



**MIPH** Mittelständische  
Pharma Holding AG

Annual Report **2016**

## Mission Statement

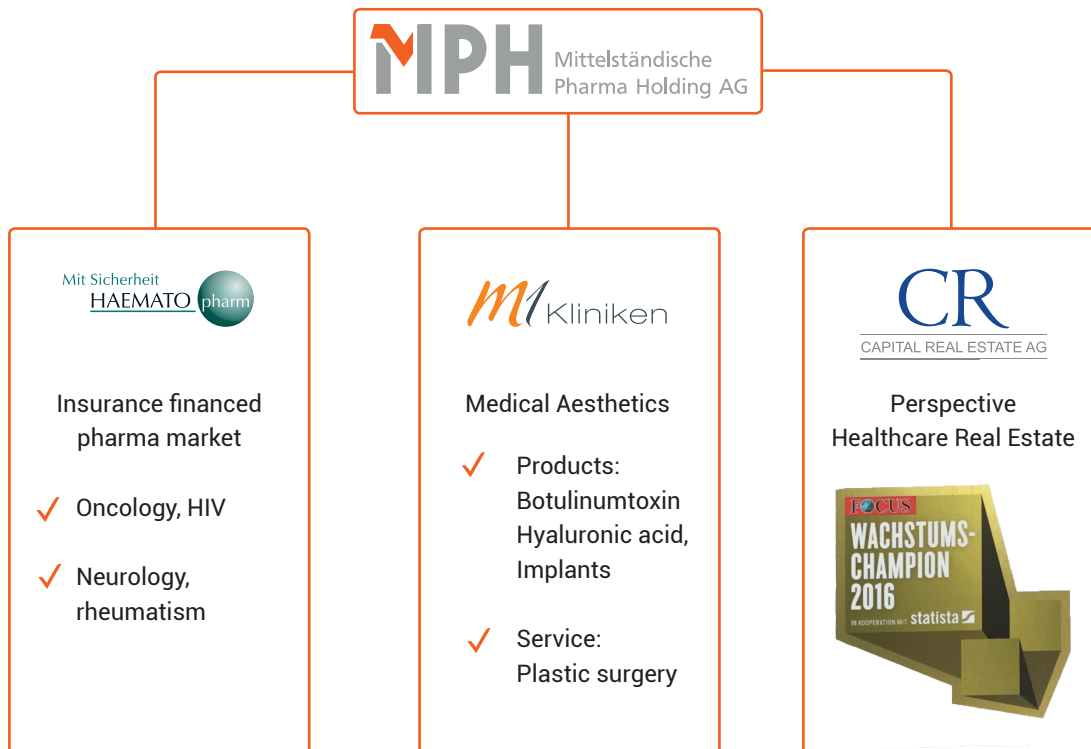
MPH is an investment company. The strategic focus of our activities lies on companies in fast-growing segments of the healthcare market.

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.

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. Apart from the healthcare sector investment opportunities are to be found from fast-growing industries, whose potential we use and would like to expand.

## Main areas of MPH Mittelständische Pharma Holding AG



## The business volume of the companies incorporated in the MPH Group

	Sales 2016 in EUR	Sales 2015 in TEUR
M1 Kliniken AG	35,955,128.64	34,926
HAEMATO AG	275,613,690.73	229,727
CR Capital Real Estate AG	17,646,849.17	8,970
<b>TOTAL</b>	<b>329,215,668.54</b>	<b>273,623</b>   + 20 %
Employees	258	217

in Euro	Number of Shares	Price	Market value in EUR	Fair value in EUR
M1 Kliniken AG	12,734,665	9.942	126,608,039.43	
HAEMATO AG	10,391,869	6.436	66,882,068.88	
CR Capital Real Estate AG	11,506,060	1.899	21,850,007.94	
<b>TOTAL Valued shares</b>			<b>215,340,116.26</b>	
Unlisted investments				4,484,000
<b>TOTAL Fair Value valued</b>				<b>219,824,116.26</b>
Liquid Funds				983,178.57
Other assets				9,522,659.97
<b>Use of funds</b>				<b>230,329,954.80</b>
Equity				213,948,325.88   5.00 Euro/Share
Interest-bearing borrowed capital				14,000,000.00
Other borrowed capital				2,380,000.00
<b>Source of funds</b>				<b>230,329,954.80</b>

## on the capital market

Classes of shares	Bearer shares
Number of shares	42,813,842
WKN / ISIN	A0L1H3 / DE000A0L1H32
Stock symbol	93M
Trading floor	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
Market segment	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG
Market capitalization	163.55 Mio. (as of 19.04.2017)
Coverage	GBC AG, First Berlin Equity Research GmbH

Political uncertainties around the world as well as worries about a global recession and the further decline in the price of oil triggered a downward movement of all prices on the capital market, which lasted until February. In the course of the year, the referendum of the British against an EU stay as well as the US election victory Donald Trumps were a key driver for the downturn in investor sentiment. After a clear recovery in the oil price, the stock markets were able to break away from their lows and at least to recover some of the losses. The Dax developed continuously after a Kurstief of 9,268 points in June, until it reached 11,481 points on the last trading day of the year 2016, which was almost 11.7% higher than at the beginning of the year.

After the MPH share with a trading start of EUR 2.16 was initially under pressure, the positive development

of the company strengthened the investor confidence in the MPH share, so that from March a significant growth with an Xetra close of EUR 2.70 in May was recorded. In particular, the high financial result made possible by the positive development of the participations led to a steady increase in the share price from August, which was rewarded with a closing price of EUR 3.80 at the end of the year and thus an increase of 75.9% compared to the trading start.

The very good prospects for the future of MPH AG also reflected the rating of several analysis houses. After the recommendation of the analysts of the GBC AG in July with a price target of EUR 4.62, they increased their evaluation in December to EUR 5.00. First Berlin Equity Research GmbH projected a price target of EUR 5.20.



Mit Sicherheit

**HAEMATO** pharm



HAEMATO AG is a listed pharmaceutical company. Our business activities are focused on growth market for non-patented and patented medicines.

The main focus of business is in the areas of oncology, neurology, and the treatment of HIV/AIDS, cardio-vascular disease and other chronic diseases. The high-margin market for self-pay clients forms a further segment. In this segment, HAEMATO AG focuses on the market for high-growth aesthetic medicine with its hyaluronic acid and botulinum toxin products.

The demand for reasonably-priced medicines, delivered in the highest quality, and constantly matching the requirements of reliable and comprehensive medical care, is set to increase in the years to come, with the population's increasing life expectancy. With our product portfolio of non-patented and patented medicines, we contribute to the optimisation of efficient medicinal care, and thereby to lowering costs both for health insurance funds and companies and for patients.

