



MPH Health Care AG

Annual report **2017**

Guiding principle

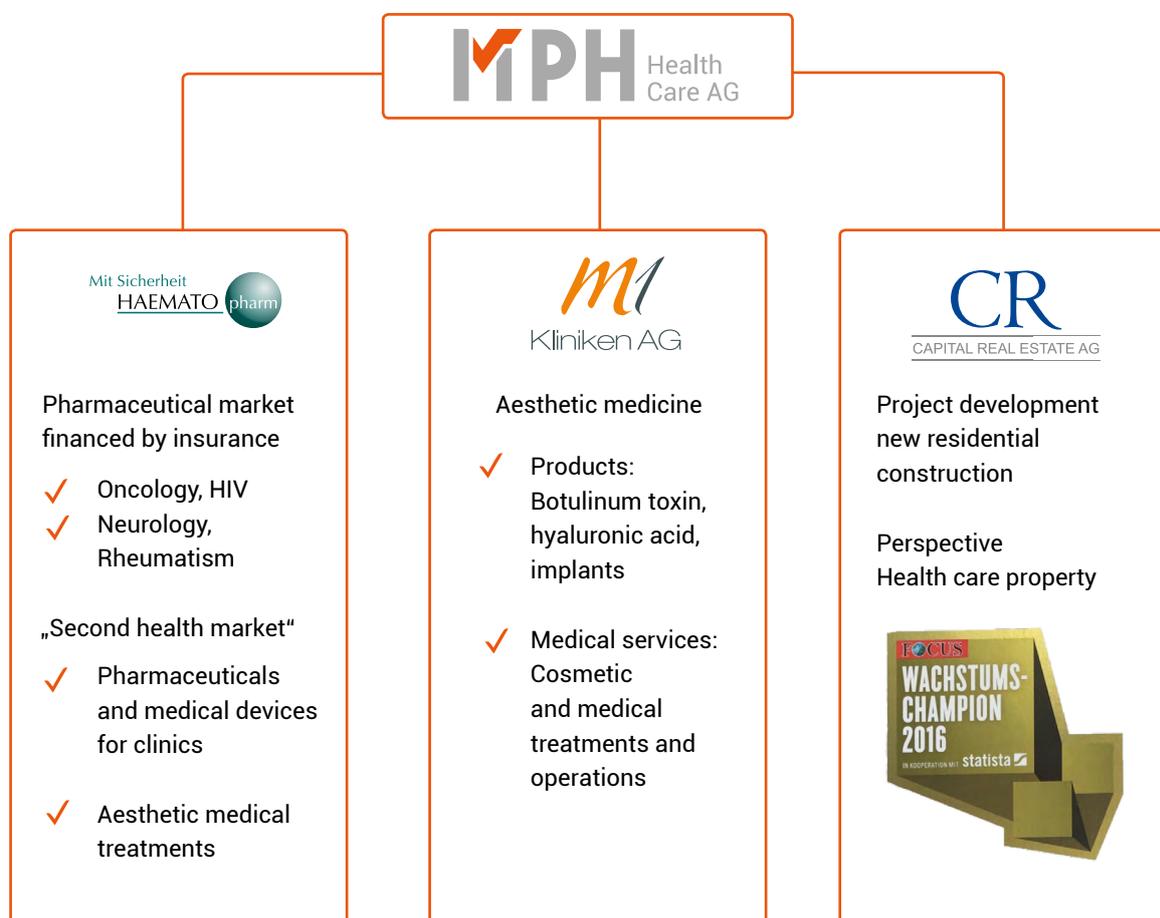
As an investment company, the strategic focus of our activities is on companies in high-growth segments of the health care market. This includes both insurance-financed and privately financed segments (so-called "second health market").

Against the background of demographic development, an aging society and the associated increase in health and body awareness, the health market will grow in the coming years. And we want to use these potentials.

We work in partnership with our portfolio companies. The aim is to generate profitable growth for companies through active further development and thus not only increase the value of the portfolio company itself, but also the corporate value of MPH Health Care AG.

However, MPH Health Care AG is not limited to the health market; because even outside the health market there are investment opportunities from high-growth sectors whose potential we would like to exploit and expand.

Key areas of MPH Health Care AG



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**Dear Shareholders,
Ladies and Gentlemen,**

During the 2017 financial year, MPH generated a net income of EUR 31.86 million (previous year: EUR 80.07 million) due to the continuing positive development of its investments.

IFRS equity (equivalent to net asset value) rose to EUR 240.67 million and thus to EUR 5.62 per share (previous year: EUR 5.00 per share), which represents an increase of 12.5%.

Sales of the companies combined in the MPH Group rose by 5.1% to 354.80 million euros.

HAEMATO AG once again achieved record sales in 2017. Sales growth amounted to 5.2% and sales revenues increased to EUR 289.9 million. EBIT added up to EUR 9.4 million and the net income to EUR 7.0 million.

In the first nine months of 2017, the overall German pharmaceutical market (clinics and pharmacies) grew by around 5% (previous year: 4%). Within the top ten product groups in terms of sales, various cancer therapeutics achieved sales increases of 13% to 26%. HAEMATO still generates a large part of its sales in oncology and is well positioned to exploit the particular growth opportunities in these indications with chronic therapy. In the financial year of 2017, optimizations in logistics led to an acceleration of goods movements and thus to an increase in the inventory turnover rate of pharmaceuticals.

M1 Kliniken AG investment further expanded its market position as one of Germany's leading health service providers for private payers ("second health market") in the field of beauty medicine in the 2017 financial year, increasing its consolidated sales from 31% to EUR 47.2 million. Net income also increased by 15% to a total of EUR 5.8 million.

The opening of further specialist centres throughout Germany, enabled further growth in the field of plastic and aesthetic beauty treatments, as well as in the trade with pharmaceuticals and medical products. M1 offers cosmetic medical interventions at 19 locations throughout Germany.

The business development of M1 Group continues to be positively influenced due to the continuing good prospects of the market for beauty products and medical services. The general conditions in the health market continue to be characterized by the demographic development of society, technical progress and the increase in purchasing power, which lead to a steady increase in health expenditure.

CR Capital Real Estate AG more than doubled its net income to EUR 4.7 million. With the current construction project in Schkeuditz/Leipzig, whose first construction phase has already been completely sold, CR Capital Real Estate AG has established itself as one of the leading project developers in the Halle/Leipzig area and secured project volume for the coming years.

The 2017 financial year was very positive. At the annual general meeting we will propose to distribute a dividend of € 0.20 per share for the 2017 financial year.

MPH Health Care AG's investments in products and services in the health care market are aimed at providing cost-effective care of the highest quality standards.

We are also very confident about the operating performance of our investments during the financial year 2018.

I would like to thank the employees of the MPH Group for their commitment during the 2017 financial year and the Supervisory Board for its continued constructive cooperation.

Berlin, April 2018



Patrick Brenske
(Management Board)

MPH Net Asset Value

Net Asset Value	2017 in EUR	2016 in kEUR
Equity	240.665.940,38	213.948
Equity per share	5,62 EUR	5,00 EUR

	Number of stocks / shares pieces	Rate 31.12.2017 in EUR	Market value in EUR	Fair value in EUR
M1 Kliniken AG	12.370.915	13,18	163.048.659,70	
HAEMATO AG	11.011.977	5,08	55.885.783,28	
CR Capital Real Estate AG	1.150.733	20,32	23.377.140,90	
TOTAL				
Market price of valued shares			242.311.583,87	
Unlisted companies shareholdings				6.734.000,00
TOTAL Fair Value valued shares				249.045.583,87
Liquid assets				1.238.890,28
Other assets				7.093.082,29
Application of funds				257.377.556,44
Equity				240.665.940,38
Interest-bearing liabilities				14.000.000,00
Other liabilities				2.711.616,06
Source of funds				257.377.556,44

Overview of the company's portfolio

	2017 in kEUR		2016 in kEUR	
	Sales	Result	Sales	Result
M1 Kliniken AG	47.195	5.778	35.955	5.007
HAEMATO AG	289.862	6.983	275.614	11.037
CR Capital Real Estate AG	10.410	4.700*	17.647	2.167
Total	347.467	17.461	329.126	18.211
Employees		351		258

* approx. specification

MPH on the capital market

Class of shares	Bearer ordinary shares
Number of shares	42.813.842
WKN / ISIN	A0L1H3 / DE000A0L1H32
Ticker symbol	93M
Market places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
Market segments	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG
Market equity	184,10 Mio. Euro (as of 10.04.2018 - Xetra)
Coverage	GBC AG, First Berlin Equity Research GmbH

The German share index DAX recorded its sixth consecutive year of profit in 2017, reaching a record 13,525 points. Although the DAX was unable to defend the 13,000 points mark on the last trading day, the DAX nevertheless recorded a remarkable increase of 12.5% during the stock market year, which marks significantly more than the average of recent years.

In particular, the continuing relaxed monetary policy of central banks worldwide has contributed to the significant annual profit, even if the USA has been taking the first, albeit very cautious, steps since 2015 to bring this phase to an end by raising interest rates, again, in small steps. The stock markets as a whole benefited from the buoyant global economy and risks such as important elections in Europe, the Brexit uncertainty, terrorist attacks, political events in Turkey or the US foreclosure and North Korea policy were calmly taken away, as can be seen from the historic lows of volatilities. Oil prices also recovered strongly, especially in the second half of 2017: Brent rose by 17% overall and WTI by 12%.

Due to the continuing positive development of the company, MPH shares reached a new high of € 4.20 (Xetra closing price) in March 2017. In the course of the appreciation of the Euro in the second half of the year and at the end of the year, MPH shares lost slightly in the further course of the year and ended at a closing price of € 3.69, which represents a loss of 2.9% compared to the previous year.

The future prospects of MPH AG continue to be regarded as very good, which is reflected in the ratings of several analysis houses. Due to the positive development of M1 Kliniken AG analysts of First Berlin Equity Research GmbH raised the price target for MPH to € 6.90 in November 2017. As a result of the higher valuation of the investment in M1 Kliniken AG, the bank-independent investment house GBC AG raised its price target to € 7.18 in December 2017.





HAEMATO AG is a listed supplier of special pharmaceuticals with a focus on the growth markets in the indication groups oncology, HIV/AIDS and other chronic diseases with the aim of making an active contribution to reducing costs in the German health care system.

The company has a broad customer base of over 4,800 pharmacies and wholesalers in Germany and over 1,300 pharmacies and wholesalers in Austria. The demand for inexpensive drugs of the highest quality, which meet the demand for reliable and comprehensive medical care at all times, will continue to rise in the coming years as the population's life expectancy increases. With its product portfolio of off-patent and patent-protected medicines HAEMATO supports the optimization of an efficient drug supply and thus the cost reduction for health insurance companies and patients.

