingdom			
Immunocore Ltd	Oxford	Immuno-oncology	10%
Jersey			
Malin J1 Ltd	Jersey	Holding company	39%[2]

33. Approval of financial statements

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2017 on 14 March 2018.

1. 28% equity ownership but 72% voting rights.
2. 39% equity ownership but 61% voting rights.

Separate Financial Statements

The Company
For the year ended 31 December 2017

Company statement of financial position

as at 31 December 2017

	Notes	2017 €'m	2016 €'m
Assets			
Non-current assets			
Investments in subsidiaries	2	180.0	168.7
Loans and receivables from subsidiaries	3	233.5	206.9
Total non-current assets		**413.5**	**375.6**
Current assets			
Trade and other receivables		0.1	0.1
Cash and cash equivalents		0.1	1.9
Total current assets		**0.2**	**2.0**
Total assets		**413.7**	**377.6**
Liabilities			
Current liabilities			
Trade and other payables		0.6	0.3
Total current liabilities		**0.6**	**0.3**
Net assets		**413.1**	**377.3**
Equity			
Share capital	4	-	-
Share premium		81.2	393.2
Share-based payment reserve	5	33.7	16.8
Retained losses		298.2	(32.7)
Total equity		**413.1**	**377.3**

On behalf of the Board:

Adrian Howd
CEO

Darragh Lyons
CFO

14 March 2018

Company statement of changes in equity

for the year ended 31 December 2017

	Share capital €'m	Share premium €'m	Share-based payment reserve €'m	Retained earnings €'m	Total equity €'m
At 1 January 2017	-	393.2	16.8	(32.7)	377.3
Comprehensive income:					
Loss for the period	-	-	-	(9.1)	(9.1)
Total comprehensive losses for the period	**-**	**-**	**-**	**(9.1)**	**(9.1)**
Equity settled share-based payments	-	-	17.9	-	17.9
Issue of shares – share-based payments	-	1.0	(1.0)	-	-
Issue of shares from additional placing	-	27.0	-	-	27.0
Reduction of share premium	-	(340.0)	-	340.0	-
Total transactions with shareholders	**-**	**(312.0)**	**16.9**	**340.0**	**44.9**
At 31 December 2017	**-**	**81.2**	**33.7**	**298.2**	**413.1**

Company statement of changes in equity

for the year ended 31 December 2016

	Share capital €'m	Share premium €'m	Share-based payment reserve €'m	Retained earnings €'m	Total equity €'m
At 1 January 2016	-	387.9	4.9	(22.6)	370.2
Comprehensive income:					
Loss for the period	-	-	-	(10.1)	(10.1)
Total comprehensive losses for the period	**-**	**-**	**-**	**(10.1)**	**(10.1)**
Equity settled share-based payments	-	-	17.2	-	17.2
Issue of shares – share-based payments	-	5.3	(5.3)	-	-
Total transactions with shareholders	**-**	**5.3**	**11.9**	**-**	**17.2**
At 31 December 2016	**-**	**393.2**	**16.8**	**(32.7)**	**377.3**

Notes to the Company financial statements

1. General information and basis of preparation

The Company is an Irish incorporated and domiciled public limited company trading on the ESM of the Irish Stock Exchange.

The individual financial statements of the 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.

In these financial statements, the company has applied the exemptions under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures of in respect of the compensation of key management personnel

As the consolidated financial statements of Malin Corporation plc include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of IFRS 2 Share-Based Payments in respect of group settled share-based payments.

A separate Company statement of comprehensive income is not presented in these financial statements as the 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 Company for the year to 31 December 2017 was €9.1 million (2016: €10.1 million).

Significant accounting policies applicable to these separate individual 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 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 Company enters into financial guarantee contracts to guarantee the financial indebtedness of companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The 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 2017, the Company had entered into guarantees in relation to the liabilities of the Republic of Ireland registered subsidiary company, Malin Life Sciences Holding Limited ("MLSHL").

Share-based payments
Where the 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.

1. General information and basis of preparation (continued)

Certain employees and directors of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for shares or for rights over shares of the Company. 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 25 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.

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 adjustment to equity.

2. Investment in subsidiary undertakings

	2017 €'m	2016 €'m
At beginning of year	168.7	8.6
Cost of share-based payments in respect of subsidiaries	11.3	10.1
Conversion of portion of loan to subsidiary to equity (note 3)	-	150.0
	180.0	**168.7**

The capital contributions arising from share-based payment charges represents the Company granting rights over its equity instruments to the employees of the Company's subsidiaries. This results in a corresponding increase in investment in subsidiary.

Details of subsidiary undertakings are disclosed in note 32 of the consolidated financial statements.

3. Loans and receivables from subsidiaries

	2017 €'m	2016 €'m
Loans to subsidiaries	233.1	206.9
Other amounts owed by subsidiaries	0.4	-
	233.5	**206.9**

Loans to subsidiaries relates to an interest-free loan with MLSHL which is repayable on demand but is not expected to be repaid within the next 12 months. During 2016, the Company converted €150.0 million of its loan receivable balance for an allotment of 150 ordinary shares in the capital of MLSHL.