#### KEY GROUP PERFORMANCE INDICATORS (IFRS) IN KEUR

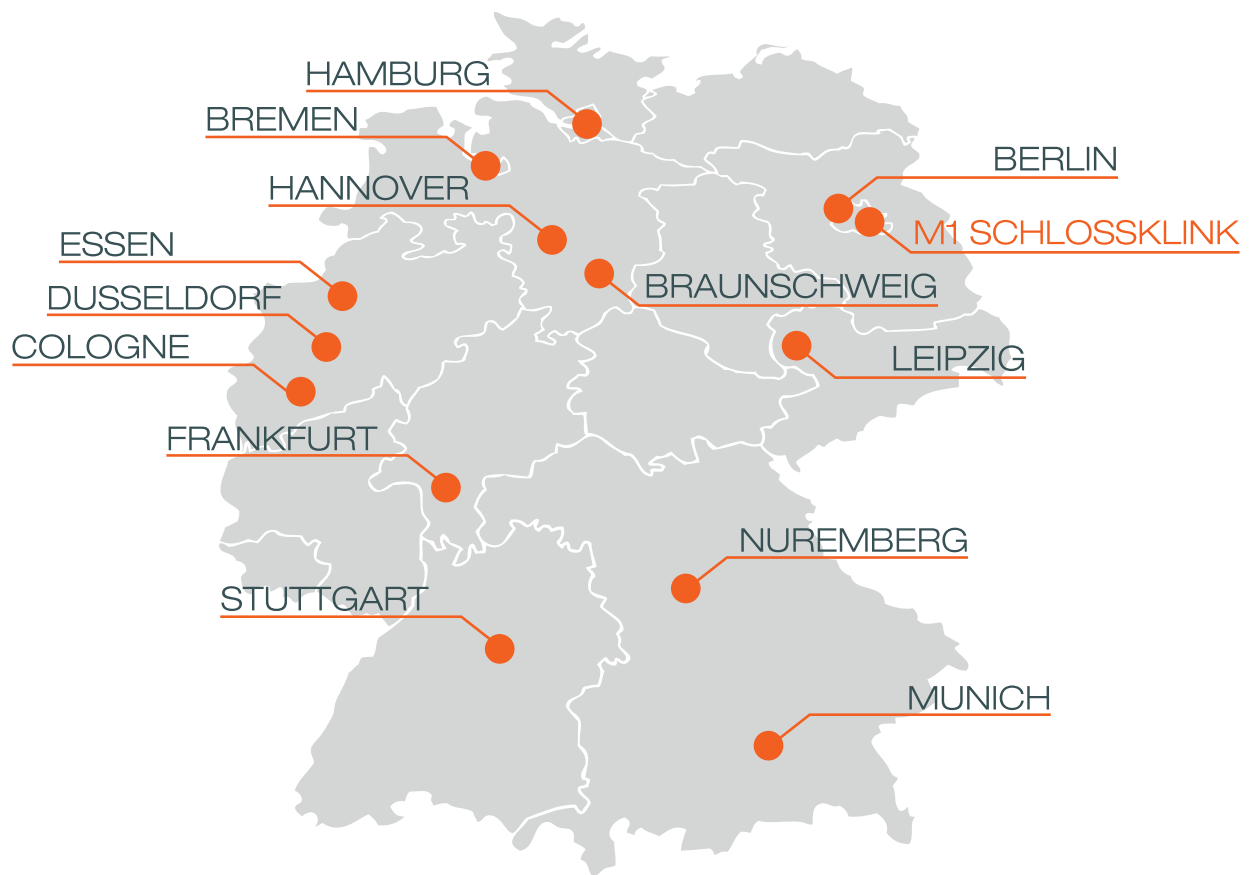
<b>Group profit and loss summary account</b>	<b>2016</b>	<b>2015</b>
Sales	275,614	229,727
EBIT	13,441	8,223
Net profit	11,037	5,540
<b>Group balance sheet</b>	<b>2016</b>	<b>2015</b>
Short-term assets	59,431	52,860
Long-term assets	57,342	54,129
Equity	63,092	58,289
Liabilities	53,682	48,700
Balance sheet sum	116,774	106,989
Equity ratio	54.0 %	54.5 %
Dividend (30 Cents / share)	6,234	6,234

#### KEY DATA OF THE SHARE

Class of shares	Bearer shares
Number of shares in circulation	20,778,898
WKN / ISIN	619070 / DE0006190705
Stock symbol	HAE
Trading places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin, Hamburg
Stock market segment	Open Market
Designated Sponsor, Listing Partner	ICF Bank AG
Coverage	GBC AG, First Berlin Equity Research GmbH



# Kliniken



M1 KLINIKEN AG is one of the leading providers of healthcare services in the beauty sector. With its "Made in Germany" products, the company group offers customers all over Germany a wide range of aesthetic and surgical treatments. Minimally-invasive and surgical operations are carried out by our highly-experienced and specialised team of surgeons, using high quality products and state of the art medical technology, to the highest quality standards.

## Key figures of M1 KLINIKEN AG

### KEY GROUP PERFORMANCE INDICATORS in kEUR

<b>Group profit and loss summary account</b>	<b>2016</b>	<b>2015</b>
Sales	35,955	34,926
EBIT	4,364	7,016
Net profit	5,007	6,631
<b>Group balance sheet</b>	<b>2016</b>	<b>2015</b>
Short-term assets	16,995	19,605
Long-term assets	15,192	13,582
Equity	30,257	29,750
Short-term liabilities	1,925	3,425
Long-term liabilities	4	13
Balance sheet sum	32,186	33,187
Equity ratio	94.0 %	89.6 %
Dividend (30 Cents / share)	4,500	-

### KEY DATA OF THE M1 KLINIKEN SHARE

Class of shares	Bearer shares
Number of shares in circulation	15.000.000 Stück
WKN / ISIN	A0STSQ / DE000A0STSQ8
Stock symbol	M12
Trading places	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
Stock market segment	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG, Dero Bank AG
Coverage	GBC AG, First Berlin Equity Research GmbH

## Share price of M1 KLINIKEN AG







## Content

▶ Letter to the shareholders	4
▶ Report of the supervisory board	6
▶ Management report	10
I. Basis of the Group	10
1. Business model of the Group	10
2. Research and development report	10
II. Economic report	11
1. General economic and industry-specific situation	11
2. Development and performance	17
3. Situation	18
III. Subsequent report	19
IV. Outlook	19
V. Risk report	20
VI. Risk report on the use of financial instruments	21
VII. Report on branches	21
VIII. Final statement according to § 312 n° 3 par. 3 AktG	21
▶ IFRS Financial statements	23
▶ IFRS Notes	31
▶ Further information	49



## Dear shareholders, Ladies and gentlemen

In the financial year 2016, the MPH generated an annual net profit of EUR 80.09 million. This again is a record result, after the previous year's profit of EUR 84.10 million.

The **IFRS equity** rose to **EUR 213.95 million** and thus **EUR 5.00 per share**.

The participation of HAEMATO in 2016 generated the highest turnover and profit of company history. The growth in sales was 20% to EUR 275.6 million. EBIT rose by 63% to EUR 13.4 million. The annual surplus could almost be doubled with a growth of 94% to 11.0 million euros.

In the first eleven months of 2016, the German pharmaceutical market as a whole grew by around 4.1%. However, selected preparation groups for cancer therapy grew 17% - 22% in 2016. HAEMATO develops 60% of its turnover in oncology and is able to deal well with the special growth opportunities in these indications with chronic therapy. HAEMATO increased the turnover of the goods and will continue to work on optimizing this in 2017.

The investment company M1 Kliniken AG further expanded its market position as one of Germany's leading healthcare providers for private pay services in the 2016 financial year.

The growth in the trade of medicines and medical products as well as services in the field of plastic and aesthetic beauty treatments benefited from the opening of further specialist centers in the federal area. Meanwhile, M1 offers ambulatory interventions nationwide at 13 locations throughout Germany.

The clinic for plastic and aesthetic beauty treatments in Berlin is often visited by Berliners, non-local patients from all over Germany and foreign guests, to be treated by the experienced team of the medical director, the surgeons and the nurses.

The business development of the M1 Group will continue to be positively influenced by the prospects for the market for beauty products and services.

The general conditions in the health care market are also characterized by demographic aging, technical progress and the increase in purchasing power, which lead to a steady increase in health spending.

The investments of the MPH aim with products and services in the health care market to make a contribution to the objective that health remains affordable.

The operating performance of the investments is promising in the first quarter of 2017. We are therefore confident that overall operating performance will be positive in 2017 as a whole.

We would like to thank the employees of the MPH Group for their commitment in the 2016 financial year. We would like to thank the Supervisory Board for a renewed constructive co-operation.

Berlin, April 2017



Patrick Brenske  
Vorstand



Dr. Christian Pahl  
Vorstand

## Report of the supervisory board

### 1. Supervision of management and cooperation with the management board

In the financial year 2016, 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 fiscal year 2016, the Supervisory Board held seven ordinary meetings, of which five were in the first half year (19.04., 26.04., 06.05., 28.06., 29.06.) and two in the second half year (27.09., 22.11.). All meetings were quorate.

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

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, 2016, 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 25, 2017. In the balance sheet meeting on April 25, 2017, 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. The annual financial statements are thus adopted.

### 4. Dependency report

For its financial year ending on December 31, 2016, 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. Abs. 3 AktG.

In the balance sheet meeting on April 25, 2017, 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 25, 2017. In its sessions on April 25, 2017, 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, 2016, to December 31, 2016, 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 would like to thank the Executive Board for the achievements and the pleasant, constructive and successful cooperation.