GROUP KEY FIGURES (IFRS) IN KEUR

Consolidated profit and loss statement	2017	2016
Sales	289.862	275.614
EBIT	9.416	13.441
Net profit	6.983	11.037
Group balance sheet	31.12.2107	31.12.2016
Short-term assets	67.349	59.432
Long-term assets	54.679	57.342
Equity	70.927	63.092
Liabilities	51.101	53.682
Balance sheet total	122.028	116.774
Equity ratio	58,1%	54,0%
Dividend distribution	6.234*	6.234
Dividend payment per share in EUR	0,30*	0,30

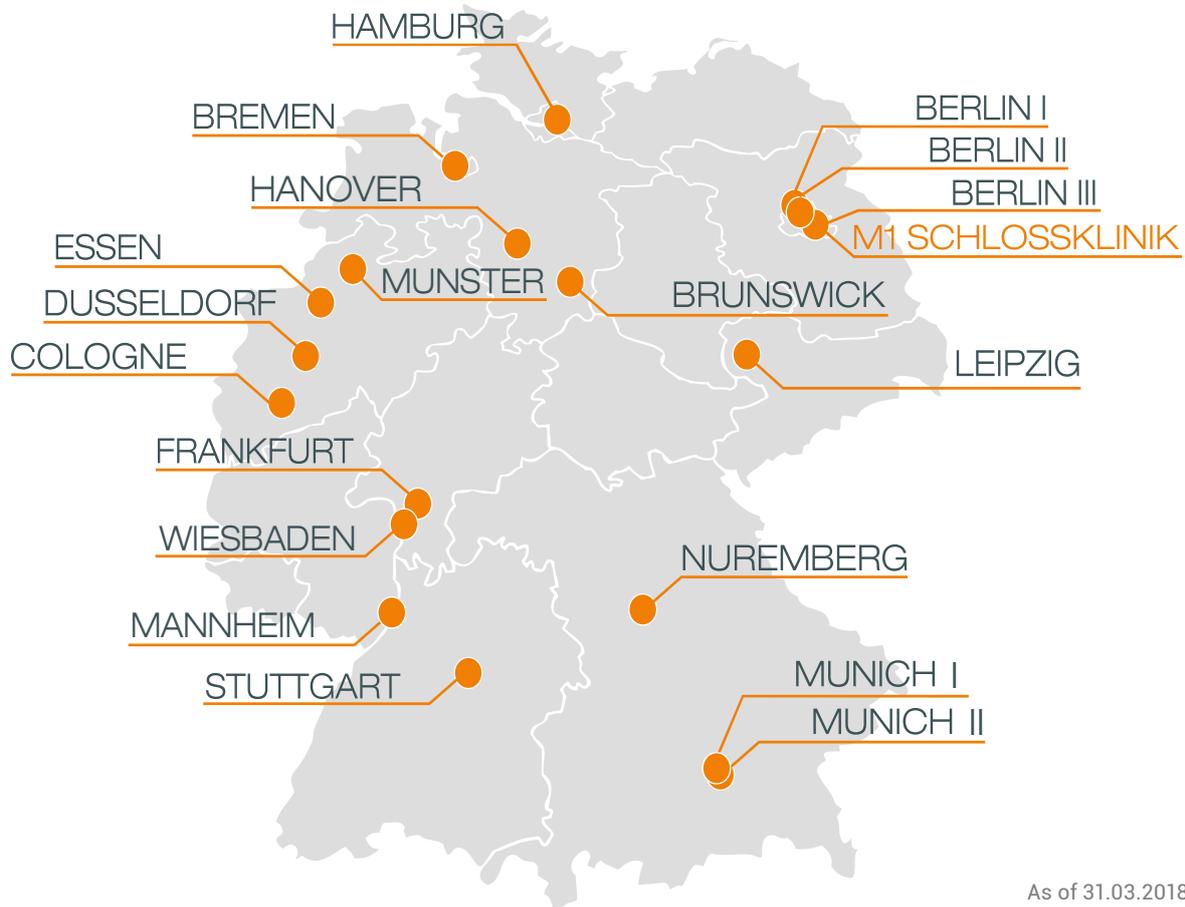
SHARE KEY FIGURES

Class of shares	Bearer share
Number of shares	21.980.000 / 20.778.898
WKN / ISIN	619070 / DE0006190705
Ticker symbol	HAE
Market places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin, Hamburg
Market segment	Open Market
Designated Sponsor, Listing Partner	ICF Bank AG
Coverage	GBC AG, First Berlin Equity Research GmbH

* Proposal to the shareholders



Kliniken AG



M1 Kliniken AG with its subsidiary M1 Med Beauty Berlin GmbH, is the market leader in key growth segments of the beauty market in Germany. By focusing on the highest quality of medical products used in in-patient and out-patient treatment, state-of-the-art hospital equipment and the latest medical technology, as well as specialist physicians, M1 Med Beauty has positioned itself as a quality provider.

At the same time, thanks to the standardization of medical services, consistent optimization of all processes and the realization of purchasing advantages, it is in a position to generate the cost advantages that are passed on to the patients. The attractive price-performance ratio also addresses new and larger customer segments. With currently more than 150,000 beauty treatments per year, the "M1"-brand has firmly established itself in the lifestyle segment.

Significant sales growth are expected for 2018 and subsequent years. Growth-related economies of scale and synergies in the value chain ensure price leadership. The basic strategic concept is also to be transferred to other attractive, comparable segments of the health care market in the future. In addition to the M1 Med Beauty specialist centre Munich II on Stachus, the first "M1 Dental" location for dental aesthetic treatments was opened in Berlin in the first quarter of 2018.

M1 Kliniken AG key figures

COMPANY KEY FIGURES (IFRS) IN KEUR

Consolidated profit and loss statement	2017	2016
Sales	47.195	35.955
EBT	7.365	5.489
Net profit	5.778	5.007
Group balance sheet	31.12.2017	31.12.2016
Short-term assets	29.516	16.994
Long-term assets	21.053	15.192
Equity	47.280	30.257
Short-term liabilities	3.073	1.925
Long-term liabilities	216	4
Balance sheet total	50.569	32.186
Equity ratio	93,50%	94,0%
Dividend payment (30 cents / share)	4.950*	4.500

* Proposal to the shareholders

SHARE KEY FIGURES

Class of shares	Bearer share
Number of shares	16.500.000
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Market places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
Market segment	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG
Coverage	GBC AG, First Berlin Equity Research GmbH, Metzler Capital Markets

SHARE PRICE DEVELOPMENT OF M1 KLINIKEN AG





CAPITAL REAL ESTATE AG

CR Capital Real Estate AG is a listed real estate company, whose business activities focus on project development with a focus on new residential construction, primarily for owner-occupiers in the cities of Berlin, Leipzig and the surrounding area of Berlin. The favourable market environment is used to generate sustainable income and profits through the sale of apartments with superior facilities in good locations at an attractive price/performance ratio.

Our many years of experience in the real estate sector, ensure professional and speedy implementation of projects at attractive conditions. Intensive and constant market observation ensures the procurement of interesting building plots. The monitoring of the entire value chain in all phases, from planning and purchase of the trades to completion of the houses, enables efficient cost and quality management. Through efficient planning, standardised construction and the development of large areas, a significantly better price-performance ratio than the competition is achieved and the desire for a home of one's own can be realised at attractive prices.

In addition, CR Capital Real Estate AG has built up expertise in the area of health care properties and plans to become active as a project developer in this sector as well.

COMPANY KEY FIGURES (IFRS) IN KEUR

Consolidated profit and loss statement	(preliminary figures) 2017	2016
Sales	10.410	17.449
EBT	k.A.	3.958
Net profit	ca. 4.700	2.167
Group balance sheet	31.12.2017	31.12.2016
Short-term assets	k.A.	11.200
Long-term assets	k.A.	16.179
Equity	k.A.	22.705
Liabilities	k.A.	4.673
Balance sheet total	k.A.	27.379
Equity ratio	k.A.	82,9%
Dividend distribution	1.878*	0
Dividend payment per share in EUR	1,00*	0,00

* Proposal to the shareholders

SHARE KEY FIGURES

Class of shares	Bearer shar	Bearer share
Number of shares	1.878.377	18.783.778
WKN / ISIN	A2GS62 / DE000A2GS625	A0WMQ5 / DE000A0WMQ53
Ticker symbol	CRZK	CRZ
Market places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin	
Market segment	Open Market (Basic Board)	
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG	
Coverage	GBC AG, First Berlin Equity Research GmbH	

SHARE PRICE DEVELOPMENT OF CR CAPITAL REAL ESTATE AG



PROJECT "HALLESCHE GÄRTEN" - LEIPZIG/SCHKEUDITZ

The 1st construction phase in Leipzig/Schkeuditz has been completely sold (as of 05.04.2018). CR Capital Real Estate AG has acquired a project volume of approx. € 150 million in the Leipzig area. With this project, CR Capital Real Estate AG has established itself as one of the leading project developers in the Halle/Leipzig area and secured project volume for the coming years.



Sample photos - non-binding visualizations

Report by the Supervisory Board

Supervision of management and cooperation with the Management Board

During the 2017 financial year, the Supervisory Board of MPH Health Care AG exercised the duties incumbent upon it under the law and the Articles of Association with great care. The Supervisory Board regularly advised the Management Board in the management of the company and continuously accompanied and monitored its management. The Supervisory Board was directly and at an early stage involved by the Management Board in all decisions of fundamental importance to the company. The Management Board regularly informed the Supervisory Board verbally, by telephone and in writing, promptly and comprehensively about: the course of business, the economic situation of the company, significant business transactions, corporate planning including questions of business policy and risk management, the development of costs and earnings, liquidity as well as investment and divestment measures. The Supervisory Board was able to satisfy itself of the correctness of the management. No thematic committees were formed within the Supervisory Board.

1. Meetings, deliberations and resolutions

The Supervisory Board held five ordinary meetings during the 2017 financial year, two of them in the first half-year (25.04., 28.06.) and three in the second half-year (07.07., 26.09., 05.12.).

The following topics were in the focus of the meetings among others:

- Situation of the company
- Strategy development and its operational implementation
- Current competitive, organisational and personnel situation
- Short and medium-term investment planning
- Annual report and interim report of the group prior to their publication
- Revocation of the appointment of the Management Board member Dr. Christian Pahl
- Election of the Chairmen and Deputy Chairmen of the Supervisory Board following the judicial appointment of a new Supervisory Board member

Further informal meetings and telephone conferences were held between the Supervisory Board and the Management Board and were used as an opportunity to discuss new key business policy developments.

2. Financial statement

The Supervisory Board was satisfied that management was in order. The annual financial statements, the consolidated financial statements and the group management report of MPH Health Care AG for the financial year ending December 31, 2017, including the accounting, were audited by the auditor nominated by the general shareholder's meeting, Harry Haseloff (certified public accountant), Berlin, and confirmed with an unrestricted audit opinion.