4. Share capital

	2017		2016	
	Number	€'m	Number	€'m
Authorised Share Capital				
Ordinary Shares of €0.001 each	300,000,000	0.3	300,000,000	0.3
A Ordinary Shares of €0.001 each	5,000,000	-	5,000,000	-
B Ordinary Shares of €0.0001 each	305,000,000	-	305,000,000	-
C Ordinary Shares of €0.001 each	-	-	-	-
D Ordinary Shares of €0.001 each	-	-	-	-
Series Preferred Shares of €0.001	200,000,000	0.2	200,000,000	0.2
Deferred Shares of €0.0001	305,000,000	-	305,000,000	-
	1,115,000,000	**0.5**	**1,115,000,000**	**0.5**
Issued Share Capital				
Ordinary Shares of €0.001 each	42,398,830	-	39,626,086	-
A Ordinary Shares of €0.001 each	3,279,299	-	3,279,299	-
B Ordinary Shares of €0.001 each	-	-	-	-
C Ordinary Shares of €0.001 each	-	-	-	-
D Ordinary Shares of €0.001 each	-	-	-	-
	45,678,129	**-**	**42,905,385**	**-**

See note 22 of the consolidated financial statements for details of the Company's authorised and issued share capital classes.

On 3 May 2017, the Company completed a placing of 2,689,906 new Ordinary Shares in the capital of the Company representing approximately 6.4% of the Company's issued share capital, at a price of €10.03 per share, raising gross proceeds of €27.0 million.

During his tenure as CEO, Kelly Martin's remuneration package comprised of equity-based remuneration. At 31 December 2017, 765,449 Ordinary Shares were due and not yet issued to Malin's former CEO, Kelly Martin in respect of (i) his salary from August 2016 through to his termination on 30 September 2017 which he chose to primarily receive in shares; (ii) his 2016 bonus that he agreed to receive in shares; (iii) his severance related shares; and (iv) vested LTIP Ordinary Shares. On 14 March 2018, Mr Martin agreed to forfeit the 765,449 Ordinary Shares due to be issued to him by Malin as well as 75,000 unvested outstanding RSUs in return for a cash payment of €3.1 million.

On 25 July 2017, the High Court authorised the Company to reduce its capital by reducing the share premium account by €340.0 million.

Subsequent to the year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company representing approximately 7.3% of the Company's issued share capital at this time, at a price of €8.88 per share, raising proceeds of €27.8 million. Following the admission of these new Ordinary Shares, Malin's issued Ordinary Share capital consists of 45,530,960 Ordinary Shares of nominal value €0.001 each.

5. Share-based payment reserve

	2017 €'m	2016 €'m
At beginning of the year	16.8	4.9
Founder A Ordinary Shares expense	6.1	6.1
LTIP and LTBP charges	10.8	5.8
At 31 December	**33.7**	**16.8**

See note 25 of the consolidated financial statements for details of the Company's share-based payment reserve.

6. Commitments and contingencies

The Company, as the parent of the Group 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 2017.

7. Related parties

See note 30 of the consolidated financial statements for details of the Group's related party transactions. The Company has taken advantage of the exemption available to parent companies under IAS 24, not to disclose transactions and balances with wholly owned subsidiaries.

8. Directors' emoluments and employee information

Directors' fees are borne by the Company in respect of the Directors' services to the Group as a whole. Full details of Directors' remuneration are set out in the Directors' Remuneration report on pages 53 to 62. The Company had no employees during the period ending 31 December 2017.

9. Events after the reporting period

Placing of Ordinary Shares

Subsequent to the year end, on 31 January 2018, Malin completed a placing of 3,132,130 new Ordinary Shares in the capital of the Company, raising proceeds of €27.8 million. Following the admission of these new Ordinary Shares, Malin's issued Ordinary Share capital consists of 45,530,960 Ordinary Shares of nominal value €0.001 each.

Mr Kelly Martin - Settlement Agreement

Please refer to note 4 of these Company financial statements.

10. Approval of financial statements

The Board of Directors approved the Company financial statements for the year ended 31 December 2017 on 14 March 2018.

Directors, Secretary and Advisers

Directors
Donal O'Connor (Chairman) (appointed to the board 1 July 2017)
Adrian Howd, Ph.D (CEO)
Darragh Lyons (CFO)
Liam Daniel
Owen Hughes
Robert A. Ingram
Kieran McGowan

Company Secretary
Padraic Roche

Company Registration Number
554442

Registered Office
2 Harbour Square
Crofton Road
Dun Laoghaire
Co. Dublin
Ireland

Website
www.malinplc.com

Share Identifiers
Ticker: MLC
ISIN: IE00BVGC3741
SEDOL: BVGC374

Legal Advisers
A&L Goodbody
IFSC
North Wall Quay
Dublin 1
Ireland

Auditor
KPMG
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Registrar
Computershare Investor Services, Ireland
Heron House
Corrig Road
Dublin 18
Ireland

ESM Adviser & Broker
Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

MALIN

2 Harbour Square
Crofton Road
Dun Laoghaire
Co. Dublin
Ireland

www.malinplc.com