

ANNUAL REPORT 2015

HAEMATO pharm



Med



Mission Statement

MPH is an investment company. The strategic focus of our activities lies on companies in fast-growing segments of the healthcare market.

Considering the demographic development, a still ageing population as well as a thereby resulting increasing health- and body awareness, the healthcare sector grows in the next years. This includes insurance-based as well as privately financed segments. These potentials we would like to use.



M1 Beauty



CR

CAPITAL REAL ESTATE AG



We work partner-like with our portfolio companies. It is our aim, to generate a profitable growth of the companies through active further development and thereby increase the value of the portfolio companies and the company value of MPH AG.

MPH AG is not limited only to the healthcare market. Also apart from the healthcare sector investment opportunities are to be found from fast-growing industries, whose potential we use and would like to expand.

MPH Mittelständische Pharma Holding AG

Intrinsic value 139,0 Mio. EUR - 3,25 Euro/share as of 31.12.2015

(Reporting according to IFRS):


in Euro	Number of shares	Price	Market value in EUR	Fair Value in EUR
M1 Beauty AG	12,856,895	5,34	68,655,819.30	
HAEMATO AG	11,795,582	4,90	57,798,351.80	
CR Capital Real Estate AG	10,108,307	1,31	13,282,315,40	
TOTAL				
At market price valued shares			139,736,486.50	
Non-listed investments				10,623,641.00
TOTAL Fair Value valued				10,623,641.00
Liquid Funds				528,041.61
Other assets				216,741.82
Use of funds				151,104,910.93
Equity				139,020,222.99 3,25 Euro/share
Interest-bearing borrowed capital				10,049,823.57
Other borrowed capital				2,034.86.37
Source of funds				151,104,910.93

Methodology:

Financial assets are valued at market price/ fair value. Other assets and liabilities were recognised at nominal value.

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The image shows two men from the chest up, standing side-by-side against a plain white background. Both men are wearing dark suits, white shirts, and ties. The man on the left has dark hair and is smiling. The man on the right has light hair and is also smiling. The text of the document is overlaid on the lower portion of the image.

Dear shareholders, Ladies and gentlemen

In the year 2015 Group sales rose by 20 % to 262.89 million Euro. The tightening applicable in the period from July 2014 to April 2015 in the pharmaceutical supervision of EU pharmaceuticals led to a considerable reduction of the stock turn rate and thus of the turnover. Therefore, sales in the first half year were with 112.71 million Euro 4.1 % below the previous year's period.

In the time period from May to December 2015 we were able to work with an improved stock turn rate for EU pharmaceuticals. This led to a strong growth compared to the previous year.

The HAEMATO-business with EU pharmaceuticals reached further growth in the first quarter of 2016. The M1 Beauty AG developed with health services positively as well. The CR Capital Real Estate AG works on the realisation of the potentials from existing properties. The hidden reserves need to be boosted through rapid project development.

MPH has developed to an investment company in the last years. Shares of HAEMATO AG were sold. Shares of CR Capital Real Estate AG were acquired. M1 Beauty AG was established as market leader in important segments of aesthetic medicine and plastic surgery.

We already pointed out the high reserves in our share portfolio in the interim report 2015. With the annual report 2015 we will be taking the consequent step of accounting as an investment entity according to IFRS 10. The financial assets in the MPH balance sheet are valued at their stock exchange prices. From the transitional consolidation a group net profit of 84.10 million Euro resulted. The IFRS profit per share amounted to 1.96 Euro.

Group equity rose to 139.02 million Euro and thereby to 3.25 Euro per share.

The shares of HAEMATO AG, M1 Beauty AG and CR Capital Real Estate AG, listed at the stock exchange of Frankfurt, will be valued through profit and loss from now on at the XETRA closing price of each end of the quarter. Thereby, substance and equity become more transparent.

The general conditions in the healthcare market are still characterised by an ageing population, technical advances and an increase in buying power, which result in a steady growth of healthcare expenditures.

The investments of MPH aim at making a contribution towards maintaining healthcare affordable with its products and services in the healthcare market.

The operational development of the investments was promising in the first quarter of 2016. We are therefore confident for an overall good operational development in the whole year of 2016. It would only be natural, if this is then reflected by the share prices of the investments.

We would like to thank our employees for their great commitment in the year 2015.

We would like to thank the supervisory board for their constructive collaboration in the year 2015.



Patrick Brenske
Member of the
Management Board



Dr. Christian Pahl
Member of the
Management Board

Report of the supervisory board

1. Supervision of management and cooperation with the management board

In the financial year 2015, the supervisory board of MPH Mittelständische Pharma Holding AG fulfilled its duties according to the law and the statutes with great care. The management of the company has been supervised by the supervisory board. The management board was consulted, in its activity, by the supervisory board. The supervisory board has been involved in all decisions with fundamental importance for the company by the management board directly and on time. The management board regularly informed the supervisory board orally, by telephone and in writing, on time and comprehensively, about business operations, the economic situation of the company and the Group, important business events, the company's plans including matters of business policy and risk management, the development of costs and results, the liquidity and investment measures. The supervisory board was able to convince itself of the proper governance of the company. No topic-related committees have been formed within the supervisory board.

2. Meetings, consultations and resolutions

In the financial year 2015, the supervisory board held seven ordinary meetings, five of which in the first half-year and two in the second half-year. All sessions reached quorum.

In the sessions, a.o. the following issues were central:

- the situation of the company
- the strategic development and its operative realisation
- the current competitive, organisational and staff situation
- the short and medium-term investment planning
- the annual and interim reports of the Group before their respective publication
- the further development of the group accounting to the reporting as an investment entity according to IFRS 10.

Further informal meetings res. phone conferences took place between the supervisory board and the management board and were used to discuss new important business developments.

3. Annual financial statements

The supervisory board convinced itself of the proper management of the company. The annual financial statements established by the management board, the consolidated financial statements and the Group management report of MPH Mittelständische Pharma Holding AG for the financial year ending on December 31, 2015, accounting included, have been audited by the auditor nominated by the general shareholders' meeting, Harry Haseloff, Berlin, and confirmed with an unqualified audit opinion.

The annual financial statements, the Group financial statements, the Group management report, the proposal for the appropriation of the balance sheet profit and the audit reports of the auditor have been handed out to each member of the supervisory board in good time before the balance sheet meeting on April 26, 2016. In the balance sheet meeting on April 26, 2016, the auditor reported on the essential results of his audit and was available for questions of the members of the supervisory board. We have ourselves reviewed the annual financial statements established by the management board and the Group financial statements. We have approved and taken note of the result of the auditor's audit and, after having conducted our own review of the annual financial statements, the Group financial statements and the proposal for the appropriation of the balance sheet profit, we have no objections. We considered at length the effects of accounting as an investment entity according to IFRS 10. In the supervisory board meeting on May 06, 2016, we approved the annual financial statements prepared by the management board and the Group financial statements. The annual financial statements are thus adopted.

4. Dependency report

For its financial year ending on December 31, 2015, MPH Mittelständische Pharma Holding AG prepared a dependency report according to § 312 AktG.

The dependency report has been audited by the auditor nominated by the general shareholders' meeting, Harry Haseloff, Berlin, according to § 313 par. 1 AktG. The auditor, Harry Haseloff, Berlin, has prepared a separate written report on the results of the audit. Since no objection was to be made against the report of the management board, the audit opinion has been issued according to § 313 par. 3 AktG.

In the balance sheet meeting on April 26, 2016, the auditor reported on the results of his audit and confirmed that the actual information of the dependency report is correct, that the consideration granted by the company in the legal transactions listed in the report were not too high or compensation for disadvantages was given and that with respect to the measures mentioned in the report, no circumstances could support any judgement substantially different from that of the management board.

The dependency report has been submitted to the supervisory board according to § 314 AktG in good time before the balance sheet meeting on April 26, 2016. In its sessions on April 26, 2016, the supervisory board has comprehensively checked the dependency report for completeness and correctness. As a result, the supervisory board has concluded that no objections are to be made against the statement of the management board at the end of the report about the relations with associated companies and has approved the dependency report.

5. Composition of the supervisory board

In the period from January 1, 2015, to December 31, 2015, the supervisory board was composed in collaboration of the supervisory board members Andrea Grosse (chairwoman), Prof. Dr. Dr. Sabine Meck (deputy chairwoman) and Dr. Marion Braun (member).

6. Other

The supervisory board thanks the management board and all employees of the MPH Group for the achieved performance. The supervisory board is looking forward to continuing the pleasant, constructive and successful cooperation.

Berlin, May 6, 2016



Andrea Grosse
(Chairwoman of the supervisory board)

Consolidated management report

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Consolidated management report

I. Basis of the Group

1. Business model of the Group

The MPH Mittelständische Pharma Holding AG is an investment company listed at the stock exchange of Frankfurt with domicile in Berlin. Its business activity consists of the investment in companies with the aim of capital growth.

The strategic focus of the business activities lies on the acquisition and development of companies and shares in companies especially from growth segments of the healthcare market. This includes insurance-based as well as privately financed segments. But also outside the health care market the MPH uses potentials from fast-growing industries. It is our aim to generate a profitable growth of the companies through active further development and to increase

the company value of the MPH.

In the business year there were significant changes in the group structure. Through successive share acquisition, the majority ownership in CR Capital Real Estate AG listed in the entry standard at the stock exchange of Frankfurt (WKN: A0WMQ5 ISIN: DE000A0WMQ53) was obtained. The acquisition of the control took place as of January, 01, 2015 (date of the initial consolidation). The MPH Mittelständische Pharma Holding GmbH fulfils the criteria of an investment company according to IFRS 10 on the balance sheet date for the first time, so that the so far fully consolidated subsidiaries have been deconsolidated as of December 31, 2015.

2. Research and development report

We still do not conduct any research and development.