The annual financial statement, the consolidated financial statement, the group management report, the proposal for the appropriation of the balance sheet profit and the auditor's report were submitted to each member of the Supervisory Board well before the balance sheet meeting on April 24, 2018. At the balance sheet meeting on April 24, 2018, the auditor reported on the main results of his audit and was available to answer questions from the members of the Supervisory Board.

The annual financial statement prepared by the Management Board as well as the consolidated financial statement and the group management report were discussed in detail at the balance sheet meeting. The results of the auditor's audit were noted with approval. No objections were raised against the annual financial statement, the consolidated financial statement, the group management report or the proposal for the appropriation of the balance sheet profit.

The Supervisory Board approved the annual financial statement and consolidated financial statement prepared by the Management Board. The annual financial statement is thus approved.

3. Dependency report

MPH Health Care AG prepared a dependent company report in accordance with § 312 of the German Stock Corporation Act (AktG) for the fiscal year ended December 31, 2017.

The dependent company report was audited by the auditor Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, in accordance with § 313 (1) AktG. The auditor Harry Haseloff, Berlin, submitted a separate written report on the results of the audit. Since there were no objections to the report of the Management Board, the following auditor's report was issued in accordance with § 313 (3) AktG:

"Following my dutiful examination and assessment, I confirm that:

- the factual information in the report is correct,
- the consideration paid by the company in the legal transactions listed in the report was not unreasonably high or disadvantages were compensated,
- there are no circumstances indicating a materially different assessment of the measures listed in the report than that made by the Board of Management."

The dependent company report and the additional audit report of the auditor of the annual and consolidated financial statement were brought to the attention of the Supervisory Board in good time and examined in detail at its meeting on April 24, 2018. Questions were answered in detail by the auditor.

On completion of its examination, the Supervisory Board approves the dependent company report and the audit report and has no objections to the declaration of the Management Board at the end of the dependent company report on relations with affiliated companies.

4. Members of the Supervisory Board

From January 1, 2017 to December 31, 2017, the Supervisory Board was composed of: Andrea Grosse (Chairman), Prof. Dr. Dr. Sabine Meck (Member, Deputy Chairman until September 22, 2017), Dr. Marion Braun (Member until August 30, 2017) and Dr. Ulrich Wandschneider (Member and Deputy Chairman from September 22, 2017).

5. Others

The Supervisory Board would like to thank the Management Board for its achievements and the pleasant, constructive and successful cooperation.

The Supervisory Board would like to thank all employees of the MPH Group for their commitment and achievements.

Berlin, April 24, 2018



Andrea Grosse
(Chairwoman of the Supervisory Board)

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Management report

1. Company business model

MPH Health Care AG is an investment company based in Berlin and listed on the Frankfurt Stock Exchange. Its business activity consists of investing in companies with the objective of capital growth.

The strategic focus of activities is on the acquisition and development of companies and company shares, particularly in growth segments of the health care market. This includes both insurance-financed and privately financed segments. But MPH also exploits potential from high-growth sectors outside the health care market. The aim is to generate profitable growth for companies through active further development and to promote the corporate value of MPH.

2. Business report

MPH Health Care AG continued to invest in three major investments in 2017. Compared to the previous year, these investments achieved high growth in stock market capitalization. From the investments HAEMATO AG and M1 Kliniken AG, significant contributions to income from investments in the amount of EUR 7.38 million were achieved through profit distributions of EUR 0.30 per share. MPH Health Care AG itself paid a dividend of EUR 5.14 million in July 2017. CR Capital Real Estate AG shares continued to recover in the course of 2017, closing at + 7% higher than in the previous year. For the 2017 financial year, CR Capital Real Estate AG plans to distribute a profit again for the first time since 2010.

2.1 Macroeconomic and industry-specific conditions

2.1.1 Global economic environment

The global economy is currently experiencing a strong upswing. The economy in almost all major national economies is simultaneously pointing upwards.¹ The long-awaited rise in overall economic demand, supported by political impulses, is accompanied by a strong increase of employment, a moderate increase in investments and a revival in trade growth. Global GDP growth is projected to have been just over 3.5% in 2017 and continue to rise to 3.75% in 2018, before presumably slowing in 2019.² Global industrial production in October 2017, the most recent value available, was 3.6% higher than a year ago. Global sentiment indicators reflect increasing optimism.³

The economic upswing continued in the industrialized countries as a whole.⁴ GDP increased by 0.8% in the United States and by 0.6% in Japan during the third quarter. The US tax reform should provide additional national economic impetus. In the longer term, it must prove whether the reform will also have an impact on growth and how it will affect international location competition. In the emerging markets, however, economic sentiment remains relatively subdued, but has also improved significantly.⁵ China and India continue to experience strong economic development, Russia and Brazil have overcome their recession. With that in mind, the global economy should continue to accelerate slightly overall during 2018.⁶

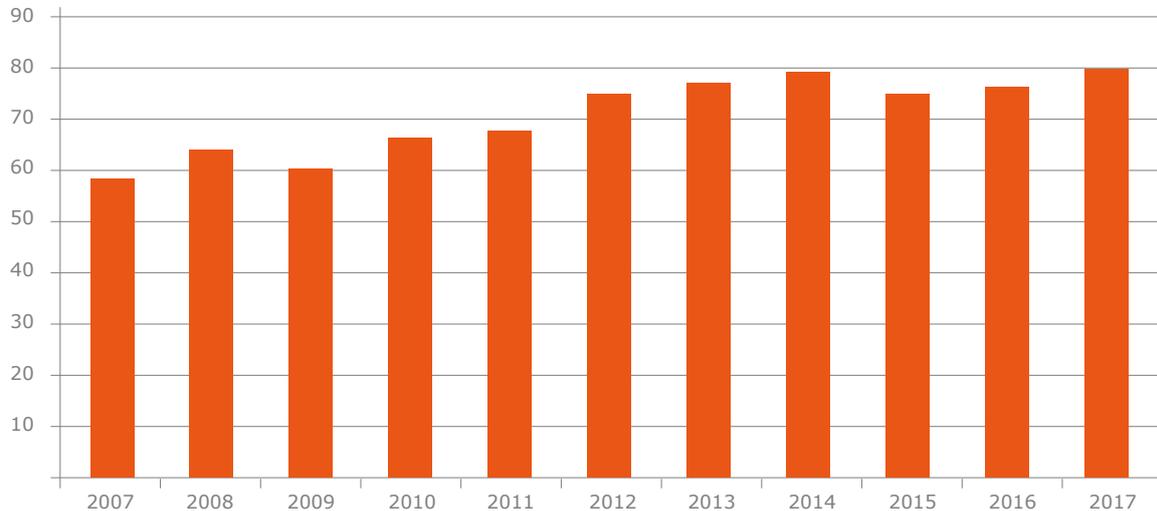
The European economy is gaining traction in a changing political environment. Euro area GDP increased by 0.6% in the 3rd quarter of 2017. This is the fourth consecutive expansion of at least 0.6%. The good economy was driven by private investment. Foreign trade also made a positive contribution to expansion. Private consumption, on the other hand, increased less strongly than before.⁷ Employment has increased; in the second quarter of 2017, the number of employees rose to a record 235.4 million.⁸

The seasonally adjusted unemployment rate in the Euro zone fell to 8.8% in October, its lowest level since the beginning of 2009.⁹ Financing conditions are very favourable thanks to the ECB's strongly expansionary policy and reduced tensions in the financial sector, with fiscal policy having a stimulating effect and the global economy picking up. According to the International Monetary Fund (IMF), Europe is making a major contribution to increasing global economic output.¹⁰ The Institute for the World Economy expects the increase in gross domestic product in the Euro zone to be similarly high next year at 2.3% as in 2017 (2.4%) and is also expected to exceed the growth rate of production potential in 2019 at 2.0%.¹¹

In its current forecast, the OECD expects economic growth in the Euro area of 2.4%. It has raised its expectations. In their opinion, however, the Brexit process remains a risk factor to the economy for the time being.¹²

Global Gross Domestic Product (GDP) at current prices from 2007 to 2017

in trillion US dollars



Source: Statista 2018

2.1.2 Economic environment Germany

Although the German economy had to prove itself in a difficult international environment with extensive crises, the stable and steady economic growth in Germany continued in 2017. GDP increased by 2.2% in real terms. This is the eighth consecutive year that the German economy has grown, with the highest economic growth since 2011.¹³ Unemployment is at its lowest level in 25 years - a new employment record for Germany in 2017 with an annual average of 44.3 million employees.¹⁴ Private consumption maintained its dynamic development, although inflation in 2017 was about one percentage point higher than in the previous two years, in which the strong decrease in oil prices shaped inflation development.¹⁵ Private consumer spending was 2.0% higher in price-adjusted terms than in the previous year, while government consumer spending rose at a below-average rate of + 1.4%.¹⁶ In the third quarter, the positive trade balance of 0.4 percentage points in particular provided impetus, as exports expanded more strongly than imports.¹⁷ The Federal Ministry of Economics and Energy estimates that the high economic momentum will weaken somewhat by the end of 2017. However, the numerous incoming orders and the positive business expectations confirm that the economic development will continue briskly in the current year.¹⁸

The strengthened economic development in Germany appears remarkable due to the restrained outlook and the continuing high level of debt in parts of the Euro zone, as well as the extraordinary uncertainties arising from geopolitical conflicts and a fragile global economy. According to the autumn forecast of the Federal Ministry of Economics and Energy, however, German economy will grow by an additional 1.9% in 2018. The record number of 44.3 million employees in 2017 is expected to rise to 44.8 million in 2018.¹⁹ We expect the upswing to continue in 2019 (GDP up 2.2%), also because financing conditions remain very cost-effective and will drive the economy.²⁰

2.1.3 Global health market

The health sector is developing into one of the most important markets of the future. Global trends, such as demographic trends, increasing demand for health products and services, scientific and technological progress in medical technology, pharmaceuticals, biotechnology, information and communication technology (ICT) and nutrition, influence health, performance, the possibility of participation in working life and people's well-being.

In addition to rising global incomes and medical progress, the ageing of society is a major reason for the increase in health expenditure, which is boosting the health industry's share of gross domestic product. The growth of the health markets is not only caused by individual consumer decisions, but not least also by the expansion of social security systems, which can be observed above all in middle-income countries.²¹

As part of the health care market, the pharmaceutical industry is the most research-intensive industry and is a major driver of medical progress. Due to its positive contribution to more innovation and employment and its close integration with other sectors within and outside the health sector, the pharmaceutical industry is one of the key branches of the health industry. Drug supply directly influences people's health development and life expectancy.¹³ As a result, the global pharmaceutical market, as part of the health care market, has grown faster than the general economy in recent years. In 2015, sales of pharmaceuticals totaled around EUR 979 billion, around 1.0% above the previous year's level.¹⁴ The trend continues to point upwards. Worldwide sales of prescription medicines are expected to increase by 6.5% (CAGR) by 2022.

