

Annual Report

2016

2017

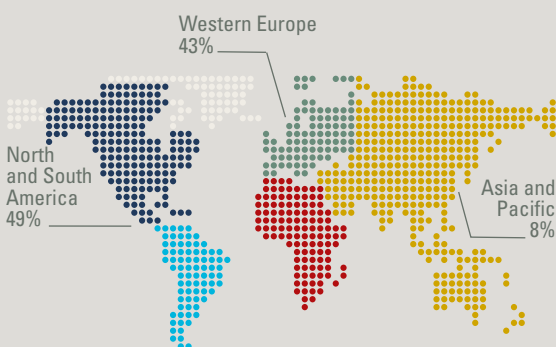
HBM Healthcare
Investments

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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 promising companies.

Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided on 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).

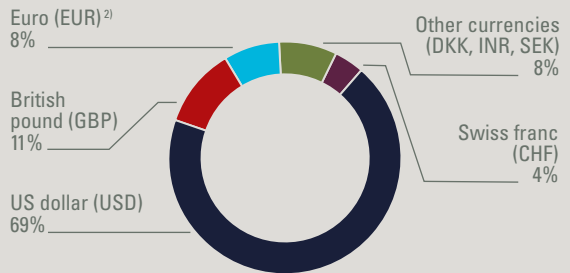
Investments by continents⁴⁾



1) Total assets as at 31.3.2017: CHF 1,222 million.
2) EUR-CHF currency risk is hedged.

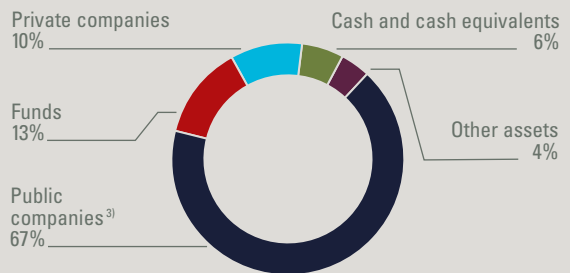
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



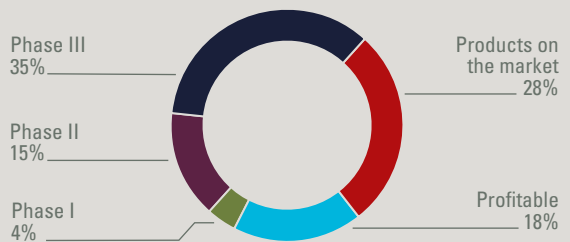
Allocation of assets¹⁾

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



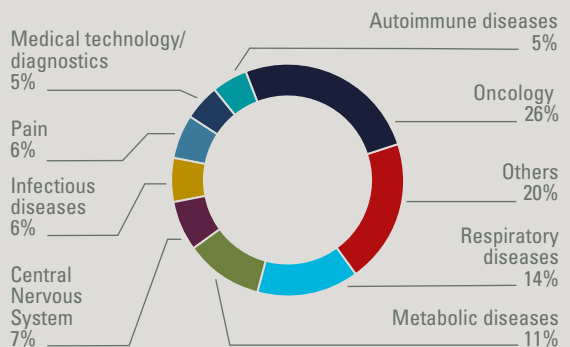
Development phase of portfolio companies⁴⁾

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 companies⁴⁾

Broadly diversified areas of activity.



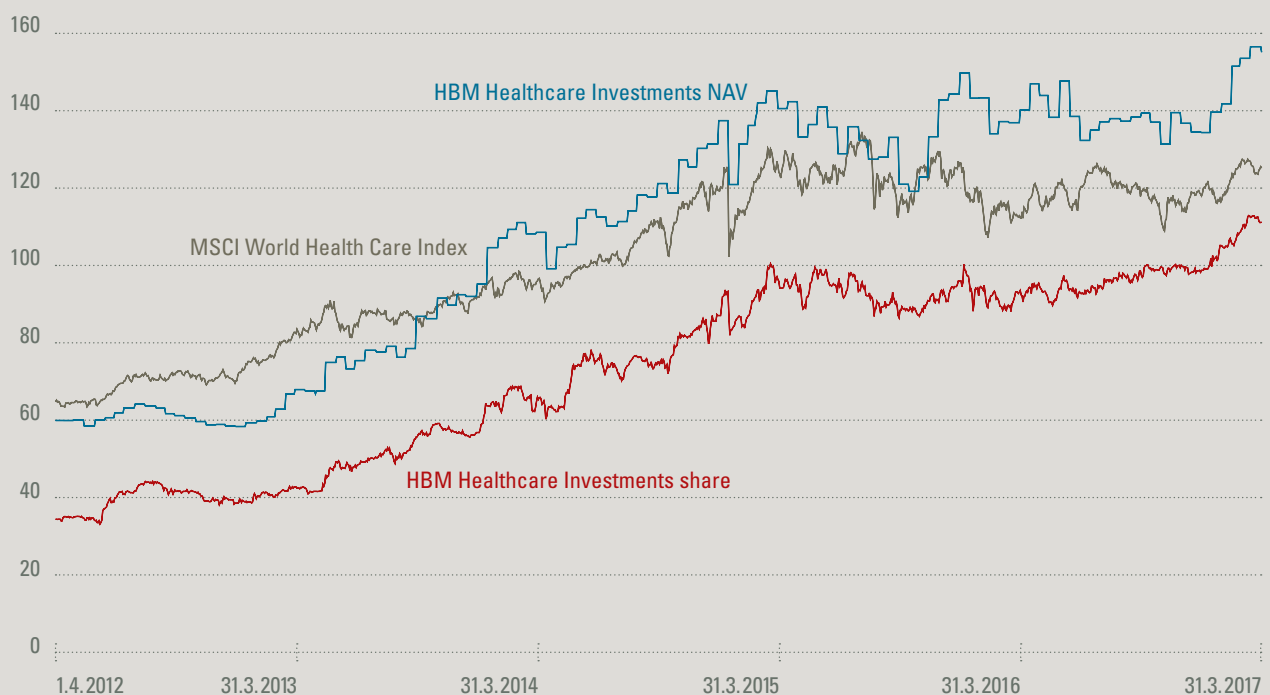
3) Thereof CHF 133 million or 16% are hedged.
4) Total investments as at 31.3.2017: CHF 1,088 million.

Key Figures		31.3.2017	restated 31.3.2016	restated 31.3.2015	31.3.2014	31.3.2013
Net assets	CHF million	1,095.8	1,034.8	1,086.6	920.3	601.0
Investments in private companies and funds		274.3	299.5	273.4	218.8	233.4
Investments in public companies		813.6	677.0	748.1	630.5	278.9
Cash and cash equivalents		210.0	104.8	140.4	46.5	51.7
Net result for the year	CHF million	136.8	23.8	257.5	353.5	67.0
Basic earnings per share	CHF	18.96	3.11	32.47	40.98	7.52
Net asset value (NAV) per share	CHF	155.09	139.41	140.12	108.76	68.35
Share price	CHF	111.40	99.45	108.00	75.50	51.35
Discount	%	-28.2	-28.7	-22.9	-30.6	-24.9
Distribution per share	CHF	5.80 ¹⁾	5.50	5.50	3.00	1.50
Distribution yield	%	5.2	5.1	5.1	4.0	2.9
Shares issued	Registered shares (m)	7.3	7.7	8.0	8.9	9.2
Shares outstanding	Registered shares (m)	7.1	7.4	7.8	8.5	8.8

1) A cash dividend from reserve from capital brought in (per share eligible for dividend) is being proposed to the Ordinary Shareholders' Meeting.

Performance (including distributions)		2016/2017	restated 2015/2016	restated 2014/2015	2013/2014	2012/2013
Net asset value (NAV)	%	15.2	3.4	31.6	61.3	13.2
Registered share HBMN	%	17.5	-2.8	47.0	50.0	23.7

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



CHF 137 million
Profit for the 2016/2017 financial year

CHF 144 million
Value contribution of public portfolio companies

17.5 percent
Value increase of HBMN share incl. cash distribution

CHF 5.80 per share
Cash distribution to shareholders – increase of 30 centimes

CHF 1,096 million
Net assets as at 31.3.2017

72 hrs

A special technology means that the EXPAREL[®] painkiller remains effective for 72 hours.

Pain impairs the healing process following surgery. Pacira Pharmaceuticals – which has been part of the HBM Healthcare Investments portfolio since 2007 – used proprietary technology to successfully reformulate the tried-and-tested bupivacaine analgesic. A single dose now lasts for 72 hours. That's almost exactly as long – 3 days – as it would take to travel the 1,000 km or so of the legendary Highway 1 from San Francisco to Los Angeles at a leisurely pace. One of the many landmarks on the route is the Bixby Bridge (pictured). HBM Healthcare Investments selects, finances and supports companies like Pacira, whose activities make a significant contribution to medical progress. In doing so, HBM Healthcare Investments helps to improve quality of life around the world.



Letter from the Chairman of the Board of Directors and the Management



HBM Healthcare Investments generated a profit of CHF 136.8 million for the 2016/2017 financial year, and increased net asset value per share by 15.2 percent. Taking the cash dividend into account, the HBMN share generated a return of 17.5 percent.

Public companies account for around two-thirds of the carefully diversified portfolio. The allocation of private companies has been strengthened by new and follow-on investments.

The Company will continue to make shareholder-friendly distributions and share buy-backs: the Board of Directors is proposing an increase in the cash dividend of 30 centimes, to CHF 5.80 per share.

A change to the International Financial Reporting Standards (IFRS) has necessitated an adjustment to the Company's financial reporting. Comprehensive disclosures and reconciliation accounts create transparency in this regard.

Dear Shareholders

We are delighted to report on a very successful financial year. At CHF 136.8 million, profit for the financial year was in the treble-digit millions. At the same time, net asset value (NAV) per share rose by 15.2 percent to CHF 155.09 – an increase which exceeded our expectations, even in the current positive investment climate. Factoring in the cash dividend of CHF 5.50 per share, the share price reflects a return of 17.5 percent.

Positive market growth

During the year under review, the healthcare sector in the USA was dominated by the presidential elections, discussions about drug prices, and "Obamacare". The UK's "Brexit" vote then made for further unrest on the equity markets in mid-June. The healthcare sector nonetheless proved robust, with share valuations recovering during the financial year from their early 2016 lows.



"Our strategy and portfolio composition proved themselves once again during the year under review."

Hans Peter Hasler
Chairman of the Board of Directors

In fundamental terms, prospects for the sector remain bright going forward, and the likelihood that performance will stay positive remains intact. In view of demographic trends, economic growth and the rich pipelines of innovative drugs that will soon be ready for approval, turnover at pharmaceutical and biotechnology companies worldwide is projected to rise by between four and nine percent annually over the next five years.

We also expect that M&A activity will remain lively, thus sustaining the high takeover premiums that we have seen paid in the healthcare sector. Major pharmaceutical and biotechnology companies have the levels of cash they need for strategic acquisitions to offset some of the sales they will lose as patents expire. At USD 148 billion, global M&A transaction volumes for 2016 were down on the 2015 record, but were still able to match the high level of 2014.

Furthermore, the valuations of public companies in the healthcare sector remain well below their long-term average, which offers further upside potential.

In addition to the present lack of clarity surrounding reforms to the US healthcare sector, we identify risk in the unpredictable momentum of (geo)political developments, including the long-term effects of unchecked expansion in central banks' balance sheets, which are impossible to predict.

Review of the 2016/2017 financial year

Our strategy and portfolio composition proved themselves once again during the year under review, with both private and public companies contributing significantly to performance.

Including funds and milestone payments (contractual claims on the sale proceeds of former private portfolio companies that are tied to the achievement of predefined objectives), the portfolio of private companies increased in value by CHF 32.6 million in net terms. The IPOs of portfolio companies AnaptysBio and ObsEva alone contributed CHF 26.8 million. In addition, Interventional Spine's sale of its Expandable Cage technology to DePuy Synthes enabled this holding to be revalued upward by CHF 9.2 million, following a previous valuation adjustment. The revaluation of our holdings of Tensys and Iconic Therapeutics held performance down by CHF 22.3 million.

The milestone payments received amounted to CHF 18.4 million. Of this figure, the major part stems from a final milestone payment related to the sale of ESBATech to Alcon in 2009. In addition, the revaluation of such entitlements for milestone payments increased the net assets by CHF 20.2 million. The former shareholders of Nereus Pharmaceuticals had previously gained a holding in the Chinese company BeyondSpring Pharmaceuticals. The latter's IPO on NASDAQ at the beginning of March resulted in a transparent market value for the first time, permitting the upward revaluation of claims from the liquidation of Nereus. The target revenue that had been defined when Ellipse was sold to NuVasive was achieved in 2016, and resulted in an additional milestone payment of about CHF 17 million after the balance sheet date.

The fund portfolio held the overall result down by CHF 7.1 million (net) over the financial year.

The portfolio of public companies, including financial instruments and market and foreign currency hedges, contributed a net CHF 143.7 million to the Company's profits. The holdings in Relypsa, Anacor and Medivation, all of which were acquired during the year under review, contributed CHF 27.4 million. The following holdings were also major positive factors in performance for the 2016/2017 financial year: Incyte (CHF +24.9m), Advanced Accelerator Applications (CHF +21.3m), Genmab (CHF +16.4m) and Esperion (CHF +13.2m). By contrast, the participation in Vectura proved a drain on results (CHF –20.4m).

Remaining participations in the two previously private portfolio companies Ophthotech (CHF –11.7m) and PTC Therapeutics (CHF +2.9m) were sold in the wake of disappointing study data. These companies nonetheless generated substantial gains of CHF 105 million and CHF 30 million respectively over the entire investment period.

As at the balance sheet date of 31 March 2017, just over two-thirds of the Company's total assets were invested in public companies, with 16 percent of the market risk hedged by a short sale of the S&P Biotech ETF. Private companies (including funds and milestone payments) accounted for around 27 percent of the portfolio. The remaining six percent was held as liquidity.