II. Economic report

1. General economic and industry-specific situation

a. Global economy

The world economy expanded only moderately in the year 2015. In the final quarter of the past year the global gross domestic product rose by 0.6 % at one of the lowest rates for three years.¹ Moreover, the dynamic of world trade slowed down at large. In the whole year 2015, the gross domestic product only grew by 3.0 %.²

The reason for the very moderate development was on the one hand the persisting economic weakness in the emerging markets. Thus, Russia, Brazil and Venezuela are in a recession due to low resource prices and structural weaknesses. In Russia, furthermore persisting trade sanctions impede the economic development. Moreover, negative impulses emanate from China. The economy did not slump as feared after the stock market turbulences in summer 2015, however, alternative indicators point to a stronger weakening of growth as communicated by the government.³

Also in the advanced economies the economic dynamic weakened in the second half of 2015. This was especially due to the economic slowdown in the USA. The exports sank and also the private

consumption developed slightly weaker. However, employment increased strongly, so that the unemployment rate was only 5 % until the end of 2015. The gross domestic product rose as in the previous year by 2.4 % in 2015.⁴ The moderate growth in the Euro area and in the United Kingdom continued unchanged. Only the Japanese economy weakened due to declining exports and imports as well as to little dynamic private consumption.⁵

After the world economy still weakened at the beginning of the year, the Institute of World Economy assumes a gradual, but moderate rise of the economic dynamic in the course of the year. In the emerging markets economic and structural problems will dominate, but the situation is, when also very moderately, to improve gradually.⁵

In contrast, the industrial nations will profit from rising incomes and the still expansive monetary policy. Overall, a growth of the gross domestic product by 2.9 % for 2016 and by 3.4 % in 2017 is expected.⁶

b. Economic environment in Germany

In 2015, the German economy continued its moderate expansion course with a solid growth. In the summer months the economic development had weakened slightly due to lacking impulses from foreign trade and decreasing company investments. However, towards the end of 2015 the industrial demand and also the willingness to invest rose again.⁷

The driving force of the German economy remained the unchanged strong domestic demand. This was especially stimulated through the strong growth of employment, the noticeable income rises, low resource prices as well as the increased state expenditures within the refugee migration.⁸ Overall, the consumption expenditures rose adjusted for price by 2.1 %.⁹

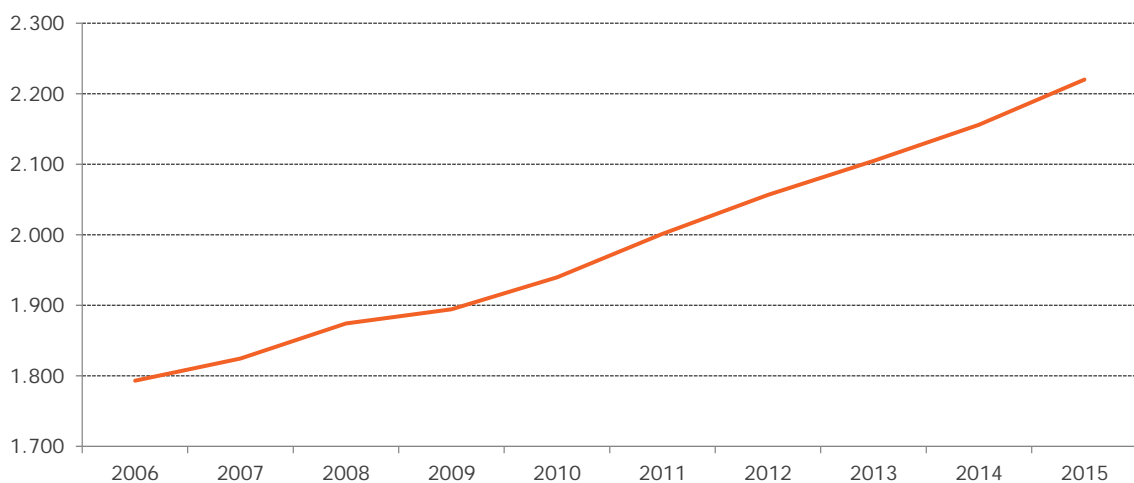
Positive impulses emanated next to high consumption expenditures also from gross fixed asset investments. These increased compared to 2014 by 2.2 %. Especially, the equipment investments with a growth of 4.8 %, but also the other assets with a rise of 2.7 % contributed to this positive devel-

opment.¹⁰ Further growth driver of the German economy were the exports. The subdued growth in China and other emerging markets had a negative impact on the German exports. The rising demand of the industrial nations could however balance this effect. Since the imports could gain to the same extent due to a persistent strong domestic economy, foreign trade contributed with a mathematical growth share of only 0.2 %.¹²

On basis of a continuing expansion of employment and noticeable rising incomes, the Federal Government forecasted a rise of the gross domestic product of real 1.7 %. Further positive impulses are expected from residential construction spending and also the state consumption is to rise further dynamically especially in connection with the high refugee immigration.¹³

Development of consumption expenditures in Germany

in billion Euro



Source: Federal Statistical Office

c. The global healthcare market

The ageing of the society in the advanced economies and the catch-up growth of some emerging markets boost the health expenditures and the share of the industry in respect of the gross domestic product. These factors provoke, that the health care market grows significantly faster than the world economy.¹⁴

Also the global pharmaceuticals market, as a part of the health care market, could register a stronger growth than the general economy in the last years. In 2014, the global turnover of pharmaceuticals gained 6.4 % to 846 billion Euro.¹⁵ Thereby, the trend remains an upward one. According to the recent study of IMS Institute for Healthcare Informatics, the expenditures for pharmaceuticals are to rise globally by up to 30 % between 2015 and 2020. Relevant for this development is the growth of the pharmaceuticals volume in some emerging countries like Brazil, China, Russia and India as well as an increase of volume of special medicine and original drugs.¹⁶

Since the income in the households of advanced economies rise constantly, increasingly products and services are in demand, which have a life-prolonging effect respectively improve life quality. Therefore also the medical-aesthetic market, especially in the industrial nations, but also in some

emerging countries experience strong growth.¹⁷

Globally, around 45 million medical-aesthetic treatments were carried out, through those a turnover of 25.1 billion Dollar was generated in the year 2014. With aesthetic products (inclusive single use components), a turnover of 6.8 billion Dollar was reached. Until 2019, the number of treatments is to rise annually by 5.2 %. Sales of aesthetic products will experience with an annual rate of increase of 11.8 % even a stronger growth to a total of 11.9 billion Euro until 2019.¹⁸

The demographic trend, an improved medical access in emerging countries and technical innovations will let grow strongly the global health sector also in the future. Rising income paired with a changing health and body awareness lead especially in the industrial nations to a rising importance of the second health market. Overall, the health expenditures are to rise according to the most recent forecasts by 6 % annually in the next ten years.¹⁹

d. The German healthcare market

The healthcare market in Germany is an important part of the economy. It has a substantial employment potential and a stabilising effect on the economy.²⁰ In the year 2014, the healthcare sector contributed with an absolute gross valued added of around 279 billion Euro 11.1 % to the macroeconomic gross value added. This means, that around each ninth Euro in Germany was generated by the health care sector.²¹

The demographic development and the therewith resulting increased demand of health services, as well as the technological progress and a rising health preference let the German health care economy grow steadily.²²

Thus, the turnover of the total pharmaceuticals market grew, as part of the healthcare economy, by 5.6 % to 38.0 billion Euro in 2015. With a share of 87 % respectively 33 billion Euro the majority of the turnover was generated in the pharmacy market. This grew in comparison to the previous year by 5.7 %. 5 billion Euro of the pharmaceuticals turnover relate to the clinics market. This could gain even 13 %. The consumption according to counting units was declining in this segment by 0.4 %, whereas the pharmacy market registered an increase of 2.4 %.²³

Growing importance experiences in the recent time the second healthcare market (self-payers). In

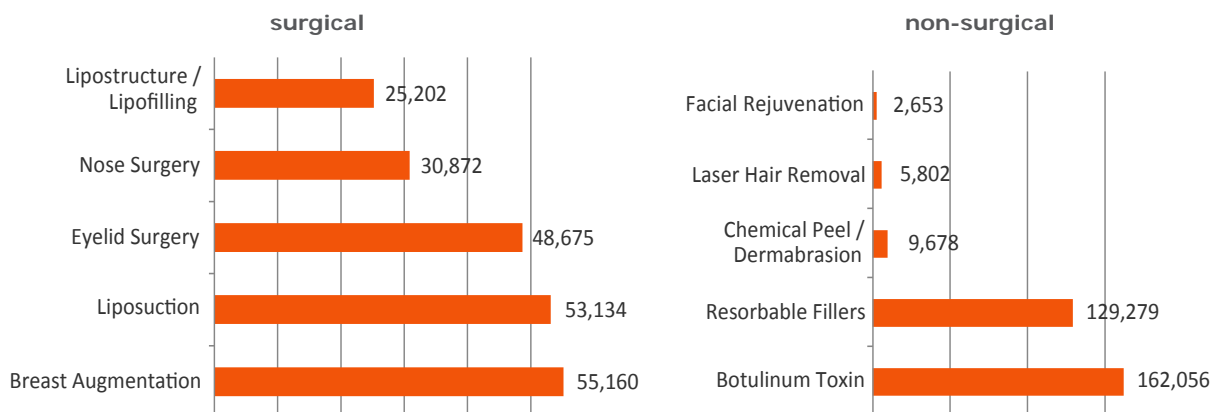
Germany, a growing body and health awareness of the population leads to a rising consumption of healthcare services. With an average annual growth of 5.5 % since 2010, the second healthcare market grew to around 86 billion Euro until 2015.²⁴

The increasingly ageing and longer fit remaining population would like to look corresponding to their felt age. Due to this aspect as well as the increased social acceptance of beauty medicine, also the beauty market is one of the growing sectors within the healthcare economy.²⁵

In Europe, Germany is the leading market for medical-aesthetic beauty treatments. More than 500,000 medical beauty treatments were carried out in the year 2014.²⁶ In the range of surgical interventions especially breast augmentations are popular. Their share was at around 18 % in 2015.²⁷ Eyelid lifts and liposuctions follow close behind. Regarding non-invasive interventions still especially botulinum toxin and hyaluronic acid rise steadily.²⁸

The German beauty market ranks sixth²⁹ globally with a share of 2.6 %. Due to social and demographic trends as well as a positive general economic situation and a therewith resulting rise of purchase power, an increase of treatment numbers is expected as well as a rise of the global market share.

Most common aesthetical procedures in Germany 2013



Source: ISAPS

2. Development and performance

As an investment company the strategic focus of our business activities lies on companies in fast-growing segments of the healthcare economy. This includes insurance-based as well as privately financed segments.

The turnover increased by 19.9 % from 219.25 million Euro in the year 2014 to 262.89 million Euro in 2015. The annual net profit was 84.1 million Euro in the year 2015 (previous year 8.45 million Euro).