In the course of the increased social desire to preserve the natural beauty and performance of the body into old age, the medical-aesthetic market is also growing. Over 23 million surgical and non-surgical plastic surgeries were performed worldwide in 2016. Most aesthetic procedures were performed in the USA, Brazil, Japan, Italy and Mexico. The five countries account for 41.4% of all global interventions. Russia ranks sixth, followed by India and Turkey. Germany ranks ninth with around 730,000 beauty treatments.²² The majority of patients are still female, with men accounting for about 13%.²³

The world's most popular plastic surgery is liposuction, followed by breast augmentation. Globally, both operations were performed approximately 1.45 million times in 2016. With more than 1.35 million operations worldwide; eyelid surgery (upper lid lifting) was also very popular and made it to third place. During the same period, about 780,000 nose corrections were performed worldwide. Rhinoplasty is therefore the fourth most popular plastic surgery. The total number of treatments is expected to increase by 5.2% annually until 2019. With an annual growth rate of 11.8%, sales of aesthetic products are expected to grow even more strongly to a total of 11.9 billion Euros by 2019.¹⁷

The health care market will therefore remain a growth market in the coming years. The increase in purchasing power, an aging society and technological progress are expected to increase sales by USD 4 trillion to a total of USD 10 trillion by 2020. In a long-term forecast, the international management consultancy Bain & Company identified the increasing demand for therapies, therapeutics and other health services as one of eight structural trends that will lead to an expected increase in global GDP by 40% to USD 90 trillion by 2020.²⁴

Nevertheless, according to a recent study by management consultants Roland Berger, the health care industry is facing a radical change: "In the coming years, digitalization will change all sectors and players in the industry. From prevention to diagnosis to therapy - the entire „patient journey“ is changed by digital tools and interactions, with corresponding consequences for business models and market shares. The mobile services segment in particular, such as apps for smartphones, is driving the digitization of the industry".

2.1.4 Health care market Germany

As one of Germany's largest economic sectors, the health industry is a leading market for the German economy. With the help of their services and products, people not only live longer, but also longer, healthier and more self-determined lives.²⁵ The health sector employs about as many people as the manufacturing sector as a whole and is growing faster and more stable than the economy as a whole.²⁶ It currently employs around seven million people in Germany. This represents 16% of all employees. In 2016, the health care industry generated gross value added of 336 billion euros. This corresponds to 12% of gross domestic product.²⁷ Health care expenditure in Germany exceeded the 1 billion euro per day mark for the first time in 2017. For 2017, the Federal Statistical Office (Destatis) forecasts an increase in health expenditure of 4.9% over 2016 to 374.2 billion euros.²⁸

The economic power of the health industry is not based exclusively on health insurance benefits. More than a quarter of the total market is privately financed. More and more people are willing to invest in their health, fitness and a good attitude to life. The supply from the first health market is not sufficient enough for them, therefore they use services and products that serve to maintain health or well-being. These include healthy nutrition as well as sports, wellness, but also beauty treatments. In turn, the non-insurance-financed market ("secondary health market") opens up opportunities for new business models for the economy.²⁷

Due to these aspects and the increased social acceptance of beauty medicine, the beauty market is also one of the growing sectors within the health industry. In Europe, Germany is the leading market for medical-aesthetic treatments. Over 730,000 medical beauty treatments were performed in 2016.²⁹ While in recent years breast augmentation has always been the most popular plastic surgery, however, in 2017 it was the eyelid correction with 14.1%. Only non-surgical wrinkle treatments with botulinum toxin (16.4%) or derma fillers (15.4%) are even more popular among German patients.³⁰

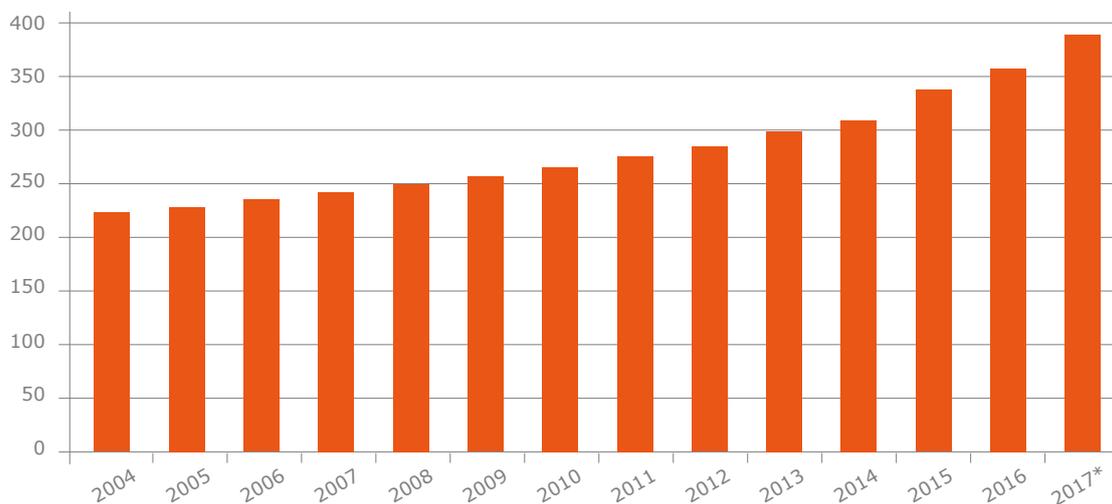
The trend towards more minimally invasive treatments is particularly evident among female patients of aesthetic plastic surgeons. Filler and botulinum toxin treatments are almost equally at the top of the most popular treatments and are much more in demand than the most frequent aesthetic plastic surgery. Men who consult a plastic and aesthetic surgeon are primarily interested in classical surgical corrections. Eyelid correction (21.0%) is the most popular treatment for men, while botulinum toxin treatments (13.3%) and wrinkle injections (7.3%) are less popular than for women.³¹

With a comprehensive entitlement to benefits for the nearly 70 million people insured by law and the approximately 9 million privately health insured people, as well as with excellently trained specialists and a good infrastructure, Germany as the largest European market offers excellent location conditions for service providers and companies in the health industry.³²

Due to the continuing demographic development, medical-technical progress and the growing health awareness of the population, the cross-sectional health care industry offers a wide range of opportunities for growth, employment and innovation now and in the future.

Gross value added of the health industry in Germany

in billion Euro



Source: Statistisches Bundesamt

* prediction

2.2 Business development

As an investment company, the strategic focus of our activities is on companies in high-growth segments of the health care market. This includes both insurance-financed and privately financed segments.

MPH Health Care AG has the status of an investment company in accordance with IFRS 10. All investments were measured at fair value through profit or loss in accordance with IFRS 9.

In 2017, net income amounted to Euro 31.9 million (previous year Euro 80.1 million). This mainly includes the results from the valuation of investments amounting to EUR 25.6 million (previous year: EUR 72.2 million).

2.3 Operations review

2.3.1 Earnings position of the company (IFRS)

Usually, an investment company is neither required to consolidate its subsidiaries nor to apply IFRS 3 if it obtains control over another company. Instead, an investment company must measure the shares in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Sales and other income in the current financial year mainly result from gains from the sale of shares in financial assets. Proceeds of kEUR 13,159 were generated from the sale of shares in 2017. In 2016, the proceeds from the sale of shares in financial assets amounted to kEUR 7,426. kEUR 15,978 were invested in financial assets. In 2016 the investments amounted to kEUR 1,988.

The company's total capital increased by 11.7% to EUR 257.4 million in 2017. The equity ratio (equity / total capital * 100) improved from 92.9% in 2016 to 93.5% in 2017.

The investments made are reflected in the financial assets. Compared to financial year 2016, these assets increased by 13.3% from kEUR 219,824 to kEUR 249,046 in 2017.

The financial result decreased from kEUR 73,263 in 2016 to kEUR 32,796 in the financial year 2017.

2.3.2 Financial position of the company (IFRS)

Our financial position can be described as very stable. Our financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment periods.

Our capital structure is good. Equity rose from kEUR 213,948 in 2016 to kEUR 240,666 in 2017.

Liabilities to banks account for 5.4% of the balance sheet total. MPH and the associated companies make use of the credit lines granted by various banks in order to promote business success. In the 2015 financial year, MPH Health Care AG took out two long-term promissory note loans totalling EUR 14 million with a term of 5 to 7 years and fixed interest conditions. These will continue into 2017.

Trade payables can always be settled within the payment terms.

96.6% of our long-term investments are covered by our equity. Current receivables and bank balances exceed the sum of current trade payables and other liabilities.

The liquidity situation is good.

In the 2017 financial year, MPH invested EUR 15.98 million in the acquisition of investments. Proceeds from the sale of investments amounted to EUR 13.15 million in the financial year 2017. No significant investments in property, plant and equipment were made and are not planned in the short term.

The financial development of MPH investment corporation in the reporting period is shown in the cash flow statement with an indirect calculation of cash flows from operating activities as follows:

Cashflows of:	2017 kEUR	2016 kEUR
Ongoing business activity	-1.011	-4.766
Investment activity	4.881	5.564
Financing activity	-5.636	-343
	256	455

2.3.3 Net Assets of the company (IFRS)

The net asset position of MPH Health Care AG is good. It is characterized by increased financial assets (from kEUR 219,824 in 2016 to kEUR 249,046 in 2017), reduced financial assets (from partial repayment of the subordinated loan of kEUR 9,400 granted to HAEMATO AG in 2016) and increased liquid funds (from kEUR 983 in 2016 to kEUR 1,239 in 2017). Our overall economic situation can be described as good.

3. Supplementary report and forecast report

No events of particular significance occurred after the end of the financial year.

We view the expected development of MPH Health Care AG positively.

The economic sectors of the investments continue to offer great growth potential. Demand for patent-free and patent-protected drugs and the manufacture of medications for therapies for cancer, HIV and other chronic diseases is growing steadily. Beauty lifestyle services for private payers are trendy and continue to enjoy growing popularity.

For the 2018 financial year, we expect rising sales and satisfying business developments for our investments, which could have a positive effect on the valuation of companies on the capital market. This can also have a positive effect on the earnings situation of MPH Health Care AG.

We will always be in a position to meet our payment obligations on time in the future.

4. Risk report

There are no material currency risks that could affect the net assets, financial position and results of operations of the Company.

As a result of the company's business activities and the high proportion of financial assets in the balance sheet total, the Group is exposed to fluctuations in the financial markets.

The investments will continue to face the competition on the market with service, reliability and a high degree of quality.

On the procurement side, the investments have access to a wide range of purchasing options. To minimize business risks, we diversify our sources of supply throughout Europe. Our high quality standards safeguard our investments through careful supplier qualification and selection as well as active supplier management.

4.1 Specific risks

4.1.1 Sector-specific risks

Constant regulatory measures, strong pressure on margins in the pharmaceutical market and the permanent change in the parallel import market due to exchange rate risk and price differences in the procurement of medicines can have a negative impact on the sales and earnings situation of investments.