Fixed management fees and other administration costs were slightly below the prior-year level. The increase in NAV achieved during the reporting period will trigger performance fees of CHF 22.1 million to the Investment Advisor and CHF 1.4 million to the Board of Directors. These are reported in the Balance Sheet and factored in to published NAV.

New investments

Our aim is still to increase further the proportion of private companies in the portfolio. A total of CHF 20.3 million was invested in four new private companies during the 2016/2017 financial year, and further transactions were completed at the end of April. A total of CHF 15.1 million was spent on follow-on financing for private companies already in the portfolio, including capital invested as part of the IPOs of AnaptysBio and ObsEva. New investments during the period under review were as follows:

- > True North Therapeutics, based in South San Francisco, is testing an antibody to treat cold agglutinin disease, a rare autoimmune disorder. HBM Healthcare Investments invested USD 10.0 million.
- > San Diego-based Neurelis is developing a formulation for the nasal administration of diazepam to treat acute epileptic seizures. A total of USD 8.2 million has been committed, with the first tranche of USD 5.5 million paid to date.
- > Vitaeris, headquartered in Vancouver, is running clinical trials of an antibody to treat chronic inflammatory diseases. HBM Healthcare Investments invested USD 3.0 million in the company's foundation.
- > 1mg is currently developing a wide-ranging e-commerce platform in India to serve the fast-growing Indian healthcare market. HBM Healthcare Investments has taken a USD 2.0 million stake in the company.

Within the portfolio of public companies, we also made a number of investments in more mature companies which are likely future takeover candidates. Furthermore, we took the opportunity presented by capital increases to expand our holdings in several small-cap companies with promising product pipelines.



"New investments will increase the proportion of private companies in the portfolio, which should result in a significant increase in value from this segment in the future."

Dr. Andreas Wicki
Chief Executive Officer

Higher cash dividend

In view of the Company's good performance over the past year, its sound financial basis and the fact that portfolio prospects remain positive, the Board of Directors is proposing to the Ordinary Shareholders' Meeting that the cash dividend paid from the capital reserve be increased by 30 centimes to CHF 5.80 per share. Relative to the share price as at 31 March 2017, the dividend yield will thus remain at over five percent. In addition to the proposed cash dividend, CHF 35.8 million was used to repurchase 357,500 of the Company's own shares during the year under review.

Changes in accounting policies

An amendment to the International Financial Reporting Standards (IFRS) for investment companies means that HBM Healthcare Investments is no longer able to consolidate the holding in its subsidiary. Instead, it must be carried individually in the balance sheet at fair value through profit and loss.

This impacts negatively on the information content of the audited Group Financial Statements IFRS. We have therefore decided to publish additional disclosures as an appendix to this letter, including a consolidated overview of the Company's financial position according to the accounting policies that applied to the 2015/2016 financial year, as well as a detailed reconciliation with the Group Financial Statements IFRS for 2016/2017.



"Profit for the year was once again in the treble-digit millions."

Erwin Troxler
Chief Financial Officer

Outlook

In fundamental terms, the prospects for the healthcare sector remain very positive. New technologies are resulting in further expansion in global research and development projects. In total, there are more than 6,000 molecules in clinical development around the world at present – meaning high capital expenditure, but also opportunities to generate significant value. We continue to believe that volatility on the financial markets will remain high. We are monitoring these developments closely and, where necessary, will take action to mitigate risk.

The new financial year got off to a pleasing start for a number of our portfolio companies. In April 2017, Paratek Pharmaceuticals reported positive results from the second phase-III trial of its broad-spectrum antibiotic omadacycline, which is used to treat community-acquired pneumonia. Hence, conditions have been met to file the applications for regulatory approval in the USA and Europe. We expect these approvals to follow in 2018.

Also in April, Neurocrine Biosciences received approval from the US Food and Drug Administration (FDA) for its Ingrezza™ drug to treat patients with tardive dyskinesia. This neurological disease causes involuntary movements, often in the facial area.

Key clinical data or approval decisions are expected for other portfolio companies in the course of the coming year. For example, in the middle of the year our largest portfolio holding, Advanced Accelerator Applications, will submit the revised study data requested by the FDA. We expect the Lutathera® cancer drug to be approved towards the end of 2017.

From the portfolio of private companies, we expect trade sales or IPOs to make additional contributions to the Company's earnings over the years to come.

We owe a debt of thanks to you, our shareholders, for the confidence that you have placed in us. We firmly believe that HBM Healthcare Investments is on the right track in terms of strategy, portfolio and expertise to continue generating value successfully in the future.



Hans Peter Hasler
Chairman of the Board of Directors



Dr Andreas Wicki
Chief Executive Officer



Erwin Troxler
Chief Financial Officer

Balance sheet (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2017 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 31.3.2017 (audited)
Assets				
Current assets				
Cash and cash equivalents		210,005	-203,890	6,115
Receivables		414	-363	51
Financial instruments	(4.2)	9,001	-9,001	0
Total current assets		219,420	-213,254	6,166
Non-current assets				
Investments	(4.1)	1,087,822	-1,087,822	0
Other financial assets	(4.3)	39,002	-39,002	0
Investment in subsidiary		0	1,192,834	1,192,834
Total non-current assets		1,126,824	66,010	1,192,834
Total assets		1,346,244	-147,244	1,199,000
Liabilities				
Current liabilities				
Financial instruments	(4.2)	132,991	-132,991	0
Liability from performance fee		23,548	-22,135	1,413
Other liabilities		3,751	-997	2,754
Total current liabilities		160,290	-156,123	4,167
Non-current liabilities				
Financial liabilities	(5)	99,072	0	99,072
Total non-current liabilities		99,072	0	99,072
Shareholders' equity				
Share capital	(6.1)	427,050	0	427,050
Treasury shares	(6.2)	-31,688	8,125	-23,563
Capital reserve	(6.1)	239,522	-2,160	237,362
Retained earnings		451,998	2,914	454,912
Total shareholders' equity		1,086,882	8,879	1,095,761
Total liabilities and shareholders' equity		1,346,244	-147,244	1,199,000
Number of outstanding shares (in 000)		6,986	80	7,066
Net asset value (NAV) per share (CHF)		155.58		155.09

- 1) Details on the individual items can be found in the notes to the audited IFRS Group Financial Statements of the annual report.
- 2) Consolidated financials of the HBM Healthcare Group with full consolidation of the subsidiary HBM Healthcare Investments (Cayman) Ltd. and its subsidiary HBM Private Equity India Ltd.
- 3) Reconciliation to the audited IFRS Group Financial Statements. Based on IFRS 10, the subsidiary is no longer consolidated, but is

valued individually at fair value through profit and loss. The differences in equity and net profit for the year result from the shares of the parent company held by the subsidiary. In the consolidated financial statements, these are deducted from equity at their acquisition cost. In the IFRS Group Financial Statements, they are valued at fair value through profit or loss by the subsidiary.

Statement of comprehensive income for the financial year ended 31 March (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2017 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 31.3.2017 (audited)
Net result on investments	(4.1)	155,625	-155,625	0
Dividend income		178	-178	0
Net result from financial instruments	(4.2)	2,571	-2,571	0
Net result from other financial assets		17,932	-17,932	0
Dividend income from investment in subsidiary		0	80,000	80,000
Net change in value of investment in subsidiary		0	62,413	62,413
Result from investment activities		176,306	-33,893	142,413
Management fee	(4.4.1)	-12,675	12,675	0
Performance fee	(4.4.2)	-22,135	22,135	0
Personnel expenses	(7)	-3,055	754	-2,301
Other operating expenses		-1,316	403	-913
Result before interest and taxes		137,125	2,074	139,199
Financial expenses		-2,560	132	-2,428
Financial income		10	-9	1
Income taxes		0	0	0
Net result for the year		134,575	2,197	136,772
Comprehensive result		134,575	2,197	136,772
Number of outstanding shares, time-weighted (in 000)		7,080	132	7,212
Basic earnings per share (CHF)		19.01		18.96

For the footnotes, see page 12.

Statement of cash flows for the financial year ended 31 March (CHF 000)	Consolidated Financials ²⁾ 2016/2017 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 2016/2017 (audited)
Management fee paid	-12,675	12,675	0
Other expenses paid (personnel and other operating expenses)	-2,560	846	-1,714
Net cash flow from operating activities	-15,235	13,521	-1,714
Interest and dividend payments received	188	-188	0
Dividend payment from subsidiary received	0	80,000	80,000
Purchase of investments	-405,001	405,001	0
Sale of investments	444,924	-444,924	0
Payments received from escrow amounts and milestones, net	11,754	-11,754	0
Net cash flow from financial instruments for currency hedging	14,371	-14,371	0
Net cash flow from financial instruments for market hedging	131,157	-131,157	0
Purchase of other financial instruments	-24,517	24,517	0
Sale of other financial instruments	15,555	-15,555	0
Net cash flow from investing activities	188,431	-108,431	80,000
Interest payments paid	-2,394	135	-2,259
Cash distribution from capital reserve	-39,204	-836	-40,040
Purchase of treasury shares	-63,450	26,975	-36,475
Sale of treasury shares	34,351	-34,351	0
Net cash flow from financing activities	-70,697	-8,077	-78,774
Currency translation differences	2,683	-2,686	-3
Net change in cash and cash equivalents	105,182	-105,673	-491
Cash and cash equivalents at beginning of period	104,823		6,606
Cash and cash equivalents at end of period	210,005		6,115

For the footnotes, see page 12.

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Net result	Total consolidated shareholders' equity ²⁾ (unaudited)	Translation ³⁾	Total shareholders' equity IFRS (audited)
Balance as at 31 March 2016	450,450	-41,698	293,758	317,423	1,019,933	14,894	1,034,827
Comprehensive result				134,575	134,575	2,197	136,772
Purchase of treasury shares		-62,773			-62,773	26,975	-35,798
Sale of treasury shares		33,250	1,101		34,351	-34,351	0
Distribution from capital reserve (30.6.2016)			-39,204		-39,204	-836	-40,040
Capital reduction (2.9.2016)	-23,400	39,533	-16,133		0	0	0
Balance as at 31 March 2017	427,050	-31,688	239,522	451,998	1,086,882	8,879	1,095,761

For the footnotes, see page 12.

Portfolio Companies



CHF 132 million Advanced Accelerator Applications
(fair value CHF 131.9 million / 12.0% of net assets)

Vectura Group **CHF 131 million**
(fair value CHF 130.6 million / 12.0% of net assets)

CHF 50 million Pacira Pharmaceuticals
(fair value CHF 50.3 million / 4.6% of net assets)

Cathay Industrial Biotech **CHF 44 million**
(fair value CHF 44.0 million / 4.0% of net assets)

CHF 35 million Genmab
(fair value CHF 35.2 million / 3.2% of net assets)

Incyte **CHF 27 million**
(fair value CHF 27.5 million / 2.5% of net assets)

CHF 23 million Paratek Pharmaceuticals
(fair value CHF 23.2 million / 2.1% of net assets)

Advanced Accelerator Applications

Saint-Genis-Pouilly, France

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USD **1,723** million
Market capitalisation as at 31.3.2017

Lutathera[®]

US market approval pending


Share price

NASDAQ



Market leader in
molecular nuclear medicine

CHF **132** million
Fair value as at 31.3.2017



Radiopharmaceuticals use trace amounts of radioactive substances to diagnose, treat and monitor disease. The technique works by injecting the patient with radiopharmaceuticals that accumulate in specific organs or lesions, and help to detect and treat complex disease patterns such as cancer, as well as cardiovascular and neurological disorders, at an early stage. The production and distribution of radiopharmaceuticals is demanding owing to the products' short shelf life of only a few hours in some cases.

Advanced Accelerator Applications (AAA) develops, produces and distributes diagnostic and therapeutic products in the molecular nuclear medicine field.

In addition to its proven radiopharmaceuticals for PET and SPECT imaging procedures, AAA also develops therapeutic products. The main candidate is Lutathera[®], a formulation for the treatment of

rare, inoperable neuroendocrine tumours. Neuroendocrine cells are primarily found widely spread throughout the gastro-intestinal tract, in the lungs and in the pancreas. Their job is to produce hormones which control growth and metabolism. However, in isolated cases these neuroendocrine cells can become tumour cells. The treatment developed by AAA is a Lutetium-177 DOTATATE, which is mainly made up of the hormone somatostatin, marked with radioactive Lutetium. This binds to the receptors on the tumour cells, emits radiation over several days, and in many cases kills them.

Lutathera[®] has successfully finished clinical phase-III. The trial proved that treatment with the compound can increase the progression-free survival rate for patients with advanced neuroendocrine tumours of the midgut (midgut NETs) by several times that achieved in patients treated with Sandostatin[®] LAR[®].

The US Food and Drug Administration initially refused market approval during the year under review owing to formal errors in the application documents. A new decision is expected by the end of 2017.

AAA generated sales of EUR 109 million in 2016. The share price gained 14 percent in the 2016/2017 financial year.

Vectura Group

Chippenham, Great Britain

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GBP 1,035 million
Market capitalisation as at 31.3.2017

Leading provider of
inhalation therapies

Share price
LSE



CHF 131 million
Fair value as at 31.3.2017

Respiratory diseases include acute and chronic conditions such as asthma, chronic bronchitis and chronic obstructive pulmonary disease (COPD). Inhalation therapies are the gold standard in the treatment of chronic diseases of the airways. Inhaling the formulation allows it to reach the inflammation directly, without detouring through the bloodstream. This means that it can take effect quickly, and that lower doses can be used, with the corresponding reduction in side-effects.

Vectura was founded in 1997. In June 2016, it merged with Skyepharma, which had previously been one of HBM Healthcare's portfolio companies. The two companies' complementary technologies combined to create one of the world's leading providers of inhalation therapies, with a market value of over GBP 1 billion. The merger enabled both companies to expand their revenue base considerably.