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

Berlin, April 25, 2017



Andrea Grosse  
(Chairwoman of the supervisory board)

## Management report

I. Basis of the Group	10
1. Business model of the Group	10
2. Research and development report	10
II. Economic report	11
1. General economic and industry-specific situation	11
a. Global economy	11
b. Economic environment in Germany	13
c. The global healthcare market	14
d. The German healthcare market	15
2. Development and performance	17
3. Situation	18
a. Earnings situation of MPH (IFRS)	18
b. Financial situation of MPH (IFRS)	18
c. Assets situation of MPH (IFRS)	18
III. Subsequent report	19
IV. Outlook	19
V. Risk report	20
1. Risk report	20
a. Industry-specific risks	20
b. Profit-related risks	20
c. Financial risks	20
d. Risk management system	20
2. Opportunities report	20
3. Summary report	20
VI. Risk report on the use of financial instruments	21
VII. Report on branches	21
VIII. Final statement according to § 312 n° 3 par. 3 AktG	21

## Management report

### I. Basis of the Group

#### 1. Company operating principles

MPH Mittelständische Pharma Holding AG is an investment company listed at the Frankfurt Stock Exchange, and based in Berlin. Its business activities consist of investment in companies with the aim of capital growth.

The strategic focus of these activities is on the purchase and development of companies and com-

pany shares, particularly in the growth segments of the healthcare market. These include both the insurance-based and the privately financed segments. However, MPH also makes use of potential in high-growth sectors outside the healthcare market. The aim is to achieve profitable growth for the company by means of active further development, and to promote the enterprise value of MPH.

#### 2. Research and development report

We do not conduct any research and development.



## II. Economic Environment

In 2016 MPH Mittelständische Pharma Holding AG invested in three major shareholdings. These shareholdings achieved high growth compared with the previous year. From the HAEMATO AG and M1 KLINIKEN AG, considerable contributions could be made to the earnings totalling EUR 7.48 million, with profit distributions of EUR 0.30 per share. In June 2016 MPH Mittelständische Pharma Holding

AG itself paid out a dividend of EUR 5.14 million. The CR Capital Real Estate AG shareholding recovered during the course of 2016 and closed with a year on year appreciation of 45 %.

### 1. Overall economic sector-related environment

#### a. Global economic environment

Growth in the global economy was weak in 2016, but speeded up slightly towards the end of the year. According to preliminary estimates by the OECD, growth in global economic output in 2016 was the weakest since 2009.<sup>1</sup> The global economy, having already slowed down considerably in the winter months of 2015/2016, only started to pick up noticeably in mid-2016. At 0.9 percent, the growth rate in the third quarter of 2016 was actually the highest for two and a half years.<sup>2</sup> The IfW-indicator for global economic activity, whose calculation is based on sentiment indicators in 42 countries, signalled a continued economic upturn in the fourth quarter of 2016.<sup>3</sup> The Institute for World Economy predicts a growth in world production of 3.1% for the whole of 2016.<sup>4</sup>

The IfW-indicator for global economic activity, whose calculation is based on sentiment indicators in 42 countries, signalled a continued economic upturn in the fourth quarter of 2016. The Institute for World Economy predicts a growth in world production of 3.1% for the whole of 2016.

Growth in production accelerated in the advanced economies in summer, but the economic momentum remains moderate overall. GDP in the USA increased by an ample 0.8 percent in the third quarter, after very tentative expansion in the first half of the year. As well as a turnaround in inventory investments and an increase in exports, private consumption expanded strongly and remained a vital linchpin of the economy. The effects of the new occupancy of the office of US president on the economy are currently difficult to ascertain, but in the short term a more expansive financial policy could have a stimulating effect. The rise in share prices to new record highs in the weeks following the election reflects the expectations of considerable fiscal impulses.<sup>5</sup> In the third quarter Japanese GDP increased by 0.3% compared with the previous quarter. Consumer spending contributed significantly to growth, while investments decreased.<sup>6</sup>

Economic output in the Euro zone increased in the third quarter by 0.3 % compared with the previous quarter. Growth also began to affect the job market. Then unemployment went down to 9.8 % in

October.<sup>7</sup> The negative effects of the Brexit vote would seem to be less severe than expected in the short term, but there is still great uncertainty regarding the long term. Since the vote in favour of leaving the EU, the UK economy has shown itself to be surprisingly robust, and share prices are actually considerably higher than they were mid-year.<sup>8</sup> Current sentiment indicators point to a continued moderate upswing.<sup>9</sup>

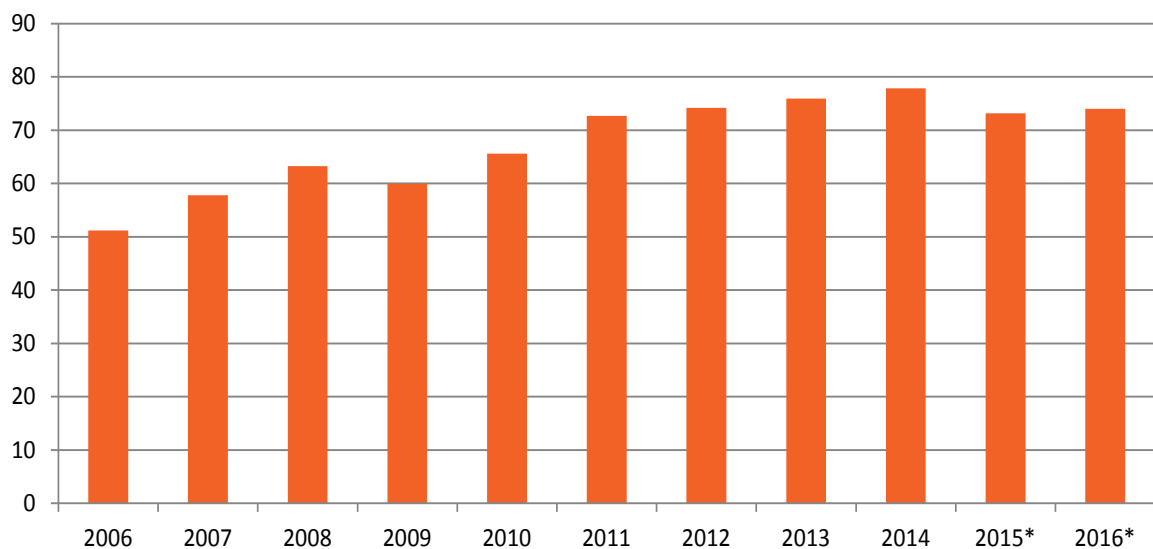
The economy in the newly industrialised countries also recently expanded altogether more strongly again, even though the problems in individual countries remain serious. GDP in China especially increased more quickly again, thanks to expansive economic policy. The government's target of 6.5% could be slightly exceeded as the year draws to a close. The speed of the decline in production in Russia reduced noticeably. On the other hand, economic activity in the third quarter in Turkey slumped dramatically: GDP shrank in the face of increasing political uncertainty, which led to a marked year on year decline in the tourism sector of 1.8 %, following growth of 3.1% in the second quarter. The picture in Latin America is contrasting: while

the economy in Mexico and the Andes countries expanded considerably, Brazil, Argentina and Venezuela remained caught in a recession.<sup>10</sup>

Global industrial production continues its upwards trend. After the positive GDP figures for the third quarter the global leading indicators also point towards increased momentum.<sup>11</sup> While the Institute for World Economy predicts an increase of 3.5% in world production in 2017 and 3.6% in 2018,<sup>12</sup> the OECD expects growth of 3.3 % in 2017 and 3.6% in 2018. For the Euro zone, after anticipated growth of 1.6% in 2016, analysts expect 1.3% growth in 2017 due to the Brexit vote.<sup>13</sup> As commodity prices increase, Russia and Brazil are expected to come out of recession, and once again to show positive economic growth next year. China's economy continues to develop with a high but slightly diminishing growth rate.<sup>14</sup>

### Global gross domestic product (GDP) in current prices from 2006 to 2016

in trillion US-Dollar



Source: IMF

## b. Economic environment in Germany

Despite the unstable international economic climate in 2016, the German economy was characterised by substantial steady economic growth. According to the first calculations of the German Federal Statistical Office, the price-adjusted GDP for 2016 was on average 1.9% higher year on year. In the two previous years GDP grew to a similar extent: in 2015 by 1.7 % and in 2014 by 1.6 %. A more long term analysis shows that economic growth in 2016 was half a percent above the annual average of 1.4% for the last ten years. Economic output was created by an annual average labour force of almost 43.5 million. That is the highest figure since 1991.<sup>15</sup>