4.1.2 Profit-oriented risks

The company has a substantial stake in the capital of its investments. Changes in the market prices of investments have an impact on the company's results of operations. The listed securities held by the company are subject to daily trading.

4.1.3 Financial risks

Due to the stable equity situation of our company, no liquidity risks are currently discernible.

There are no material currency risks that could affect the net assets, financial position and results of operations of the Company.

The liquidity situation is satisfactory; no bottlenecks are expected.

4.1.4 Risk management system

MPH Health Care AG uses a risk management system for the systematic identification of significant risks that pose a threat to its continued existence, in order to assess their effects and develop suitable measures.

The main objective of the risk management system is to avoid financial losses, breakdowns or disruptions, or to implement suitable countermeasures without delay. As part of this system, the Management Board and Supervisory Board are informed of risks at an early stage. Important mechanisms for early detection are the monitoring of liquidity and the development of results. The monitoring of the operational development and the determination of timely deviations from the plan is the task of Controlling. If necessary, the respective heads of the specialist departments decide together with the Management Board on the appropriate strategy and measures for controlling risks.

4.2 Opportunities report

The health care market is and will remain a growth market. We will participate in this growth by specializing our investments in the therapeutic areas of oncology, HIV and other chronic diseases as well as in plastic surgery and aesthetic medicine.

4.3 General statement

We see risks to future development primarily from fluctuations in the financial and currency markets. Against the background of our financial stability, however, we believe we are well equipped to cope with future risks. There are currently no discernible risks that could endanger the continued existence of the company.

5. Risk reporting regarding the use of financial instruments

The financial instruments in the company mainly include securities, receivables, liabilities and bank balances.

The companies in which MPH holds a direct or indirect interest, have a solvent customer base. Bad debt losses are the absolute exception.

Liabilities are paid within the agreed payment periods.

In the short-term area, the company finances itself primarily by means of the earnings contributions generated by the investments.

In managing its financial positions, the company pursues a conservative risk policy.

To the extent that default and creditworthiness risks are identifiable for financial assets, appropriate value adjustments are made. To minimize default risks, the company has an adequate strategy for daily monitoring the development of investments on the financial markets. In addition, we inform ourselves comprehensively about the overall situation of the possible investments before a new investment is made.

6. Report on branches

The Company does not maintain any branches.

7. Final declaration according to § 312 (3) sec. (3) AktG

In accordance with § 312 of the AktG, the Executive Board has prepared a report on relations with affiliated companies, which contains the following concluding declaration: "In accordance with the circumstances known to us at the time legal transactions were entered into with the controlling company and other affiliated companies, our company and the subsidiaries received an appropriate consideration for each legal transaction".

Berlin, April 13, 2018
MPH Health Care AG



Patrick Brenske
(Management Board)



May Jun Jul Aug Sep Oct Nov Dec

IFRS Statement

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IFRS Balance sheet- Assets

As of December 31, 2017*

	Annex	◀ 2017 EUR	◀ 2016 kEUR
Liquid funds	5.1	1.238.890,28	983
Trade accounts receivable	5.2	647,91	0
Other short-term financial assets	5.3	5.518.713,19	9.465
Other short-term assets	5.3	1.529.893,01	3
Income tax receivables	5.3	0,00	0
Short-term assets		8.288.144,39	10.452
Intangible assets	5.4	17.717,00	26
Fixed assets	5.4	4.262,00	6
Financial assets	5.5	249.045.583,87	219.824
Other long-term assets	5.6	21.849,18	22
Long-term assets		249.089.412,05	219.878.210,44
▶ TOTAL ASSETS		257.377.556,44	230.330

* Accounting according to IFRS

IFRS Balance sheet- Liabilities

As of December 31, 2017*

	Annex	◀2017 EUR	◀2016 kEUR
Accruals	5.7	70.356,67	42
Trade accounts payable	5.8	37.647,02	15
Other short-term financial liabilities	5.8	90.015,26	87
Other short-term liabilities	5.8	32.429,42	20
Bonds (profit participation certificates)	5.8	0,00	0
Short-term liabilities		230.448,37	165
Accruals		0,00	0
Banks loans	5.9	14.000.000,00	14.000
Deferred tax liabilities	5.10	2.481.167,69	2.217
Long-term liabilities		16.481.167,69	16.216.764,63
Subscribed capital		42.813.842,00	42.814
Capital reserves		2.688.175,47	2.688
Legal reserve		1.761.622,14	1.762
Balance sheet profit		193.402.300,77	166.685
Equity		240.665.940,38	213.948
▶ TOTAL LIABILITIES		257.377.556,44	230.330

* Accounting according to IFRS

IFRS - Profit and loss statement

From January 1, to December 31, 2017*

		◀ 2017	◀ 2016
	Annex	EUR	kEUR
1. Sales	8.1	66.398,02	47
2. Increase in finished goods and work in progress	8.2	-17.442,00	0
3. Other operating income	8.3	1.224.663,97	8.843
4. Cost of purchased goods and services	8.4	17.442,00	17
5. Personnel expenses			
Wages and salaries		-497.476,04	-548
Social security and pension costs and for support		-78,10	-10
		-497.554,14	-559
6. Depreciation	8.5	-21.371,01	-25
7. Other operating expenses	8.6	-1.447.939,16	-432
8. Operating result		-675.802,32	7.893
9. Other interest and similar income	8.7	331.549,97	325
10. Income from investments		7.379.992,60	7.482
11. Depreciation of financial assets and securities of floating assets	8.8	0,00	-5.995
12. Interest and similar expenses	8.9	-498.504,62	-770
13. Write-ups from the valuation of financial assets	8.10	40.407.785,87	72.220
14. Depreciation from the valuation of financial assets	8.10	-14.825.232,18	0
15. Financial result		32.795.591,64	73.263
16. Result from ordinary activities		32.119.789,32	81.156
17. Taxes on income and earnings	8.11	-264.405,76	-1.090
18. Other taxes	8.12	-108,02	0
19. Annual result / total result of the reporting period		31.855.275,54	80.066
20. Undiluted earnings per share (in EUR)		0,74	1,87

* Accounting according to IFRS

IFRS - Cash flow statement

From January 1, to December 31, 2017*

	◀ 2017	◀ 2016
	EUR	kEUR
Period result	31.855.275,54	80.066
Depreciation on fixed assets	21.371,01	6.019
Increase / decrease in short-term accruals	27.990,67	-12
Increase / decrease due to fair value measurement	-25.945.585,98	-81.438
Decrease / increase in trade receivables and other assets	2.419.308,98	-11.989
Increase / decrease in trade accounts payable and other liabilities	37.593,41	-1.686
Profit / loss from the disposal of fixed assets	-456.640,22	396
Interest expense / income	166.954,65	-215
Other investment income	-7.379.992,60	2.922
Income tax expense / income	264.405,76	1.090
Income tax payments	0,00	81
Cash flow from operating activities	1.010.681,22	-4.766
Payments for investments in intangible assets	-9.496,25	-15
Payments for investments in property, plant and equipment/investment properties	-1.608,76	-4
Proceeds from disposals of financial assets	13.159.028,55	7.571
Payments from the acquisitions of consolidated companies and other business units	-15.978.269,96	-1.988
Interest income	331.549,97	0
Investment income	7.379.992,60	0
Cash flow from investing activities	4.881.196,15	5.564
Changes liabilities to banks	0,00	3.950
Interest expenses	-498.504,62	0
Payments to company owners and minority shareholders	-5.137.661,04	-4.293
Cash flow from financing activities	-5.636.165,66	-343
Cash flow	255.711,71	455
Cash and cash equivalents on 01.01.2017 / previous year	983.178,57	528
Cash and cash equivalents as of 31.12.2017 / previous year	1.238.890,28	983
Change in cash and cash equivalents	255.711,71	455

* Accounting according to IFRS

IFRS - Statement of changes in equity

As of December 31, 2017*

	Subscribed capital EUR	Capital reserve EUR	Legal reserve EUR	Net profit/loss EUR	Total equity EUR
As of 01.01.2016	42.813.842,00	2.688.175,47	1.761.622,14	91.756.583,38	139.020.222,99
Period result	0,00	0,00	0,00	80.065.763,93	80.065.763,93
Dividends	0,00	0,00	0,00	-5.137.661,04	-5.137.661,04
As of 01.01.2017	42.813.842,00	2.688.175,47	1.761.622,14	166.684.686,27	213.948.325,88
Period result	0,00	0,00	0,00	31.855.275,54	31.855.275,54
Dividends	0,00	0,00	0,00	-5.137.661,04	-5.137.661,04
As of 31.12.2017	42.813.842,00	2.688.175,47	1.761.622,14	193.402.300,77	240.665.940,38

* Accounting according to IFRS

IFRS - Development of fixed assets

As of December 31, 2017*

	◀ Acquisition and production costs				◀ Accumulated depreciation				◀ Book Value	
	As of 01.01.2017 EUR	Accruals EUR	Disposal EUR	As of 31.12.2017 EUR	As of 01.01.2017 EUR	Write-offs EUR	Write-ups EUR	Disposals EUR	As of 31.12.2017 EUR	As of 31.12.2016 EUR
Intangible assets	44.007,75	9.496,25	0,00	53.504,00	-18.224,75	-17.562,25	0,00	0,00	17.717,00	25.783,00
Fixed assets	77.438,71	1.608,76	0,00	79.047,47	-70.976,71	-3.808,76	0,00	0,00	4.262,00	6.462,00
Financial assets	79.254.556,28	15.978.269,96	-4.644.477,88	90.588.348,36	140.569.559,98	-14.825.232,18	40.770.818,16	-8.057.910,45	249.045.583,87	219.824.116,26
Total	79.376.002,74	15.989.374,97	-4.644.477,88	90.720.899,83	140.480.358,52	-14.846.603,19	40.770.818,16	-8.057.910,45	249.067.562,87	219.856.361,26

* Accounting according to IFRS



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IFRS Annex

For the financial year from January 1 to December 31, 2017

1. General information

MPH Health Care AG was founded in 2008 under the name MPH Mittelständische Pharma Holding AG and renamed in 2017. The company is registered in the Commercial Register of the Berlin-Charlottenburg District Court under HRB 116425 and has its registered office at Grünauer Strasse 5, 12557 Berlin. MPH Health Care AG is an investment company within the meaning of IFRS 10.27. Its business activity consists of investing in companies with the objective of capital growth.

The IFRS financial statements of MPH Health Care AG, Berlin, for the period from January 1 to December 31, 2017, were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as applicable in the European Union. The figures for the 2017 financial year are stated in EUR and for the previous year in kEUR. The new standards adopted by the IASB were observed from the time they came into force.

