

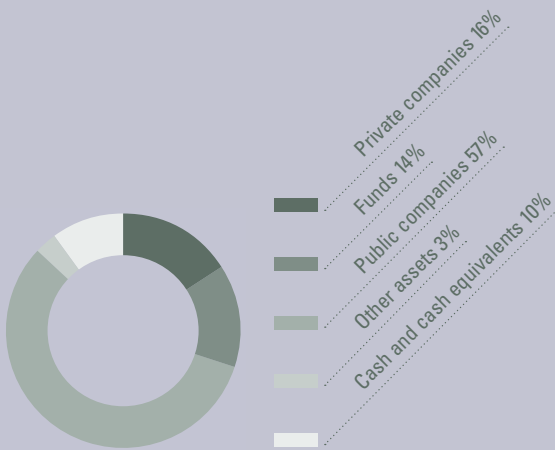
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# At a Glance

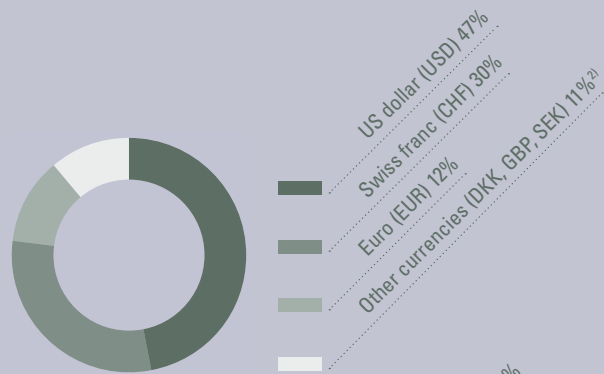
**Profile** HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. The company holds and manages an international portfolio of some twenty-five promising companies. Many of these companies have their lead products at an advanced stage of development or already available on

the market. The portfolio companies are closely tracked and actively guided in their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).



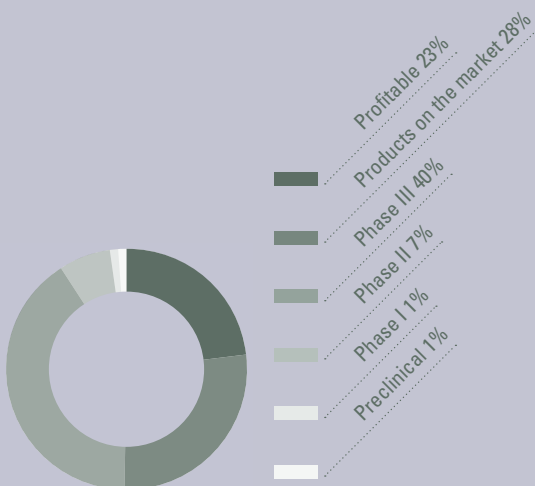
### Allocation of assets<sup>1)</sup>

Mainly invested in private companies or in companies originating from the private companies portfolio.



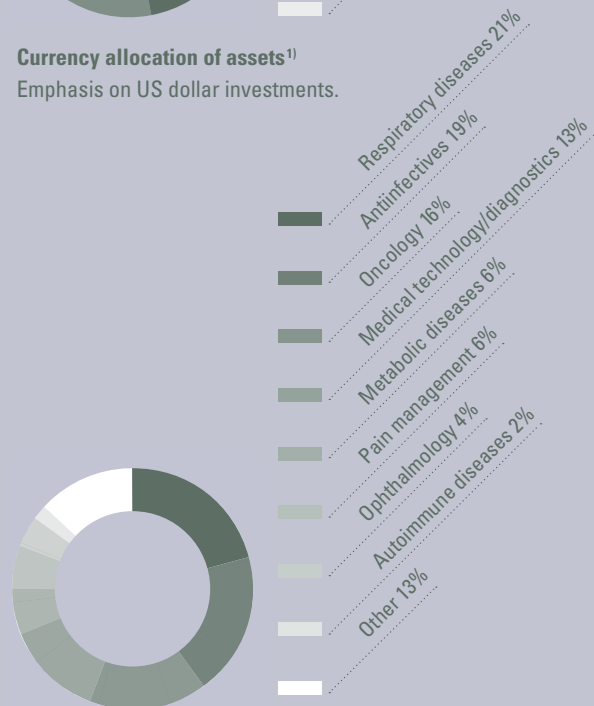
### Currency allocation of assets<sup>1)</sup>

Emphasis on US dollar investments.



### Development phase of portfolio companies<sup>3)</sup>

Mainly invested in revenue generating companies or in companies with products at an advanced stage of development.



### Therapeutic area of the lead product of portfolio companies<sup>3)</sup>

Broadly diversified areas of activity.

1) Total assets as at 30.9.2015: CHF 1,033.6 million.

2) In addition, GBP 85 million (at GBP/CHF 1.39) are hedged.