Private and state consumer spending in particular had a positive influence on the economy from July until September.<sup>16</sup> Private consumer spending increased by 0.4% in the third quarter, and thus twice as much as in the previous quarter. Retail business developed especially well at the beginning of the fourth quarter. After weak development in the previous month, there was a very marked increase in retail sales of 2.5% in October, reaching the highest level for 25 years.<sup>17</sup> Overall price-adjusted consumer spending was 2% higher than one year previously.<sup>18</sup> However, in the next two years private consumer spending might not increase at quite the same rate, because consumer prices are set to increase again after the braking effects of oil prices dissipate, diminishing the purchasing power of private households.<sup>19</sup> State consumer spending ac-

tually increased considerably more, by 4.2%. This large increase can partly be accounted for by the influx of large numbers of refugees and the resulting costs. On the other hand, GDP growth in 2016 was slowed down by a reduction in inventories (- 0.4 percent points). Net exports, the difference between exports and imports, also had a slightly negative effect on balance on GDP growth figures (- 0.1 percent points).<sup>20</sup>

According to the Institute for World Economy, next year and the year after the rate of expansion will remain at a similarly high level, with rates of 1.7 percent (working day adjusted 2 percent) and 2 percent respectively.<sup>21</sup> This development continues to be characterised by a powerful internal momentum. The OECD announced that growth in Germany remains "solid". As positive influential factors it cites "the robust job market, low interest rates and slightly expansive fiscal policy", which will continue to stimulate consumer spending and investment in housing.<sup>22</sup>

### c. The global healthcare market

The global healthcare market is growing with the increasing population and healthcare spending per person. Alongside increasing incomes worldwide and medical advances, the aging society is a central reason for the increase in healthcare spending, which increases the health industry's contribution to GDP. The growth of the healthcare markets will not only be caused by individual consumer decisions, but also substantially due to the development of social security systems, which is especially noticeable in countries with medium incomes.<sup>23</sup>

The health sector is closely connected with the pharmaceutical industry. On the one hand, the sector is largely financed by social spending on medicinal products. On the other hand, the health standards of a society are strongly dependent on access to and supply of medicinal products. The supply of medicinal products in turn directly affects the health development and life expectancy of the population. Increasing life expectancy for its part has a positive effect on the demand for pharmaceutical products.<sup>24</sup> This is why the global pharmaceutical market showed stronger growth in recent years than the rest of the economy in general. In 2015 global turnover of medicinal products increased by 1.08 % to USD 954.1 billion.<sup>25</sup> Trends also point to a continued increase. According to the latest study carried out by the IMS Institute for Healthcare Informatics, global spending on medicinal products from 2015 to 2020 is going to increase by up to 32 %.<sup>26</sup> Key factors in this development are the growth in sales volume of medicinal products in several emerging economies, such as Brazil, China, Russia and India, and the volume increase in special medicines and original medicinal products in the industrial nations.<sup>27</sup>

A global growth market and fierce competition are the challenges facing the mostly nationally-aligned health systems. New products and customer experiences are evolving in the health sector, also due to the large number of co-operations and company mergers in the organic pharmacy and medical technology segments. As the desire in society to retain the body's natural beauty and fitness to an advanced age increases, the medical-aesthetic market is growing accordingly. Around 12 million surgical and 9 million non-surgical cosmetic operations were carried out worldwide in 2015.<sup>28</sup> The number of operations is predicted to increase annually by 6.3% until 2020.<sup>29</sup> With a predicted annual growth of 11% in aesthetic products, turnover is set to increase even faster, reaching a total of 12.8 billion US dollars by 2020.<sup>30</sup>

The healthcare market will continue to be a growth market during the coming years, in an environment of increasing purchasing power, an aging society and technological advance. In their long term forecast, the international management consultancy Bain & Company identified the increasing demand for treatments, therapeutics and other medical services as one of eight structural trends which will lead to a predicted increase in global gross domestic product (GDP) of 40 percent in the period up to 2020, reaching 90 trillion US dollars.<sup>31</sup>

### d. The German healthcare market

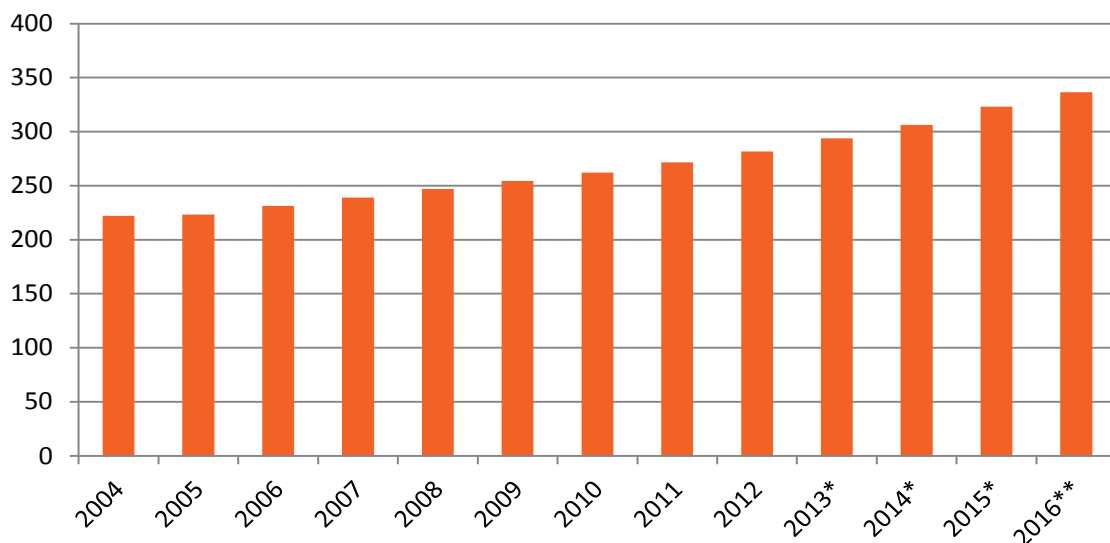
As one of the largest German economic sectors, the health sector is an enormous driving force behind growth in the German economy, due to its power of innovation and to the high number of jobs it provides. As a result of demographic development, medical-technological advances and increased health awareness, demand for products and services in prevention, diagnosis, therapy, rehabilitation and care is increasing rapidly. This in turn creates large potentials for innovation and added value in the health sector. The gross value added of the health industry increased by an annual average of 3.5 percent in the period from 2007 until 2013 – considerably faster than the economy as a whole, with 2.4 percent growth.<sup>32</sup> In an overall economic context, the health industry accounted for the first time for 12% of the German gross value added.<sup>33</sup>

Total spending on health in Germany in 2014 was EUR 328 billion. This represents an increase of EUR 13.3 billion or 4.2 % compared with 2013. Spending per person was EUR 4,050 (2013: EUR 3,902). The share of GDP attributed to health spending in 2014 was 11.2 %. This represented no change compared with 2013.<sup>34</sup> As of 31 December 2014, around 5.2 million people were employed in the health service in Germany, which was about 102,000 or 2.0

% more than at the end of 2013. In the period from 2009 until 2014, the number of people employed in the health service increased by a total of 476,000, or 10 %.<sup>35</sup> With regard to chronic diseases, the relevance of the demographic imbalance for the health and social services will become significant. The demand for health services will increase, while the funding basis shrinks.<sup>36</sup> In the course of this development, perception and expectations regarding health are changing: new discoveries in genetics and cell biology and in many other fields are enabling longer life in good health, because the body's repair mechanisms are being actively supported. Because of this aspect, together with the increased social acceptance of cosmetic medicine, the cosmetic market is also one of the growth sectors within the health industry. Germany is the leading market in Europe for medical-aesthetic treatments. Approximately 617,408 medical-aesthetic treatments were carried out in 2015. In the area of surgical treatments, eyelid corrections (54,907 operations), breast enlargements (53,376) and liposuction (40,065) were especially popular. In the area of non-surgical treatments, botulinum toxin and hyaluronic acid treatments are continuing to increase in popularity.<sup>38</sup>

#### Gross value added of the German healthcare market

in billion Euro



Source: Statistisches Bundesamt

\* Forecast \*\* Prognosis

With comprehensive entitlement for almost 70 million state-insured and around 9 million privately-insured people, together with highly-trained staff and an excellent infrastructure, as the largest market in Europe, Germany offers excellent local conditions for the service providers and companies in the health industry.<sup>39</sup> Not least because of the progressive demographic development, medical-technical advances and the growing health

awareness among the population, the health market offers a wide range of opportunities for growth, job creation and innovation, both now and in the future.