The following standards and interpretations as well as amendments to existing standards are to be applied for the first time in the 2017 financial year, although there were no significant effects for MPH Health Care AG:

- ▶ Annual Improvements (Cycle 2014 - 2016) - Amendments to IFRS 12 (effective for annual periods beginning on or after January 1, 2017)
- ▶ Amendment to IAS 7 - Disclosure Initiative (applicable for fiscal years beginning on or after January 1, 2017)
- ▶ Amendment to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (effective for fiscal years beginning on or after January 1, 2017)

The Company has taken into account the new standards and interpretations when they become mandatory in the EU. There have been no significant effects on the balance sheet and income statement and are not expected.

Accounting and valuation were based on the going concern assumption.

The balance sheet of MPH Health Care AG has been prepared in accordance with maturity criteria, whereby assets and liabilities whose realisation or repayment is expected within twelve months of the balance sheet date were classified as current in accordance with IAS 1. In accordance with IAS 1.56, deferred tax assets and deferred taxes are reported in full under long-term assets and long-term liabilities, respectively.

Gains and losses in the statement of comprehensive income are prepared using the nature of "total cost accounting"-method.

2. Consolidation group

No investments were consolidated in the IFRS financial statements of MPH Health Care AG, Berlin, as of December 31, 2017, as MPH Health Care AG is an investment company in accordance with IFRS 10.27. The following investments are therefore measured in accordance with IFRS 10.31 at fair value through profit or loss in accordance with IFRS 9.

Name of the company	Location of the company	Effective date of control
HAEMATO AG	Schönefeld	May 7, 2012
HAEMATO MED GmbH	Schönefeld	May 22, 2013
HAEMATO PHARM GmbH	Schönefeld	March 06, 2009
Sanate GmbH	Schönefeld	September 24, 2013
MPH Ventures GmbH	Schönefeld	August 31, 2011
HAEMATO-Vet GmbH	Schönefeld	April, 8 2010
Nutri Care GmbH	Schönefeld	April 5, 2012
M1 Kliniken AG	Berlin	May 7, 2012
M1 Med Beauty Berlin GmbH	Berlin	August 1, 2013
Beauty Now GmbH	Berlin	December 16, 2015
Saname GmbH	Schönefeld	May 22, 2013
M1 Aesthetics GmbH	Schönefeld	July 6, 2013
Sanawert GmbH	Berlin	July 18, 2017
Sanabona GmbH	Berlin	July 18, 2017
Sanaestate GmbH	Berlin	July 18, 2017
Sanaselect GmbH	Berlin	July 18, 2017
Pharmigon GmbH	Berlin	May 7, 2012
Zytotrade GmbH	Schönefeld	May 7, 2012
CR Capital Real Estate AG	Berlin	January 1, 2015
CR Capital Verwaltungs GmbH	Schönefeld	January 1, 2015
CR Capital Hubertusallee GmbH & Co.KG	Berlin	January 1, 2015
CR Capital Real Estate Development GmbH	Berlin	January 1, 2015
Projektgesellschaft Residential Properties mbH	Berlin	January 1, 2015
Projektgesellschaft MTL mbH	Berlin	January 1, 2015
Projektgesellschaft Thulestraße 47 GmbH	Berlin	January 1, 2015
Projektgesellschaft Borgmannstraße 16 mbH	Berlin	January 1, 2015
Projektgesellschaft Hohenzollerndamm 119 mbH	Berlin	January 1, 2015
Projektgesellschaft Hallesches Feld mbH	Berlin	June 29, 2015
Clavis 1 Projekt GmbH	Berlin	December 27, 2016
Clavis 2 Projekt GmbH	Berlin	December 27, 2016
CR Projekt Eins GmbH	Berlin	December 11, 2017
CR Projekt Zwei GmbH	Berlin	December 11, 2017
Kent Immobilienmanagement GmbH	Berlin	December 14, 2017

3. Principles of consolidation

The annual financial statements of all Group companies have been prepared on the basis of uniform accounting and valuation methods as of the reporting date of MPH Health Care AG (parent company).

In accordance with IFRS 10, IFRS 12 and IAS 28, accounting is carried out in accordance with the regulations for investment companies. As a result, there are no consolidation transactions from full consolidation affecting net income.

In accordance with IFRS 9, investments are measured at fair value as of the balance sheet date.

4. Estimates and assumptions

The preparation of the consolidated financial statements requires estimates and assumptions which can influence the amounts of assets, liabilities and financial obligations as of the balance sheet date, as well as income and expenses in the year under review. Actual amounts may differ from these estimates and assumptions.

MPH Health Care AG is an investment company in accordance with paragraph 27 of IFRS 10. An investment company is a company that:

- receives funds from one or more investors for the purpose of providing asset management services to such investor(s);
- undertakes to its investor or investors that its business purpose consists solely in the investment of funds for the purpose of achieving increases in value or the generation of capital gains or both; and
- assessed the profitability all of its substantial investments on the basis of fair value.

The determination of the fair values of assets and liabilities is based on management judgements.

The expected actual income tax must be calculated for each taxable entity. Temporary differences arising from the different treatment of certain balance sheet items between the IFRS consolidated financial statements and the tax accounts must be assessed. Where temporary differences exist, these differences generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of generating sufficient taxable income within the scope of the respective tax type. Various factors should be used to assess the probability of the future usability of deferred tax assets, such as past results of operations, operational planning and tax planning strategies. If actual results differ from these estimates or if these estimates have to be adjusted in future periods, they could have an adverse effect on the net assets, financial position and results of operations. If there is a change in the assessment of recoverability of deferred tax assets, the deferred tax assets recognized must be written down and recognized in the income statement.

5. Information on the IFRS balance sheet including accounting and valuation methods

In preparing the financial statements of the related investments, transactions denominated in currencies other than the functional currency (Euro) of MPH Health Care AG are translated at the exchange rates prevailing on the date of the transaction. All monetary items denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items denominated in foreign currencies and measured at fair value are translated at the exchange rates prevailing at the date of measurement at fair value.

► **5.1 Cash and cash equivalents** mainly comprise bank balances and are recorded at their nominal value, which corresponds to their fair value due to their short-term maturities.

► **5.2 Trade receivables** totaling kEUR 0.6 (previous year: kEUR 0.0) are measured at amortized cost less any impairment losses using the effective interest method. Impairment losses are recognized if there is objective evidence that the expected future cash flows have changed negatively as a result of one or more events occurring after the initial recognition of the asset. The criteria that lead to an impairment of trade receivables are based on the probability of default of the receivable and the expected creditworthiness of the customer.

► **5.3 Other short-term financial assets** exclusively comprise loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured using the effective interest method at amortized cost less any impairment losses. They are recognized in the balance sheet at the time when the Group becomes a party to the financial instrument. Financial assets are booked up when the contractual rights to the cash flows from a financial asset expire, or when it transfers the financial asset and substantially all risks and rewards incidental to ownership of the asset, to a third party. When a financial asset is booked up, the difference between its carrying amount and the sum of the consideration received as well as all accumulated gains and losses recognised in other comprehensive income and accumulated in equity are recognised in the profit and loss statement.

► **5.4 Fixed assets** are carried at acquisition cost in accordance with IAS 16 or IAS 38, less systematic depreciation if used for a limited period. If necessary, impairment losses reduce (amortized) cost. There was no revaluation of property, plant and equipment in accordance with the option under IAS 16.

Systematic depreciation is calculated using the straight-line method. Depreciation corresponds to the pattern of consumption of future economic benefits. Property, plant and equipment and intangible assets are depreciated on a straight-line basis over different expected useful lives (3 to 15 years).

If the carrying amount exceeds the expected recoverable amount, an impairment loss is recognized in accordance with IAS 36. The recoverable amount is determined from the net sales proceeds or - if higher - the present value of the estimated future cash flow from the use of the asset.

► **5.5 Financial assets** include equity instruments of listed companies. The shares were allocated to the category “at fair value through profit or loss”. Equity instruments are subsequently measured at the market price on the respective balance sheet date.

► **5.6 Other long-term assets** are mainly deposits, which are measured at the nominal value of the amounts deposited.

► **5.7 Other provisions** comprise accruals that are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the amount resulting from the best estimate of the financial expenditure required to settle the present obligation at the balance sheet date.

Short-term provisions mainly relate to tax provisions, the costs of the financial statements and audit of the consolidated companies and other provisions.

	01.01.2017	Consumption	Released	Added	31.12.2017
Accruals	kEUR	kEUR	kEUR	kEUR	kEUR
Audit and annual financial statement costs	20	20	0	20	20
Remuneration of the Supervisory Board	20	20	0	22	22
Others	2	2	0	28	28
	42	42	0	70	70

► **5.8 Short-term liabilities to banks, trade payables, other financial liabilities and other current liabilities** are carried at amortized cost using the effective interest method.

Other current financial liabilities amount to kEUR 90 (previous year: kEUR 87). Other current liabilities amount to kEUR 32 (previous year: kEUR 20). These are mainly wage and salary tax liabilities.

► **5.9 Long-term liabilities to banks** are carried at amortised cost using the effective interest method.

► **5.10 Deferred tax liabilities:** Deferred tax liabilities are recognized for all taxable temporary differences, unless the deferred tax liability arises from goodwill for which amortization is not tax deductible, or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

However, in the case of taxable temporary differences in connection with investments in subsidiaries, a deferred tax liability is recognized unless the timing of the reversal of the temporary difference can be controlled by the company and it is probable that this will not occur in the foreseeable future.

► **5.11 Equity:** The share capital of the company in the amount of EUR 42,813,842.00 is divided into 42,813,842 shares with an imputed nominal value of EUR 1.00 each.

In accordance with the resolution of the Annual General Meeting on June 29, 2017, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of EUR 21,406,921.00 on one or more occasions until June 28, 2022 by issuing new ordinary bearer shares and/or non-voting preference shares against cash and/or non-cash contributions (authorised capital 2017). In accordance with the resolution of the Annual General Meeting of June 29, 2017, the Management Board was authorised to issue bearer or registered bonds with warrants or convertible bonds, profit participation rights or income bonds or combinations of these instruments on one or more occasions up to June 28, 2022, for a total nominal amount of up to EUR 100,000,000.000.00 with or without a maturity restriction and to grant the holders or holders of bearer bonds with warrants or convertible bonds, profit participation rights or income bonds or combinations of these instruments a total nominal amount of up to EUR 100,000,000.00 to grant or impose option or conversion rights on ordinary bearer shares and/or non-voting preference shares of the company, which take precedence over the previously issued preference shares in the distribution of profits and/or company assets and are equal, with a pro rata amount of the share capital totalling up to EUR 21,406,921.00 in accordance with the terms and conditions of the bonds, on creditors of the respective partial bonds with equal rights. For this purpose, the share capital is conditionally increased by up to EUR 21,406,921.00 by issuing a total of up to 21,406,921 new non-voting ordinary and/or non-voting preference bearer shares, which take precedence over or are equal to the preference shares previously issued in the distribution of profits and/or company assets (conditional capital 2017).

Please refer to the statement of changes in equity for the development and composition of equity.