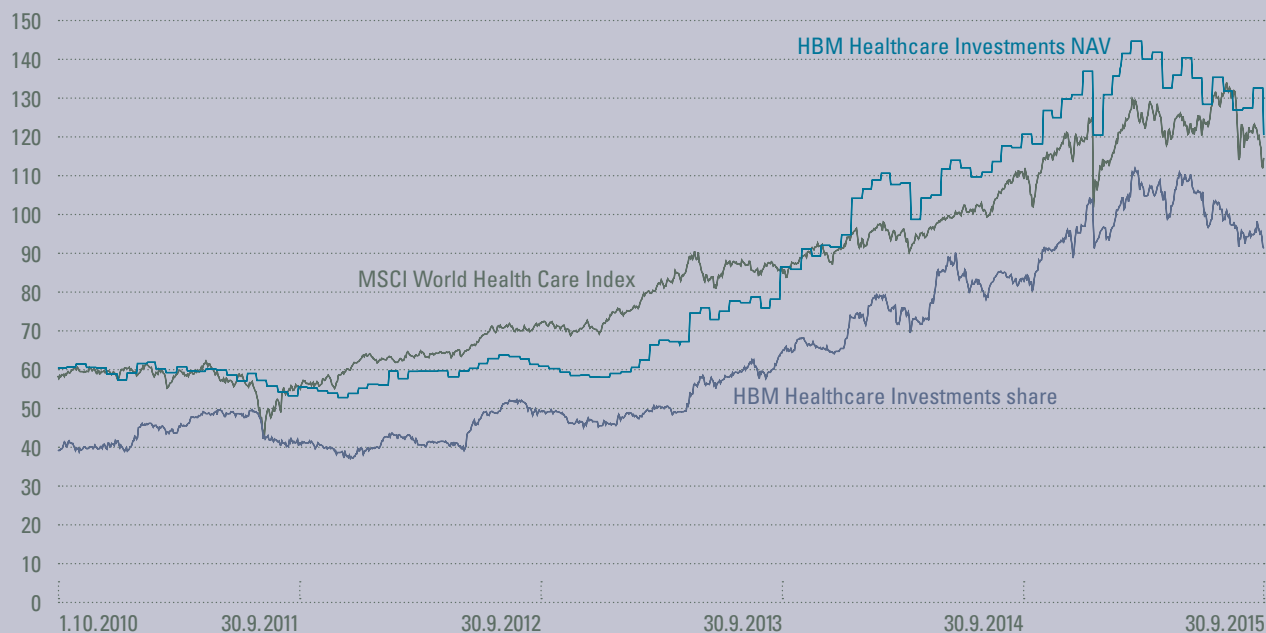
3) Total investments as at 30.9.2015: CHF 894.8 million.

# Key Figures and Performance

| Key Figures                                    |                       | 30.9.2015     | 31.3.2015     | 31.3.2014     | 31.3.2013     | restated<br>31.3.2012 |
|--|-----------------------|---------------|---------------|---------------|---------------|-----------------------|
| <b>Net assets</b>                              | CHF million           | <b>925.5</b>  | <b>1074.2</b> | <b>920.3</b>  | <b>601.0</b>  | <b>546.4</b>          |
| Investments in private companies and funds     |                       | 304.6         | 273.4         | 218.8         | 233.4         | 276.3                 |
| Investments in public companies                |                       | 590.3         | 748.1         | 630.5         | 278.9         | 196.7                 |
| Cash and cash equivalents                      |                       | 108.0         | 140.4         | 46.5          | 51.7          | 41.2                  |
| <b>Net cash flow from investing activities</b> | CHF million           | <b>-25.7</b>  | <b>207.5</b>  | <b>42.8</b>   | <b>33.2</b>   | <b>-39.9</b>          |
| <b>Net result for the period</b>               | CHF million           | <b>-107.2</b> | <b>257.5</b>  | <b>353.5</b>  | <b>67.0</b>   | <b>-22.2</b>          |
| Basic earnings per share                       | CHF                   | -14.02        | 32.47         | 40.98         | 7.52          | -2.35                 |
| Net asset value (NAV) per share                | CHF                   | 121.12        | 140.60        | 108.76        | 68.35         | 60.40                 |
| Share price                                    | CHF                   | 92.00         | 108.00        | 75.50         | 51.35         | 41.50                 |
| <b>Discount</b>                                |                       | <b>-24.0%</b> | <b>-23.2%</b> | <b>-30.6%</b> | <b>-24.9%</b> | <b>-31.3%</b>         |
| Distribution per share                         | CHF                   |               | 5.50          | 3.00          | 1.50          |                       |
| Distribution yield                             |                       |               | 5.1%          | 4.0%          | 2.9%          |                       |
| Shares issued                                  | Registered shares (m) | 7.7           | 8.0           | 8.9           | 9.2           | 9.8                   |
| Shares outstanding                             | Registered shares (m) | 7.6           | 7.6           | 8.5           | 8.8           | 9.0                   |

| Performance (including distributions) | 2015/2016<br>(6 months) | 2014/2015 | 2013/2014 | 2012/2013 | 2011/2012 |
|---------------------------------------|-------------------------|-----------|-----------|-----------|-----------|
| <b>HBM Healthcare Investments Ltd</b> |                         |           |           |           |           |
| Net asset value (NAV)                 | -9.9%                   | 32.0%     | 61.3%     | 13.2%     | -1.9%     |
| Registered share HBMN                 | -9.7%                   | 47.0%     | 50.0%     | 23.7%     | -7.0%     |

**Net asset value (NAV) and share price of HBM Healthcare Investments versus MSCI World Health Care Index**  
in CHF, indexed (12.7.2001 = 100)



# Management Report

## Dear Shareholders

The second quarter of the current financial year from the beginning of July to the end of September was subject to considerable market volatility. In addition to the uncertainty triggered by a slow-down in the Chinese economy and the prospect of an interest rate increase by the US Federal Reserve, a debate about prices for medication in the USA resulted in a correction in the healthcare sector, where share prices have risen sharply in recent months.

In this climate, net asset value (NAV) of HBM Healthcare Investments' stock declined by 6.1 percent in the second quarter, to CHF 121.12 as at 30 September 2015. The share price closed the period at CHF 92.00 (–8.9 percent, factoring in the cash dividend).

## First-half result

The result for the first half of the financial year was a loss of CHF 107.2 million. The lion's share of this originates from the portfolio of **public companies**, whose valuations underwent hefty corrections in some instances. This resulted in net losses of CHF 106 million in this asset class. We saw some of the earlier book profits reversed on our holdings in Pacira Pharmaceuticals (CHF –51 million/share price –54 percent), Esperion Therapeutics (CHF –39 million/–75 percent), PTC Therapeutics (CHF –26 million / –56 percent) and Paratek Pharmaceuticals (CHF –20 million/ –39 percent) in particular. However, when operating performance is factored in the prospects for all holdings remain good, and their future value-creation potential intact.

Positive performance contributions came from Skyepharma (CHF +22 million/ +14 percent), the largest holding in the portfolio, and Receptos (CHF +18 million/ +41 percent), which was acquired by Celgene in July.