The MPH Mittelständische Pharma Holding AG has acquired the status of an investment entity according to IFRS 10 and accounted this change of its status prospectively to December 31, 2015. Within the scope of conversion, all investments were deconsolidated and according to IFRS 9 valued through profit and loss at fair value.

3. Situation

a. Earnings situation of MPH Group (IFRS)

Revenues of the Group are mainly realised in the healthcare market.

The return on assets (annual result / total capital * 100) rose from 5.63 % in 2014 to 55.66 % in 2015. The return on equity (annual result / equity * 100) increased from 8.92 % in 2014 to 60.50 % in 2015.

The cost of materials in relation to the turnover of the corporate Group improved from 90.0 % in 2014 to 88.1 % in the year 2015.

The personnel cost ratio (personnel costs / sales * 100) has increased in comparison to the previous year due to the further expansion from around 3.0 % in 2014 to 3.2 % in 2015. Our employment situation can be designated as good.

The operational result rose in the business year from kEUR 10,917 in the year 2014 to kEUR 13,151 in the year 2015. The financial result increased due to one-time effects through the change of status of the MPH to an investment company from kEUR

1,604 to kEUR 74,151.

If a company reaches the status of an investment company, it has to discontinue the consolidation according to IFRS 10.B101 from the time of the change of status. The investment company has to apply the regulations according to the paragraphs 25 and 26 of IFRS 10 to the subsidiaries, whose consolidation finishes, as if the investment company had lost the control over the subsidiaries at this time. In connection with these deconsolidation measures a deconsolidation profit of kEUR 7,860 results.

As a rule an investment company neither has to consolidate nor to apply IFRS 3, if it reaches the control of a different company. An investment company rather has to measure the shares of a subsidiary through profit and loss according to IFRS 9 at fair value. From the first-time application of the valuation of financial assets according to IFRS 9 a profit contribution results in the amount of kEUR 68,501.

b. Financial situation of MPH Group (IFRS)

Our financial position can be designated as being very stable. Our financial management is directed towards always balancing accounts payable within payment deadlines and receiving receivables within the due date for payment.

Our capital structure is good. Equity increased from kEUR 79,194 kEUR in 2014 to kEUR 139,020 kEUR in 2015. Equity ratio rose from 63.1 % in 2014 to 92.0 % in 2015.

Liabilities to financial institutions made up 6.65 % of the balance sheet total. The MPH and the associated companies use the credit lines of different banks, in order to promote the business' success. Our credit limits are on average higher than we utilise. At the balance sheet date our investments did not use kEUR 11,960 of the existing credit lines. In the financial year 2015, two long-term promissory note loans in the amount of a total EUR 14 with a

term from 5 to 7 years and a fix interest rate were borrowed.

Trade payables accounted for 0.4 % of the balance sheet sum. All liabilities could always be settled within the payment deadlines.

Long-term assets are covered by 92 % by our equity.

The liquidity position is satisfactory.

MPH has invested EUR 26.8 million in the acquisition of investments in the financial year 2015. The payments from the sale of investments amount to EUR 18.6 million. Significant investments in tangible fixed assets did not take place and were not planned short-term.

The financial development of the MPH Group in the reporting area is represented as follows on the basis of the cash flow calculation with indirect determination of the cash flow from current business activity:

	2015	2014
<i>Cash flow from</i>	kEUR	kEUR
operating activities	343	-491
investment activities	-8,190	3,474
financing activities	2,170	1,279
change in the basis of consolidation	-3,912	0
	-9,589	4,262

c. Assets situation of MPH Group (IFRS)

The asset situation of the MPH Group is good. The asset situation of the MPH Group is characterised by increased financial assets (from kEUR 12,371 in 2014 to kEUR 150,360 in 2015) due to the change of status to an investment company. Through deconsolidation of investments cash funds, trade receivables, inventories, other short term and long term assets, immaterial assets, company values, as well as assets and investment properties sunk.

The fixed assets rose from 68,423 kEUR in 2014 to 150,398 kEUR in 2015. In 2015, investment properties were recognised to the amount of kEUR 0 (previous year: kEUR 13,436). Our economic situation can overall be termed as being good.

4. Financial key performance indicators of MPH Group (IFRS)

For our internal corporate management we utilise the performance figure EBIT.

EBIT amounts to kEUR 13,150.5 (previous year 10,916.7 kEUR), EBITDA is kEUR 17,640.3 (previous year 12,745.5 kEUR).

The MPH Group operates overall profitable and the economic situation can overall be designated as being good.

III. Subsequent report

Events of special importance after the end of the financial year did not occur.

IV. Outlook

We assess the foreseeable development of the MPH Group as being positive.

The healthcare market offers a large growth potential in the areas generics, European import drugs and the production of medicines for the therapy of cancer, HIV and other chronic diseases, as well as beauty-lifestyle services for private patients.

In the following financial year 2016 we expect an increase of the sales volume of our associated companies. Through the deconsolidation this turnover will not be presented in the statement of the MPH Mittelständische Pharma Holding AG. We assume that, the further expansion of associated companies will have a positive influence on the market development of the market prices of the investments and thereby effect positively the earnings position of the MPH.

We will also in future always be in the position to fulfil our payment obligations on schedule.

V. Risk report

There are no significant currency risks that could influence the assets, financial and earnings position of the company.

As a result of the business activities of the company and the resulting high portion of financial assets of the balance sheet total the group is subject to fluctuations of the financial markets.

1. Risk report

a. Industry-specific risks

Continuous legislative regulation measures, a strong margin pressure in the pharmaceuticals market as well as the continuous change of the parallel import market through exchange rate risk and price differences in the procurement of medicinal products can have a negative influence on our turnover and earnings situation of the investments.

b. Profit-related risks

The company contributes partly to a significant extent to the capital of its investments. The changes of market prices of the investments have effects on the earnings situation of the company. The listed securities held by the company are subject to the daily stock exchange trade process.

c. Financial risks

Due to the stable liquidity and equity situation of our company liquidity risks are currently not able to be identified.

There are no significant currency risks that could influence the asset, financial and earnings position. Goods deliveries from foreign currency countries are transacted within very short deadlines.

The liquidity position is satisfactory; no bottlenecks are to be expected.

d. Risk management system

The MPH Group utilises a risk management system for the systematic identification of significant risks concerning a going-concern-threat for the company, to assess their effects and to develop suitable measures.

The objective of the risk management system is largely to prevent financial losses, dropouts or disruptions, or to implement suitable countermeasures without delay. Within the scope of this system the management board and the supervisory board are informed of risks at an early stage. Important early detection mechanisms are thereby the monitoring of the liquidity and the earnings development. The monitoring of the operative development and the determination of planning deviations in good time are the tasks undertaken by controlling. If necessary the respective responsible parties of the respective departments work together with the management board, which decides about the appropriate strategy and measures for the management of the risks.

2. Opportunities report

The healthcare market is and remains a growth market. Due to our specialisation in the therapy areas oncology, HIV and other chronic diseases as well as the range of plastic surgery and aesthetic surgery we will participate in this growth.

3. General statement

We essentially see the risks for the future development in fluctuations on the financial and exchange market. On the background of our financial stability, we, however, see ourselves as being well-equipped for managing the future risks. Risks that could endanger the survival of the company are currently not able to be identified.

VI. Risk report on the use of financial instruments

The financial instruments held by the company primarily comprise securities, receivables, accounts payable and credit balances at credit institutes.

The companies of the corporate group have a solvent customer base. Losses of receivables are the absolute exception.

Liabilities are settled within the agreed payment deadlines.

In the short term the company largely finances itself by the generated profit contributions of the investments.

In managing the financial positions the corporate group follows a conservative risk policy.

If default and credit risks are recognisable in financial assets, appropriate impairment losses were recognised. To minimise default risks, the company operates an adequate debtor management system. In addition there exists commercial credit insurance. Furthermore, before engaging in a new business relationship, we always acquire information about the creditworthiness of our customers.

VII. Report on branches

The company does not have any branches.

VIII. Final statement according to § 312 n° 3 par 3 AktG

According to § 312 AktG, the management board has prepared a report on the relationships with associated companies containing the following final statement: „According to the circumstances known to us, at the moment in which legal transactions have been concluded, with the dominant company and other associated companies, our company and the subsidiaries have received an appropriate return in each legal transaction.“

Berlin, 29.03.2016

MPH Mittelständische Pharma Holding AG



Patrick Brenske
Member of the
Management Board



Dr. Christian Pahl
Member of the
Management Board



Consolidated financial statements

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Consolidated balance sheet - Assets

as of December 31, 2015*

	Notes	◀ 2015 EUR	◀ 2014 kEUR
Cash	5.1	528,041.61	10,117
Trade receivables	5.2	8,025.43	11,523
Inventory	5.3	0.00	35,401
Other short-term financial assets	5.4	0.00	7,581
Other short-term assets	5.4	67,810.33	1,568
Income tax receivables	5.4	80,783.88	1,959
Short-term assets		684,661.25	68,150
Intangible assets	5.5	24,288.00	5,365
Company value	5.5	0.00	48,197
Tangible assets	5.5	13,985.00	2,406
Prepayment on intangible and tangible assets	5.5	0,00	84
Financial assets	5.6	150,360,127.50	12,371
Investment properties	5.7	0,00	13,436
Other long-term assets	5.8	21,894.18	193
Long-term assets		150,420,249.68	82,051
▶ TOTAL Assets		151,104,910.93	150,201

* Accounting under IFRS

Consolidated balance sheet - Liabilities and Equity

as of December 31, 2015*

	Notes	◀2015 EUR	◀2014 kEUR
Accruals	5.9	54,185.00	3,820
Bank loans	5.10	60,519.83	14,359
Trade payables	5.10	638,156.91	7,210
Other short-term financial liabilities	5.10	205,475.06	510
Other short-term liabilities	5.10	9,902.02	2,746
Short-term liabilities		968,238.82	28,645
Accruals	5.11	0,00	27
Bond loan (participation certificate)	5.12	0,00	5,209
Bank loans	5.13	9,989,303.74	18,147
Deferred tax	5.14	1,127,145.38	3,443
Long-term liabilities		11,116,449.12	26,827
Share capital	5.15	42,813,842.00	42,814
Acquired own shares	5.15	0.00	-8
		42,813,842.00	42,806
Capital reserve	5.15	2,688,175.47	2,686
Capital reserve for own shares	5.15	0.00	-10
Other revenue reserves	5.15	0.00	2,568
Revenue reserves	5.15	93,518,205.52	20,721
Equity attributable to equity holders of MPH		139,020,222.99	68,771
Non-controlling shareholders		0.00	25,959
Equity		139,020,222.99	94,730
▶ TOTAL Liabilities and Equity		151,104,910.93	150,201