Vectura has a broad range of products both in clinical development and already on the market. The portfolio covers a variety of inhaler technologies. It is complemented by the drug delivery technologies developed by Skyepharma, which are designed to improve the oral, topical (local), inhaled and injected use of existing drugs and new chemical formulations, by means of their controlled release over an extended period. The group generates revenue from more than 20 approved drugs, and has a further seven inhalation therapies at an advanced phase of development.

Vectura generated sales of GBP 127 million and EBITDA of GBP 34 million for the shortened 2016 financial year. Its fastest-growing products are the Ultibro/Utibron[®], Seebri[®] and flutiform[®] inhalers for the treatment of COPD and asthma. They are commercialised through Novartis and Mundipharma respectively. Regular annual payments from joint development ventures and licence agreements account for three-quarters of revenue.

The share price has declined by around 6 percent since the merger on 10 June 2016.

Pacira Pharmaceuticals

San Diego, USA

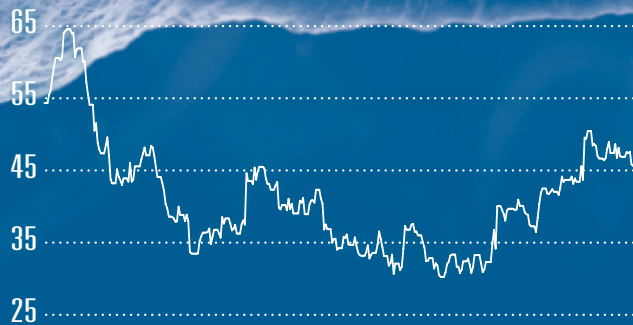
USD 1,711 million
Market capitalisation as at 31.3.2017

Innovator in
post-operative
pain treatment

CHF 50 million
Fair value as at 31.3.2017

Share price

NASDAQ



1.4.2016 to 31.3.2017

Post-operative pain has a detrimental effect on the healing process following surgery. Millions of patients are affected every year. The challenge to pharmaceutical research is to eliminate post-operative pain with as few side-effects as possible through the controlled release of long-lasting analgesics.

Pacira Pharmaceuticals focuses on the clinical and commercial development of products for acute care. In April 2012, Pacira launched EXPAREL[®], a new formulation of the well established painkiller bupivacaine. The product provides long-lasting, local post-operative pain relief.

EXPAREL[®] is based on Pacira's patented Depo-Foam[®] platform for the controlled and long-lasting delivery of bupivacaine. This can significantly reduce the administration of opioids to patients following surgery, so they suffer fewer side-effects and are able to leave hospital sooner – resulting in substantial cost savings.

EXPAREL[®] has the potential to be used in the widest variety of analgesic applications. It is currently administered following soft tissue procedures and orthopaedic surgeries. Pacira is endeavouring to extend EXPAREL[®]'s indications for use as a peripheral nerve block, which is primarily suited to pain therapy following procedures on extremities, such as shoulders and knee joints. Initial phase-III trial data is expected in mid-2017. The application for market approval could be submitted to the US Food and Drug Administration shortly thereafter, and a final decision is likely to be made in 2018.

To increase EXPAREL[®]'s market penetration, the company is planning direct alliances with leading providers of orthopaedic products, as well as with hospital chains and surgical training institutes. DePuy Synthes and Trinity Health have already been brought on board as partners.

EXPAREL[®] achieved sales of USD 276 million in the 2016 financial year, up 11 percent from the previous year's level.

The share price receded by around 16 percent during the reporting period.

Cathay Industrial Biotech

Shanghai, China

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HBM Healthcare Investments Ltd / Annual Report 2016/2017

USD **473** million
Company valuation as at 31.3.2017

**Environmentally
friendly** nylon production

Market leader
in dicarboxylic acids

USD **44** million
Fair value as at 31.3.2017

Industrial biotechnology replaces conventional production processes with biotechnological methods. The objective is to reduce costs through lower energy and raw materials inputs, as well as to improve the quality and properties of the final products. Typically, bacteria, yeasts or enzymes are used on an industrial scale to produce organic additives and speciality chemicals. Industrial biotechnology is considered a growth market with great potential.

Cathay Industrial Biotech is a pioneer in industrial biotechnology, replacing traditional chemical production methods with novel biotechnological processes. The company's technological innovations enable these processes to be used for the production of chemicals, fuels and polymers. Cathay is one of the world's leading producers of long-chain dicarboxylic acids, which are mainly used for nylon, polyester, adhesives and organic solvents.

Cathay's main clients are various branches of industry, such as the automotive and the consumer goods sectors, and include international companies such as DuPont, Evonik and Akzo Nobel.

The past year saw production capacity for the "Dicarboxylic acids" and "Green nylon" divisions expanded at new locations. Cathay has developed TerryI® ("green nylon", polyamide 56), an organically-based textile fibre with significantly improved properties compared to common nylon with regard to moisture absorption and regulation, dye absorption, elasticity, and flame retardancy. Moreover, Cathay could be the first company worldwide to produce diamine 5 commercially from renewable materials. Diamine is used in combination with dicarboxylic acids (such as adipic acid) to manufacture nylon (polyamide 56). This enables nylon to be produced in a more environmentally friendly way, without requiring concentrated acids and mineral oil, and avoiding unwanted by-products.

In the past year, Cathay achieved a turnover of more than USD 100 million in its core business areas. In the medium term, the company is targeting an IPO to further finance its growth.

Genmab

Copenhagen, Denmark

USD **11,683** million

Market capitalisation as at 31.3.2017

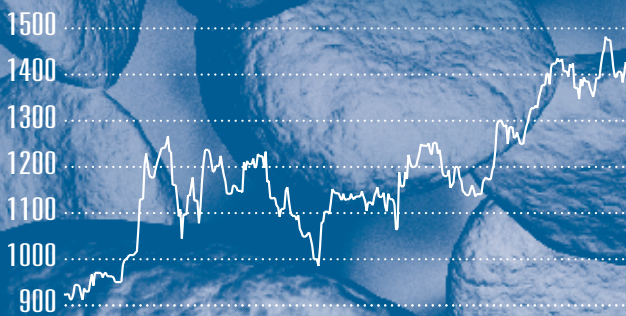
Revenues **+60%**

DARZALEX®

Sales of USD 600 million

Share price

NASDAQ OMX



1.4.2016 to 31.3.2017

CHF **35** million

Fair value as at 31.3.2017

Hematological malignancies include cancers of the blood, bone marrow and lymphatic system. Current drug development focuses on leukaemia, lymphoma, and multiple myeloma. Unlike solid tumours, hematological malignancies are systemic, affecting the entire body. While significant progress in their treatment has been made in recent years, many conditions remain incurable.

Genmab develops antibody therapeutics for the treatment of different forms of cancer. Two products are on the market. The human antibody ofatumumab is approved for patients with chronic lymphocytic leukaemia under its trade name Arzerra®, and is distributed by Novartis in the USA and Europe.

DARZALEX® (the trade name for daratumumab) is marketed in the USA for forms of multiple myeloma that are difficult to treat. In only its first full year following approval, the drug has already achieved sales of just under USD 600 million. Genmab

receives a significant proportion of this from marketing partner Janssen Biotech (Johnson & Johnson). Previously approved as a third-line therapy, DARZALEX® received its US market approval as a second-line therapy in November 2016. The drug also has the potential to be used as a first-line treatment. This is already being examined in a number of studies.

Further trials are also ongoing for other groups of indications, such as the treatment of lymphoma and solid tumours (organ cancer). Daratumumab works principally by binding to CD38, a marker protein on the surface of multiple myeloma cells. This enables daratumumab to trigger an attack on the cancer cells by the body's own immune system. Via a variety of immune and other mechanisms, this causes the tumour cells to die off quickly. This type of immunotherapy might prove to have synergies with therapies used in immuno-oncology. Genmab began combination trials with Bristol Myers at the beginning of 2017.

In 2016 the company increased its revenues by over 60 percent to exceed EUR 250 million.

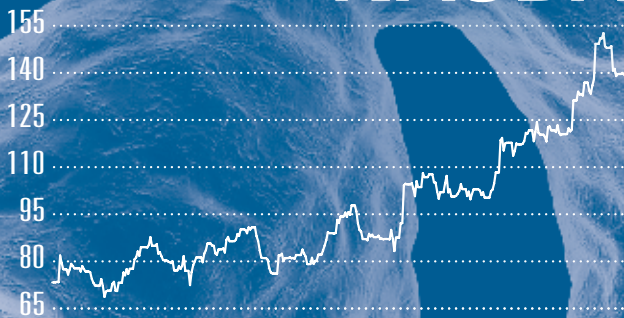
The share price rose by 48 percent during the 2016/2017 reporting period.

Incyte
Wilmington, USA

USD 27,245 million
Market capitalisation as at 31.3.2017

Main product **Jakafi®**
Sales of USD 900 million

Share price
NASDAQ



1.4.2016 to 31.3.2017

CHF 27 million

Fair value as at 31.3.2017

Fibrosis is the growth of diseased connective tissue in and around organs. This hardens the tissue of the affected organ, and scarring occurs. At an advanced stage, this can lead to a reduction in organ function, or even failure. Myelofibrosis is a progressive cancer which affects the blood-forming bone marrow.

Incyte focuses on hematologic disorders, inflammatory diseases and cancer. Its lead product is Jakafi® (the traded name for ruxolitinib), which was granted market approval several years ago for the treatment of certain blood cell disorders such as myelofibrosis and the related diseases of essential thrombocythemia and polycythemia vera.

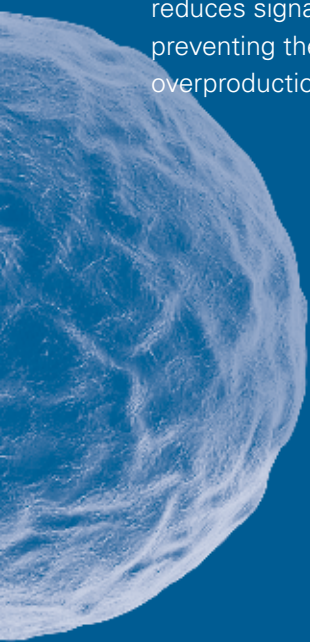
Ruxolitinib is a selective kinase inhibitor, targeting enzymes and Janus kinases JAK 1 and JAK 2. It reduces signal transmission to the cells, thereby preventing the excessive division of blood cells. This overproduction of blood cells might otherwise lead

to the gradual failure of the bone marrow, and slowly to blood production being forced out of the marrow towards other organs such as the spleen, liver and lymphatic vessels. Severe anemia is a frequent effect of this.

In addition, Incyte is currently conducting a number of phase-II and phase-III trials of the epacadostat drug candidate, which is what is known as an IDO1 inhibitor. It is being tested in combination with immune checkpoint inhibitors produced by Merck (Keytruda®) and Bristol Myers (Opdivo®) in immunoncology. This field of medicine uses the body's own immune system to destroy cancer cells. Cancer cells are nonetheless able to cripple immune cells (T cells). Indoleamine-pyrrole 2,3-dioxygenase (IDO) is a protein that is responsible for suppressing the immune system, triggered by an attack by cancer cells. The principle is that, where IDO is specifically inhibited, T cells will be able actively to combat cancer cells once again.

Incyte generated USD 1.1 billion in sales in 2016, around 80 percent of which originates from Jakafi®.

The share price rose by more than 80 percent during the 2016/2017 reporting period.



Paratek Pharmaceuticals

Boston, USA

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HBM Healthcare Investments Ltd / Annual Report 2016/2017

USD 468 million

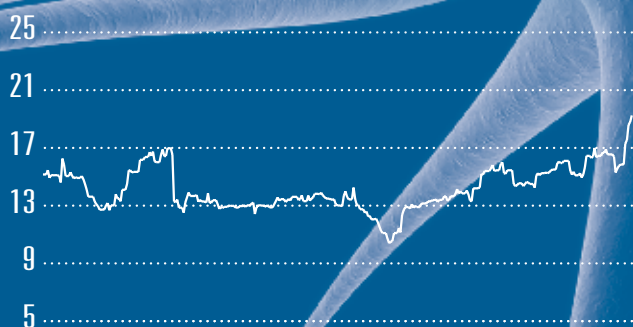
Market capitalisation as at 31.3.2017

Positive phase III studies for

omadacycline

Share price

NASDAQ



1.4.2016 to 31.3.2017

CHF 23 million

Fair value as at 31.3.2017

Infections are triggered by pathogens such as bacteria, viruses or fungi. These micro-organisms release toxins and provoke an inflammatory response from the immune system. Anti-infective drugs are used to treat these responses. Although treatments are available in many such cases, there is an ongoing need for novel and highly effective medicines, because pathogens are increasingly becoming resistant, rendering existing anti-infectives ineffective.

Paratek is developing a number of antibiotic agents, the most advanced of which is omadacycline – a novel tetracycline derivative with a very broad spectrum of effect. With both oral and intravenous formulations, omadacycline can be used against a variety of severe bacterial infections, as well as in cases of bacterial resistance. Paratek owns all marketing rights globally.

In June 2016, omadacycline successfully completed an initial phase-III trial for the treatment of acute bacterial skin and skin structure infections (ABSSSI). The second phase-III trial, for the treatment of community-acquired bacterial pneumonia (CABP), also recently achieved its objectives, demonstrating a level of effectiveness equivalent to that of Moxifloxacin®. One of omadacycline's most convincing characteristics is its excellent safety profile. The trial data might be used as a basis for filing an application for US market approval in the first quarter of 2018, and in Europe shortly thereafter.

Paratek's second product candidate, sarecycline (WC 3035), which is also a derivative of tetracycline, has both an antibacterial and anti-inflammatory effect for the outpatient treatment of acne and rosacea. The drug is being developed for the US market in partnership with Allergan. Paratek holds exclusive rights to sarecycline outside of the USA. Phase-III trials have reached their primary endpoint, and the application for approval is expected to be submitted in the second half of 2017.

The share price rose by 27 percent during the 2016/2017 reporting year.