## 2. Development and performance

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

MPH Mittelständische Pharma Holding AG has the status of an investment company, in accordance with IFRS 10. All investments were measured at fair value through profit or loss according to IFRS 9.

Annual net profit in 2016 was EUR 80.1 million (previous year EUR 84.1 million). This comprises for the most part earnings from the valuation of investments amounting to EUR 72.2 million (previous year EUR 74.7 million).

### 3. Situation

#### a. Earnings situation of MPH (IFRS)

As a general rule, a holding company neither has to consolidate its subsidiaries, nor does it have to apply IFRS 3 when it obtains control of another company. Instead of this, a holding company has to measure its shareholding in a subsidiary at fair value through profit or loss according to IFRS 9. Therefore a comparison of key figures with those of 2015 is only possible to a limited extent. Due to the deconsolidation of the shareholdings as of 31 December 2015, their income and expenses from 2016 are not listed in the profit and loss account.

Revenues in the current financial year can be attributed for the most part to the sale of shareholdings in financial investments, and are thus no longer comparable with the previous year. The sale of shares in 2016 generated revenue of EUR 7,426,000. In 2015 comparable revenue from the sale of shareholdings in financial investments totalled EUR 9,723,000.

Due to impairments, investments totalling EUR 5,995,000 were written off in the scope of a partial depreciation as of 31.12.2016.

The total capital of the company increased in 2016 by 52.43 % to EUR 230.3 million.

The equity ratio (equity capital / total capital \* 100) increased from 92.00 % in 2015 to 92.89 % in 2016.

The investments made are reflected in the financial assets. In comparison with the financial year 2015 these assets increased by 46.20 % from EUR 150,360,000 to EUR 219,824,000 in 2016

Net financial income decreased slightly in the financial year from EUR 74,151,000 in 2015 to EUR 73,263,000 in 2016.

#### b. Financial situation of MPH (IFRS)

Our financial position is very stable. Our financial management is designed to ensure the settlement of accounts payable within the payment deadline, and to collect accounts receivable within payment targets.

Our capital structure is good. Equity capital increased from EUR 139,020,000 in 2015 to EUR 213,948,000 in 2016.

Liabilities towards financial institutions comprise 6.08 % of the balance sheet total. MPH and its holdings make use of the agreed credit limits of various banks in order to promote commercial success. In the financial year 2015 MPH Mittelständische Pharma Holding AG took out two long-term bonded loans totalling EUR 14 million with a loan term of 5 to 7 years under fixed interest conditions. These continue in 2016.

Trade accounts payable can always be settled within payment deadlines.

95.5% of long-term investments are covered by our equity capital. Short-term receivables and bank balances exceed the total short-term trade accounts payable and other liabilities.

The liquidity position is satisfactory.

In the financial year 2016, MPH invested EUR 1.99 million in the acquisition of shareholdings. Payments from the sale of investments in the financial year 2016 totalled EUR 7.57 million. There were no major investments in fixed assets, and these are not planned in the short term.

The financial development of the MPH Group during the reporting period according to the cash flow



statement using indirect calculation of the cash flow from ongoing operational activities breaks down as follows:

	2016	2015
	kEUR	kEUR
Cash Flow from		
Operating activities	-4,766	343
Investment activities	5,564	-8,190
Financing activities	-343	2,170
Change in consolidation scope	0	-3,912
	455	-9,589

### c. Company asset position (IFRS)

The asset position of MPH is good. Due to its change in status to an investment company, the asset position of MPH Mittelständische Pharma Holding AG is characterised by increased financial investments (from EUR 150,360,000 in 2015 to EUR 219,824,000 in 2016), increased financial assets (from the provision of a subordinated loan of EUR 9,400,000 to the HAEMATO Group) and by increased liquid assets (from EUR 528,000 in 2015 to EUR 983,000 in 2016). Our overall business position is good.

### III. Subsequent report

No events of particular significance took place after the end of the financial year.

### IV. Outlook

We expect that the future development of the MPH Mittelständische Pharma Holding AG will continue to be positive.

The business sectors of the investments continue to offer a large potential for growth. Demand for patented and non-patented medicinal products and the manufacture of medicines for the treatment of cancer, HIV and other chronic diseases is constantly on the increase. Beauty-lifestyle services for self-pay customers are currently very popular, and show potential for continued growth.

For the financial year 2017, we expect increasing turnover and positive business development for our investments, which can have a positive effect on the valuation of the company on the capital market. This can in turn have a positive effect on the earnings position of MPH Mittelständische Pharma Holding AG.

We will also continue in the future to be able to meet our payment obligations on schedule.

## V. Risk report

There are no substantial currency risks which could affect the assets, financial or earnings positions of the company group. Goods deliveries from foreign currency countries are processed and completed within very short deadlines

Because of the nature of the company's business activities and the accordingly large proportion of the balance sheet total accounted for by financial investments, the company group is exposed to fluctuations on the financial markets.

Our investments will continue to face up to the competition in the market with service, reliability and a high level of quality.

From the point of view of procurement, our investments have a wide range of supply channels at their disposal. In order to minimise business risks we diversify our sources of supply throughout Europe. We assure our high quality standards by means of a meticulous supplier qualification and selection process together with an active supplier management system.

### 1. Risk report

#### a. Industry-specific risks

Constantly increasing regulatory legislation, severe pressure on margins in the pharmaceutical market, continual change in the parallel import market due to exchange rate risk and price differences in the procurement of medicines can have a negative influence on the turnover and earnings position of our investments.

#### b. Profit-related risks

In some instances the company participates to a large extent in the capital of its investments. Changes in the market prices of the investments have effects on the earnings position of the company. The listed securities held by the company are subject to daily trading activities.

#### c. Financial risks

Due to the stable equity position of our company, there are currently no liquidity risks in evidence.

There are no substantial currency risks which could affect the assets, financial or earnings positions of

the company group.

The liquidity position is good; no difficulties are to be anticipated.

#### d. Risk management system

The MPH Mittelständische Pharma Holding AG uses a risk management system for the systematic identification of significant risks which might pose a threat to the continued existence of the company, in order to evaluate their effects and to prepare appropriate counter-measures.

The fundamental aim of the risk management system is to avoid financial losses, defaults and disruptions or to implement appropriate counter-measures without delay. In the scope of this system, the executive board and supervisory board are informed of risks in good time. In this process, monitoring liquidity and earnings development are important mechanisms for early recognition. Monitoring operative development and identifying timely deviations from planned business development is the responsibility of the controlling departments. Should it be necessary, those responsible in the specialist departments decide in collaboration with the executive board upon the appropriate strategy and measures required for controlling the risks.

### 2. Opportunities report

The healthcare market is and will continue to be a growth market. Due to our specialisation in oncology and treatment for HIV and other chronic diseases, as well as the field of plastic surgery and aesthetic medicine, we will participate in this growth.

### 3. Summary report

We envisage continuing risks to future development in the form of a difficult competitive environment, increasing purchasing prices and stagnating sales prices. However, with our financially stable background, we consider ourselves to be well-equipped to face and overcome future risks. At this point in time there are no recognisable risks which might endanger the continued existence of the company group.

## VI. Risk report on the use of financial instruments

The main financial instruments which the company group has at its disposal include securities, receivables, liabilities and bank balances.

The companies in which MPH participates directly or indirectly have a solvent customer base. Defaults on receivables are an absolute exception.

Accounts payable are settled within the agreed deadlines.

In the short term the company finances itself predominantly from the earnings generated by its investments.

In the management of the financial position the company group adheres to a conservative risk policy. Insofar as financial asset value default and credit risks can be identified, the appropriate adjustments are made. In order to minimise default risks the company employs an adequate strategy for the daily monitoring of the development of its investments on the financial markets. In addition to this we carry out a comprehensive investigation of the overall situation of potential investments before we make a new investment.

## VII. Report on branches

The company group does not have any branches.

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

Pursuant to Article 312 of the German Stock Corporation Act, the board of directors compiled a report about the relationships with affiliated companies, which contained the following closing statement: "Our company and its subsidiaries received reasonable consideration in all transactions in the light of the circumstances known to it at the time the transactions with the controlling company and with other associated companies were undertaken."