The portfolio of **private companies** and **funds** had a stabilising effect, with a net profit contribution of CHF 21 million in the first half. In addition to the Nabriva IPO (CHF +0.7 million) and Tripex's (former Mpex) sale of the rights to the inhalable antibiotic Quinsair™ (CHF +5.3 million), pleasing progress on the commercialisation of the two products from Ellipse Technologies increased the value of this holding by CHF 10.6 million.

Advanced Accelerator Applications (AAA), the largest holding in the portfolio of private companies, is experiencing an impressive development. Having completed an EUR 23 million financing round with high-profile US investors in June – which boosted the value of our holding by CHF 7.4 million – at the end of September, AAA presented very convincing phase-III data for its Lutathera® compound at the European Cancer Congress in Vienna. Lutathera® is used to treat patients with advanced neuro-endocrine

tumours of the midgut. The study met its primary endpoint by demonstrating a statistically significant and clinically meaningful prolongation of progression-free survival of patients treated with Lutathera® compared to standard therapy Sandostatin® LAR®.

### **New investments**

A new investment of USD 7 million was made in the private company AnaptysBio during the second quarter. AnaptysBio has a pioneering technology platform for the development of antibodies in the inflammatory disease and immuno-oncology fields. In addition, a capital commitment of USD 20 million was made to WuXi Healthcare Ventures II, in order to increase our allocation in the growing healthcare market in China. This allows us to access this emerging market with a local partner.

### **Outlook**

The volatility in the healthcare sector carried through into the beginning of the current quarter. We expect the situation to calm down in the foreseeable future, and the valuations of our listed holdings to recover. Effective 30 September we closed out the market hedge that we had entered into at the beginning of the year. With cash and cash equivalents of over CHF 108 million, HBM Healthcare Investments is able to make use of attractive buy opportunities at any time.

A number of companies in the portfolio of private companies are performing very well, which would permit their sale or IPO. In October, the two companies Advanced Accelerator Applications and Ellipse Technologies submitted their applications for listing in the USA. We believe that these companies offer significant value growth potential, which in time will be reflected in the net asset value of the HBM share.

All in all, the portfolio continues to display a promising structure with a good risk diversification. Despite the more demanding market environment, it should generate substantial added value.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

# Consolidated Interim Financial Statements

## Consolidated balance sheet

|   | Notes | 30.9.2015        | 31.3.2015        |
|---|-------|------------------|------------------|
| <b>Assets (CHF 000)</b>                           |       |                  |                  |
| Current assets                                    |       |                  |                  |
| Cash and cash equivalents                         |       | 108,034          | 140,381          |
| Receivables                                       |       | 388              | 186              |
| <b>Total current assets</b>                       |       | <b>108,422</b>   | <b>140,567</b>   |
| Non-current assets                                |       |                  |                  |
| Financial instruments                             | (3)   | 10,005           | 15,840           |
| Investments                                       | (4)   | 894,818          | 1,021,529        |
| Other financial assets                            | (5)   | 20,393           | 13,244           |
| <b>Total non-current assets</b>                   |       | <b>925,216</b>   | <b>1,050,613</b> |
| <b>Total assets</b>                               |       | <b>1,033,638</b> | <b>1,191,180</b> |
| <b>Liabilities (CHF 000)</b>                      |       |                  |                  |
| Short-term liabilities                            |       |                  |                  |
| Financial instruments                             | (3)   | 8,023            | 63,470           |
| Provisions  | (9)   | 0                | 50,414           |
| Other short-term liabilities                      |       | 1,295            | 3,107            |
| <b>Total short-term liabilities</b>               |       | <b>9,318</b>     | <b>116,991</b>   |
| Long-term liabilities                             |       |                  |                  |
| Long-term financial liabilities                   | (6)   | 98,826           | 0                |
| <b>Total long-term liabilities</b>                |       | <b>98,826</b>    | <b>0</b>         |
| Shareholders' equity                              |       |                  |                  |
| Share capital                                     | (7)   | 450,450          | 468,029          |
| Treasury shares                                   | (7)   | -5,755           | -33,744          |
| Capital reserve                                   | (7)   | 293,631          | 345,570          |
| Accumulated income/loss                           |       | 187,168          | 294,334          |
| <b>Total shareholders' equity</b>                 |       | <b>925,494</b>   | <b>1,074,189</b> |
| <b>Total liabilities and shareholders' equity</b> |       | <b>1,033,638</b> | <b>1,191,180</b> |
| Number of outstanding shares (in 000)             |       | 7,641            | 7,640            |
| Net asset value (NAV) per share (CHF)             |       | 121.12           | 140.60           |