Corporate Governance



HBM Healthcare Investments Ltd (HBM Healthcare or the Company) emphasises the systematic implementation of a corporate governance policy as a key component of its corporate culture. The objective of corporate governance is to ensure transparent business policy and the responsible use of deployed resources by the Company's Board of Directors and Management. It establishes a system of transparency, checks and balances that is tailored to the size and complexity of HBM Healthcare.

This Corporate Governance Report contains the information, effective 31 March 2017, that is required by the "Directive on Information Relating to Corporate Governance (DCG)" issued by SIX Swiss Exchange, and the content and scope, which are required under the provisions of the "Ordinance against Excessive Compensation in Listed Companies (OAEC)" issued by the Federal Council and entered into force on 1 January 2014, and is structured in accordance with these directives.

1. Group structure and shareholders

1.1 Group structure

HBM Healthcare Investments (Group) holds and manages an international portfolio of promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

The Group comprises HBM Healthcare Investments Ltd, Zug, and its subsidiary HBM Healthcare Investments (Cayman) Ltd, Cayman Islands, wholly-owned by HBM Healthcare Investments Ltd. In addition, HBM Private Equity India, Republic Mauritius, is a wholly-owned subsidiary of HBM Healthcare Investments (Cayman) Ltd.

HBM Healthcare Investments Ltd

HBM Healthcare is a holding company established under Swiss law and domiciled in Zug. The objective of the company is to purchase, hold and sell positions in other companies, as well as to manage and finance such positions.

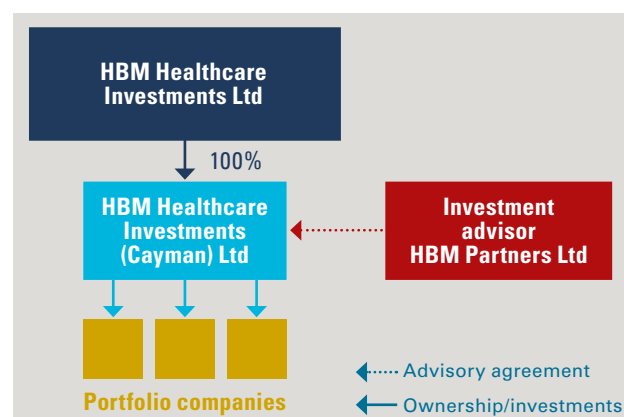
The Company's shares are listed on SIX Swiss Exchange. For further information about the shares, please refer to the "Investor Information" section on page 101.

HBM Healthcare Investments (Cayman) Ltd

All investments in portfolio companies are held via HBM Healthcare Investments (Cayman) Ltd, some of them indirectly via the above mentioned subsidiary.

The share capital of HBM Healthcare Investments (Cayman) Ltd was CHF 846 million as at 31 March 2017.

Group structure



1.2 Investment advisor

The role of investment advisor to HBM Healthcare Investments (Cayman) Ltd and its subsidiaries is performed by HBM Partners Ltd, Zug. As an asset manager of collective investment schemes in accordance with Art. 13 para. 2 f CISA, HBM Partners Ltd is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA.

HBM Partners Ltd, based in Zug, Switzerland, provides as an investment advisor a variety of services to HBM Healthcare Investments (Cayman) Ltd and its subsidiaries under the terms of an advisory agreement. HBM Partners Ltd provides defined advisory services, specifically the identification and evaluation of possible investment targets, the coordination and conduction of due diligence and contractual negotiations in respect of investments, the support of portfolio companies, the monitoring of portfolio holdings and the assessment of potential exit strategies.

1.3 Significant shareholders

As at the balance sheet date, the Company had 1,580 registered shareholders. Shareholders are institutional and private investors.

For details of shareholders with equity holdings of three percent or more, see note 6.3 "Significant shareholders" to the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) on page 82.

A complete overview of all disclosures received and published by the Company is available on the websites of HBM Healthcare Investments (<http://www.hbmhealthcare.com/en/investoren/bedeutende-aktionaere.php>) and SIX Swiss Exchange. The Company is not aware of the existence of any shareholder pooling agreements.

2. Capital structure

2.1 Share capital and changes to share capital

The Company's share capital of CHF 427,050,000 consists of 7,300,000 fully paid up registered shares with a par value of CHF 58.50 each. No share certificates are issued.

A review of the Company's changes in capital since 31 March 2014 is provided in the parent company's "Statement of changes in equity", see page 93.

2.2 Rights attached to shares

Each registered share carries one vote at the Ordinary Shareholders' Meeting (with exemption of the following note 2.3). There are no shares which carry preferential voting rights. Shareholders are entitled to dividends and to other rights as laid down in the Swiss Code of Obligations (CO).

2.3 Limitations on transferability

The Board of Directors may refuse the transfer of shares if the number of registered shares held by the prospective buyer exceeds ten percent of the total number of registered shares pursuant to the Commercial Register. A number of purchasers acting in a group or in a coordinated manner in order to circumvent registration restrictions are deemed to be a single share purchaser. The Company may also refuse entry in the share register if the share purchaser does not explicitly confirm upon request that they have acquired the shares under their own name and for their own account. These limitations on transferability are laid down in the Articles of Association and can be lifted only by an absolute majority of the votes cast at the Ordinary Shareholders' Meeting.

3. Board of Directors

3.1 Members of the Board of Directors

As at 31 March 2017, the Board of Directors was composed of the following members:

Board of Directors	First elected
Hans Peter Hasler, Chairman	2009
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	2001
Mario G. Giuliani	2012
Dr Eduard E. Holdener	2008
Robert A. Ingram	2006
Dr Rudolf Lanz	2003

Specific knowledge of the healthcare and financial sector is needed to ensure the active monitoring of business activities. The members of the Board of Directors cover the following areas of expertise: Hans Peter Hasler and Robert A. Ingram: sector and marketing strategies, market approval (FDA); Dr Eduard E. Holdener: research and development; Prof. Heinz Riesenhuber and Mario G. Giuliani: management, production, audit; Dr Rudolf Lanz: finance, M&A transactions, audit.

The Board of Directors is elected by an absolute majority of the votes cast at the Ordinary Shareholders' Meeting (i.e. at least half of the valid votes cast plus one vote). There are no limitations on its tenure. Further information on the members of the Board of Directors is given on pages 41 to 43.

The Shareholders' Meeting appoints the independent proxy-holder for a period of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If the Company does not have an independent proxy-holder, one will be appointed by the Board of Directors for the next Shareholders' Meeting.

3.2 Internal organisation

The Board of Directors shall consist of five or more members, who must be shareholders. The Board of Directors consists of a Chairman, Vice Chairman and members, who shall be appointed to various committees. In the current reporting period 2016/2017 the following committees have been active:

- > Audit Committee;
- > Compensation Committee;
- > Nominating Committee.

The Shareholders' Meeting elects the members of the Board of Directors and the Chairman of the Board of Directors individually for a term of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If the position of Chairman is vacant, the Board of Directors will nominate one of its members to serve as Chairman until the close of the next

ordinary Shareholders' Meeting. With the exception of the election of the Chairman and the members of the Compensation Committee, the Board of Directors constitutes itself. It appoints its Secretary, who need not be a member of the Board of Directors.

Board meetings are convened by the Chairman or, in his absence, by the Vice Chairman. Individual members of the Board of Directors may, stating their reasons, demand that the Chairman call a meeting immediately. Prior to the meetings, the members of the Board of Directors receive comprehensive documentation on the agenda items to be discussed.

The Board of Directors passes its resolutions by a majority of votes cast, whereby the Chairman has the deciding vote in the event of a tie. The Board of Directors is quorate when the majority of its members takes part in a Board meeting. No quorum is required for resolutions on statements about capital increases that have already taken place. Resolutions of the Board of Directors or of a Board Committee may also be passed by way of written consent to a proposal, i.e. by ordinary mail or telefax or via e-mail (circular resolution), provided that (1) all members of the respective body have been given prior notification of the text of the resolution and provided that (2) no member requests oral deliberation within the period stipulated for the vote. The resolution requires the approval by the majority of the votes of the entire respective body.

Four half-day meetings of the Board of Directors took place during the 2016/2017 financial year. The Company's Chief Executive Officer and Chief Financial Officer, as well as Dr Benedikt Suter, in his function as the Board's secretary, attended all Board meetings.

The rule with respect to the number of permissible external mandates of members of the Board of Directors can be found in Art. 26 of the Articles of Association. The Articles of Associations are available on the Company's website (<http://www.hbmhealth->

care.com/wAssets/docs/unternehmensdokumente/Articles-of-Association.pdf).

Audit Committee

The Audit Committee supports the Board of Directors in the supervision of the Company's business activities in the following domains, in accordance with written guidelines:

- > financial reporting;
- > auditing and controlling;
- > compliance with laws, directives and corporate governance.

In performing its function, the Audit Committee reviews how the Company's largest financial exposures and risks are handled, as well as the independence and performance of the Company's auditors. The Audit Committee does not have decision-making power.

The members of the Audit Committee are appointed by the Board of Directors. Their term of office corresponds to the term of office on the Board of Directors. They may be reappointed. The current members of the Audit Committee are:

Audit Committee	First appointed to the committee
Prof. Dr Dr h.c. mult. Heinz Riesenhuber	2001
Dr Rudolf Lanz	2003

The Audit Committee held three half-day meetings during the 2016/2017 financial year. All of the meetings were also attended by the Company's CEO and CFO, as well as by Thomas Heimann, in his function as the Audit Committee's secretary. The members of the Audit Committee report to the full Board of Directors on the issues they have discussed. Minutes of Audit Committee meetings are sent for information to all members of the Board of Directors.

Compensation Committee

Members of the Compensation Committee were appointed by the Shareholders' Meeting in June 2016.

The Compensation Committee comprises at least two members of the Board of Directors. The Shareholders' Meeting appoints the members of the Compensation Committee individually for a period of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If there is a vacancy or vacancies on the Compensation Committee, the Board of Directors will nominate one or more of its members to serve on the Compensation Committee until the close of the next ordinary Shareholders' Meeting. The Compensation Committee constitutes itself. It appoints one of its members as its Chairman. The Board of Directors shall otherwise issue rules on the organisation of the Compensation Committee and how it passes its resolutions.

The Compensation Committee supports the Board of Directors with the determination and review of compensation policy and guidelines and performance targets, as well as with the preparation of proposals to the Shareholders' Meeting concerning the compensation to be paid to the Board of Directors and Management. It may submit proposals to the Board of Directors on other compensation-related matters.

The Board of Directors shall determine in a set of regulations those functions of the Board of Directors and Management for which the Compensation Committee, with the Chairman of the Board of Directors or alone, shall propose performance objectives, target figures and compensation, or shall determine performance objectives, target figures and compensation itself as provided for in the Articles of Association and in the guidelines on compensation issued by the Board of Directors. The Board of Directors may allocate further duties to the Compensation Committee. The current members of the Compensation Committee are:

Compensation Committee	First appointed to the committee
Hans Peter Hasler	2014
Mario G. Giuliani	2014
Robert A. Ingram	2014

The Compensation Committee held one meeting during the 2016/2017 financial year.

Nominating Committee

The Nominating Committee was established in September 2008. It is concerned with the composition of the Board of Directors and, jointly with the Chairman, supports the Board in implementing a process for the nomination of new members. The members of the Nominating Committee are appointed by the Board of Directors. Their term of office corresponds to their term of office on the Board of Directors. They may be reappointed. The members of the Nominating Committee are not compensated separately. The current members of the Nominating Committee are:

Nominating Committee	First appointed to the committee
Dr Rudolf Lanz	2008
Robert A. Ingram	2008

The Nominating Committee did not hold any meetings during the 2016/2017 financial year.

3.3 Authorities and responsibilities of the Board of Directors and Management

The Board of Directors is the Company's highest governing body and is also charged with supervising and monitoring the activities of the Management. Furthermore, the Board of Directors passes resolutions on all matters which are not the preserve of the Shareholders' Meeting by law or the Articles of Association.

As the Company's highest governing body, the Board of Directors is responsible for the following, in particular:

- > defining the strategy;
- > issuing the organisational regulations;
- > appointing the members of Management;
- > issuing accounting policies;
- > passing resolutions on motions to be put to the Ordinary Shareholders' Meeting.

The supervision and monitoring of management activities includes the following specific tasks:

- > annual risk assessment;
- > setting up an appropriate system of internal checks and balances;
- > receiving regular reports on the Company's business;
- > examining the Group Financial Statements IFRS, statutory and interim financial statements and the compensation report;
- > examining the reports produced by the statutory auditors.

The members of the Board of Directors do not hold executive positions; neither has any member of the Board of Directors held an executive position with HBM Healthcare Investments in the past. In particular, the Company's Board of Directors does not, in the context of regular business operations, take any decisions with regard to investments in, or disposals of, individual companies.

3.4 Information and control instruments with regard to Management

The Board of Directors has adopted directives on all of the major aspects of business activities. The key directives are:

- > the Investment Guidelines, see pages 47 to 49;
- > the Operations Manual, which governs the investment and disposal processes and the monitoring of portfolio companies;
- > guidelines on own-account trading for members of governing bodies and members of staff;
- > guidelines on trading in the Company's own shares for members of governing bodies and members of staff.

Guidelines on own-account trading

The Company has issued restrictive guidelines for members of HBM Healthcare Investments' governing bodies on trading for their own accounts. These guidelines also apply to HBM Partners Ltd (HBM Partners) and its staff as well as to HBM Partners' contractual partners and their staff. In principle, own-account trading involving private companies in

the human medicine, biotechnology, medical technology, diagnostics, and related sectors are prohibited. In addition to a number of other regulations, own-account trading in public companies is subject to the rule that the interests of the Group must not be infringed upon. Own-account trading involving private companies may be authorised in exceptional cases.