6. Summary of fixed assets

The composition and development of fixed assets is shown in the table "Development of fixed assets as of December 31, 2017"; see Annex 3.

7. Contingent liabilities and other financial commitments

MPH Health Care AG is liable to HYPO NOE Gruppe Bank AG as joint borrower with HAEMATO AG in connection with a promissory note loan of EUR 7 million, which was disbursed to MPH Health Care AG. This loan was fully utilized by MPH Health Care AG as of the reporting date.

MPH Health Care AG is liable to HYPO NOE Gruppe Bank AG as joint borrower with HAEMATO AG in connection with a promissory note loan of EUR 3 million, which was disbursed to MPH Health Care AG. This loan was fully utilized by MPH Health Care AG as of the reporting date.

MPH Health Care AG is liable to Raiffeisenlandesbank Niederösterreich-Wien AG as joint borrower with HAEMATO AG in connection with a further promissory note loan of EUR 4 million.

Other financial obligations are within the scope of normal business transactions.

Notes to the profit and loss statement (IFRS)

Principles of revenue recognition

Revenue is measured at the fair value of the consideration received or to be received and reduced by expected sales deductions.

Segment reporting in accordance with IFRS 8

IFRS 8 requires companies to report financial and descriptive information about their reportable segments. Reportable segments are operating segments that meet certain criteria. Business segments are components of a company for which separate financial information is available. Segment reporting must therefore necessarily be based on the company's internal reporting system (management approach). The internal management of the company thus forms the basis for segment reporting. As an investment company, MPH Health Care AG is mainly active in a combined business segment of investments in the health sector and mainly in a regional segment (Germany), so that it is largely exempt from the segment reporting obligation.

However, IFRS 8.31 also requires single-segment groups to disclose certain disaggregated financial data. These are identification requirements which must be presented according to the following criteria:

- Products and services (IFRS 8.32): All products (investments) have been combined into a group of comparable products. All sales shown in the income statement mainly relate to the product group described above.
- Geographical segments (IFRS 8.33): As already described above, MPH Health Care AG is mainly active in one regional segment (Germany). Since the preparation of information on geographical regions would be associated with increased costs, this was dispensed with.
- Major customers (IFRS 8.34): As a result of accounting as an investment company in accordance with IFRS 10.31, subsidiaries are not consolidated. Revenues for the fiscal year amounted to only kEUR (previous year: kEUR 47). MPH Health Care AG therefore does not have any major customers.
- Expenses and income for the financial year are recognized when they are realized, irrespective of the date of payment. Revenue from the sale of assets and income from services is recognized when the significant risks and rewards have been transferred and the amount of the expected consideration can be reliably estimated.

► **8.1 Revenues** relate exclusively to income from the letting and leasing of office space.

► **8.2 Changes in inventories** of kEUR 17 (previous year: kEUR 0) include a reduction due to the settlement of operating cost allocations from the previous year from the letting and leasing of office space.

► **8.3 Other operating income** amounts to kEUR 1,225 (previous year: kEUR 8,843) and mainly includes income from the sale of financial assets and income from write-ups from the measurement of investments at fair value in accordance with IFRS 9.

► **8.4 The Item cost of materials**, which totals kEUR 17 (previous year: kEUR 17), includes operating cost allocations for the sublet office space.

► **8.5 Depreciation** includes systematic depreciation of property, plant and equipment and intangible assets in the amount of kEUR 21 (previous year: kEUR 25). Property, plant and equipment and intangible assets are depreciated on a straight-line basis over different expected useful lives (3 to 15 years).

► **8.6 Other operating expenses**, which totaled kEUR 1,448 (previous year: kEUR 432), are spread over a large number of individual items, such as rent, advertising and travel costs, marketing commissions for insurance premiums, third-party work, legal and consulting costs, losses from the sale of financial assets as well as costs for the annual financial statements and auditing.

► **8.7 Other interest and similar income**

This relates to interest income totaling kEUR 325 (previous year: kEUR 223). Interest results from the granting of loans and the investment of liquid funds at German banks.

► **8.8 Write-downs of financial assets**

Write-downs of kEUR 0 (previous year: kEUR 5,995) were made on existing investments of non-capital market-oriented affiliated companies.

► **8.9 Interest and similar expenses**

Interest totaling kEUR 499 (previous year: kEUR 770) mainly relates to interest invoiced for loans granted. The net results from financial instruments in accordance with the measurement categories in accordance with IAS 39 are as follows:

	Interest earnings + dividends 2017 kEUR	Interest income + dividends 2016 kEUR	Interest cost 2017 kEUR	Interest cost 2016 kEUR	Fair Value 2017 kEUR	Fair Value 2016 kEUR
Loans and receivables (other financial assets)	332	325	0	0	0	0
Income from investments (other financial assets)	7.380	7.482	0	0	0	0
Equity securities (Financial assets at fair value through profit or loss)	0	0	0	0	25.583	72.220
Liabilities carried at amortized cost (other financial liabilities)	0	0	-499	-770	0	0
► Total net income	7.712	7.807	-499	-770	25.583	72.220
► Affecting net income	7.712	7.807	-499	-770	25.583	72.220

► 8.10 Results from the valuation of financial positions

Normally, an investment company is neither required to consolidate its subsidiaries nor to apply IFRS 3 if it obtains control over another company. Instead, an investment company must measure the shares in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

The following tables show the development of the investments of MPH Health Care AG:

	Fair value at the balance sheet date 31.12.2016	Addition of shares	Disposal of shares	Income from fair value measurement	Income from reversal of impairment losses	Fair value at the balance sheet date 31.12.2017
Listed company	EUR	EUR	EUR	EUR	EUR	EUR
M1 Kliniken AG	126.608.039,43	6.279.240,00	-9.084.502,50	39.245.882,77	0,00	163.048.659,70
CR Capital Real Estate AG	21.850.007,94	2.197,56	0,00	1.161.903,10	363.032,29	23.377.140,89
Subtotal				40.407.785,87		
HAEMATO AG	66.882.068,88	7.446.832,40	-3.617.885,83	-14.825.232,18	0,00	55.885.783,27
	215.340.116,25	13.728.269,96	-12.702.388,33	25.582.553,69	363.032,29	242.311.583,86

1) Due to a capital reduction of CR Capital Real Estate AG, the shares were converted at a ratio of 10:1 into 10/2017.

2) Unlisted investments in the legal form of a GmbH are measured at IFRS equity. This is the equity which is recorded in the company's individual financial statements within the scope of the IFRS consolidated balance sheet for this company.

	2016	Closing price 31.12.2016	Change	2017	Closing price 31.12.2017	Fair value at the balance sheet date
Listed company	pieces	EUR	pieces	pieces	EUR	EUR
M1 Kliniken AG	12.734.665	9,942	- 363.750	12.370.915	13,180	163.048.659,70
CR Capital Real Estate AG	11.506.060 ¹⁾	1,899	+ 127	1.150.733	20,315	23.377.140,89
HAEMATO AG	10.391.869	6,436	+ 620.108	11.011.977	5,075	55.885.783,27
Subtotal	34.632.594			24.533.625		242.311.583,86
Unlisted investments ²⁾						6.734.000,00
Total financial assets						249.045.583,87

► 8.11 Taxes on income and earnings

The position can be broken down as follows:

	2017 kEUR	2016 kEUR
Tax expense for the current period	0	0
Deferred tax expense from valuation differences	-264	-1.090
Deferred tax income from valuation differences	0	0
	<u>-264</u>	<u>-1.090</u>

As in the previous year, deferred taxes are calculated using different effective tax rates. With reference to IAS 12.81 c, the following tax rates apply:

Effective statutory tax rate for companies domiciled in	2017 in%
Berlin	30,175

The statutory effective tax rate includes corporate income tax and the solidarity surcharge (effective rate: 15.825%) as well as trade tax (effective rates: Berlin with 14.350%).

► 8.12 Other taxes include motor vehicle tax.

9. Earnings per share

Earnings per share are calculated by dividing net income by the number of shares issued. In accordance with IAS 33.19, the weighted average number of ordinary shares outstanding during the period must be used to calculate basic earnings per share. Dilution effects are not to be taken into account.

	2017 EUR	2016 EUR
Net income attributable to equity holders of the parent	31.855.275,54	80.065.763,93
Number of shares (weighted average)	42.813.842	42.813.842
Earnings per share	<u>0,74</u>	<u>1,87</u>

10. Information on members of the board

Management Board

Family name	First name	Profession	Power of representation	Title	
Brenske	Patrick	Merchant	Sole power of representation	Master of Banking & Finance	
Dr. Pahl	Christian	Merchant	Jointly with another board member or authorized signatory	MBA	Until 31.07.2017

Board of Supervisors

Family name	First name	Function	Profession	
Grosse	Andrea	Chairwoman	Lawyer	
Prof. Dr. Dr. Meck	Sabine	Deputy Chairwoman	University lecturer and science journalist	Until 22.09.2017
		Member		From 22.09.2017
Dr. Braun	Marion	Member	Medical doctor	Until 31.08.2017
Dr. Wandschneider	Ulrich	Deputy Chairman	Business consultant	From 22.09.2017

The total remuneration of the Supervisory Board in financial year 2017 amounted to kEUR 47.5 (previous year: kEUR 45.0). There are no receivables from members of the Supervisory Board.

11. Number of employees

MPH Health Care AG employed one employee on average in the reporting period.

12. Disclosures on financial instruments in accordance with IFRS 7

The following is an analysis of income from financial investments in financial assets broken down by measurement categories:

	2017	2016
	kEUR	kEUR
Income		
Receivables	332	325
Financial assets measured at fair value	25.583	72.220

Income from loans and receivables is included in interest income. Income of kEUR 25,583 (previous year: kEUR 72,220) from financial assets measured at fair value relates to income from the higher valuation of financial assets.

The following is an analysis of expenses from financial investments in financial assets and financial liabilities broken down by measurement categories:

Expenses	2017 kEUR	2016 kEUR
Liabilities carried at amortized cost	499	770
Write-downs of financial assets to fair value	0	5.995

Expenses from other financial liabilities measured at amortized cost relate to interest expenses. The expenses from financial assets measured at fair value relate to write-downs of financial assets.

Risk management policy and hedging measures

MPH Health Care AG's risk management system aims to identify and record all significant risks and their causes at an early stage in order to avoid financial losses, breakdowns or disruptions.

This procedure ensures that suitable countermeasures can be implemented to avoid risks. This is essentially an early warning system which serves to monitor liquidity and the development of results.

The risk management policy is essentially covered by the Management Board of MPH Health Care AG. The Management Board decides on the appropriate strategy for controlling risks.

As a result of the company's business activities and the high proportion of financial assets in the balance sheet total, the Group is exposed to fluctuations in the financial markets.