# Consolidated Interim Financial Statements

## Consolidated statement of comprehensive income for the period 1 April to 30 September

| (CHF 000)  | Notes | Quarter<br>ended 30.9.2015 | Quarter<br>ended 30.9.2014 | 6-month period<br>ended 30.9.2015 | 6-month period<br>ended 30.9.2014 |
|--|-------|----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Gains on investments                                 | (4)   | 87,799                     | 124,327                    | 217,105                           | 188,240                           |
| Losses on investments                                | (4)   | -148,884                   | -40,725                    | -308,810                          | -43,200                           |
| Dividend income                                      |       | 8                          | 25                         | 14                                | 33                                |
| Result from currency hedging transactions            | (3)   | -6,824                     | 0                          | -12,779                           | 0                                 |
| Result from market hedging transactions              | (3)   | 3,344                      | 0                          | 1,232                             | 0                                 |
| Gains from other financial instruments               |       | 1,137                      | 4,172                      | 893                               | 4,266                             |
| Gains on other financial assets                      |       | 6,585                      | 3,163                      | 7,177                             | 3,573                             |
| Losses on other financial assets                     |       | -117                       | -7,135                     | -2,921                            | -7,541                            |
| <b>Result from investment activities</b>             |       | <b>-56,952</b>             | <b>83,827</b>              | <b>-98,089</b>                    | <b>145,371</b>                    |
| Management fee                                       | (9)   | -3,399                     | -2,952                     | -7,007                            | -5,913                            |
| Performance fee                                      | (9)   | 0                          | -11,959                    | 0                                 | -21,326                           |
| Personnel expenses                                   |       | -381                       | -459                       | -784                              | -858                              |
| Other operating expenses                             |       | -220                       | -499                       | -568                              | -986                              |
| <b>Result before interest and taxes</b>              |       | <b>-60,952</b>             | <b>67,958</b>              | <b>-106,448</b>                   | <b>116,288</b>                    |
| Financial expenses                                   | (9)   | -670                       | -23                        | -719                              | -116                              |
| Financial income                                     |       | 0                          | 0                          | 1                                 | 1                                 |
| Income taxes   |       | 0                          | 0                          | 0                                 | 0                                 |
| <b>Net result for the period</b>                     |       | <b>-61,622</b>             | <b>67,935</b>              | <b>-107,166</b>                   | <b>116,173</b>                    |
| <b>Comprehensive result</b>                          |       | <b>-61,622</b>             | <b>67,935</b>              | <b>-107,166</b>                   | <b>116,173</b>                    |
| Number of outstanding shares, time-weighted (in 000) |       | 7,662                      | 7,861                      | 7,645                             | 8,109                             |
| Basic earnings per share (CHF)                       |       | -8.04                      | 8.64                       | -14.02                            | 14.33                             |

As the Company does not have options or similar instruments outstanding, diluted earnings per share are identical to basic earnings per share.

# Consolidated Interim Financial Statements

## Consolidated statement of cash flows for the period 1 April to 30 September

| (CHF 000)  | 6-month period<br>ended 30.9.2015 | 6-month period<br>ended 30.9.2014 |
|--|-----------------------------------|-----------------------------------|
| Management fee paid  | -7,007                            | -6,162                            |
| Performance fee for previous year paid                         | -50,414                           | 0                                 |
| Other expenses paid (personnel and other operating expenses)   | -1,971                            | -1,974                            |
| <b>Net cash flow from operating activities</b>                 | <b>-59,392</b>                    | <b>-8,136</b>                     |
| Interest payments received                                     | 1                                 | 1                                 |
| Dividend payments received                                     | 14                                | 33                                |
| Purchase of investments  | -174,684                          | -157,216                          |
| Sale of investments  | 209,259                           | 291,446                           |
| Payments received from escrow amounts and milestones           | 0                                 | 4,256                             |
| Net cash flow from financial instruments to hedge market risks | -62,238                           | 0                                 |
| Net cash flow from other financial instruments                 | 1,972                             | -12,304                           |
| <b>Net cash flow from investing activities</b>                 | <b>-25,676</b>                    | <b>126,216</b>                    |
| Interest payments paid   | -182                              | -116                              |
| Cash distribution from capital reserve                         | -42,273                           | -23,588                           |
| Issuance of financial liabilities                              | 98,790                            | 0                                 |
| Purchase of treasury shares                                    | -17,973                           | -62,484                           |
| Sale of treasury shares  | 16,823                            | 3,115                             |
| Sale of put-options from share buy-back programme              | 0                                 | 148                               |
| <b>Net cash flow from financing activities</b>                 | <b>55,185</b>                     | <b>-82,925</b>                    |
| <b>Currency translation differences</b>                        | <b>-2,464</b>                     | <b>2,914</b>                      |
| <b>Net change in cash and cash equivalents</b>                 | <b>-32,347</b>                    | <b>38,069</b>                     |
| Cash and cash equivalents at beginning of period               | 140,381                           | 46,490                            |
| Cash and cash equivalents at end of period                     | 108,034                           | 84,559                            |



# Consolidated Interim Financial Statements

## Consolidated statement of changes in equity

| (CHF 000)                                     | Share capital  | Treasury shares | Capital reserve | Accumulated income/loss | Total shareholders' equity |
|---|----------------|-----------------|-----------------|-------------------------|----------------------------|
| <b>Balance as at 31 March 2014</b>            | <b>520,650</b> | <b>-27,934</b>  | <b>390,797</b>  | <b>36,823</b>           | <b>920,336</b>             |
| Comprehensive result                          |                |                 |                 | 116,173                 | 116,173                    |
| Purchase of treasury shares                   |                | -61,908         |                 |                         | -61,908                    |
| Sale of treasury shares                       |                | 2,303           | 960             |                         | 3,263                      |
| Distribution from capital reserve (27.6.2014) |                |                 | -23,588         |                         | -23,588                    |
| Capital reduction (26.8.2014)                 | -52,621        | 78,986          | -26,365         |                         | 0                          |
| <b>Balance as at 30 September 2014</b>        | <b>468,029</b> | <b>-8,553</b>   | <b>341,804</b>  | <b>152,996</b>          | <b>954,276</b>             |
| Comprehensive result                          |                |                 |                 | 141,338                 | 141,338                    |
| Purchase of treasury shares                   |                | -35,707         |                 |                         | -35,707                    |
| Sale of treasury shares                       |                | 10,516          | 3,766           |                         | 14,282                     |
| <b>Balance as at 31 March 2015</b>            | <b>468,029</b> | <b>-33,744</b>  | <b>345,570</b>  | <b>294,334</b>          | <b>1,074,189</b>           |
| Comprehensive result                          |                |                 |                 | -107,166                | -107,166                   |
| Purchase of treasury shares                   |                | -16,079         |                 |                         | -16,079                    |
| Sale of treasury shares                       |                | 13,925          | 2,898           |                         | 16,823                     |
| Distribution from capital reserve (6.7.2015)  |                |                 | -42,273         |                         | -42,273                    |
| Capital reduction (9.9.2015)                  | -17,579        | 30,143          | -12,564         |                         | 0                          |
| <b>Balance as at 30 September 2015</b>        | <b>450,450</b> | <b>-5,755</b>   | <b>293,631</b>  | <b>187,168</b>          | <b>925,494</b>             |