* Accounting under IFRS

Consolidated profit and loss summary account

for the period January 1 to December 31, 2015*

		◀ 2015	◀ 2014
	Notes	EUR	kEUR
Sales	8.1	262,886,554.12	219,249
Changes in inventories	8.2	-3,720,137.03	-27
Other operational income	8.3	9,978,174.45	5,442
Cost of materials			
☐ Cost of purchased goods, services and properties	8.4	-231,703,526.82	-197,433
Labour cost			
☐ Salaries		-7,010,848.66	-5,514
☐ Social insurance contribution		-1,315,074.78	-965
		-8,325,923.44	-6,479
Depreciation / Amortisation	8.5	-4,489,754.66	-1,829
Depreciation inventories and trade receivables		-704,028.47	0
Other operational expenses	8.6	-10,770,811.86	-8,006
EBIT (earnings before interest and tax)		13,150,546.29	10,917
Interest Income	8.7	222,879.05	205
Financial investment depreciations	8.8	-6,416,516.90	0
Interest and other expenses	8.9	-2,222,615.90	-1,809
Results from deconsolidation	8.10	7,860,257.08	0
Result from fair value evaluation	8.11	74,707,233.14	0
Financial result		74,151,236.62	-1,604
EBT (earnings before tax)		87,301,782.91	9,313
Income tax	8.12	-3,177,349.60	-856
Other tax	8.13	-23,342.69	-4
Net profit / period income		84,101,090.62	8,453
thereof, attributed to:			
Shareholders of MPH		82,588,498.00	4,950
Non-controlling shareholders		1,512,592.63	3,503
Profit per Share		1.96	0.20

* Accounting under IFRS

Consolidated cash flow statement

for the period January 1 to December 31, 2015*

	◀ 2015	◀ 2014
	EUR	kEUR
Operating activities		
1. Earnings before taxes on income and profit minus other taxes	87,278,400.22	9,308
2. Depreciation / Amortisation	10,895,660.27	1,829
3. Change in long-term accruals	31,956.40	-56
4. Other non-payable expenses / earnings	-7,860,257.08	
5. Change in financial asset time - valuation	-81,551,337.60	-4,953
6. Profit / loss from the disposal of fixed assets and from the purchase or sale of shares in subsidiaries	-7,480,000.00	-5,055
7. Interest and investment income	-222,879.05	-205
8. Interest expense	2,222,615.90	1,809
9. Change in trade receivables and other assets	-21,120.75	2,074
10. Change in inventory	-5,137,851.13	-4,096
11. Change in trade payables, other liabilities and accruals	4,593,876.68	2,070
12. Cash Flow from activities	2,749,103.86	2,726
12. Interest income and dividends received	222,879.05	157
13. Interest expense paid	-2,222,615.90	-1,779
14. Income tax paid	-406,027.97	-1,594
16. Cash Flow from operating activities	343,339.04	-491
Investment activities		
1. Proceeds from the disposal of fixed assets and the disposal of subsidiaries of subsidiaries	18,623,915.79	13,387
2. Payments for the acquisition of fixed assets and acquisition	-26,814,322.80	-9,913
3. Cash Flow from investment activities	-8,190,407.01	3,474
Financing activities		
1. Incoming and outgoing payments from the purchase and sale of own shares	3,652,441.47	2,485
2. Dividends paid	-8,223,016.14	-7,086
3. Change in bank loans	6,741,097.46	5,880
4. Cash Flow from financing activities	2,170,522.79	1,279
Change in cash and cash equivalents due to change in companies consolidated	-3,912,421.74	0
Cash Flow	-9,588,966.92	4,263
Cash and cash equivalents		
1. 31. December 2015 / 31. December 2014	528,041.61	10,117
2. 31. December 2014 / 31. December 2013	10,117,008.53	5,854
	9,588,966.92	4,263

* Accounting under IFRS

Consolidated equity change account

as of December 31, 2015*

	Share capital		Acquired own shares		Capital reserve		Capital reserve for own shares		Other revenue reserves		Revenue reserve		Sub-total		Equity of share-holders of MPH AG		Non-controlling shareholders		Total equity		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
1. As of 31. December 2013 / 1. January 2014	41,167,155.00	0.00	-2,069,626.00	-3,181,363.62	4,332,845.00	1,678,175.00	19,643,999.60	61,571,184.98	17,622,674.02	79,193,859.00											
2. Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-4,306,965.50	-4,306,965.50	-2,778,817.60	-7,085,783.10											
3. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	0.00	4,949,868.97	4,949,868.97	3,502,869.93	8,452,738.90											
4. Reclassifications / Initial consolidation	1,646,687.00	0.00	2,061,436.00	3,170,941.35	-1,646,368.01	889,563.07	434,442.17	6,556,701.58	7,612,464.38	14,169,165.96											
5. As of 31. December 2014 / 1. January 2015	42,813,842.00	0.00	-8,190.00	-10,422.27	2,686,476.99	2,567,738.07	20,721,345.24	68,770,790.03	25,959,190.73	94,729,980.76											
6. Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-5,137,661.04	-5,137,661.04	-3,085,355.10	-8,223,016.14											
7. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	0.00	82,588,498.00	82,588,498.00	1,512,592.63	84,101,090.62											
8. Reclassifications / Initial consolidation	0.00	1,698.48	8,190.00	10,422.27	-2,567,738.07	-4,653,976.68	-7,201,404.00	-7,201,404.00	-24,386,428.26	-31,587,832.25											
9. As of 31. December 2015	42,813,842.00	2,688,175.47	0.00	0.00	0.00	0.00	93,518,205.52	139,020,222.99	0.00	139,020,222.99											

* Accounting under IFRS

Consolidated assets development

as of December 31, 2015*

	As of		Addition		Disposal/ reclassification	Disposal from deconsolidation	Acquisition cost		Cumulative depreciation / amortisation				Book values		
	01.01.2015	EUR	initial consolidation	reclassification			As of 31.12.2015	As of 01.01.2015	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets															
1. Intangible assets	12.284.596,13		242.312,00	393.469,36	600,00	12.890.715,99	29.061,50	6.919.728,12	232.444,0	1.124.663,36	267,00	8.271.794,98	4.773,50	24.288,00	5.364.868,01
2. Company value	48.197.075,90		7.822.304,81	3.863.634,84	0,00	59.883.015,55	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	48.197.075,90
	60.481.672,03		8.064.616,81	4.257.104,20	600,00	72.773.731,54	600,00	6.919.728,12	232.444,00	1.124.663,36	267,00	8.271.794,98	4.773,50	24.288,00	53.561.943,91
II. Fixed assets															
	3.373.775,03		7.832.655,20	2.908.837,02	57.419,84	13.987.164,98	73.582,43	968.234,03	95.552,50	733.174,82	10.344,12	1.727.019,80	59.597,43	13.985,00	2.405.541,00
III. Prepayments															
	84.356,25		0,00	6.528,20	14.756,25	76.128,20	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	84.356,25
IV. Financial assets															
	7.222.462,63		0,00	81.919.412,09	6.989.862,63	292.600,00	81.859.412,09	-5.148.802,67	0,00	6.416.516,73	69.558.430,47	209.999,00	-68.500.715,41	150.360.127,50	12.371.265,30
TOTAL	71.162.265,94		15.897.172,01	89.091.881,51	7.062.638,72	87.126.624,72	81.962.056,02	2.739.159,48	327.996,50	8.274.354,91	69.569.041,59	10.208.813,78	-68.436.344,48	150.398.400,50	68.423.106,46

* Accounting under IFRS



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Notes to the consolidated financial statements

for the period from January 1 to December 31, 2014

1. General information

The MPH Mittelständische Pharma Holding AG was founded in the business year 2008. The company is registered in the commercial register of the local court Berlin-Charlottenburg under HRB 116425 and has its domicile in Grünauer Str. 5, 12557 Berlin. MPH Mittelständische Pharma Holding AG is an investment entity according to IFRS 10.27. Its business activity is the investment in companies with the aim of capital growth.

The consolidated financial statements for the time period from January 1 to December 31, 2015 of the MPH Mittelständische Pharma Holding AG, domicile Berlin, was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. The values for the financial year 2015 are stated in EUR and for the previous year stated in kEUR. The new standards adopted by the IASB have been observed since the time they came into force.

The following standards and interpretations as well as modifications of existing standards must initially be applied in the financial year 2015, whereby this did not result in any significant impacts for the MPH Mittelständische Pharma Holding AG:

- ▶ **IFRIC 21** – Consolidated financial statements (Applicable for financial years commencing on or after the July 1, 2015.),
- ▶ Annual improvements – (cycle 2011-2013) - diverse (applicable for financial years, commencing on or after the January 1, 2015.)

At the time of the in the EU obligatory application of new standards and interpretations, the company will consider these. There were no significant impacts on the balance sheet and profit and loss summary and are not to be expected.

The accounting and valuation was undertaken under the assumption of continuation of the company.

The consolidated financial statement is prepared in compliance with IFRS 10.B92 on the balance sheet date of the annual financial statement of the parent company, which is the balance sheet date for the annual financial statements of all affiliated companies at the same time.

The balance sheet of the MPH Group has been prepared according to maturity aspects. Assets and debts, with realisation or redemption anticipated within twelve months after the balance sheet date, were classified as short-term in accordance with IAS 1. Deferred tax claims and deferred taxes, however, in accordance with IAS 1.56, are fully accounted for under the long-term assets or long-term debts.

The profits and losses are listed in the consolidated income statement in accordance with the total cost method.