Berlin, 05.04.2017

MPH Mittelständische Pharma Holding AG



Patrick Brenske  
Management Board



Dr. Christian Pahl  
Management Board



## IFRS financial statements

IFRS balance sheet - Assets	.....	24
IFRS balance sheet - Liabilities and equity	.....	25
IFRS - Profit and loss summary account	.....	26
IFRS - Cash flow statement	.....	27
IFRS - Equity change account	.....	28
IFRS - Assets development	.....	29

## IFRS balance sheet - Assets

as of December 31, 2016\*

	Notes	◀2016 EUR	◀2015 kEUR
Cash	5.1	983,178.57	528
Trade receivables	5.2	0.00	8
Other short-term financial assets	5.3	9,465,263.89	0
Other short-term assets	5.3	3,299.20	68
Income tax receivables	5.3	2.70	81
<b>Short-term assets</b>		<b>10,451,744.36</b>	<b>685</b>
Intangible assets	5.4	25,783.00	24
Tangible assets	5.4	6,462.00	14
Financial assets	5.5	219,824,116.26	150,360
Other long-term assets	5.6	21,849.18	22
<b>Long-term assets</b>		<b>219,878,210.44</b>	<b>150,420</b>
<b>▶ TOTAL ASSETS</b>		<b>230,329,954.80</b>	<b>151,105</b>

\* Accounting under IFRS

## IFRS balance sheet - Liabilities and equity

as of December 31, 2016\*

	Notes	◀ 2016 EUR	◀ 2015 kEUR
Accruals	5.7	42,366.00	54
Bank loans	5.8	0.00	61
Trade payables	5.8	15,317.94	638
Other short-term financial liabilities	5.8	86,996.44	205
Other short-term liabilities	5.8	20,183.91	10
<b>Short-term liabilities</b>		<b>164,864.29</b>	<b>968</b>
Bank loans	5.9	14,000,000.00	9,989
Deferred tax	5.10	2,216,764.63	1,127
<b>Long-term liabilities</b>		<b>16,216,764.63</b>	<b>11,116</b>
Share capital	5.11	42,813,842.00	42,814
		42,813,842.00	42,814
Capital reserve		2,688,175.47	2,688
Revenue reserves		168,446,308.41	93,518
<b>Equity</b>		<b>213,948,235.88</b>	<b>139,020</b>
<b>▶ TOTAL LIABILITIES AND EQUITY</b>		<b>230,329,954.80</b>	<b>151,105</b>

\* Accounting under IFRS

## IFRS - Profit and loss summary account

for the period January 1 to December 31, 2016\*

	Notes	◀ 2016 EUR	◀ 2015 kEUR
<b>Sales</b>	8.1	47,325.96	262,887
Changes in inventories	8.2	0.00	-3,720
Other operational income	8.3	8,843,260.44	9,978
<b>Cost of materials</b>			
> Cost of purchased goods, services and properties	8.4	17,442.00	-231,704
<b>Labour cost</b>			
> Salaries		-548,286.30	-7,011
> Social insurance contribution		-10,406.95	-1,315
		-558,693.25	-8,326
Depreciation / Amortisation	8.5	-24,830.53	-4,490
Depreciation inventories and trade receivables		0.00	-704
Other operational expenses	8.6	-431,706.76	-10,771
<b>EBIT (earnings before interest and tax)</b>		7,892,797.86	13,151
Interest Income	8.7	325,427.52	223
Income from investments		7,482,460.40	0
Depreciation on investments	8.8	-5,994,641.00	-6,417
Interest expense	8.9	-770,406.73	-2,223
Results from deconsolidation	8.10	0,00	7,860
Results from the evaluation of financial assets	8.11	72,220,000.13	74,707
<b>Financial result</b>		73,262,840.32	74,151
EBT (earnings before tax)		81,155,638.18	87,302
Income tax	8.12	-1,089,619.25	-3,177
Other tax	8.13	-255.00	-23
<b>Net profit / period income</b>		80,065,763.93	84,101
The net profit for the year / total result attributable to:			
Shareholder of the parent company		80,065,763.93	82,588
Minority shareholders		0.00	1,513
<b>Earnings per share</b>		1.87	1.96

\* Accounting under IFRS



## IFRS - Cash flow statement

for the period from January 1 to December 31, 2016\*

	◀ 2016	◀ 2015
	EUR	TEUR
<b>Operating activities</b>		
1. Earnings before taxes on income and profit minus other taxes	81,155,383.18	87.278
2. Depreciation / Amortisation	6,019,471.53	10.896
3. Change in long-term accruals	0.00	32
4. Other non-payable expenses / earnings	0.00	-7.860
5. Change in financial asset time - valuation	-81,438,187.52	-81.551
6. Profit / loss from the disposal of fixed assets and from the purchase or sale of shares in subsidiaries	396,323.92	-7.480
7. Interest and investment income	-325,427.52	-223
8. Interest expense	770,406.73	2.223
9. Change in trade receivables and other assets	-11,908,245.20	-21
10. Change in inventory	0.00	-5.138
11. Change in trade payables, other liabilities and accruals	-1.698.187,94	4.594
<b>11. Cash Flow from activities</b>	<b>-7.028.462,82</b>	<b>2.749</b>
12. Interest income and dividends received	2.921.726,57	223
13. Interest expense paid	-659.581,65	-2.223
14. Income tax paid	0,00	-406
<b>15. Cash Flow from operating activities</b>	<b>-4.766.317,90</b>	<b>343</b>
<b>Investment activities</b>		
1. Proceeds from the disposal of fixed assets and the sale of investments	7.570.873,98	18.624
2. Payments for the acquisition of fixed assets and investments	-2.006.442,67	-26.814
<b>3. Cash Flow from investment activities</b>	<b>5.564.431,31</b>	<b>-8.190</b>
<b>Financing activities</b>		
1. Incoming and outgoing payments from the purchase and sale of own shares	0,00	3.652
2. Dividends paid	-4.293.152,88	-8.223
3. Change in bank loans	3.950.176,43	6.741
<b>4. Cash Flow from financing activities</b>	<b>-342.976,45</b>	<b>2.171</b>
<b>Change in cash and cash equivalents due to change in companies consolidated</b>	<b>0,00</b>	<b>-3.912</b>
<b>Cash Flow</b>	<b>455.136,96</b>	<b>-9.589</b>
<b>Cash and cash equivalents</b>		
1. 31. December 2016 / 31. December 2015	983.178,57	528
2. 31. December 2015 / 31. December 2014	528.041,61	10.117
	<b>455.136,96</b>	<b>-9.589</b>

\* Accounting under IFRS

## IFRS - Equity change account

as of December 31, 2016\*

	Share capital		Acquired own shares		Capital reserve		Capital reserve for own shares		Other revenue reserves		Revenue reserve		Sub-total		Equity of shareholders 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 2014 / 1. January 2015	42,813,842.00	0.00	-8,190.00	2,686,476.99	-10,422.27	2,567,738.07	20,721,345.24	68,770,790.03	68,770,790.03	25,959,190.73	94,729,980.76										
2. Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-5,137,661.04	-5,137,661.04	-5,137,661.04	-3,085,355.10	-8,223,016.14										
3. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	0.00	82,588,498.00	82,588,498.00	82,588,498.00	1,512,592.62	84,101,090.62										
4. Reclassifications / Initial consolidation	0.00	0.00	8,190.00	1,698.48	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										
5. As of 31. December 2015 / 1. January 2016	42,813,842.00	0.00	0.00	2,688,175.47	0.00	0.00	93,518,205.52	139,020,222.99	139,020,222.99	0.00	139,020,222.99										
6. Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-5,137,661.04	-5,137,661.04	-5,137,661.04	0.00	-5,137,661.04										
7. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	0.00	80,065,199.35	80,065,199.35	80,065,199.35	0.00	80,065,199.35										
8. Reclassifications / Initial consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00										
9. As of 31. December 2016	42,813,842.00	0.00	0.00	2,688,175.47	0.00	0.00	168,446,308.41	213,948,325.88	213,948,325.88	0.00	213,948,325.88										

\* Accounting under IFRS

## IFRS - Assets development

as of December 31, 2016\*

	Acquisition and production costs				Cumulative depreciation / amortisation				Book values	
	As of 01.01.2016 EUR	Add./ Recl. EUR	Disp./ Recl. EUR	As of 31.12.2016 EUR	Depreciation/ addition (+) EUR	Appreciation EUR	As of 31.12.2015 EUR	As of 31.12.2016 EUR	As of 31.12.2014 EUR	As of 31.12.2016 EUR
<b>I. Intangible assets</b>	29,061.50	14,946.25	0.00	44,007.75	13,451.25	0.00	18,224.75	25,783.00	24,288.00	
<b>II. Fixed assets</b>	73,582.43	3,856.28	0.00	77,438.71	11,379.28	0.00	70,976.71	6,462.00	13,985.00	
<b>III. Financial assets</b>	81,859,412.09	1,987,640.14	4,592,495.95	79,254,556.28	5,994,641.00	78,063,485.57	-140,569,559.98 <sup>1)</sup>	219,824,116.26	150,360,127.50	
<b>TOTAL</b>	81,962,056.02	2,006,442.67	4,592,495.95	79,376,002.74	6,019,471.53	78,063,485.57	-140,480,358.52	219,856,361.26	150,398,400.50	

<sup>1)</sup> Higher valuation of existing securities. These relate to write-ups beyond the acquisition costs, which are given a negative sign.