# Consolidated Interim Financial Statements

## Notes

### 1. Information about the Company and its business

HBM Healthcare Investments Ltd (HBM Healthcare or Company) is a SIX Swiss Exchange listed holding company domiciled in Zug, Switzerland. The purpose of the Company is the acquisition, holding and sale of positions in other companies as well as the management and financing of such positions in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

### 2. Accounting policies

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting, and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the Consolidated Financial Statements for the financial year ended 31 March 2015, as they provide an update to the latest full financial report. In preparing the interim financial statements, the same accounting policies and methods of computation have been applied as in the preparation of the annual financial statements. A summary of the new and revised IFRS/IAS standards and interpretations effective in the year under review is provided on page 60 of the Consolidated Financial

### 4. Investments

Investments developed as follows during the reporting period:

#### Development of investments (CHF 000)

|  | Private companies | Funds          | Public companies | Total investments |
|--|-------------------|----------------|------------------|-------------------|
| <b>Fair value as at 31 March 2015</b>                          | <b>127,460</b>    | <b>145,987</b> | <b>748,082</b>   | <b>1,021,529</b>  |
| Reclassification owing to IPO (Nabriva Therapeutics)           | -8,406            |                | 8,406            | 0                 |
| <b>Fair value as at 31 March 2015 (after reclassification)</b> | <b>119,054</b>    | <b>145,987</b> | <b>756,488</b>   | <b>1,021,529</b>  |
| Purchases  | 22,406            | 10,914         | 141,364          | 174,684           |
| Sales  | 0                 | -8,006         | -201,684         | -209,690          |
| Realised gains   | 0                 | 282            | 78,980           | 79,262            |
| Realised losses  | 0                 | -77            | -2,810           | -2,887            |
| Changes in unrealised gains/losses                             | 18,922            | -4,915         | -182,087         | -168,080          |
| <b>Fair value as at 30 September 2015</b>                      | <b>160,382</b>    | <b>144,185</b> | <b>590,251</b>   | <b>894,818</b>    |

Further details on investments can be found on pages 11 and 12.

Statements of the 2014/2015 Annual Report.

The use of these standards and interpretations had no significant impact on the financial condition and the earnings situation of the Company, and on its accounting policies. The following exchange rates were used in the preparation of the financial statements:

| (CHF) | 30.9.2015 | 31.3.2015 |
|-------|-----------|-----------|
| DKK   | 0.1458    | 0.1397    |
| EUR   | 1.0879    | 1.0438    |
| GBP   | 1.4724    | 1.4413    |
| SEK   | 0.1163    | 0.1127    |
| USD   | 0.9733    | 0.9727    |

### 3. Financial instruments

The Company has hedged a large part of the foreign currency risk of the balance sheet items which are denominated in British pound. On 6 May 2015, the Company sold forward GBP 85 million, with value date 15 December 2015, at a price of GBP/CHF 1.39. The position remains hedged until further notice. As at the balance sheet date, 30 September 2015, the net value of this hedging position amounts to CHF 3.1 million. The hedging of the Euro currency risk and of the general market risk (through short selling of units of the ETF iShares NASDAQ Biotechnology Index) has been closed out in the reporting period.

## 5. Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recorded at fair value through profit and loss in the interim financial statements by applying a probability-weighted valuation approach based

on the assessment of the likelihood of occurrence of certain future events. These claims are discounted over time with a discount rate of 11 percent (previous year: discount rate of 11 percent). The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates. The following summary shows the value carried in the balance sheet compared with the potential cash flows:

| (CHF million)                      | Book value<br>as at 30.9.2015 | Range of possible<br>cash flows, minimum | Range of possible<br>cash flows, maximum | Expected period<br>of payment |
|------------------------------------|-------------------------------|--|--|-------------------------------|
| ESBATech                           | 4.0                           | 0.0                                      | 45.7                                     | 2016–2020                     |
| Tripex (former Mpex) <sup>1)</sup> | 7.3                           | 6.6                                      | > 51.3                                   | from 2015 onwards             |
| mtm laboratories                   | 12.1                          | 0.8                                      | 25.0                                     | 2016–2017                     |
| Other companies                    | 2.1                           | 0.1                                      | 28.3                                     | 2015–2020                     |
| <b>Total</b>                       | <b>25.5</b>                   | <b>7.5</b>                               | <b>&gt; 150.3</b>                        |                               |

1) Possible royalties are not factored in. Therefore, possible cash flow might be higher.

Of the total book value as at 30 September 2015, CHF 20.4 million is carried under other financial assets (claims from investments held by HBM Healthcare directly). A further CHF 5.1 million is reported under investments, other private companies (claims from investments held indirectly via HBM BioCapital I). If the companies concerned are successful, these contractual claims could result in future payments which are many times the reported book value.

## 6. Long-term financial liabilities

The following long-term financial liabilities were outstanding as at the balance sheet date:

> Issuer: HBM Healthcare Investments Ltd.

Two straight bond tranches of CHF 50 million par value each, with coupon of 2.0 and 2.5 percent and due for payment on 10 July 2021 and 10 July 2023 respectively, redemption at 100 percent of par value.

The straight bonds are carried at their amortised cost value, subject to the effective interest method. The difference between the net proceeds (after the deduction of transaction costs) and the amount repayable when the bonds fall due for redemption is amortised over the term of the bonds and charged to financial expenses along with the interest that has been paid. The effective interest rates applied are 2.22 and 2.67 percent respectively.

## 7. Shareholders' equity

### 7.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital amounts to CHF 450.5 million (previous year: CHF 468.0 million), divided into 7,700,000 registered shares (previous year: 8,000,503 shares) at a par value of CHF 58.50 each (previous year: CHF 58.50). The Shareholders' Meeting of 26 June 2015 decided to cancel 300,503 of the Company's own shares. This capital reduction was entered in the Commercial Register of the Canton Zug on 9 September 2015. In addition to this capital reduction, the Shareholders' Meeting approved a withholding tax-exempt distribution to shareholders of CHF 5.50 per registered share drawn from the reserves from capital brought in. The payment was made on 6 July 2015.