2. Basis of consolidation

In the consolidated financial statements of December 31, 2015, of the MPH Mittelständische Pharma Holding AG, Berlin, the following affiliated companies were included beside the MPH Mittelständische Pharma Holding AG:

Name and office of the company	Record date of initial consolidation
› HAEMATO AG, Schönefeld	May 07, 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 08, 2010
› Nutri Care GmbH, Schönefeld	April 05, 2012
› M1 Beauty AG, Berlin	May 07, 2012
› M1 Med Beauty Berlin GmbH, Berlin	August 01, 2013
› Beauty Now GmbH	December 16, 2015
› Saname GmbH, Schönefeld	May 22, 2013
› M1 Aesthetics GmbH, Schönefeld	July 06, 2013
› M1 Grundbesitz GmbH, Berlin	May 07, 2012
› Healthcare Solutions GmbH, Schönefeld	February 21, 2012
› Schlossblick GmbH, Schönefeld	October 10, 2013
› M1 Projekt GmbH, Schönefeld	October 31, 2013
› Pharmigon GmbH, Berlin	May 07, 2012
› Zytotrade GmbH, Schönefeld	May 07, 2012
› CR Capital Real Estate AG, Berlin	January 01, 2015
CR Capital Verwaltungs GmbH, Schönefeld	January 01, 2015

Name and office of the company	Record date of initial consolidation
› CR Capital Airport GmbH & Co. KG, Schönefeld	January 01, 2015
› CR Capital Claytower GmbH & Co. KG, Berlin	January 01, 2015
› CR Capital Hubertusallee GmbH & Co. KG, Schönefeld	January 01, 2015
› 22. Projektgesellschaft Mitte mbH, Berlin	January 01, 2015
› Projektgesellschaft Thulestraße 47, GmbH, Berlin	January 01, 2015
› Projektgesellschaft Bessemerstraße 84 GmbH, Berlin	January 01, 2015
› Projektgesellschaft Borgmannstraße 16, Berlin	January 01, 2015
› Projektgesellschaft Hohenzollerndamm 119, Berlin	January 01, 2015
› Projektgesellschaft Palisadenstraße 89 mbH, Berlin	January 01, 2015
› Projektgesellschaft Hallesches Feld mbH	June 29th, 2015
› CR Capital Verwaltungs GmbH, Schönefeld	January 01, 2015

Beauty Now GmbH was founded on December 16th, 2015 by M1 Beauty AG. Within the scope of initial consolidation there were no differences. The business purpose of the company is the ownership, operation and management of beauty institutes, the mediation and provision of services within the range of beauty and healthcare as well as the preventive beauty and healthcare, the permission-free advice of alternative practitioners, medical staff and cosmetics staff and aesthetic medicine, the acquisition, management and sale of properties, especially of properties in the healthcare sector and the acquisition and the sale of investments. The share capital amounts to EUR 100,000.00.

Through successive acquisition of shares, the majority ownership of CR Capital Estate AG (WKN: A0WMQ5 ISIN: DE000A-0WMQ53) was reached. The attainment of domination took place on January 01, 2015 (record date of initial consolidation). CR Capital Real Estate AG was founded on May 30, 2008. The company is registered at the local court Berlin-Charlottenburg under HRB 115669 and has its domicile in Berlin. CR Capital Real Estate AG has an own business operation according to IFRS 3. After deduction of the identifiable net assets (assets less liabilities) a business or company value in the amount of EUR 5,107,056.57 resulted. The transferred consideration contains inter alia benefits from expected synergies, sales growth and future market developments. These benefits, which can not be accounted separately, result in its whole in the business or company value mentioned above.

M1 Beauty AG is a group focussed on the medical beauty market, which offers with their products and services "Made in Germany" an affordable access to the aesthetic medicine. In September 2015, shares of M1 Beauty AG were offered for the first time at the stock exchange of Frankfurt in the entry standard (WKN: AOSTSQ ISIN: DE000A0STSQ8).

MPH Mittelständische Pharma Holding AG fulfils at the balance sheet date the criteria of an investment company according to IFRS 19, so that the so far fully consolidated subsidiaries were deconsolidated as of December 31, 2015.

3. Consolidation principles

The annual financial statements of all the companies within the Group are compiled on the basis of a uniform accounting and valuation method on the balance sheet date of MPH Mittelständische Pharma Holding AG (parent company).

The acquisition of business operations is reported according to the acquisition method. The consideration transferred for an acquisition is measured at fair value. Acquisition-related costs are fundamentally recognised in profit and loss as incurred. The identifiable assets and liabilities acquired - excluding deferred tax assets res. deferred tax liabilities - are measured at fair value. Deferred tax assets res. deferred tax liabilities were recognised and disclosed in accordance with IAS 12 „Income Taxes“. The business or company value corresponds to the surplus of the sum of consideration transferred, the amount of all non-controlling interests in the acquired entity and the net amount of the identified assets and liabilities acquired at acquisition date. In the case of acquisitions until the financial year 2010, the capital consolidation has been accounted by using the revaluation method as at the acquisition date.

Receivables and debts between the consolidated companies as well as Group internal sales, other Group internal revenues as well as the corresponding expenses are consolidated. Inter-company profits and losses are eliminated.

Tax deferrals are made with respect to consolidation procedures in accordance with IAS 12 to the extent to which the deviation in taxes payable will presumably be set off again in subsequent years of business.

4. Estimates and assumptions

The preparation of the consolidated financial statements requires estimates and assumptions which could influence the measurement and classification of assets, liabilities and financial obligations at the balance sheet day as well as the income and expenses in the reporting year. The actual amounts could deviate from these estimates and assumptions.

MPH Mittelständische Pharma Holding AG has realised at the balance sheet date, that it is an investment company according to paragraph 27 of IFRS 10. An investment company is a company, that

- (a) receives from one or more investors means for this purpose, to provide for these investors services in the field of asset management.;
- (b) to commit oneself towards an investor res. investors, that its business purpose consists only in the investment of the means for the purpose of appreciations or the earning of investment income or both; and
- (c) assesses and values the profitability essentially of all its investments on the basis of fair value

When applying accounting and valuation methods the management board makes discretionary decisions. In addition, the acquisition of the shares of M1 Aesthetics GmbH as well as the shares of M1 Med Beauty Berlin GmbH required in the last financial year the impairment test of the respective acquired goodwill at the balance sheet date. When testing goodwill for impairment, it is necessary to calculate the value in use of the cash-generating unit to which the goodwill has been located. The calculation of the value in use implies the estimation of future cash flows from the cash-generating unit and an appropriate interest rate for calculating the present value.

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

The criteria used by the management for the evaluation of the appropriateness of the value adjustments on receivables are the maturity structures of the receivable balances, the credit rating of customers as well as changes in the conditions and terms of payment. In the event of deterioration in the financial situation of customers, the extent of the actual write-offs could exceed the extent of the expected write-offs.

The actual anticipated income tax must be calculated for every object of taxation and the temporary differences from the different treatment of certain balance sheet items between IFRS-consolidated financial statements and the statutory tax financial statements must be evaluated. As far as there are temporary differences, these differences lead fundamentally to the recording of active and passive deferred taxes in consolidated financial statements. The management must make decisions in the calculation of actual and deferred taxes. Active deferred taxes are only applied to the extent that it is considered probable that they can be utilised. The utilisation of active deferred taxes is dependent on the possibility of achieving sufficient taxable income in the scope of the corresponding kind of tax. Different factors must be employed for the evaluation of the probability of the future utilisation of active deferred taxes, such as for example the profit position in the past, operative planning, and tax planning strategies. If the actual results deviate from these estimates or if these estimates

must be adjusted in future periods, they could have negative impacts on the asset, financial and profit position. If there is any change in the recoverability assessment for active deferred taxes, the recognised deferred taxes must be devalued in terms of profit and loss.

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

In preparing the consolidated financial statements of the associated Group companies, business transactions processed in currencies other than the functional currency (Euro) are converted at the exchange rate valid on the day of transaction. All monetary items in foreign currency are converted at the exchange rate valid on the balance sheet date. Non-monetary items in foreign currency, which are evaluated according to the fair value, must be converted at the exchange rates valid at the time of the assessment with the fair value.

Through the deconsolidation of the subsidiaries, due to the change of status of MPH Mittelständische Pharma Holding AG to an investment company, a balance of EUR 0.00 results at the balance sheet date for the balance sheet items inventories, other short-term assets, company values, investment properties, shares (participation certificates) and non-controlling shareholders.

► **5.1 The liquid assets** comprise mainly bank deposits and are recorded with their nominal values.

► **5.2 Trade receivables** amounting to a total of kEUR 8,0 (previous year: kEUR 11,523) are recognised with application of the effective interest method minus any impairments. Impairment losses are recognised, if, as a result of one or more events, that occurred after the initial recognition of the asset, there is an objective indication of an impact on the expected future cash flows. The criteria, that leads to an impairment of trade receivables, relates to the default probability of receivables and to the estimated creditworthiness of customers.

► **5.3 Under the inventory** finished products are shown, which are evaluated at the lower value from acquisition or production costs and the net disposal

value. In accordance with IAS 2, all costs are included that incur in connection with the procurement of the respective inventories. There were no borrowing costs to be capitalised.

► **5.4 The other short-term financial assets** include only credits and receivables. Credits and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are evaluated according to the effective interest method at amortised cost minus impairments. The other short-term financial assets are recognised in the balance sheet at the date when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the contractual rights to cash flows from a financial asset expire or if the financial asset and all major risks and opportunities connected with the ownership of the given asset are transferred to a third party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

The **other short-term assets** are amongst others sales tax refund claims and creditors with debit balance. The **tax receivables** are refundable trade and corporation tax, including solidarity surcharge.

► **5.5 The tangible assets** as well as the **intangible assets** are evaluated at acquisition costs under the application of IAS 16 res. IAS 38 - in case of temporarily limited use, reduced by depreciations according to schedule. If necessary, impairments reduce the (continued) acquisition costs. A new evaluation of the tangible fixed assets corresponding to the existing option in accordance with IAS 16 did not take place.

The **scheduled depreciations** are carried out on a straight-line basis. The depreciations correspond to the pattern of consumption of the future economic benefits. The tangible and intangible assets are depreciated on a straight-line basis over various periods of useful life (three to 15 years).

In the case of the **book value** exceeding the foreseeable recoverable amount, an impairment to this value is undertaken in accordance with IAS 36. The recoverable amount is determined from the net proceeds from revenue or – if higher – the cash value of the estimated future cash flow from the utilisation of the item or asset.

A **business or company value** that was acquired by means of a company merger may not be amortised. Instead the acquirer must allocate it to cash-generating units of the Group and review it for impairment in accordance with IAS 36 at least once a year or more frequently if occurrences or changed circumstances indicate that an impairment could have occurred. If the recoverable amount of a cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of the business or company value allocated to the unit and then to the other assets of the unit pro rata. Any impairment loss for the business or company value is recognised directly in profit or loss. An impairment loss recognised for the business or company value is not reversed in subsequent periods.