Guidelines on trading in the Company's own shares

The Company has issued restrictive guidelines for members of HBM Healthcare Investments' governing bodies on trading in the Company's own shares. These guidelines also apply to HBM Partners and its staff as well as to HBM Partners' contractual partners and their staff. Trading in the Company's own shares is prohibited for insiders if unpublished information exists which would probably be of significance in an investor's decision to buy or sell such shares. Furthermore, insiders are not permitted to trade within defined time windows.

Transactions with related parties

Details of transactions with related parties are given in note 10 to the Group Financial Statements IFRS on pages 86 and 87.

Information instruments

In addition to the Company's comprehensive external reporting, prior to each of its meetings, the Board of Directors receives detailed documentation from the Management about the performance of the Company and its advisory organisation. Among the issues reported upon at each meeting of the Board of Directors are financial performance, major portfolio events, liquidity planning, new developments in the advisory organisation, and compliance with own-account and insider trading guidelines. Regular meetings are held between the Chairman of the Board and the Management.

External review mandates

The Board of Directors has issued the following review mandates to the auditors as a complement to the external audit of the financial statements that is required by law:

- > review of the corporate governance section of the annual report;
- > review of the compensation report;
- > audit procedures required by law in relation to the reduction of corporate capital of 2.9.2016.

The auditors must submit a written report on their findings to the Board of Directors. The findings of audits and reviews are also discussed with the auditors in the context of the Audit Committee.

4. Management

4.1 Members of Management

As at 31 March 2017, the Management was composed of the following members:

- > Dr Andreas Wicki, Chief Executive Officer;
- > Erwin Troxler, Chief Financial Officer.

The rule with respect to the number of permissible external mandates of members of the Management can be found in Art. 26 of the Articles of Association. The Articles of Association are available on the Company's website (<http://www.hbmhealthcare.com/wAssets/docs/unternehmensdokumente/Articles-of-Association.pdf>).

Further information on the members of Management is given on page 44.

4.2 Advisory agreement

HBM Healthcare Investments (Cayman) Ltd has entered into an advisory agreement with HBM Partners Ltd. Detailed information on the core elements of the advisory agreement and on the scope of remuneration is provided in the Compensation Report (section 9) on pages 55 and 56.

5. Remuneration and share allotments

5.1 Remuneration paid to serving members of governing bodies; method of determination

Details of the remuneration paid to serving members of governing bodies, as well as how this remuneration is determined, can be found in the Compensation Report (sections 3 and 4) on pages 52 to 54.

The rules governing the approval by the Shareholders' Meeting of the remuneration of the members of the Board of Directors and the Management, the additional amount as well as the principles governing the remuneration of the members of the Board of Directors and the Management can be found in Articles 24, 24a and 24b of the Articles of Association. Rules under the Articles of Association concerning loans, credits and pension benefits can be found in section 10.2 of the Compensation Report on page 57.

5.2 Disclosure of share transactions and ownership of governing bodies

HBM Healthcare Investments publishes each purchase or sale of Company shares by members of the Board of Directors or the Management within three trading days. This information is available on the website of SIX Swiss Exchange.

Details of the shares owned by serving members of governing bodies can be found in the notes to the Parent Company Financial Statements on page 96.

6. Shareholder co-determination rights

6.1 Voting rights

The right to vote may be exercised by anyone who is entered in the share register as a shareholder with voting rights on the cut-off date determined by the Board of Directors, provided they do not sell their shares before the end of the Ordinary Shareholders' Meeting. Shareholders who hold their shares via nominee entries are not entitled to vote.

6.2 Submission of agenda items

Motions and issues for discussion from shareholders holding shares with a par value of CHF 1,000,000 or more will be included in the agenda of the Ordinary Shareholders' Meeting, provided they are submitted in writing to the Board of Directors before the meeting actually convenes. The Ordinary Shareholders' Meeting itself may decide to permit the debate of motions on matters not properly submitted for discussion as described above. No resolution on the matter in question may be passed until the next Ordinary Shareholders' Meeting, however. Motions to call an Extraordinary Shareholders' Meeting or to conduct a special audit are not subject to this regulation. No advance notice is required to propose a motion in connection with matters already tabled for discussion.

6.3 Entries in the share register

Entry in the share register requires evidence of the purchase of title to registered shares or of a right of usufruct. No entries are made in the share register between the cut-off date determined by the Board of Directors and the day following the Ordinary Shareholders' Meeting.

7. Change of control and defensive measures

No rules regarding change of control and defensive measures have been made in the Articles of Association.

8. Auditors

8.1 Duration of mandate and term of office of auditor in charge

The Ordinary Shareholders' Meeting appoints the Company's auditors for each financial year. Ernst & Young Ltd was appointed as the Company's statutory and group auditors for the first time for the 2001/2002 financial year. Martin Mattes has been auditor in charge since the 2012/2013 financial year.

8.2 Audit fees

The fee paid to Ernst & Young Ltd for auditing the Company's Statutory Financial Statements and Group Financial Statements IFRS amounted to CHF 159,000 (previous year: CHF 155,000) during the fiscal year. The fee for auditing the capital reduction of 2.9.2016 amounted to CHF 8,000 (previous year: CHF 8,000). The fee for auditing the compliance with bond terms amounted to CHF 8,000 (previous year: CHF 4,000). Additional fees for reviewing the corporate governance disclosures in the annual report, the compensation report as well as other audit-related services amounted to CHF 6,500 (previous year: CHF 9,425).

8.3 Supervision and control instruments with regard to the auditors

The independence and performance of the auditors are reviewed by the Audit Committee. The auditors are instructed to issue audit reports on the Group Financial Statements IFRS and the Statutory Financial Statements, on their review of the corporate governance section of the annual report and the compensation report, as well as to run the audit procedures required by law in relation to the reduction of corporate capital of 2.9.2016. In addition, the Board of Directors receives a management letter from the auditors if required, and a comprehensive report following the annual audit. These documents are discussed by the Audit Committee with the auditors. Representatives of the auditors attended two of the total of three Audit Committee meetings taking place in the 2016/2017 financial year.

9. Information policy

Every year, the Company publishes an annual report and three quarterly reports. The Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) is the Company's official publication for announcements. Moreover, the current net asset value (NAV) is published twice monthly on the Company's website (www.hbmhealthcare.com). The Company is subject to the ad hoc publicity disclosure rules of SIX Swiss Exchange.

Further details of the Company's sources of information are given in the "Investor Information" section on page 101.

The Company's contact address is:
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Bundesplatz 1, 6300 Zug, Switzerland
Phone +41 41 710 75 77
Fax +41 41 710 75 78
info@hbmhealthcare.com
www.hbmhealthcare.com

10. Inapplicability/negative declaration

It is hereby stated expressly that all information that is not contained or mentioned in the corporate governance section is deemed inapplicable or is to be understood as a negative declaration.

Hans Peter Hasler
Chairman of the Board of Directors
Member of the Compensation Committee
Date of birth 2.2.1956
Nationality Swiss



Prof. Dr Dr h.c. mult. Heinz Riesenhuber
Vice Chairman of the Board of Directors
Member of the Audit Committee
Date of birth 1.12.1935
Nationality German



"HBM Healthcare manages a widely diversified investment portfolio in healthcare, an innovative growth market."

"Investors value the long-standing experience and sustainable track record of HBM Healthcare and its partners."

Education

Swiss Federal Commercial Diploma
Marketing Certificate, Swiss School of Business
Administration SIB, Zurich.

Professional history

Since 2010 HPH Management GmbH, Switzerland, Global Life Science Advisors
2012–2013 Elan Corporation plc, Chief Operating Officer (COO)
2008–2009 Biogen Idec Inc, USA, Chief Operating Officer (COO)
2001–2007 Biogen Inc, USA, Head of Commercial Operations, Cambridge/USA and Zug/Switzerland
1998–2001 Wyeth Pharmaceuticals, USA, Senior Vice President, Chief Marketing Officer/Head of Global Strategic Marketing
1993–1998 Wyeth Pharmaceuticals, Switzerland, Austria, Eastern Europe, Germany

Directorships

Since 2016 Dr Reddy's Laboratories, Member of the Board of Directors
Since 2016 Patheon Inc, Member of the Board of Directors
Since 2014 AOP Orphan Pharmaceuticals AG, Member of the Board of Directors
Since 2012 MIAC AG, Chairman of the Board of Directors

Education

Master's and PhD degrees in chemistry; post-doctoral fellow, University of Frankfurt am Main, Germany.

Professional history

Since 2006 German Parliamentary Society, Chairman
2004–2010 Kabel Deutschland GmbH, Chairman
2000–2007 Vodaphone Germany, Member of the Board of Directors
1998–2008 Henkel & Co KGaA, Member of the Board of Directors
Since 1995 Goethe University, Honorary Professor
1994–2000 Mannesmann AG, Member of the Board of Directors
1993–2007 Altana AG, Chairman of the Board of Directors
1993–2008 Evotec AG, Chairman of the Board of Directors
1982–1993 German Federal Minister of Research & Technology
Since 1976 Member of the German Federal Parliament; 2001-2002 Chairman of the Committee of Economics and Technology
1971–1982 Synthomer Chemie GmbH, CEO
1966–1971 Erzgesellschaft mbH, since 1968 CEO

Directorships

Since 2001 Heidelberg Innovation BioScience Venture II GmbH, Member of the Investors Committee

Mario G. Giuliani
Member of the Board of Directors
Member of the Compensation Committee
Date of birth 26.2.1972
Nationality Swiss



Dr med. Eduard E. Holdener
Member of the Board of Directors
Date of birth 14.1.1945
Nationality Swiss



"The actively managed portfolio combines investments in privately held companies with holdings in mature public companies."

Education

Degree in Economics and Commerce from the Catholic University of the Sacred Heart in Milan, Italy.

Professional history

2015–2016 Nogra Group SA, Luxembourg,
Chairman of the Board of Directors

2011–2014 Recordati SpA, Italy,
Member of the Board of Directors

1996–2014 Giuliani SpA, Italy
Since 1999 Member of the Board of Directors
(Chairman 2000–2001, 2003–2014)
2011–2014 CEO

1996–2007 Finance and Controlling
1999–2000 CFO

1998–1999 Vector Fund Management, USA,
Associate

Directorships

Since 2015 Jukka LLC,

Member of the Board of Directors

Since 2015 NGR (MONACO) SAM,
Member of the Board of Directors

Since 2013 Fair-Med Healthcare AG,
Chairman of the Board of Directors

Since 2010 Giuliani Group SpA
Member of the Board of Directors

Since 2001 Royalty Pharma,
Member of the Investment Committee

Since 2000 Mosaix Ventures LLP,
Member of the Investment Committee

"HBM Healthcare maintains excellent relationships with the academic, finance and venture capital sectors worldwide."

Education

University of Zurich, Faculty of Medicine, Zurich, Switzerland (graduation November 1971);

MD degree (dissertation) University of Basle, Faculty of Medicine, Basle, Switzerland, 1975.

Clinical activities and training for specialist in internal medicine and oncology, 1972–1986.

Professional history

1986–2007 F. Hoffmann-La Roche Ltd, Switzerland

2006–2007 Chief Medical Officer (CMO) and Member of the Extended Corporate Executive Committee
1999–2006 Global Head of Pharma Development and CMO

1996–1998 Head of Pharma Development, Nippon Roche K.K., Tokyo, Japan

1994–1995 Deputy Head Global Clinical Development
1991–1994 Head of Global Clinical Development in Oncology

1986–1990 Head of Clinical Interferon Development

Directorships

Since 2008 NovImmune SA, Chairman of the Board of Directors, CEO (since 2016)

Since 2008 Parexel International Co.,
Member of the Board of Directors

Robert A. Ingram
Member of the Board of Directors
Member of the Compensation Committee
Member of the Nominating Committee
Date of birth 6.12.1942
Nationality USA



Dr Rudolf Lanz
Member of the Board of Directors
Member of the Audit Committee
Member of the Nominating Committee
Date of birth 16.6.1950
Nationality Swiss



"In addition to its main focus on North America and Europe, HBM Healthcare also invests in companies from emerging economies."

"For a balanced risk profile, our portfolio bundles companies from various areas of activity and of different degrees of maturity."

Education

Bachelor of Science in Business Administration from the Eastern Illinois University, Lumpkin College of Business, Charleston, Illinois, USA.

Professional history

Since 2007 Hatteras Venture Partners, USA, General Partner

1990–2010 GlaxoSmithKline plc

2010 Advisor to the CEO

2003–2009 Vice Chairman Pharmaceuticals

2001–2003 President and COO Pharmaceutical Operations

1999–2000 Chairman of the Board of Directors Glaxo Wellcome Inc

1997–2000 CEO Glaxo Wellcome plc

1990–1997 Several executive positions

Directorships

Since 2015 Viamet Pharmaceuticals Inc, Chairman of the Board of Directors

Since 2015 BioCryst Pharmaceuticals Inc, Member of the Board of Directors

Since 2011 Novan Inc, Chairman of the Board of Directors

Since 2008 Cree Inc, Member of the Board of Directors (Lead Independent Director)

Education

Master's degree in economics from the University of St. Gallen, Switzerland; doctorate in law from the University of Berne, Switzerland.

Professional history

2000–2009 The Corporate Finance Group AG (TCFG), Co-Founder, Partner and Chairman of the Board of Directors

1980–2000 Ernst & Young Ltd, Zurich and Berne

1997–2000 Member of the Executive Committee

1995–1999 CFO

1994–1997 Member of the Board of Directors

1992–2000 Partner

1988–2000 Head of Mergers & Acquisitions/Corporate Finance

1980–1988 Business Consultant Strategy, Finance and M&A

1976–1977 Allgemeine Treuhand Ltd, Basle, Assurance and Advisory Department

Directorships

Since 2015 MIAC AG, Member of the Board of Directors

Since 2009 Dr Rudolf Lanz AG, Chairman of the Board of Directors

Since 2009 Pearls Fashion Holding AG, Member of the Board of Directors

Dr Andreas Wicki
Chief Executive Officer
Date of birth 1.12.1958
Nationality Swiss



Erwin Troxler
Chief Financial Officer
Date of birth 30.5.1970
Nationality Swiss



"Investors benefit from a strong share price, increasing cash distributions and ongoing share buy-back programmes."