### 7.2 Treasury shares

The Shareholders' Meeting of 20 June 2014 authorised the Board of Directors to repurchase up to a maximum of 800,000 of the Company's own shares via a second trading line. The share buy-back programme is intended for the purpose of cancellation as part of a capital reduction and will be completed no later than 19 June 2017 ("2014 share buy-back programme"). The programme started on 3 November 2014. Under this share buy-back programme a total of 300,503 of the Company's own shares have been repurchased to date and have been cancelled on 9 September 2015.

The Company holds none of its own shares (previous year: none of its own shares) as at the balance sheet date of 30 September 2015. In the 6-month period of the current financial year, a total of 55,003 of the Company's own shares were acquired at an average price of CHF 107.80 per share (previous year: 595,497 own shares at an average price of CHF 98.72 per share).

|  | 30.9.2015      | 30.9.2014      |
|--|----------------|----------------|
| (Number of own shares)   |                |                |
| <b>Own shares (second trading line) at the beginning of the financial year</b> | <b>245,500</b> | <b>304,000</b> |
| Purchase of shares within share buy-back programme via second trading line     | 55,003         | 30,600         |
| Purchase of shares via buy-back through the issue of put-options               | 0              | 564,897        |
| Share capital reduction by means of cancellation of own shares                 | -300,503       | -899,497       |
| <b>Own shares (second trading line) at the end of the reporting period</b>     | <b>0</b>       | <b>0</b>       |

In addition, as at the balance sheet date, the Company holds via its subsidiary HBM Healthcare Investments (Cayman) Ltd 58,598 treasury shares (previous year: 134,724 treasury shares), acquired via the regular trading line. During the 6-month period up to the end of September 2015, a total of 100,926 treasury shares were acquired via the regular trading line at an average price of CHF 100.56 per share (previous year: 38,561 shares at CHF 80.93), while 157,224 treasury shares were sold at an average price of CHF 107.00 per share (previous year: 37,502 shares at CHF 83.08). The gain of CHF 2.9 million (previous year: gain of CHF 1.0 million) from trading in treasury shares, which is reported in shareholders' equity, is based on the proceeds of shares sold, minus the pro-rata average acquisition price of all shares purchased via the regular trading line.

## 8. Off-balance-sheet commitments

### Investment commitments

HBM Healthcare has the following investment commitments as at 30 September 2015:

|                                     | 30.9.2015     | 30.9.2014     |
|-------------------------------------|---------------|---------------|
| (CHF 000)                           |               |               |
| HBM BioCapital I                    | 340           | 327           |
| HBM BioCapital II                   | 16,584        | 19,090        |
| Private companies                   | 8,526         | 29,786        |
| Funds                               | 36,732        | 21,212        |
| <b>Total investment commitments</b> | <b>62,182</b> | <b>70,415</b> |

## 9. Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the 6-month period up to the end of September 2015, HBM Partners was paid CHF 7.0 million (previous year: CHF 5.9 million).

No provision for a performance fee (previous year: CHF 21.3 million) has been made during the reporting period because net assets as at the balance sheet date of 30 September 2015 have not exceeded the highest net assets (high water mark) used as

the calculation basis for the last performance fee payment. The high water mark for all outstanding shares is CHF 141.70. The cut-off date for the payment of any performance fee is 31 March of a financial year.

## 10. Transactions with related parties

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as General Partner. For details on the investment commitment, paid-in capital and valuation of this investment, please refer to the overview of funds on page 12.

## Investments

|   | Domicile    | Investment currency (IC) | Amount disbursed as at 31.3.2015 (IC m) | Changes in the reporting period (IC m) | Amount disbursed as at 30.9.2015 (IC m) | Fair value as at 30.9.2015 (IC m) | Ownership as % of portfolio company | Fair value as at 30.9.2015 (CHF 000) | Fair value as at 31.3.2015 (CHF 000) |
|---|-------------|--------------------------|---|--|---|-----------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| <b>Private companies</b>                |             |                          |   |  |   |                                   |                                     |                                      |                                      |
| Advanced Accelerator Applications (AAA) | France      | EUR                      | 25.0                                    | 8.3                                    | 33.3                                    | 38.8                              | 9.4                                 | 42,233                               | 26,095                               |
| Ellipse Technologies <sup>1)</sup>      | USA         | USD                      | 8.6                                     | 4.9                                    | 13.5                                    | 33.7                              | 24.9                                | 32,796                               | 17,642                               |
| Tensys Medical <sup>2)</sup>            | USA         | USD                      | 15.7                                    | 1.0                                    | 16.7                                    | 16.7                              | 99.6                                | 16,205                               | 15,223                               |
| Cathay Industrial Biotech               | China       | USD                      | 28.0                                    |  | 28.0                                    | 14.0                              | 12.6                                | 13,626                               | 13,618                               |
| Westmed Holding                         | USA         | USD                      | 7.0                                     |  | 7.0                                     | 9.0                               | 21.4                                | 8,715                                | 6,666                                |
| Medimpulse Holding                      | Switzerland | USD                      | 4.4                                     |  | 4.4                                     | 8.3                               | 20.7                                | 8,073                                | 8,068                                |
| AnaptysBio                              | USA         | USD                      | 0.0                                     | 7.0                                    | 7.0                                     | 7.0                               | 5.7                                 | 6,813                                | 0                                    |
| Interventional Spine                    | USA         | USD                      | 18.0                                    |  | 18.0                                    | 5.9                               | 31.3                                | 5,730                                | 5,726                                |
| Kolltan <sup>3)</sup>                   | USA         | USD                      | 4.6                                     |  | 4.6                                     | 5.0                               | 2.9                                 | 4,859                                | 4,856                                |
| Vascular Dynamics                       | USA         | USD                      | 4.0                                     |  | 4.0                                     | 4.0                               | 9.7                                 | 3,893                                | 3,891                                |
| MiCardia <sup>3)</sup>                  | USA         | USD                      | 5.4                                     |  | 5.4                                     | 2.9                               | 18.4                                | 2,862                                | 5,720                                |
| Other investments                       |             |                          |   |  |   |                                   |                                     | 14,577                               | 11,549                               |
| <b>Total private companies</b>          |             |                          |   |  |   |                                   |                                     | <b>160,382</b>                       | <b>119,054</b>                       |

1) HBM Healthcare Investments holds an additional approx. 6.0% stake in the company indirectly via the MedFocus Fund since August 2005.