Capital risk management, debt and interest rate risk

The group's mission is to use the funds of its investors to achieve capital appreciation or to generate investment income. This ensures that all investments can operate under the going concern assumption. Shareholders' equity on the respective balance sheet date:

	31.12.2017 kEUR	31.12.2016 kEUR
Equity	240.666	213.948
Balance sheet total	257.378	230.329
Equity ratio	93,50%	92,89%

The Group has taken out short-term and long-term debt to implement its business model.

In the reporting period, bank liabilities remained constant compared to the previous year at kEUR 14,000 due to their long-term maturity. Due to the low interest rate level, we currently see only limited interest rate risks.

MPH Health Care AG's short-term and long-term liabilities to banks are fully subject to fixed interest rates. There is therefore no interest rate risk due to variable interest rates:

Liabilities to banks in kEUR	Claims	Claims	Interest rate	Interest rate
	31.12.2017	31.12.2016	risk 31.12.2017	risk 31.12.2016
Thereof with fixed interest rates	14.000	14.000	-	-
Thereof with variable interest rates	0	0	0	0
Total	14.000	14.000	0	0

Other financial liabilities are not subject to interest rate risk, as no interest is payable. These are short-term liabilities.

Fair value of financial instruments

Financial assets 31.12.2017 in kEUR	Short-term			Total book values	Fair values to be attributed
	Trade accounts receivable	Other short-term financial assets	Liquid funds		
Financial assets measured at amortized cost	1	5.519	1.239	8.288	8.288

Financial assets 31.12.2016 in kEUR	Short-term			Total book values	Fair values to be attributed
	Trade accounts receivable	Other short-term financial assets	Liquid funds		
Financial assets measured at amortized cost	0	9.465	983	10.448	10.448

The total carrying amounts and the fair values of financial assets at the balance sheet date amounted to kEUR 249,046 (previous year: kEUR 219,824).

For the instruments presented in the table above and below, the Management Board considers the carrying amounts in the IFRS balance sheet to be a good approximation of their fair values.

Liabilities and shareholders' equity	Short-term			Long-term		
	Liabilities to banks	Trade accounts payable	Other financial liabilities	Liabilities to banks and bonds	Total book values	Fair values to be attributed
31.12.2017 in kEUR						
Financial liabilities measured at amortized cost	0	38	122	14.000	14.160	14.160

Liabilities and shareholders' equity	Short-term			Long-term		
	Liabilities to banks	Trade accounts payable	Other financial liabilities	Liabilities to banks and bonds	Total book values	Fair values to be attributed
31.12.2016 in kEUR						
Financial liabilities measured at amortized cost	0	15	107	14.000	14.122	14.122

Liquidity risk

MPH Health Care AG invests the majority of its assets in investments that are traded in active markets and are easy to sell. MPH Health Care AG owns a small portion of its assets in investments that are not traded on a stock exchange and may be illiquid. As a result, investments in these investments may not be quickly liquidated by the company.

Furthermore, MPH Health Care AG manages liquidity risks by constantly monitoring the forecasted and actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

The following tables show the expected cash flows of financial liabilities (undiscounted principal and interest payments) as of December 31, 2017 and December 31, 2016:

Financial liabilities measured at amortized cost	Book value	Cash flow up	Cash flow	Cash flow > 5
	31.12.2017	to 1 year	> 1 year	years
	kEUR	kEUR	up to 5 years	kEUR
Accruals	70	70	0	0
Interest-bearing financial liabilities	14.000	0	14.000	0
Non-interest-bearing financial liabilities	160	160	0	0

Financial liabilities measured at amortized cost	Book value	Cash flow up	Cash flow	Cash flow > 5
	31.12.2016	to 1 year	> 1 year	years
	kEUR	kEUR	up to 5 years	kEUR
Accruals	42	42	0	0
Interest-bearing financial liabilities	14.000	0	11.000	3.000
Non-interest-bearing financial liabilities	122	122	0	0

Of the non-interest-bearing financial liabilities, kEUR 38 (previous year: kEUR 15) relate to trade payables and kEUR 122 (previous year: kEUR 107) to other current liabilities and financial liabilities.

Consolidated cash flow statement

The cash flow statement shows how cash and cash equivalents of MPH Health Care AG have changed during the reporting years due to inflows and outflows of funds. In this cash flow statement, cash flows are broken down by operating, investing and financing activities. Cash and cash equivalents include cash and cash equivalents of kEUR 1,239 (previous year: kEUR 983) available at short notice.

13. Related party disclosures

Related parties within the meaning of IAS 24 „Related Party Disclosures“ are generally members of the Management Board and Supervisory Board, their close family members and all companies belonging to the investment group of MPH Health Care AG. Please refer to section (10) for information on the Management Board and Supervisory Board. These related parties were not involved in any transactions with companies of the MPH Group that were unusual in nature or nature. All transactions between related parties have been concluded on arm's length terms.

Any assets or liabilities resulting from transactions with these companies are reported under other assets and other liabilities.

MPH Health Care AG did not enter into any transactions with related parties.

14. Events after the balance sheet date

No other significant events occurred after the balance sheet date up to April 5, 2018.

15. Approval of the IFRS financial statements 2017 by the Management Board for publication in accordance with IAS 10.17

These IFRS financial statements take into account all events known to the Management Board up to April 5, 2018.

Berlin, April 5, 2018



Patrick Brenske
(Management Board)

16. Auditor's Report

"Auditor's report to the Supervisory Board and shareholders of MPH Health Care AG (investment company), Berlin:

Audit assessment

I have audited the annual financial statements of MPH Health Care AG in accordance with IFRS - consisting of the balance sheet as of December 31, 2017, income statement for the period from January 1, 2017 to December 31, 2017, cash flow statement for the period from January 1, 2017 to December 31, 2017, statement of changes in equity for the period from January 1, 2017 to December 31, 2017, development of fixed assets as of December 31, 2017, notes for the period from January 1, 2017 to December 31, 2017 and the management report.

In my opinion, based on the findings of the audit:

- The accompanying annual financial statements comply in all material respects with IFRS and the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the company as of December 31, 2017 and its results of operations for the fiscal year from January 1, 2017 to December 31, 2017 in accordance with German generally accepted accounting principles, and
- the attached management report as a whole provides a suitable view of the position of the investment company. In all material respects, this management report is consistent with the annual financial statements, complies with IFRS and German law and accurately presents the opportunities and risks of future development.
- In accordance with § 322 III 1 HGB, I declare that my audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the audit assessment

I conducted my audit of the annual financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). My responsibility under these rules and principles is further described in the section „Auditor's Responsibility to Audit the Financial Statements and Management Report“ of my audit opinion. I am independent of the company in accordance with German commercial and professional regulations and have fulfilled my other German professional duties in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the annual financial statements and management report.

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation and fair presentation of the annual financial statements in accordance with IFRS and German commercial law in all material respects, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of consolidated financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting for the continuation of the company's activities on the basis of the accounting principle, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides a suitable view of the position of the investment company, is consistent in all material respects with the annual financial statements, complies with IFRS and German law and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with IFRS or the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

My objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether intended or not, and whether the management report as a whole provides a suitable view of the position of the investment company and, in all material respects, is in accordance with the financial statements and the findings of its audit, complies with German law and suitably presents the opportunities and risks of future development, and to express an opinion on the financial statements and management report.

Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement.

Misstatements may result from violations or inaccuracies and are considered material if they could reasonably be expected to influence the economic decisions of users, individually or collectively, based on these financial statements and management report.

During the examination I exercise due discretion and maintain my critical attitude.

Beyond that:

- I identify and assess the risks of material misstatements, whether intentional or not, in the financial statements and management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support my audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.
- I gain an understanding of the internal control system relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's systems.
- I assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about the ability of the company to continue the business. If I come to the conclusion that there is material uncertainty, I am obliged to draw attention to the relevant information in the annual financial statements and management report in my audit opinion or, if this information is inappropriate, to modify my respective audit opinion. I draw my conclusions on the basis of the audit evidence obtained by the date of my audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.
- In my opinion, the overall presentation, structure and content of the annual financial statements, including the information, and whether the annual financial statements present the underlying business transactions and events such that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the investment company in accordance with IFRS and German principles of proper accounting.
- I assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it conveys of the situation of the investment company.

- I perform audit procedures on the forward-looking statements made by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, I particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. I do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements“.

I discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any shortcomings in the internal control system, which I identify during my audit.

Berlin, April 19, 2018


Dipl.-Kfm. Harry Haseloff
Auditor





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1. The share

Class of shares	Bearer ordinary shares
Number of shares	42.813.842
WKN / ISIN	A0L1H3 / DE000A0L1H32
Ticker symbol	93M
Market places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
Market segments	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG
Market equity	184,10 Mio. Euro (as of 10.04.2018 - Xetra)
Coverage	GBC AG, First Berlin Equity Research GmbH

2. Glossary

AMNOG

German law on the new regulation of the pharmaceutical market. Entry into force on 01.01.2011.

Net profit

Balance of net income for the financial year, profit or loss carried forward and appropriation of earnings.

CAGR

Cumulated average growth rate

Cash flow

An economic measure that says something about a company's liquidity. Represents the inflow of liquid funds during a period.

DAX

The most important German stock index. The 30 largest and highest-volume German shares are listed in this stock exchange directory.

Dividende

The profit per share of a stock corporation that is distributed to the shareholders.

EBIT

Earnings before interest and taxes. Says something about a company's operating profit over a certain period of time.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Equity method

A method of accounting for certain long-term investments in the financial statements of a company that holds an interest in the voting capital of another company.

Earnings per share

Earnings per share are calculated by dividing consolidated net income by the weighted average number of shares. This is calculated in accordance with IAS 33.

Fair Value

The amount for which knowledgeable and willing parties would be willing to exchange an asset or settle a liability under normal market conditions.

Fiscal policy

Measures taken by the state to steer economic development through public revenue and expenditure.

Consolidation

Consolidation means the compilation of the net assets, financial position and results of operations of individual companies belonging to a group into consolidated financial statements.

NAV

In German, the net asset value is the sum of all assets valued at market value less all liabilities of a company.

Nominal value

The nominal value or par value of a share is the value at which the share participates in the share capital. In the case of fixed-interest securities, the nominal value indicates the amount of debt to be interest-bearing.

Oncology

Science that deals with cancer.

Patent

With respect to the pharmaceutical market: Industrial property right for a newly developed active pharmaceutical ingredient. In the EU, market exclusivity is limited to 20 years.

Patent free active ingredients

Patent free active ingredients are also called generics. A generic is a drug that is a copy of a drug already on the market under brand names with the same active ingredient. Generics are therapeutically equivalent to the original preparation.

Patent-protected active substances

Branded drugs, which are marketed by the patent holder on the one hand and which are purchased more cost-effectively within the EU member states as EU imported drugs based on the legal basis of import.

Rating

A systematic, qualitative assessment of economic entities or financial instruments with regard to their creditworthiness.

Licensing

An official approval required to offer, distribute or supply an industrially manufactured, ready-to-use drug.

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4. Imprint

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