Education

Studies in chemistry and biochemistry at the University of Berne, Switzerland, graduating in 1983; doctoral thesis at the Theodor Kocher Institute of the University of Berne, completed in 1986.

Professional history

Since 2001 HBM Healthcare Investments Ltd and HBM Partners Ltd, Zug, CEO

1998–2001 Private Equity Holding Ltd, Venture Capital Advisor for life science investments

1994–2001 Clinserve Ltd, Founder and CEO

1993–1998 APAX Partners private equity group, Investment Advisor for life sciences

1991–2001 ANAWA Holding AG / MDS Pharma Services Inc, CEO (1996) and Chairman (1998)

1988–1990 Vivagen Diagnostics Ltd, Berne (sold to Unilabs Corp in 1990), Founder and CEO

Directorships

Since 2016 Vitaeris Inc., Member of the Board of Directors

Since 2007 Pacira Pharmaceuticals, Inc, Member of the Board of Directors

Since 2001 HBM Healthcare Investments (Cayman) Ltd, Member of the Board of Directors

Since 2000 Buchler GmbH/Fagus GmbH, Member of the Board of Directors

"Extensive disclosures ensure transparency for shareholders and analysts despite changes in financial reporting standards."

Education

Lucerne School of Economics and Business Administration, HWW (1996); Swiss Certified Public Accountant (2000).

Professional history

Since 2005 HBM Healthcare Investments Ltd and HBM Partners Ltd, Zug

Since 2011 Chief Financial Officer

2005–2011 Management of several areas within the Finance Department

2002–2005 Julius Baer Family Office, Zug, VP, Deputy Branch Manager, responsible for investment companies in the private equity segment

1999–2002 PricewaterhouseCoopers Ltd, Lucerne, Audit Manager, responsible for audits of banks and of other clients in the financial services sector

1990–1993 Luzerner Kantonalbank

Directorships

Since 2014 Swiss Association of Investment Companies (SAIC), Chairman

HBM Healthcare Investments Ltd, Zug

Zurich, 15 May 2017

Review Report for the Corporate Governance disclosures

In accordance with your instructions, we have reviewed the Corporate Governance disclosures of HBM Healthcare Investments Ltd according to the Directive Corporate Governance (DRC) issued by the SIX Swiss Exchange (pages 33 to 44) for the year ended 31 March 2017.

These disclosures are the responsibility of the Board of Directors. Our responsibility is to issue a report on these disclosures based on our review.

Our review was conducted in accordance with Swiss Auditing Standard 910 applicable to review engagements, which requires that a review be planned and performed to obtain moderate assurance about whether the Corporate Governance disclosures are free from material misstatements. A review is limited primarily to inquiries of personnel and analytical procedures applied to the disclosures and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Corporate Governance disclosures of HBM Healthcare Investments Ltd are not complete with regard to the Directive Corporate Governance (DCG) issued by the SIX Swiss Exchange, contain material misstatements or are not in compliance with it.

Ernst & Young Ltd



Martin Mattes
Licensed audit expert
(Auditor in charge)



Karina Kamella
Licensed audit expert

Investment Guidelines



The Investment Guidelines determine the investment activities of HBM Healthcare Investments Ltd and its subsidiaries (HBM Healthcare Investments). In particular, they set out the overall investment strategy, the tolerance of risk and the general risk management philosophy.

1. Investment objective

HBM Healthcare Investments' objective is to generate long-term capital gains with investments in private and public companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

2. Investment strategy

Within its target sector, HBM Healthcare Investments invests predominantly in later-stage private companies which are attractively valued and have a convincing business model, including their product pipeline, technology and management:

> The initial investment is typically made in the later stages of clinical development, and where profitable or cash flow-neutral companies require financing for their expansion. There must be an attractive ratio between value-creation potential and the risk of the investment. HBM Healthcare Investments must also be able to influence the portfolio company, particularly with regard to its exit from the investment.

- > HBM Healthcare Investments may acquire majority participations in portfolio companies.
- > The amount of the investment may be increased in follow-on financing rounds provided the value-creation potential remains intact.
- > HBM Healthcare Investments has the flexibility to increase its investment further at the time of or after the portfolio company's IPO.

Geographical focus

Investments are made worldwide – primarily in Europe, Asia and North America.

Availability of funds

HBM Healthcare Investments maintains adequate short-term funds to ensure that it is able to satisfy all of its commitments, including follow-on financing for portfolio companies. Cash and cash equivalents are held with a variety of top-rated banks.

Debt financing

With the approval of the Board of Directors, HBM Healthcare Investments Ltd may obtain debt financing totalling no more than 20 percent of net assets at any time. Where possible, the repayment dates for this borrowed capital will be staggered over time.

Hedging

HBM Healthcare Investments may hedge all or part of its investment risks using derivatives or other appropriate financial instruments. Such transactions must be aimed at reducing overall portfolio risk.

Investment instruments

HBM Healthcare Investments' investments are made primarily in equities. HBM Healthcare Investments may also invest in other instruments including, but not limited to, convertible bonds and, exceptionally, debt securities and derivatives.

3. Investment categories

HBM Healthcare Investments continually optimises the composition of its portfolio in line with its sector focus and prevailing market circumstances. HBM Healthcare Investments holds a diversified portfolio of high-quality companies with considerable potential. Without the consent of the Board of Directors of HBM Healthcare Investments Ltd, the acquisition cost of any single investment may not exceed 10 percent of net assets.

Private companies

The majority of the capital that is realised and available from the portfolio flows through an investment cycle into direct participations in private companies with a convincing business model. HBM Healthcare Investments may acquire majority holdings in portfolio companies, and guides and supports them.

Public companies

HBM Healthcare Investments may increase its investment in a portfolio company at the time of or after the latter's IPO. HBM Healthcare Investments may also make investments in public companies. Increases in the value of existing holdings – following private portfolio company IPOs, for example – may result in a significant proportion of net assets being held in public companies.

Financial instruments (not related to hedging)

HBM Healthcare Investments may hold "long" positions in options, and "short" positions in put options. Based on the principal amount, these position may cumulated amount to up to 20 percent of the net assets of HBM Healthcare Investments. Selling of uncovered call options is not allowed. Holdings in sold call options which are covered by the corresponding portfolio holdings may be entered into additionally.

4. Investment decisions

Investment and disposal decisions in relation to individual companies are taken by the Board of Directors of the investing HBM Healthcare Investments entity, HBM Healthcare Investments (Cayman) Ltd, based on the recommendations of the investment advisor, HBM Partners Ltd. Within the scope of HBM Healthcare Investments' ordinary business activities, the Board of Directors of HBM Healthcare Investments Ltd does not make any company-specific investment or disposal decisions.

5. Application of and changes to the Investment Guidelines

The original Investment Guidelines were adopted by the Board of Directors of HBM Healthcare Investments Ltd on 6 December 2001, revised on 14 May 2004, on 7 July 2006, on 25 June 2010, on 12 May 2014 and passed in their present form on 11 February 2015. These Investment Guidelines define and regulate the investment activities of HBM Healthcare Investments Ltd and its subsidiaries (HBM Healthcare Investments). The Investment Guidelines may be amended within the limits of the Articles of Association of HBM Healthcare Investments Ltd by its Board of Directors at any time.

Compensation Report



This Compensation Report for the 2016/2017 financial year sets out the compensation system for, and the compensation paid to, the members of the Board of Directors and the Management of HBM Healthcare Investments Ltd (HBM Healthcare or the Company). The content and scope of the disclosures comply with the regulations set out in the "Ordinance Against Excessive Compensation in Listed Companies Limited by Shares (ERCO)", which was passed by the Federal Council and entered into force on 1 January 2014, and the SIX Swiss Exchange Directive on Corporate Governance (DCG).

1. Introductory remarks on the specific structure of HBM Healthcare as an investment company

HBM Healthcare is an exchange-listed investment company in the form of a company limited by shares in the sense of Art. 2 para. 3 of the Collective Investment Schemes Act (CISA) and Art. 65 et seqq. of the Listing Rules of SIX Swiss Exchange.

As an investment company, HBM Healthcare invests worldwide, via its subsidiaries, in the human medicine, biotechnology, medical technology, and diagnostic sectors and related areas. Investments are focused on Western Europe and the USA, and may be made in both individual private and public compa-

nies, as well as in other investment vehicles specialising in the sectors listed above. The Company does not pursue any commercial or operational activity other than that described here.

As is common for investment companies, in accordance with Art. 6 para. 2 ERCO and Art. 21 of the Company's Articles of Association, the Board of Directors has transferred asset management to a specialist service provider, HBM Partners Ltd, Zug (Investment Advisor), under the terms of an advisory agreement. As a rule, investment decisions are made by the Boards of Directors of HBM Healthcare's subsidiaries. Responsibility for monitoring the Investment Advisor, taking key investment policy decisions, and other inalienable tasks, remains with the Board of Directors of HBM Healthcare. The Investment Advisor manages various collective investment funds which focus on the healthcare sector. As an asset manager of collective investment schemes in accordance with Art. 13 para. 2 f CISA, the Investment Advisor is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA. For details of the advisory agreement, please refer to section 9 of this Compensation Report.

In accordance with Art. 6 ERCO and Art. 21 of the Company's Articles of Association, the Board of Directors has delegated day-to-day business to the Management, comprising a Chief Executive Officer (CEO) and Chief Financial Officer (CFO), under the terms of the Company's Organisational Regulations.

2. Responsibility and authority with regard to compensation

The full Board of Directors is responsible for ensuring that the compensation process is fair and transparent, and subject to effective supervision. The chosen compensation process should serve to provide pay commensurate with the services provided, as well as appropriate incentives, to the individual members of the Board of Directors and Management, taking due account of the longerterm interests of the shareholders and the Company's performance. In particular, subject to the approval of the Shareholders' Meeting,

the full Board of Directors determines the following:

- > The principles of the compensation strategy;
- > The level and composition of compensation paid to the Chairman of the Board of Directors, the Vice Chairman and other members of the Board of Directors;
- > The compensation paid to the members of the committees of the Board of Directors;
- > The level and composition of total and individual compensation paid to the members of Management.

The Compensation Committee supports the Board of Directors with the determination and review of compensation policy and guidelines, as well as performance targets, and with the preparation of proposals to the Shareholders' Meeting concerning the compensation to be paid to the Board of Directors and Management. Consulting external advisors and specific studies at appropriate intervals, the Compensation Committee submits its proposals in this regard to the full Board of Directors for the latter to adopt a resolution.

In addition, the full Board of Directors decides on the conclusion, cancellation or amendment of the agreement with the Investment Advisor, and thus in particular also on the level of fees to be paid under that agreement.

3. Compensation to members of the Board of Directors

3.1 Basis and elements

The compensation paid to members of the Board of Directors depends on the scope of the individual member's activities and the responsibility and functions that they hold (chairmanship of the Board of Directors, vice-chairmanship, membership of the Board of Directors and membership of committees).

Compensation to the Board of Directors is made up of the following elements:

- > Fixed director's fee (cash payment);
- > Board meeting fee (cash payment);
- > Fixed fee for committee membership (cash payment);
- > Variable compensation depending on value growth achieved (cash payment);
- > Social security contributions.

The Board of Directors set the fixed element of its members' compensation as follows for the 2016/2017 reporting year:

Fixed compensation to Board of Directors (in CHF)	2016/2017	2015/2016
Chairman of the Board of Directors	94,000	94,000
Vice Chairman of the Board of Directors	43,000	43,000
Member of the Board of Directors	28,000	28,000
Board meeting fee, per meeting ¹⁾		
– Chairman	4,000	4,000
– Members	3,000	3,000
Member of the Audit Committee	30,000	30,000
Member of the Compensation Committee	10,000	10,000
Member of the Nominating Committee	0	0

1) As a rule, the Board of Directors holds four regular meetings per year.

The variable compensation paid to the Board of Directors is based on the increase in the Company's net asset value that has been achieved, in accordance with the same principles that apply to the performance fee that is due to the Investment Advisor under the advisory agreement (for further information on this and what follows here, please see section 9 below). Each member of the Board of Directors is entitled to a cash payment corresponding to up to one percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor. The entitlement of newly elected members of the Board of Directors is 0.33 percent in the first year, 0.67 percent in the second year, and one percent from the third year onwards.

The performance fee paid to the Investment Advisor is reduced by the gross amount of the variable compensation paid to the members of the Board of Directors, so that total gross performance-related fees and

compensation for both the Board of Directors and the Investment Advisor do not exceed 15 percent of the increase in value that has been achieved.

The fixed director's and board meeting fees reflect the time commitment and responsibility of the individual members of the Board. The variable component of compensation, which depends on increase in value, ensures that the Board of Directors maintains a focus on the long-term success of the Company.

As a rule, the full Board of Directors decides once a year on the level of fixed fees to be paid on the basis of a proposal from the Compensation Committee. It also decides once a year, on the basis of the increase in value that has been achieved, on what variable compensation is to be paid out. All of these decisions are subject to the approval of the Shareholders' Meeting.

3.2 Compensation paid to the individual members of the Board of Directors during the reporting year

During the 2016/2017 reporting period, the six members of the Board of Directors together received compensation totalling CHF 1,880,293 (previous year: CHF 430,681). Of this figure, CHF 400,000 (previous year: CHF 415,000) was paid out in the form of fixed directors' fees and board meeting fees for service on the Board of Directors and on the Board committees.

The variable compensation paid in accordance with the increase in value achieved came to CHF 1,413,000 (previous year: no variable compensation). Social security contributions totalled CHF 67,293 (previous year: CHF 15,681).