\* Accounting under IFRS



## Notes to the IFRS financial statements

1. General information .....	32
2. Basis of consolidation.....	33
3. Consolidation principles .....	34
4. Estimates and assumptions .....	34
5. Information on the IFRS balance sheet including the accounting and valuation methods .....	35
6. Statement of fixed assets .....	37
7. Contingent liabilities and other financial obligations .....	37
8. Information on the IFRS profit and loss summary account .....	37
9. Earnings per share .....	41
10. Information on members of the corporate bodies .....	42
11. Number of employees .....	42
12. Information on financial instruments according to IFRS 7 .....	42
13. Information on relationships with related companies and persons.....	47
14. Events after the financial statement date .....	47
15. Release of the IFRS financial statements 2016 by the management board for publication according to IAS 10.17 .....	47
16. Audit's opinion .....	48

# Notes to the IFRS financial statements

for the period from January 1 to December 31, 2016

## 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 IFRS financial statements for the time period from January 1 to December 31, 2016 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 2016 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 2016, whereby this did not result in any significant impacts for the MPH Mittelständische Pharma Holding AG:

- ▶ Annual improvements (cycle 2012 - 2014) - various (to be applied for business years beginning on or after January 1, 2016)
- ▶ IFRS 14 - Regulatory accruals (Applicable for financial years beginning on January 1, 2016)
- ▶ IFRS 11 - Accounting for Acquisition of Non-Excessive Activities in Community Activities (to be applied for financial years beginning on January 1, 2016)
- ▶ Amendments to IAS 16 and IAS 38 - Clarification on permissible depreciation methods (to be applied for financial years beginning on January 1, 2016)
- ▶ Amendments to IAS 27 - Application of the equity method in individual financial statements (to be applied for financial years beginning on January 1,

2016)

- ▶ Amendments to IFRS 10, IFRS 12 and IAS 28 - Application of the Consolidation Exemption for Investment Companies (Applicable for financial years beginning on January 1, 2016)

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 IFRS financial statement is prepared in compliance with IFRS 10.B92 on the balance sheet date of the MPH Mittelständische Pharma Holding, which is the balance sheet date for the annual financial statements of all investment 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

No investments were consolidated in the IFRS financial statements as of December 31, 2016 of MPH Mittelstandische Pharma Holding AG, Berlin, since MPH Mittelstandische Pharma Holding AG is an investment company in accordance with IFRS 10.27. The following participations are thus measured at fair value in accordance with IFRS 9 in accordance with IFRS 10.31:

Name and office of the company	Record date of initial control adoption
› 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 Kliniken AG, Berlin	Mai 07,2012
› M1 Med Beauty Berlin GmbH, Berlin	August 01, 2013
› Beauty Now GmbH, Berlin	December 16, 2015
› Saname GmbH, Schönefeld	May 22, 2013
› M1 Aesthetics GmbH, Schönefeld	July 06, 2013
› Pharmigon GmbH, Berlin	May 07, 2012
› Zytotrade GmbH, Schönefeld	May 07,i 2012
› CR Capital Real Estate AG, Berlin	January 01, 2015
› CR Capital Verwaltungs GmbH, Schönefeld	January 01, 2015
› CR Capital Hubertusallee GmbH & Co.KG, Berlin	January 01, 2015
› 22. Projektgesellschaft Mitte mbH, Berlin	January 01, 2015

Name and office of the company	Record date of initial control adoption
› Projektgesellschaft Thulestraße 47 GmbH, Berlin	January 01, 2015
› Projektgesellschaft Residential Properties mbH, Berlin	January 01, 2015
› Projektgesellschaft Borgmannstraße 16 mbH, Berlin	January 01, 2015
› Projektgesellschaft MTL mbH, Berlin	January 01, 2015
› Projektgesellschaft Hohenzollerndamm 119 mbH, Berlin	January 01, 2015
› Projektgesellschaft Hallesches Feld mbH, Berlin	June 29, 2015
› Clavis 1 Projekt GmbH, Berlin	December 27, 2016
› Clavis 2 Projekt GmbH, Berlin	December 27, 2016

### 3. Consolidation principles

The annual financial statements of all the investment 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).

In accordance with IFRS 10, IFRS 12 and IAS 28, the financial statements are prepared in accordance with the requirements for investment companies. As a result, consolidation effects resulting from full consolidation do not exist.

According to IFRS 9, the investments are measured at fair value as of the balance sheet date.

### 4. Estimates and assumptions

The preparation of the IFRS 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 is an investment company pursuant 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

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

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 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 IFRS 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 IFRS balance sheet including the accounting and valuation methods

In preparing the IFRS 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.

► **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 0,0 (previous year: kEUR 8,0) 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** 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 MPH Mittelständische Pharma Holding 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.

► **5.4** 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.

► **5.5** 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.

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

► **5.7** **Other provisions** comprise accruals, which are formed, if the MPH Mittelständische Pharma Holding has a present, legal or actu-

al 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.

► **5.8 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 87 (previous year: kEUR 205.)

The other short-term liabilities amount to kEUR 20 (previous year kEUR 10). These are essentially liabilities for salaries and turnover tax.

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

#### ► 5.10 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.

#### ► 5.11 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 pref-

	1.1.2016	Used	Released	Added	31.12.2016
Provisions	kEUR	kEUR	kEUR	kEUR	kEUR
Auditing and costs for financial statements	20	20	0	20	20
Supervisory board remunerations	20	20	0	20	20
Other	14	14	0	2	2
	54	54	0	42	42

erence 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 accordance 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).

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 "IFRS assets development" as of December 31, 2016; see page 29.

## 7. Contingent liabilities and other financial obligations

Towards the HYPO NOE Group Bank AG, MPH Mittelstandische Pharma Holding AG is a joint borrower with the HAEMATO AG in connection with a debt loan of EUR 7 million. This loan was paid to MPH Mittelständische Pharma Holding AG. This loan was fully utilized by MPH Mittelstandische

Pharma Holding AG as of the balance sheet date.

HYPO NOE Group Bank AG holds MPH Mittelstandische Pharma Holding AG as joint borrower with HAEMATO AG in connection with a debt loan of EUR 3 million. This loan was paid to MPH Mittelstandische Pharma Holding AG. This loan was fully utilized by MPH Mittelstandische Pharma Holding AG as of the balance sheet date.

MPH AG is liable to Raiffeisenlandesbank Niederösterreich-Wien AG as a joint borrower with HAEMATO AG in connection with a further debt loan of EUR 4 million. This loan was fully utilized by MPH Mittelstandische Pharma Holding AG as of the balance sheet date.

The other financial obligations are within the scope of normal business transactions.

## 8. Information on the IFRS 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 from the letting and leasing of office space

► **8.2** There are no **changes in inventories**.

► **8.3** Other **operating income** amounted to kEUR 8,843 thousand (previous year: kEUR 9,978 thou-

sand) and mainly includes income from the sale of financial assets and income from write-ups from the valuation of investments in accordance with IFRS 9 at fair value

► **8.4** The item **cost of materials**, which totals kEUR 17 (previous year: kEUR 231,704), includes operating expenses for subletting office space.

► **8.5** The **amortisations** include scheduled amortisations on tangible assets and intangible assets amounting to kEUR 25 (previous year: kEUR 4,490). 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 432 (previous year: kEUR 10,771), 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 325 (previous year: kEUR 223). 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 5,995,2 (previous year: kEUR 6,416,5) were undertaken on existing equity instruments of companies listed on the stock exchange.