► **5.6 Under financial assets** equity instruments of companies listed on the stock exchange are recognised. The shares were assigned to the category "recognised in profit or loss at fair value". The subsequent evaluation of the equity instruments was carried out at the market value on the relevant balance sheet date.

► **5.7 Investment Properties:** IAS 40 specifies the accounting procedures of properties held as financial investments. Such types of financial investments are defined as follows: They serve for achieving rental income and/or are held over long periods for value increase. In the course of the financial year, the MPH Group has not acquired any investment properties.

On acquisition investment properties are accounted with their acquisition or construction costs, including transaction costs. The construction costs comprise all accrued costs that can be assigned to the construction of the real estate object. The subsequent assessment of all investment properties is performed according to the current market value.

Profits and losses that result from changes of the current market value are accounted for in the period in which they result. A real estate object that is held as financial investment is derecognised, when sold or when it is no longer intended to be used and a future economic benefit from the sale is no longer to be expected. The profit or loss that results from the sale is determined as the difference between the net selling profit and the book value of the real estate asset and is accounted as profit or loss in the period of the sale.

► **5.8.** The **other long-term assets** consist mainly of deposits provided that are assessed at the nominal value of the deposits.

► **5.9** Other provisions comprise accruals, which are formed, if the group has a present, legal or actual obligation from the past, the drain of resources with economic benefit for the fulfilment of the amount of the obligation is probable and a reliable estimate of the obligation is possible. Provisions are recognised with the amount, which results from the best possible estimate of the financial expenses for the present fulfilment at the balance sheet date.

The short-term provisions concern essentially tax accruals, closing and auditing cost of the included companies and other provisions.

The deferred tax is determined on the basis of the taxation rates that are valid or have been enacted in relation to the anticipated time when the deferred tax assets or liabilities are settled.

An offsetting of active and passive deferred taxes is undertaken only if a legal claim to the offsetting of actual tax refund claims and actual tax liabilities exists and the deferred tax claims and liabilities relate to income taxes that are levied by the same authority for the same object of taxation.

Business tax and corporation tax losses carried forward amounting to a total of kEUR 1,726 (previous year: kEUR 469) res. kEUR 2,390 (previous year: kEUR 1,106) were not taken into consideration for the determination of the deferred taxes as the prerequisites of IAS 12.34 with regard to the accounting of deferred taxes on losses carried forward are not fulfilled. All losses carried forward can be utilised unrestrictedly. The deferred taxes on December 31, 2014, relate to the following issues:

Provisions	1.1.2015	Initial- and deconsoli-	Used	Released	Added	31.12.2015
	kEUR	dations kEUR	kEUR	kEUR	kEUR	kEUR
Taxes	541	-232	-544	-26	261	0
Auditing and costs for financial statements	118	-94	-177	-44	217	20
Rental guarantees	46	0	-46	0	0	0
Staff / vacation entitlements	122	-125	-128	-5	136	0
Supervisory board remunerations	47	-37	-59	-6	75	20
Construction works		-377	-197	0	574	0
Other	2,946	-2,906	-1,326	-1,688	2,988	14
	3,820	-3,771	-2,477	-1,769	4,251	54

► **5.10 The short-term liabilities to financial institutions as well as trade payables, other financial liabilities and other short-term liabilities** are measured at continued acquisition costs under application of the effective cost method.

The other short-term financial liabilities amount to kEUR 205 (previous year: kEUR 510.)

The other short-term liabilities amount to kEUR 10 (previous year kEUR 2,746). These are essentially liabilities for salaries and turnover tax.

► **5.11 Long-term provisions**

The long-term provisions amount to EUR 0.0 at the balance sheet date.

► **5.12 Bond loan (Participation Certificates of Haemato AG)**

Under the item bonds issued participation certificates are shown. Participation certificate capital is a mezzanine financial instrument that presents equity capital elements as well as borrowed capital elements. In accounting in accordance with IFRS,

only a presentation as borrowed capital is possible. Under ISIN DE 000A0EQVT2 the participation certificate is traded on the Frankfurt Stock Exchange in the open market segment. All holders of participation certificate receive a payout of 9 % of the nominal value prior to the profit share payout for HAEMATO AG shareholders from 2010 onwards. The participation certificates are made out in the name of the bearer and are divided into 500,000 parcels with a nominal value of EUR 100.00. The sale of participation certificates was discontinued in 2006. The amount of participation certificates issued on the balance sheet date total million EUR 5.3. On the balance sheet date HAEMATO AG held their own participation certificates amounting to a total nominal value of kEUR 103.0 (1,030 participation rights x EUR 100). Due to the deconsolidation of Haemato AG as of 31.12.2015, the balance as of 31.12.2015 is EUR 0.00.

► **5.13 The long-term liabilities to credit institutes** are measured at continued acquisition costs on application of the effective interest method.

► 5.14 Deferred tax liabilities

For all taxable temporary differences, a deferred tax liability is recognised unless the deferred tax liability arises from a business or company value, for which an amortisation is not tax deductible, or the initial recognition of an asset or a liability in a business transaction, which is not a corporate merger and, at the time of the business transaction, neither influences the period result under commercial law nor the taxable income.

However, a deferred tax liability is recognised in taxable temporary differences in conjunction with shareholdings in subsidiaries unless the time point of the reversal of the temporary differences can be controlled by the company and it is probable that it will not occur in the foreseeable future.

► 5.15 Equity

The share capital of the company in the amount of EUR 42,813,842.00 is divided into 42,813,842 no-par bearer shares.

In accordance with the resolution of the annual general meeting of June 29, 2012, the executive board is authorised to increase the equity with the approval of the supervisory board until June 28, 2017 once or repeatedly, by the issue of new no-par bearer ordinary shares and/or non-voting preference shares against cash and/or contributions in kind on one or more occasions up to a total of EUR 20,583,577.00 (approved capital 2012/I).

By resolution of the annual general meeting of June 29, 2012, the executive board is authorised, until June 28, 2017 on one or more occasions to issue bearer or registered options or convertible bonds, participation certificates or participating bonds respectively combinations of these instruments to a total nominal value of up to EUR 100,000,000.00 with or without maturity restrictions and to grant or impose the debenture bonds on the bearers or creditors of the respective bonds, equal partial debentures, option or conversion rights to the no-par bearer shares and/or non-voting preference shares of the company, which rank prior or equal to the preference shares issued previously with respect to the distribution of the profit and/or of the corporate assets, with a proportional amount of the equity amounting to EUR 20,583,577.00 in accord-

ance with the details of the bond terms. For this purpose, the equity will be conditionally increased up to EUR 20,583,577.00 by the issue of a total of 20,583,577 new no-par bearer shares and/or non-voting preference shares, which rank prior or equal to preference shares that were issued previously with regard to the distribution of the profit and/or of the corporate assets (conditional capital 2012/I).

In connection with the initial consolidation of the HAEMATO Group, treasury shares were acquired in 2012, meaning that it was necessary to reduce the existing equity. The stock of own shares of the group was sold in the first quarter 2015.

In the other capital reserves, the income resulting from the sale of treasury shares is presented, which is not recorded in Group income and loss statement, but directly in the equity.

With regard to the development and composition of the equity, reference is made to the statement of changes in equity.

6. Statement of fixed assets

The composition and development of the fixed assets is presented in the table "Consolidated assets development" of the Group as of December 31, 2015.

7. Contingent liabilities and other financial obligations

Together with HAEMATO AG, HAEMATO PHARM GmbH is jointly and severally liable to Investitionsbank of Brandenburg (ILB) to the amount of EUR 214,440.00 (enforceable guarantee), in order to cover liabilities from the subsidy relationship between ILB and the Simgen GmbH that has merged with HAEMATO PHARM GmbH. In addition HAEMATO PHARM GmbH is jointly and severally liable together with MPH Mittelständische Pharma Holding AG, in order to cover liabilities from the subsidy relationship between ILB and HAEMATO PHARM GmbH to the amount of EUR 1,478,400.00 (enforceable guarantee).

MPH Mittelständische Pharma Holding AG is together with Haemato Pharm GmbH liable to the apoBank to the amount of the loan granted and the current account line up to a maximum of million EUR 8.

MPH Mittelständische Pharma Holding AG is together with Haemato Pharm GmbH liable to the Hypovereinsbank to the amount of the loan granted and the current account line up to a maximum of million EUR 12.

Furthermore, MPH Mittelständische Pharma Holding AG is together with Haemato Pharm GmbH liable to the Sachsen Bank to the amount of the loan granted and the current account line up to a maximum of million EUR 5.0.

To HYPO NOE Group Bank AG, MPH Mittelständische Holding Pharma AG is liable as common debtor with the HAEMATO AG in connection with a promissory note loan of million EUR 7. This loan was paid out to the MPH Mittelständische Pharma Holding AG. From this loan an amount of million EUR 0.02 was used from MPH Mittelständische Pharma Holding AG.

To HYPO NOE Group Bank AG, MPH Mittelständische Pharma Holding AG is jointly and severally liable with a promissory note loan of million EUR 3. This loan was paid out to MPH Mittelständische Pharma Holding AG. This loan was utilised in full by the MPH Mittelständische Pharma Holding AG.

Furthermore, MPH Mittelständische Pharma Holding AG is severally and jointly liable together with HAEMATO AG to the Raiffeisenlandesbank Niederösterreich-Wien AG as debtor to the amount of the loan granted and the current account line up to a maximum of million EUR 4.

The other financial obligations are all within the scope of ordinary business.

8. Information on the consolidated profit and loss summary account

Principles of the revenue recognition

Sales revenues resulting from the sale of pharmaceuticals are recorded on a monthly basis in accordance with the contractual agreements. Pharmaceuticals that are shipped lead to revenues as soon as they have been transferred to the shipping company.

Segment reporting in accordance with IFRS 8

IFRS 8 requires from companies the reporting of financial and descriptive information in relation to its segments with reporting obligations. Segments with reporting obligations represent business segments which fulfil specific criteria. Business segments are enterprise operating units for which separate financial information is existent. The segment reporting must therefore be inevitably oriented to the internal reporting system of the company (management approach). The internal governance of the company thus provides the basis for the segment reporting. The MPH Group is essentially active in one summarised business segment (healthcare) and mainly in one regional segment (Germany), so that there is a practical release from the segment reporting obligation.