The individual members of the Board of Directors received the following compensation:

Compensation to Board of Directors 2016/2017 financial year (in CHF)	Committee ¹⁾			Period	Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties ²⁾	Total
	AC	CC	NC							
Hans Peter Hasler, Chairman	x			1.4.16–31.3.17	94,000	16,000	10,000	235,500	0	355,500
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	x			1.4.16–31.3.17	43,000	12,000	30,000	235,500	28,428	348,928
Mario G. Giuliani, Member		x		1.4.16–31.3.17	28,000	6,000	10,000	235,500	21,871	301,371
Dr Eduard E. Holdener, Member				1.4.16–31.3.17	28,000	6,000	0	235,500	16,994	286,494
Robert A. Ingram, Member		x	x	1.4.16–31.3.17	28,000	9,000	10,000	235,500	0	282,500
Dr Rudolf Lanz, Member		x	x	1.4.16–31.3.17	28,000	12,000	30,000	235,500	0	305,500
Total Board of Directors					249,000	61,000	90,000	1,413,000	67,293	1,880,293

1) AC: Audit Committee / CC: Compensation Committee / NC: Nominating Committee

2) Of the social security contributions, CHF 17,191 was paid on fixed compensation and CHF 50,102 on variable compensation.

Compensation to Board of Directors 2015/2016 financial year (in CHF)	Committee ¹⁾			Period	Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties ²⁾	Total
	AC	CC	NC							
Hans Peter Hasler, Chairman	x			1.4.15–31.3.16	94,000	16,000	10,000	0	0	120,000
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	x			1.4.15–31.3.16	43,000	12,000	30,000	0	11,380	96,380
Mario G. Giuliani, Member		x		1.4.15–31.3.16	28,000	12,000	10,000	0	3,112	53,112
Dr Eduard E. Holdener, Member				1.4.15–31.3.16	28,000	12,000	0	0	1,189	41,189
Robert A. Ingram, Member		x	x	1.4.15–31.3.16	28,000	12,000	10,000	0	0	50,000
Dr Rudolf Lanz, Member		x	x	1.4.15–31.3.16	28,000	12,000	30,000	0	0	70,000
Total Board of Directors					249,000	76,000	90,000	0	15,681	430,681

1) AC: Audit Committee / CC: Compensation Committee / NC: Nominating Committee

4. Compensation to members of Management

4.1 Basis

With the exception of asset management, which is delegated to the Investment Advisor under the terms of the advisory agreement, the Board of Directors has delegated day-to-day operational tasks to the Management. In the reporting year, the Management comprised a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO), both of whom are employed in the same roles at the Investment Advisor. Their relationship of employment with HBM Healthcare is governed by a separate employment contract, and covers 40 percent of the standard working week in each case.

The members of Management are compensated according to the scope of their individual activities and roles. This compensation comprises the following elements:

- > Fixed salary (cash payment);
- > Social security contributions.

As a rule, the full Board of Directors decides once a year on the level of compensation to be paid, on the

basis of a proposal from the Compensation Committee. Any adjustments to the fixed salary are made effective 1 July, within the total amount approved in advance by the Shareholders' Meeting.

The two members of Management are also in a relationship of employment with the Investment Advisor. The Chief Executive Officer (CEO) participates as minority shareholder in the Investment Advisor and the Chief Financial Officer (CFO) benefits from a profit-sharing plan.

4.2 Total compensation paid to members of Management in the reporting year

During the 2016/2017 reporting period, the two members of Management together received compensation totalling CHF 312,698 (previous year: CHF 293,304). Of this figure, CHF 290,000 (previous year: CHF 272,000) was paid out in the form of fixed salaries. Social security contributions totalled CHF 22,698 (previous year: CHF 21,304).

The members of Management received the following compensation:

Compensation to Management 2016/2017 financial year (in CHF)					
	Period	Working hours	Fixed salary	Soc. sec. contributions	Total
Dr Andreas Wicki, CEO	1.4.2016 – 31.3.2017	40%	172,000	13,404	185,404
Other member of Management	1.4.2016 – 31.3.2017	40%	118,000	9,294	127,294
Total Management			290,000	22,698	312,698

Compensation to Management 2015/2016 financial year (in CHF)					
	Period	Working hours	Fixed salary	Soc. sec. contributions	Total
Dr Andreas Wicki, CEO	1.4.2015 – 31.3.2016	40%	160,000	12,461	172,461
Other member of Management	1.4.2015 – 31.3.2016	40%	112,000	8,843	120,843
Total Management			272,000	21,304	293,304

5. Loans and credits to members of the Board of Directors and Management

As at 31 March 2017, there were no loans or credits outstanding which HBM Healthcare had granted to current or former members of the Board of Directors or Management, or parties related to them (previous year: none).

6. Compensation to related parties on non-market terms

During the 2016/2017 reporting year, the Company did not pay any compensation to related parties which did not conform to normal market terms (previous year: none).

7. Compensation to former members of the Board of Directors and Management

No payments were made to former members of the Board of Directors or Management during the 2016/2017 reporting year (previous year: none).

8. Contractual conditions upon leaving HBM Healthcare

No member of the Board of Directors or Management has a contract with HBM Healthcare which grants them severance pay should they leave the Company.

9. Advisory agreements

The HBM Healthcare Investments (Cayman) Ltd subsidiary has entered into an advisory agreement with HBM Partners (Investment Advisor), under which the Investment Advisor will provide asset management and other defined services to HBM Healthcare, specifically identifying and valuing investment opportunities, coordinating and conducting due diligence and contractual negotiations in respect of investments, supporting portfolio companies, monitoring portfolio holdings, and evaluating potential exit strategies, as well as bookkeeping and financial reporting. Investment decisions are not delegated to the Investment Advisor with the exception of the management of a discretionary portfolio of equities in public companies, the monetary size of which is limited, and which must be managed according to

guidelines defined by HBM Healthcare. The advisory agreement runs at least until 30 June 2018, and is automatically extended by twelve months in each case if it is not terminated by notice. Any notice of termination must be served at least twelve months before the end of the contract term.

The compensation paid to the Investment Advisor is determined by the advisory agreement, and comprises a fixed management fee, as well as a performance-related component.

The fixed management fee is 0.75 percent per year of the Company's assets, plus 0.75 percent per year of its market capitalisation, each payable quarterly at the beginning of the quarter. Company assets are calculated from shareholders' equity reported in accordance with International Financial Reporting Standards (IFRS) norms as at the end of the previous quarter, plus borrowed capital. Market capitalisation corresponds to the market value of the Company on SIX Swiss Exchange, less the Company's holdings of its own shares acquired as part of a share buy-back programme in order to reduce its capital.

HBM Healthcare has agreed with the Investment Advisor that no management fee will be owed for the entire term of the two bond tranches of CHF 50 million (par value) each, issued in July 2015.

The management fee paid to the Investment Advisor for the 2016/2017 financial year came to CHF 12.7 million (previous year: CHF 13.7 million).

The performance fee paid to the Investment Advisor amounts to 15 percent of the value growth achieved over and above the high water mark. The determining high water mark is that which was applied to the payment of the most recent performance fee, adjusted for any dividend payments or capital repayments that have been made to shareholders in the interim. The performance fee is calculated on an annual basis on net assets reported on the reporting

date, and the number of shares outstanding. It is paid out at the end of the financial year providing value growth has exceeded the high water mark by more than five percent.

The performance fee paid to the Investment Advisor is reduced by the gross amount of the variable compensation paid to the members of the Board of Directors, so that total performance-related fees and compensation for both the Board of Directors and the Investment Advisor do not exceed 15 percent of the increase in value.

For the 2016/2017 financial year, the net asset value per share before provision for the performance fee, i.e. the relevant figure for the calculation of the performance fee, stood at CHF 158.42, and thus above the high water mark of CHF 136.20. Once the variable compensation to the Board of Directors is deducted, a performance fee of CHF 22.1 million is due to the Investment Advisor. At the beginning of the 2017/2018 financial year, the high water mark for all outstanding shares thus increases to CHF 158.42 (adjusted for any future dividend payments or capital repayments made to shareholders).

If HBM Healthcare terminates the agreement by regular notice (i.e. not applying the default provisions), the Investment Advisor will continue to be eligible to participate, for a defined period, in the value growth achieved on certain existing holdings: for all holdings in private companies, for five years following termination of the agreement, such participation being ten percent of the difference between the sale proceeds and the reported book value, or acquisition cost if higher, at the time the agreement is terminated; for all holdings in public companies which are subject to restrictions on sale, for twelve months following termination of the agreement, such participation being ten percent of the difference between the market value of the holding upon expiry of the sale restriction and the reported book value, or acquisition cost if higher, at the time the agreement is terminated.

10. Rules under the Articles of Association

10.1 Rules under the Articles of Association concerning certain components of compensation

Under the Articles of Association, members of the Board of Directors and Management may be paid variable compensation that is determined by the achievement of certain performance objectives. Such performance objectives may be personal, corporate and divisionspecific, or objectives set relative to the market, to other companies or to comparable benchmarks, taking into account the role and level of responsibility of the recipient of such variable compensation. The compensation may take the form of cash, shares, options, comparable instruments or units, payment in kind, or services.

The Board of Directors or the Compensation Committee determines the weighting of performance targets, the individual target values, the terms of allocation and exercise, as well as exercise periods and any retention periods, and the terms that apply at maturity. It may provide that, should certain predetermined events take place, such as a change of control or the termination of an employment or mandate relationship, exercise terms and periods and holding periods may be shortened or cancelled, compensation may be paid on the assumption that target figures have been reached, or that compensation already paid out is forfeited.

Where an individual joins Management, or is promoted within Management, after compensation has been approved by the Shareholders' Meeting, the Board of Directors may approve an additional amount if the compensation that has been approved is not sufficient to cover the compensation to this individual. For each compensation period and member this additional amount may not exceed 60 percent of the most recently approved total maximum amounts for fixed and variable compensation to Management.

10.2 Rules under the Articles of Association concerning loans, credits and pension benefits

Under the Articles of Association, loans to members of the Board of Directors and Management may be granted on market terms only and may not exceed the amount of one year's compensation for each member. No pension benefits may be paid outside of occupational pension schemes.

10.3 Rules under the Articles of Association concerning the Shareholders' Meeting vote on compensation

Under the Articles of Association, the approval of the Shareholders' Meeting is required for each of the proposals of the Board of Directors that concern total amounts

- > for the maximum fixed part of compensation to members of the Board of Directors for the period up to the next ordinary Shareholders' Meeting;
- > for the variable part of compensation to members of the Board of Directors for the financial year just ended;
- > for the maximum fixed part of compensation to members of Management for the period from 1 July of the current calendar year to 30 June of the following calendar year;
- > for the variable part of compensation to members of Management for the financial year just ended.

The Board of Directors may submit alternative and additional proposals with regard to the same or other time periods to the Shareholders' Meeting. Should the Shareholders' Meeting reject one of the proposals of the Board of Directors, the Board of Directors will consider all of the relevant circumstances and set a corresponding maximum amount or several maximum sub-amounts, and must submit this (or these) to the Shareholders' Meeting for approval. Subject to its retroactive authorisation, HBM Healthcare may pay out compensation prior to its approval by the Shareholders' Meeting.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 15 May 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of HBM Healthcare Investments Ltd for the year ended 31 March 2017. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables of section 3.2 and 4.2 as well as sections 5 to 8 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 - 16 of the Ordinance.

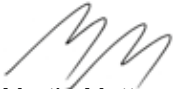
An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 March 2017 of HBM Healthcare Investments Ltd. complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

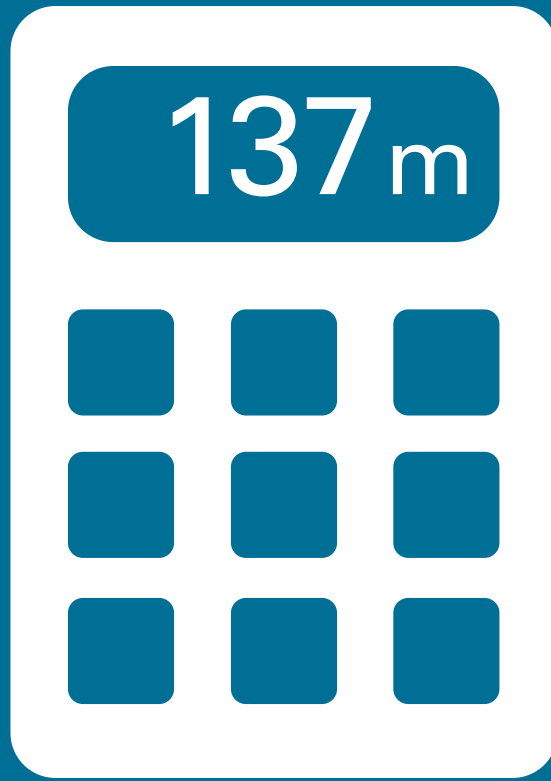


Martin Mattes
Licensed audit expert
(Auditor in charge)



Karina Kamella
Licensed audit expert

Financial Report



Balance sheet (CHF 000)	Notes	31.3.2017	restated 31.3.2016	restated opening balance sheet 1.4.2015
Assets				
Current assets				
Cash and cash equivalents		6,115	6,606	3,970
Receivables		51	54	53
Total current assets		6,166	6,660	4,023
Non-current assets				
Investment in subsidiary	(4)	1,192,834	1,130,421	1,118,203
Total non-current assets		1,192,834	1,130,421	1,118,203
Total assets		1,199,000	1,137,081	1,122,226
Liabilities				
Current liabilities				
Liability to subsidiary		0	0	30,000
Liability from performance fee	(4.4)	1,413	0	3,024
Other liabilities		2,754	3,346	2,604
Total current liabilities		4,167	3,346	35,628
Non-current liabilities				
Financial liabilities	(5)	99,072	98,908	0
Total non-current liabilities		99,072	98,908	0
Shareholders' equity				
Share capital	(6.1)	427,050	450,450	468,029
Treasury shares	(6.2)	-23,563	-27,298	-24,214
Capital reserve	(6.1)	237,362	293,535	348,449
Retained earnings		454,912	318,140	294,334
Total shareholders' equity		1,095,761	1,034,827	1,086,598
Total liabilities and shareholders' equity		1,199,000	1,137,081	1,122,226
Number of outstanding shares (in 000)		7,066	7,423	7,755
Net asset value (NAV) per share (CHF)		155.09	139.41	140.12