2) A lender of Tensys Medical Inc. has a conversion right for 30% of the total outstanding shares of Tensys Medical Inc. following conversion.

3) As explained in note 5 to the annual financial statements, this investment was made partly or wholly through HBM BioCapital I whose pro rata fees are reimbursed in full to HBM Healthcare Investments so that fees are not levied twice.

| Funds                            | Domicile       | Investment currency (IC) | Total commitment (IC m) | Payments in the reporting period (IC m) | Repayments in the reporting period (IC m) | Cumulative payments as at 30.9.2015 (IC m) | Cumulative repayments as at 30.9.2015 (IC m) | Fair value as at 30.9.2015 (IC m) | Fair value as at 30.9.2015 (CHF 000) | Fair value as at 31.3.2015 (CHF 000) |
|----------------------------------|----------------|--------------------------|-------------------------|---|---|--|--|-----------------------------------|--------------------------------------|--------------------------------------|
| Nordic Biotech                   | Denmark        | DKK                      | 31.0                    |   |   | 31.0                                       | 11.8   | 238.5                             | 34,770                               | 44,296                               |
| HBM BioCapital II <sup>1)</sup>  | Jersey         | EUR                      | 42.0                    | 3.0                                     |   | 26.8                                       | 0.0  | 22.9                              | 24,928                               | 22,303                               |
| MedFocus Fund II                 | USA            | USD                      | 16.0                    |   |   | 16.0                                       | 0.0  | 20.7                              | 20,186                               | 18,282                               |
| BioMedInvest I                   | Switzerland    | CHF                      | 26.0                    |   | 7.4                                       | 26.0                                       | 21.5   | 13.2                              | 13,156                               | 18,980                               |
| Galen Partners V                 | USA            | USD                      | 10.0                    |   |   | 9.6  | 0.0  | 12.2                              | 11,895                               | 11,280                               |
| Hatteras Venture Partners III    | USA            | USD                      | 10.0                    | 0.4                                     |   | 9.5  | 2.0  | 9.4                               | 9,191                                | 9,025                                |
| BioMedInvest II                  | Switzerland    | CHF                      | 10.0                    |   |   | 8.0  | 0.8  | 7.7                               | 7,710                                | 7,740                                |
| Water Street Healthcare Partners | USA            | USD                      | 15.0                    |   | 0.2                                       | 14.8                                       | 16.4   | 6.1                               | 5,931                                | 5,391                                |
| WuXi Healthcare Ventures II      | Cayman Islands | USD                      | 20.0                    | 4.4                                     |   | 4.4  | 0.0  | 4.4                               | 4,283                                | 0                                    |
| HBM Genomics                     | Cayman Islands | USD                      | 15.0                    | 1.9                                     |   | 3.2  | 0.0  | 2.9                               | 2,837                                | 1,128                                |
| Other funds                      |                |                          |                         |   |   |  |  |                                   | 9,298                                | 7,562                                |
| <b>Total funds</b>               |                |                          |                         |   |   |  |  |                                   | <b>144,185</b>                       | <b>145,987</b>                       |