► **8.9 Interest expenses and other expenses** totaling kEUR 770.4 (previous year: kEUR 2,222.6) is primarily interest charged for loans granted and prepaid premiums for early repayment of loans.

The net results from the financial instruments according to the valuation categories in accordance with IAS 39 are as follows:

	Interest income + Dividends 2016 TEUR	Interest income + Dividends 2015 TEUR	Interest expenses 2016 TEUR	Interest expenses 2015 TEUR	Fair Value 2016 TEUR	Fair Value 2015 TEUR
Credits and receivables (other financial assets)	325	223	0	0	0	0
Income from investments (financial assets)	7,482	0	0	0	0	0
Equity instruments (financial assets at fair value through profit and loss)	0	0	0	0	72,068	68,501
Liabilities recognised at amortised acquisi- tion costs (other financial liabilities)	0	0	-770	-2,223	0	0
▶ Total net result	7,807	223	-770	-2,223	72,068	68,501
▶ recognised through profit and loss	7,807	223	-770	-2,223	72,068	68,501

#### ▶ 8.10 Results from the 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 in the fiscal year 2015. In the current fiscal year there were no income or expenses from the deconsolidation.

### ► 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.

Company listed at the stock exchange	2015		XETRA closing price 31.12.2015	Change	2016		XETRA closing price 31.12.2016	Fair value
	Quantity	EUR	EUR	Quantity	Quantity	EUR	EUR	
HAEMATO AG	11,795,582	4.900		-1,404,13	10,391,869	6.436		66,882,068.88
M1 Kliniken AG	12,856,895	5.340		-122,230	12,734,665	9.942		126,608,039.44
CR Capital Real Estate AG	10,108,307	1.314		1,397,753	11,506,060	1.899		21,850,007.94
Non listed investments <sup>2)</sup>								4,484,000.00
<b>Total financial assets</b>								<b>219,824,116.26</b>

2) Non-listed investments in the legal form of a GmbH are valued using the IFRS equity. This is the equity, which is included in the company's individual financial statements, for the company's IFRS balance sheet.

### ► 8.12 Tax on income

The position can be broken down as follows:

	2016 kEUR	2015 kEUR
Tax expenditures of the current period	0	-1,282
Deferred tax expenditures from valuation differences	-1,090	-2,470
Deferred tax revenues from valuation differences	0	575
	<u>-1,090</u>	<u>-3,177</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	2016 in %
Berlin	30,175

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 %).

► 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.

	2016 EUR	2015 EUR
Profit for the financial year attributable to the equity holders of the parent company	80,065,763.93	82,588,498.00
Number of shares (weighted average)	42,813,842	42,813,842
Earnings per share	<u>1.87</u>	<u>1.93</u>

## 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 supervisory board in 2016 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 1 were employed by MPH Mittelständische Pharma Holding AG in the reporting period. The companies incorporated in MPH investments employed 258 employees (previous year: 217).

## 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:

Income categories	2016 kEUR	2015 kEUR
Receivables	325	222
Financial assets at fair value	72,069	68,501

The yields from credits and receivables are included in the interest returns. The yields from financial assets measured at fair value relate at kEUR 72,069 (previous year: kEUR 68,501) 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:

Expense categories	2016 kEUR	2015 kEUR
Liabilities recognized at amortized acquisition cost	770	2,223
Depreciation of financial assets at fair value	5,995	6,417

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 investment company 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:

	31.12.2016 kEUR	31.12.2015 kEUR
Equity	213,948	139,020
Balance sheet sum	230,329	151,105
Equity ratio	92,89%	92,00 %

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

The bank liabilities have increased from kEUR 10,050 to a total of kEUR 14,000 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 bank liabilities of MPH Mittelstandische Pharma Holding AG are fully equipped with fixed interest rates. There is therefore no interest rate risk due to variable interest rates:

Liabilities to credit institutions kEUR	Utilisation 31.12.2016	Utilisation 31.12.2015	Interest risk 31.12.2016	Interest risk 31.12.2015
thereof at fixed rates	14,000	10,050	-	-
thereof at variable rates	0	0	0	0
Total	14,000	10,050	0	0

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

31.12.2016 in kEUR	short-term			Total book values	Fair value
	Trade receivables	Other short-term financial assets	Cash and equivalents		
Financial assets measured at amortised cost	0	9,465	983	10,448	10,448

31.12.2015 in kEUR	long-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

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 219.824 at the balance sheet date (previous year: kEUR 150.360).

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

#### Liabilities

31.12.2016 kEUR	short-term			long-term	Total book values	Fair value
	Liabilities to credit institutions	Trade pay- ables	Other financial liabilities	Liabilities to credit institu- tions and bonds		
Financial liabilities measured at amortised cost	0	15	87	14,000	14,102	14,102

31.12.2015 kEUR	short-term			long-term	Total book values	Fair value
	Liabilities to credit institutions	Trade pay- ables	Other financial liabilities	Liabilities to credit institu- tions and bonds		
Financial liabilities measured at amortised cost	61	638	205	9,989	10,893	10,893

### 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, 2016, and December 31, 2015, are demonstrated in the following tables:

	Book value 31.12.2016 kEUR	Cash Flow up to 1 year kEUR	Cash Flow > 1 year to 5 years kEUR	Cash Flow > 5 years kEUR
Financial liabilities valued at amortised acquisition costs				
Provisions	42	42	0	0
Interest-bearing financial liabilities	14,000	0	11,000	3,000
Non-interest-bearing financial liabilities	111	111	0	0

	Book value 31.12.2015 kEUR	Cash Flow up to 1 year kEUR	Cash Flow > 1 year to 5 years kEUR	Cash Flow > 5 years kEUR
Financial liabilities valued at amortised acquisition costs				
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

The financial liabilities bearing no interest relate at kEUR 15 (previous year: kEUR 638) to the liabilities resulting from deliveries and services as well as at kEUR 107 (previous year: kEUR 215) to the other short-term financial liabilities.

### IFRS 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 983 (previous year: kEUR 528).

### 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 investment company. 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:

### 14. Events after the financial statement date

No essential events have occurred after the financial statement date until April 5, 2017.

### 15. Release of the IFRS financial statements 2016 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 5, 2017.

Berlin, April 5, 2017



Patrick Brenske  
Management Board



Dr. Christian Pahl  
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, 2016 to December 31, 2016. 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 12, 2017



Dipl.-Kfm. Harry Haseloff  
Wirtschaftsprüfer



## Further information

1. The share .....	50
2. Glossary.....	51
3. Sources.....	52
4. Imprint .....	53

## 1. The share

<b>Aktiengattungen</b>	Bearer shares
<b>Anzahl Stammaktien</b>	42,813,842
<b>WKN / ISIN</b>	A0L1H3 / DE000A0L1H32
<b>Börsenkürzel</b>	93M
<b>Handelsplätze</b>	Xetra, Frankfurt, Tradegate, Düsseldorf, Stuttgart, Berlin
<b>Marktsegment</b>	Open Market
<b>Designated Sponsor, Listing Partner</b>	Oddo Seydler Bank AG
<b>Marktkapitalisierung</b>	163.55 Mio. (zum 19.04.2017)
<b>Coverage</b>	GBC AG, First Berlin Equity Research 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.

### 3. Sources

- 1 cf. Institut für Weltwirtschaft: Kieler Konjunkturberichte Nr. 15 (2016 / Q1). Weltkonjunktur im Frühjahr 2016. Kiel, 9.3.2016, p. 1f.
- 2 cf. Institut für Weltwirtschaft: Kieler Konjunkturberichte - Weltkonjunktur im Winter 2016, S. 2
- 3 cf. id.
- 4 cf. id.
- 5 cf., p. 3f.
- 6 cf. Bundesministerium für Wirtschaft und Energie: Schlaglichter der Wirtschaftspolitik, Monatsbericht 01-2017, p. 35
- 7 cf. Bundesministerium für Wirtschaft und Energie: Schlaglichter der Wirtschaftspolitik, Monatsbericht 01-2017, p. 35
- 8 cf. Institut für Weltwirtschaft: Kieler Konjunkturberichte - Weltkonjunktur im Winter 2016, S. 6
- 9 cf. Bundesministerium für Wirtschaft und Energie: Schlaglichter der Wirtschaftspolitik, Monatsbericht 01-2017, S. 35
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