However, according to IFRS 8.31, one-segment groups are also obliged to indicate certain disaggregated financial data. These are information requirements that have to be represented according to the following criteria:

Products and services (IFRS 8.32): All products (diverse pharmaceutical products) were summarised to a group of comparable products. All turnover represented in the profit and loss calculation is largely related to the above described product group.

Geographic partial areas (IFRS 8.33): As already described the MPH Group is mainly active in one regional segment (Germany). As the processing of information about geographic regions would be associated with increased costs this has been dispensed with.

Key customers (IFRS 8.34): Of the direct sales achieved in the healthcare segment amounting to kEUR 262,249 (previous year: kEUR 219,249), relate kEUR 7,722 (previous year: kEUR 9,837) to

sales with the Group's largest customer. In the financial year 2015 no single customer accounted for more than 10 % of the total Group revenues.

Expenses and gains of the financial year are accounted for – regardless of the time of their payment – when they have been realised. Revenues from the sale of assets and revenues from services are realised when the major opportunities and risks have been transferred and the amount of the expected return service can reliably be estimated.

► **8.1** The **sales** concern mainly revenues resulting from the sale of pharmaceuticals.

► **8.2** The **changes in inventories** are amounting to a total of kEUR 3,720.1 (previous year: kEUR - 27).

► **8.3** The **other operating income** amounts to kEUR 9,978.2 (previous year: kEUR 5,442).

► **8.4** The item **cost of materials**, amounting to a total of kEUR 231,702 (previous year: kEUR 197,433), includes all the expenditure incurred in association with the purchase of pharmaceuticals.

► **8.5** The **amortisations** include scheduled amortisations on tangible assets and intangible assets amounting to kEUR 4.489.8 (previous year: kEUR 1,829). The tangible assets and the intangible assets are amortised on a straight-line basis over their different useful lives (three to 15 years).

► **8.6** The **other operating expenses**, amounting to a total of kEUR 10.770.8 (previous year: kEUR 8,006), are distributed among a variety of single items, for example, rent, advertising costs and travel expenses, packaging material, freight costs, insurance contributions, contracted work, legal and advisory costs as well as costs for the annual financial statement and auditing.

► **8.7 Other interest and similar revenues**

This is interest income amounting to a total of kEUR 222.9 (previous year: kEUR 205). The interest results from the granting of loans or from the investment of liquid assets at German credit

institutions.

► **8.8 Financial investment depreciations**

Amortisations amounting to kEUR 6,416.5 (previous year: kEUR 0) were undertaken on existing equity instruments of companies listed on the stock exchange.

► **8.9 Interest expenses and other expenses**

The interest amounting to a total of kEUR 2,222.6 (previous year: kEUR 1,809) is mainly the interest that was invoiced for loans granted. Besides this interest expense were payable for the participation certificate capital of HAEMATO AG in 2005 res. 2006.

The net results from the financial instruments corresponding to evaluation categories in accordance with IAS 39 are represented as shown below:

	Interest income + Dividends 2015 kEUR	Interest income + Dividends 2014 kEUR	Interest expenses 2015 kEUR	Interest expenses 2014 kEUR	Fair Value 2015 kEUR	Fair Value 2014 kEUR
Credits and receivables (other financial assets)	223	205	0	0	0	0
Equity instruments (financial assets at fair value through profit and loss)	0	0	0	0	68,501	4,652
Liabilities recognised at amortised acquisition costs (other financial liabilities)	0	0	-2,223	-1,809	0	0
▶ Total net result	223	205	-2,223	-1,809	68,501	4,652
▶ through profit and loss	223	205	-2,223	-1,809	68,501	4,652

▶ 8.10 Results from deconsolidation

If a company reaches the status of an investment entity, it has to discontinue the consolidation of its subsidiaries according to IFRS 10.B101 from the time of change of status. The investment entity has to apply the regulations of the paragraphs 25 and 26 of IFRS 10 to the subsidiaries, whose consolidation finishes, as if the investment entity has lost the domination about these subsidiaries. In connection with these deconsolidation measures a deconsolidation profit in the amount of kEUR 7,860 resulted.

▶ 8.11 Results from the valuation of financial assets

As a rule an investment entity neither needs to consolidate its subsidiaries nor to apply IFRS 3, if it reaches the domination over another company. An investment company rather has to value the shares of a subsidiary according to IFRS 9 through profit and loss at fair value.

From the following statements the development of investments of the MPH Mittelständische Pharma is evident.

	2014		Change	2015		Fair value
	Quantity	Closing price 31.12.2014 EUR		Quantity	Closing price 31.12.2015 EUR	
Company listed at the stock exchange						
HAEMATO AG	12,261,969	4,198	-466,387	11,795,582	4,900	57.798.351,80
M1 Beauty AG ¹⁾	15,000,000		-2,143,105	12,856,895	5,340	68.655.819,30
CR Capital Real Estate AG	252,168	1.770	9,856,139	10,108,307	1,314	13.282.315,40
Non-listed investments						10,623,641,00
Sum financial assets						150,360,127,50

¹⁾ Initial public offering 14.09.2015

► 8.12 Income taxes

	2015 kEUR	2014 kEUR
Tax expenditures of the current period	-1,282	-932
Deferred tax expenditures		
from valuation differences	-2,470	-184
Deferred tax revenues		
from valuation differences	575	260
	<u>-3,177</u>	<u>-586</u>

The calculation of the deferred taxes is carried out as in the previous year on application of different tax rates. With reference to IAS 12.81 c, the following tax rates are applicable:

Legal effective tax rate of the companies, which are resident in	2015 in %
Berlin	30.175
Schönefeld	24.225

The statutory effective tax rate includes the corporation tax and the solidarity surcharge (effective rate: 15.825 %) as well as the business tax (effective rate: Berlin 14.350 % / Schönefeld 8.400 %).

► 8.13 The **other taxes** are inter alia comprised of vehicle tax.

9. Earnings per share

The earnings per share are calculated from the division of the annual net income by the number of shares issued. In accordance with IAS 33.19 in the determination of the undiluted results for each share, the number of ordinary shares of the weighted average number of ordinary shares in circulation during the period should be applied. Dilution effects should not be taken into account.

	2015 EUR	2014 EUR
Profit for the financial year attributable to the equity holders of the parent company	82,588,498.00	4,954,868.97
Number of shares (weighted average)	42,813,842	41,275,077
Earnings per share	1.93	0.12

10. Information on members of the corporate bodies

Management board

Name	First name	Position	Authority to act	Profession
Brenske	Patrick	Board member	Authorised to act solely	Master of Banking & Finance
Dr. Pahl	Christian	Board member	Together with another board member	Master of Business Administration

Supervisory board

Name	First name	Position	Profession
Grosse	Andrea	Chairwoman	Lawyer
Prof. Dr. Dr. Meck	Sabine	Deputy chairwoman	University Professor and Science Journalist
Dr. Braun	Marion	Member	Doctor

The total remuneration of the management board in 2015 was kEUR 45.0 (previous year: kEUR 45.0). There are no claims against members of the supervisory board.

11. Number of employees

An average staff of 217 were employed by MPH Mittelständische Pharma Holding AG in the reporting period (previous year: 164). Thereof one average employee relates to MPH Mittelständische Pharma Holding AG.

12. Information on financial instruments according to IFRS 7

An analysis of the yields from financial investments structured according to the evaluation categories is represented below:

	2015 kEUR	2014 kEUR
<i>Category assets</i>		
Receivables	222	205
Financial assets at fair value	68,501	4,652

The yields from credits and receivables are included in the interest returns. The yields from financial assets measured at fair value relate at kEUR 68,501 (previous year: kEUR 4,652) on income from appreciation of financial assets.

An analysis of expenses from financial investments grouped as financial assets and financial liabilities according to the evaluation categories is represented below:

	2015	2014
	kEUR	kEUR
<i>Category expenses</i>		
Liabilities recognised at amortised acquisition cost	2,223	1,809

The expenses resulting from other financial liabilities evaluated at amortised cost concern interest expenditure. The expenses resulting from financial assets measured at fair value relate to write-downs of financial assets.

Risk management policy and securing measures

The risk management system of the MPH Group has the objective of early detection and recording of all significant risks and their causes in order to prevent financial losses, outage or disturbance.

The procedure ensures that appropriate countermeasures for risk avoidance can be implemented in good time. Significantly, this is an early detection system which serves the monitoring of the liquidity and the development of earnings.

The risk management policy is covered mainly by the executive board of the MPH Mittelständische Pharma Holding AG. The management board decides about the appropriate strategy to be taken for the control of risks.

The MPH Group is exposed to general risks that could emerge due to changes in framework conditions as a result of legislation or from other directives. However, if such changes should be made, they do not occur suddenly and surprisingly, meaning that, as a rule, there is sufficient reaction time to react to changes.

Capital risk management, debt and interest risk

The Group steers its capital with the objective of maximising the revenues of the Group companies by optimisation of the relation of equity to borrowed capital. In the process, it is ensured that all companies in the Group can operate under the going concern principle. The equity totalled to the respective balance sheet date:

	31.12.2015	31.12.2014
	kEUR	kEUR
Equity	139,020	94,730
Balance sheet sum	151,105	150,201
Equity ratio	92.00 %	63.07 %

The corporation has borrowed capital on a short-term and long-term basis for the operative implementation of its business model.

The bank liabilities have decreased from kEUR 32,506 to a total of kEUR 10,050 during the reporting period. Due to the low rate of interest, we currently see the risk of changing interests to a limited extent.

The short-term and long-term liabilities at variable interest rates are subject to the risk of changing interest rates.

An increase or reduction of the interest rate by 1 % leads to the following risk:

Liabilities to credit institutions kEUR	Utilisation 31.12.2015	Utilisation 31.12.2014	Interest risk 31.12.2015	Interest risk 31.12.2014
thereof at fixed rates	10,050	5,406	-	-
thereof at variable rates	0	27,100	0	271
Total	10,050	32,506	0	271

The remaining financial liabilities are not subject to the risk of changes in interest, as no interest must be paid. These are short-term liabilities.

Fair values of financial instruments

Assets

31.12.2015 kEUR	short-term			Total book values	Fair value
	Trade receivables	Other short-term financial assets	Cash and equivalents		
Financial assets measured at amortised cost	8	0	528	536	536

31.12.2014 kEUR	short-term			Total book values	Fair value
	Trade receivables	Other short-term financial assets	Cash and equivalents		
Financial assets measured at amortised cost	11,523	7,581	10,117	29,222	29,222

The total sum of the book values res. of the fair values of the evaluated (through profit and loss statement) financial investments amounted to a total of kEUR 150,360 at the balance sheet date (previous year: kEUR 12,371).