| Public companies                   | Domicile                  | Investment currency (IC) | Number of shares as at 31.3.2015 | Changes in number of shares in the last 6 months | Changes in number of shares in the last 3 months | Number of shares as at 30.9.2015 | Ownership as % of portfolio company | Fair value as at 30.9.2015 (CHF 000) | Fair value as at 31.3.2015 (CHF 000) |
|------------------------------------|---------------------------|--------------------------|----------------------------------|--|--|----------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Skyepharma                         | UK                        | GBP                      | 29,641,522                       | 206,575  | -1,590   | 29,848,097                       | 28.5                                | 154,259                              | 131,589                              |
| Basilea Pharmaceutica              | <sup>P)</sup> Switzerland | CHF                      | 1,030,246                        | -284,220   | -81,470  | 746,026                          | 6.9                                 | 69,903                               | 114,048                              |
| Pacira Pharmaceuticals             | <sup>P)</sup> USA         | USD                      | 1,100,000                        | 0  | 0  | 1,100,000                        | 3.0                                 | 44,003                               | 95,067                               |
| Ophthotech                         | <sup>P)</sup> USA         | USD                      | 1,050,000                        | -270,000   | -231,857   | 780,000                          | 2.3                                 | 30,762                               | 47,523                               |
| Paratek Pharmaceuticals            | <sup>P)</sup> USA         | USD                      | 1,768,260                        | -124,518   | -77,009  | 1,643,742                        | 9.4                                 | 30,397                               | 53,767                               |
| Incyte                             | USA                       | USD                      | 111,500                          | 144,250  | 150,350  | 255,750                          | 0.1                                 | 27,464                               | 9,941                                |
| Nabryva Therapeutics <sup>2)</sup> | <sup>P)</sup> USA         | USD                      | 1,005,700                        | 1,963,280  | 1,210,000  | 2,968,980                        | 15.0                                | 27,452                               | 8,406                                |
| ZS Pharma                          | USA                       | USD                      | 50,800                           | 363,667  | 259,467  | 414,467                          | 1.7                                 | 26,487                               | 2,079                                |
| Genmab                             | Denmark                   | DKK                      | 309,000                          | -20,000  | 0  | 289,000                          | 0.5                                 | 25,766                               | 22,578                               |
| PTC Therapeutics                   | <sup>P)</sup> USA         | USD                      | 965,500                          | -125,558   | 82,342   | 839,942                          | 2.5                                 | 21,828                               | 57,147                               |
| Esperion Therapeutics              | USA                       | USD                      | 561,188                          | 193,812  | 198,812  | 755,000                          | 3.4                                 | 17,335                               | 50,547                               |
| Chimerix                           | USA                       | USD                      | 231,000                          | 73,000   | 61,400   | 304,000                          | 0.5                                 | 11,303                               | 8,469                                |
| Probiobdrug                        | <sup>P)</sup> Germany     | EUR                      | 717,156                          | -222,331   | -131,720   | 494,825                          | 7.3                                 | 10,766                               | 14,260                               |
| Cellectis                          | France                    | EUR                      | 357,500                          | -20,562  | -13,062  | 336,938                          | 1.0                                 | 8,768                                | 12,135                               |
| Neurocrine Biosciences             | USA                       | USD                      | 159,000                          | 46,400   | 40,000   | 205,400                          | 0.2                                 | 7,955                                | 6,142                                |
| Oxford Immunotec                   | UK                        | USD                      | 510,500                          | 45,000   | 45,000   | 555,500                          | 2.5                                 | 7,299                                | 6,992                                |
| Coherus Biosciences                | USA                       | USD                      | 200,000                          | 150,000  | 0  | 350,000                          | 0.9                                 | 6,827                                | 5,949                                |
| Antares Pharma                     | USA                       | USD                      | 0                                | 3,740,732  | 3,740,732  | 3,740,732                        | 2.4                                 | 6,189                                | 0                                    |
| Anacor Pharmaceuticals             | USA                       | USD                      | 5,000                            | 48,000   | 50,000   | 53,000                           | 0.1                                 | 6,072                                | 281                                  |
| Relypsa                            | USA                       | USD                      | 157,500                          | 167,500  | 125,000  | 325,000                          | 0.8                                 | 5,855                                | 5,526                                |
| Eagle Pharmaceuticals              | USA                       | USD                      | 0                                | 79,400   | 79,400   | 79,400                           | 0.5                                 | 5,721                                | 0                                    |
| Galapagos                          | Netherlands               | EUR                      | 10,000                           | 93,500   | 0  | 103,500                          | 0.3                                 | 4,115                                | 230                                  |
| Ultragenyx Pharmaceutical          | USA                       | USD                      | 5,000                            | 37,263   | 39,263   | 42,263                           | 0.1                                 | 3,962                                | 302                                  |
| Mirati Therapeutics                | USA                       | USD                      | 0                                | 115,842  | 115,842  | 115,842                          | 0.6                                 | 3,881                                | 0                                    |
| K2M Group Holdings                 | USA                       | USD                      | 200,000                          | 0  | 0  | 200,000                          | 0.5                                 | 3,621                                | 4,290                                |
| Receptos <sup>3)</sup>             | USA                       | USD                      | 254,000                          | -254,000   | -251,600   | 0                                | 0.0                                 | 0                                    | 40,739                               |
| Other investments                  |                           |                          |                                  |  |  |                                  |                                     | 22,261                               | 58,481                               |
| <b>Total public companies</b>      |                           |                          |                                  |  |  |                                  |                                     | <b>590,251</b>                       | <b>756,488</b>                       |
| <b>Total investments</b>           |                           |                          |                                  |  |  |                                  |                                     | <b>894,818</b>                       | <b>1,021,529</b>                     |

1) The fair value of EUR 22.9 million takes into account the funds' cumulative management fees of EUR 3.0 million. As described in note 5 to the annual financial statements, this amount was reimbursed in full to HBM Healthcare Investments so that fees are not levied twice.

2) In September 2015, the company went public on the NASDAQ exchange. In previous reports, the position had been listed under private companies.

3) The company was acquired by Celgene during the reporting period.  
P) The position originates from the private companies portfolio.

## Significant shareholders

Based on the notifications received by the Company, the following shareholders report equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 30 September 2015:

| Shareholding | Shareholder                        | Latest notification |
|--------------|------------------------------------|---------------------|
| 10–15%       | Alpine Select Ltd, Zug             | 14.1.2014           |
| 5–10%        | Astellas Pharma Inc., Tokyo        | 25.1.2014           |
|              | Nogra SA, Luxembourg               | 4.7.2015            |
| 3– 5%        | Red Rocks Capital LLC, Golden, USA | 5.6.2014            |

## Information on shares

|                           |                       |
|---------------------------|-----------------------|
| SIX Swiss Exchange Ticker | HBMN                  |
| Bloomberg                 | HBMN SW Equity        |
| Swiss security number     | 1.262.725             |
| German security number    | 984345                |
| ISIN                      | CH 0012627250         |
| CUSIP                     | H 3553X112            |
| Telekurs                  | 126,126272            |
| Internet                  | www.hbmhealthcare.com |

## Board of Directors

Hans Peter Hasler, Chairman<sup>1)</sup>  
 Prof. Dr Dr h.c. mult. Heinz Riesenhuber<sup>2)</sup>,  
 Vice Chairman  
 Mario G. Giuliani<sup>1)</sup>  
 Dr Eduard E. Holdener  
 Robert A. Ingram<sup>1)3)</sup>  
 Dr Rudolf Lanz<sup>2)3)</sup>  
 Dr Benedikt Suter, Secretary of the Board of Directors

- 1) Member of the Compensation Committee
- 2) Member of the Audit Committee
- 3) Member of the Nominating Committee

## Management

Dr Andreas Wicki, Chief Executive Officer  
 Erwin Troxler, Chief Financial Officer

## Fees

Management fees (paid quarterly):  
 0.75% of the Company's assets plus  
 0.75% of the Company's market capitalisation  
 Performance fee (paid annually):  
 15% on increase in value above the high water mark  
 High water mark (per share for all outstanding shares):  
 NAV of CHF 141.70

## Credits

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