In the instruments demonstrated in the tables above and below, the management board regards the book values in the consolidated balance sheet as a good approximation of their fair values.

Liabilities

31.12.2015 kEUR	short-term			long-term	Total book values	Fair value
	Liabilities to credit in- stitutions	Trade pay- ables	Other financial liabilities	Liabilities to credit insti- tutions and bonds		
Financial liabilities mea- sured at amortised cost	61	638	205	9,989	10,893	10,893

31.12.2014 kEUR	short-term			long-term	Total book values	Fair value
	Liabilities to credit in- stitutions	Trade pay- ables	Other financial liabilities	Liabilities to credit insti- tutions and bonds		
Financial liabilities mea- sured at amortised cost	14,359	7,210	510	23,356	45,435	45,435

Exchange rate risk

Exchange rate risks occur in the case of financial instruments dominated in a foreign currency, i.e. in a currency other than the functional currency (EUR). Certain business transactions (purchase of goods) in the corporation are conducted in foreign currencies, hence there are risks resulting from fluctuation in exchange rates. The book value of the monetary assets in foreign currency and liabilities of the corporation on the balance sheet date is defined as shown below:

Foreign currency	Assets		Liabilities	
	31.12.2015 kEUR	31.12.2014 kEUR	31.12.2015 kEUR	31.12.2014 kEUR
Norway (NOK)	0.0	0.1	0.0	2.0
Great Britain (GBP)	0.0	0.5	0.0	328.3
Czech Republic (CZK)	0.0	0.0	0.0	0.0
Poland (PLN)	0.0	0.2	0.0	0.0
Romania (RON)	0.0	0.2	0.0	0.0
Denmark (DKK)	0.0	521.2	0.0	3.7

Liquidity risk

The MPH Mittelständische Pharma Holding AG invests the majority of its assets in participations, which are traded in active markets and are to be sold easily. MPH Mittelständische Pharma Holding AG has a small amount of its assets in investments that are not traded on an active market and therefore are possibly illiquid. As a result, assets in these investments possibly are not able to be liquidated quickly by the company.

Furthermore, MPH Mittelständische Pharma Holding AG controls liquidity risks by continuous monitoring of the forecast and actual cash flow and coordination of the payability profiles of financial assets and liabilities.

The expected cash flows of the financial liabilities (undiscounted redemption and interest payments) as of December 31, 2015, and December 31, 2014, are demonstrated in the following tables:

	Book value 31.12.2015	Cash Flow up to 1 year	Cash Flow > 1 year to 5 years	Cash Flow > 5 years
Financial liabilities valued at amortised acquisition costs	kEUR	kEUR	kEUR	kEUR
Provisions	54	54	0	0
Interest-bearing financial liabilities	10,050	440	5,440	4,170
Non-interest-bearing financial liabilities	844	844	0	0

	Book value 31.12.2014	Cash Flow up to 1 year	Cash Flow > 1 year to 5 years	Cash Flow > 5 years
Financial liabilities valued at amortised acquisition costs	kEUR	kEUR	kEUR	kEUR
Provisions	3,847	3,820	27	0
Interest-bearing financial liabilities	37,715	14,359	16,617	6,739
Non-interest-bearing financial liabilities	7,720	7,720	0	0

The financial liabilities bearing no interest relate at kEUR 844 (previous year: kEUR 7,210) to the liabilities resulting from deliveries and services as well as at kEUR 205 (previous year: kEUR 510) to the other short-term financial liabilities.

Consolidated cash flow statement

The consolidated cash flow statement shows how the funds of MPH Mittelständische Pharma Holding AG have changed in the course of the reporting year due to cash inflow and outflow. In this consolidated cash flow statement, see page 26, the cash flows are structured according to operating, investment and financing activities. The cash and cash equivalents include short-term available liquid assets amounting to kEUR 528 (previous year: kEUR 10,117).

In the following statement we provide information according to IAS 7.40 about the amounts of the assets divided into major groups and liabilities of the subsidiaries, of which the domination was reached in the financial year 2015 and which were deconsolidated within the scope of change of status of MPH Mittelständische Pharma Holding AG to an investment entity as of December 31, 2015.

Assets / liabilities	Initial consolidation kEUR	Deconsolidation kEUR
Immaterial assets	9.9	-4.618.9
Company values	11,685.9	- 59,883.0
Investment properties	1,443.7	- 22,983.5
Other tangible assets and advance payments	7,737.0	- 7,689.2
Financial assets	-12,138.7	80,546.8
Other long-term and short-term assets	1,672.0	- 21,847.3
Trade receivables	823.0	- 7,665.9
Inventories	17,564.0	- 58,102.9
Provisions	2,268.5	- 6,059.7
Financial liabilities	4,990.6	- 34,187.7
Deferred taxes	938,7	- 5,143.7
Bonds (participation certificates)	0.0	- 5,209.3
Trade payables	705,8	- 9,468.3
Other liabilities	6,780.5	- 13,133.5

13. Information on relationships with related companies and persons

As closely associated companies and persons according to IAS 24 "Related Party Disclosures" members of the management board and supervisory board, their close relatives, not fully consolidated subsidiaries. Regarding management board and supervisory board we refer to section 10. These closely associated and persons were not involved in any unusual transactions of their kind and quality with companies of the MPH Group. All transactions between closely associated companies were concluded under normal market conditions, as between unrelated third parties.

If financial assets or liability terms result from the transactions with these companies, they will be recognised under other financial assets or other liabilities.

The following business transactions were performed with closely associated companies and individuals:

Transactions with closely associated companies and persons	31.12.2015 kEUR	31.12.2014 kEUR
Services rendered	16.505	1.839
to majority shareholders	14.050	0
to members of the supervisory board	2.455	1.839
Received services	2.817	1.494
from majority shareholders	2.755	1.494
from members of the supervisory board	62	0

14. Events after the financial statement date

No essential events have occurred after the financial statement date until April 08, 2016.

15. Release of the consolidated financial statements 2015 by the management board for publication according to IAS 10.17

The present consolidated financial statements consider all events known to the management board until April 08, 2016.

Berlin, April 08, 2016



Patrick Brenske
Member of the
Management board



Dr. Christian Pahl
Member of the
Management board

16. Audit's opinion

„I have audited the consolidated financial statements established by MPH Mittelständische Pharma Holding AG – consisting of consolidated balance sheet, consolidated income statement, notes to the consolidated financial statements, consolidated cash flow statement and statement of changes in consolidated equity as well as the Group management report for the financial year from January 1, 2015 to December 31, 2015. The establishment of the consolidated financial statements and the Group management report according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and the complementary applicable regulations of trade law according to § 315a par. 3 in connection with par. 1 HGB lies within the responsibility of the legal representatives of the company. My task is to provide a judgment on the consolidated financial statements on the basis of the examination conducted by me.

I have conducted my Group audit according to § 317 HGB in consideration of the German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). According to them, the audit must be planned and conducted in such a way that mistakes and violations that have a significant impact on the reflection of the assets, financial situation and profitability by the consolidated financial statements respecting the applicable accounting rules and by the Group management report, can be detected with sufficient certainty. When the audit measures are determined, knowledge about the business activity and about the economic and legal context of the Group as well as the expectations about possible mistakes are taken into consideration.


Within the auditing, the effectiveness of the accounting-related internal control system and evidence for the information in the consolidated financial statements and the Group management report are evaluated mainly on the basis of samples. The audit comprises the judgment on the annual financial statements of the companies included in the consolidated financial statements, the delimitation of the basis of consolidation, the accounting and consolidation principles applied and the essential opinions of the legal representatives and the assessment of the global presentation of the Group financial statements and the Group management report.

My audit has led to no objections.

In my opinion on the basis of the knowledge gained during the audit, the consolidated financial statements comply with the International Financial Reporting Standards (IFRS) as they are applicable in the EU and the complementary applicable regulations of trade law according to § 315 a par. 3 in connection with par. 1 HGB and correctly reflect, in application of these regulations, the situation of the Group's assets, financial position and profitability.“

The Group management report is in line with the consolidated financial statements, globally reflects a correct representation of the Group's situation and correctly presents the chances and risks of future development.

Berlin, April 26, 2016


Dipl.-Kfm. Harry Haseloff
Auditor



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1. The share

Classes of Shares	Ordinary bearer shares
Number of shares	42,813,842
WKN / ISIN	AOL1H3 / DE000AOL1H32
Stock symbol	93M
Trading floor	Xetra, Frankfurt
Market segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	ODDO SEYDLER BANK AG
Market Capitalisation	111.32 million (as of 15.04.2016)
Coverage	GBC AG, First Berlin GmbH

2. Glossary

AMNOG

German law for the restructuring of the pharmaceutical market, which came into force on January 1, 2011.

Approval

An official authorisation which is required to be able to offer, distribute or provide an industrially produced, ready-to-use drug.

Balance sheet profit

Balance of net profit of the financial year, profit or loss carried forward and appropriation of profits.

Cash Flow

An economic indicator informing on the liquidity of a company. It represents the increase of liquid funds during a period.

DAX

DAX is the most important German share price index. It reflects the development of the 30 largest companies in Germany with the highest turnover.

Dividend

This is the part of distributed profit of a stock corporation attributed to an individual share.

EBIT

It means earnings before interest and taxes and is an indicator of the operating profit of a company in a given period.

Earnings per share

The earnings per share result from dividing the group result by the weighted average of the number of shares. The calculation is made according to IAS 33.

EBITDA

It means earnings before interest, taxes, depreciation and amortisation and corresponds to the EBIT plus depreciation and amortisation of tangible and intangible assets.

Oncology

Oncology is the science dealing with cancer.

Patent

In application to drugs: for a newly developed pharmaceutical agent, an industrial property right is granted. In the EU, this market exclusivity limited in time can last up to 20 years.

Patent-free agents

Patent-free agents are also called generic drugs. A generic drug is a drug that is a copy of another drug already on the market under a brand name with the same active agent. Generic drugs are therapeutic equivalents to the original preparation.

Patent-protected agents

Branded drugs that on the one hand are marketed by the patent owner and on the other hand are purchased for a lower price within the EU member states as EU imported drugs on the basis of the legal base of the import.

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4. Imprint

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