Statement of comprehensive income for the financial year ended 31 March (CHF 000)	Notes	2016/2017	restated 2015/2016
Dividend income from investment in subsidiary	(4)	80,000	15,000
Net change in value of investment in subsidiary	(4)	62,413	12,218
Result from investment activities		142,413	27,218
Personnel expenses	(7)	-2,301	-842
Other operating expenses		-913	-824
Result before interest and taxes		139,199	25,552
Financial expenses	(5)	-2,428	-1,757
Financial income		1	11
Income taxes		0	0
Net result for the year		136,772	23,806
Comprehensive result		136,772	23,806
Number of outstanding shares, time-weighted (in 000)		7,212	7,653
Basic earnings per share (CHF)		18.96	3.11

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

Statement of cash flows for the financial year ended 31 March (CHF 000)	2016/2017	restated 2015/2016
Other expenses paid (personnel and other operating expenses)	-1,714	-4,779
Net cash flow from operating activities	-1,714	-4,779
Dividend payment from subsidiary received	80,000	15,000
Net cash flow from investing activities	80,000	15,000
Interest payments paid	-2,259	-14
Issuance of financial liabilities	0	98,790
Repayment of loan to subsidiary	0	-30,000
Cash distribution from capital reserve	-40,040	-42,350
Purchase of treasury shares	-36,475	-34,011
Net cash flow from financing activities	-78,774	-7,585
Currency translation differences	-3	0
Net change in cash and cash equivalents	-491	2,636
Cash and cash equivalents at beginning of period	6,606	3,970
Cash and cash equivalents at end of period	6,115	6,606

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance as at 31 March 2015 (restated)	468,029	-24,214	348,449	294,334	1,086,598
Comprehensive result				23,806	23,806
Purchase of treasury shares		-33,227			-33,227
Distribution from capital reserve (6.7.2015)			-42,350		-42,350
Capital reduction (9.9.2015)	-17,579	30,143	-12,564		0
Balance as at 31 March 2016 (restated)	450,450	-27,298	293,535	318,140	1,034,827
Comprehensive result				136,772	136,772
Purchase of treasury shares		-35,798			-35,798
Distribution from capital reserve (30.6.2016)			-40,040		-40,040
Capital reduction (2.9.2016)	-23,400	39,533	-16,133		0
Balance as at 31 March 2017	427,050	-23,563	237,362	454,912	1,095,761

General Statements

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 at Bundesplatz 1, 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 significant accounting policies adopted in the preparation of the Group Financial Statements are set out below.

2.1 Basis of preparation – Group Financial Statements

The Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), and the provisions of the Listing Rules of SIX Swiss Exchange that apply to investment companies. They are considered Group Financial Statements according to the Swiss Code of Obligations (CO) and are presented in Swiss francs (CHF).

The preparation of the Group Financial Statements is based on the acquisition cost principle, with the exception of the non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd subsidiary (Subsidiary), which is carried at fair value through profit and loss (note 2.7).

2.2 Changes in accounting policies

With the exception of the new and revised standards and interpretations listed below, the same accounting policies and valuation principles as in the previous year have been applied in the preparation of these Group Financial Statements.

2.2.1 New or amended standards and interpretations applied for the first time during the year under review

The following new or amended standards and interpretations were applied for the first time during the year under review:

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" (1 January 2016)

The amendment to these standards means that investment entities should now carry subsidiaries which are themselves investment entities at fair value through profit and loss. By contrast, subsidiaries which do not themselves qualify as investment entities, but which provide investment-related services to the parent company, must still be consolidated.

The Board of Directors evaluated the implications of the amended standards for the Company and its subsidiaries. This assessment also included the conclusions reached by the IFRS Interpretations Committee at its meetings in November 2016 and March 2017.

The outcome was that, while the wholly-owned HBM Healthcare Investments (Cayman) Ltd subsidiary provides investment management services to the parent company, despite the absence of some of the typical characteristics of an investment entity (such as more than one investor, and investors that are not related parties of the entity) it still fulfils the general definition laid down in the IFRS 10 standard, and must therefore be classified as such.

The Subsidiary will thus no longer be consolidated, but instead carried at fair value through profit and loss.

This change to our accounting policy has been made with retroactive effect to 1 April 2015, and the comparative figures for previous years have been

amended accordingly. The effects of the change are described in detail in note 3 (page 68).

Amendment to IFRS 11 "Joint Arrangements" (1 January 2016)

This amendment clarifies how acquisitions of investments in joint arrangements which constitute a business operation within the meaning of IFRS 3 "Business Combinations" should be reported. It is not relevant to HBM Healthcare.

Amendment of IAS 27 "Separate Financial Statements" (1 January 2016)

This change provides the option of reporting subsidiaries, joint ventures and associated companies according to the equity method in separate IFRS financial statements. It is not relevant to HBM Healthcare.

2.2.2 New standards and interpretations which have not yet been applied

The following new and revised standards and interpretations, which could be relevant for HBM Healthcare, are only applicable to future financial years and have not been applied ahead of schedule in the present Group Financial Statements.

- > IFRS 7 (1 January 2018) – Financial Instruments: Disclosures: amended information on the transition from IAS 39 to IFRS 9
- > IFRS 9 (1 January 2018) – Financial Instruments: measurement of financial assets and liabilities
- > IFRS 15 (1 January 2018) – Revenue from Contracts with Customers
- > IFRS 16 (1 January 2019) – Leases

The implications for HBM Healthcare's Group Financial Statements are currently still being reviewed. Based on a preliminary analysis, no significant impact is expected.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group Financial Statements requires Management to make estimates which affect reported earnings, expenditure, assets, liabilities and investment commitments as at the balance sheet date. Should the estimates made by Management to the best of their knowledge at the balance sheet date subsequently be shown to differ from actual circumstances, the original estimates are adjusted accordingly during the reporting year in which circumstances changed. A degree of uncertainty is attached specifically to estimating the fair value of the non-consolidated investment in the Subsidiary.

2.4 Status of HBM Healthcare as an investment entity as defined in IFRS 10

HBM Healthcare is an investment company with a broad shareholder base. It is listed on SIX Swiss Exchange. 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. HBM Healthcare values and reports these positions, which are held indirectly via its Subsidiary, at fair value through profit and loss. Consequently, HBM Healthcare as the parent company fulfils the typical criteria qualifying it as investment entity as defined in IFRS 10.

Now that the HBM Healthcare Investments (Cayman) Ltd subsidiary is also classified as an investment entity under IFRS 10, as described in note 2.2 above, "Changes in accounting policies", it will no longer be consolidated and the scope of the Group Financial Statements will be limited to those of HBM Healthcare as the parent company.

2.5 Foreign currencies

The functional currency for the Company is the Swiss franc (CHF). Transactions in foreign currencies are booked at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Swiss francs at the exchange rates prevailing on the balance sheet date. The resulting foreign currency gains or losses are booked to the statement of comprehensive income. The Company does not hold any non-monetary assets.

The following exchange rates were used in the preparation of the financial statements:

Exchange rates (CHF)	31.3.2017	31.3.2016
DKK	0.1436	0.1469
EUR	1.0680	1.0945
GBP	1.2583	1.3811
INR	0.0155	0.0145
SEK	0.1118	0.1185
USD	1.0026	0.9618

2.6 Cash and cash equivalents

Cash and cash equivalents comprise assets which can be converted into amounts of legal tender within 90 days of the original transaction, i.e. cash on hand or at bank, and fixed-term deposits.

2.7 Investment in Subsidiary

The investment in the Subsidiary is carried at fair value through profit and loss. This fair value is measured on the basis of its net asset value on the balance sheet date. To establish net assets, the financial assets (investments, financial instruments and other financial assets) and liabilities (financial instruments and other financial liabilities) held by the Subsidiary are recognised and reported in accordance with the following policies:

2.7.1 Recognition of additions and disposals

All purchases and sales of financial instruments and investments are recognised on the trade date, i.e. on the date on which the Subsidiary commits to purchasing or selling the asset in question. Regular purchases and sales are purchases and sales of financial assets that require the latter's delivery within a time frame laid down by law or by the conventions of the marketplace.

Sales of investments and financial instruments are booked out at the anticipated sale proceeds on the date of sale. Claims to escrow amounts or performance-related milestone payments, which result in cash flows only at a later date, are carried under "Other financial assets" (note 2.7.4).

2.7.2 Investments

Investments comprise equity positions in and convertible bonds issued by portfolio companies. They are recognised at their acquisition cost and subsequently carried according to the following policies at fair value through profit and loss.

The fair value of investments in **private companies** is determined using the "International Private Equity and Venture Capital Valuation Guidelines (IPEV)". For this purpose, the acquisition cost in the investment currency is used as the best approximation of the fair value of the private company in question, except where

- > the company has been valued higher or lower in connection with a new round of financing with a third party (except with a strategic investor), in which case the company is valued according to the new financing round, whereby the various shareholder categories rights are taken into account in the valuation;
- > the company is performing significantly below expectations or is facing long-term problems, leading

to a permanent diminution in value, in which case the relevant position is written off in intervals of 25, 50, 75, or 100 percent, or revalued at its net realisable value;

- > the company is generating significant sales and profits, in which case an appropriate price/sales or price/earnings multiple is applied ("sales and earnings multiple method").

The fair values of private companies are reviewed regularly for a possible diminution in value.

Investments in **funds** are valued based on the net asset value of the fund in question.

The fair values of private companies and funds are determined by Management on the basis of the "International Private Equity and Venture Capital Valuation Guidelines (IPEV)" and approved by the Board of Directors. Given the uncertainty inherent in valuing such investments in general, the reported fair values may differ from the values that might have been used had an active market existed for the investments. This difference may be material in the case of certain individual investments.

For investments in **public companies**, the fair value is determined by the market price on the balance sheet date.

2.7.3 Financial instruments

The Subsidiary buys and sells derivative financial instruments in the course of its ordinary business activities and as part of its risk management. These instruments include the short selling of index funds and ETFs (Exchange Traded Funds) via securities lending for hedging purposes as well as futures and options on foreign currencies, indices and securities.

Derivative financial instruments are held for trading purposes and are reported at fair value through profit and loss. For listed derivatives, fair value equals

market value, which is determined by the market closing price as of the balance sheet date. The fair value of unlisted derivatives is determined using customary market methods. Derivatives acquired in combination with an investment in a private company are reported together with the fair value of the related investment.

2.7.4 Other financial assets

Other financial assets comprise of contractual claims on the sale proceeds of portfolio companies that are tied to contractual obligations and the achievement of predefined objectives (escrow amounts and milestone payments). These claims are carried in the Group Financial Statements at fair value through profit and loss, which is determined by the expected risk-weighted and discounted payments. The risk-weighted approach is based on the assessment of the probability of occurrence of certain future events, referring to commonly used industry statistics as well as own guidelines and estimates.

2.8 Financial liabilities

Financial liabilities are initially recognised at their acquisition value, i.e. the proceeds received once transaction costs have been deducted. They are subsequently carried at amortised cost using the effective interest method. Any discount, corresponding to the difference between the net proceeds received and the nominal value repayable upon maturity, is amortised over the term of the financial liability and charged to financial expenses.

2.9 Provisions

Provisions are made where HBM Healthcare has a legal or actual obligation in the future arising from an event in the past, where the fulfilment of this obligation is likely to result in an outflow of funds of which a reliable estimate can be made, and its anticipated financial value exceeds the value of the asset encumbered with the obligation.

2.10 Treasury shares

Treasury shares held by HBM Healthcare are reported as deductions from shareholders' equity. Purchasing costs, proceeds from onward sales and other transactions in treasury shares are reported as changes in shareholders' equity.

Shares of the parent company held by the Subsidiary are recognised at market value through profit and loss.

2.11 Net asset value and earnings per share

The net asset value per share (NAV) is calculated from the shareholders' equity reported as at the balance sheet date, divided by the number of shares outstanding on that date.

Earnings per share are calculated by dividing the net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period.

Diluted earnings per share are calculated by dividing the net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period, adjusted for costs and for the potential issue of new shares in connection with outstanding convertible bonds, share options and similar instruments.

2.12 Segment reporting

HBM Healthcare's business activities are limited to the acquisition, holding and sale of investments in companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. The Group Financial Statements therefore correspond to the segment reporting format.

3. Adjustment to the financial statements owing to the first-time application of the amended IFRS 10 "Consolidated Financial Statements"

The new rules which apply to the reporting of the investment in the Subsidiary owing to the first-time application of the amended IFRS 10 impact as follows on the comparative prior year figures in the balance sheet, income statement and statement of cash flows:

Restatement of balance sheet

	restated 31.3.2016	reported 31.3.2016	restated opening balance sheet 1.4.2015	reported opening balance sheet 1.4.2015
Balance sheet (CHF 000)				
Assets				
Current assets				
Cash and cash equivalents	6,606	104,823	3,970	140,381
Receivables	54	209	53	186
Financial instruments	0	10,005	0	0
Total current assets	6,660	115,037	4,023	140,567
Non-current assets				
Financial instruments	0	0	0	15,840
Investments	0	976,575	0	1,021,529
Other financial assets	0	31,050	0	13,244
Investment in subsidiary	1,130,421	0	1,118,203	0
Total non-current assets	1,130,421	1,007,625	1,118,203	1,050,613
Total assets	1,137,081	1,122,662	1,122,226	1,191,180
Liabilities				
Current liabilities				
Liability to subsidiary	0	0	30,000	0
Financial instruments	0	0	0	63,470
Liability from performance fee	0	0	3,024	50,414
Other liabilities	3,346	3,821	2,604	3,107
Total current liabilities	3,346	3,821	35,628	116,991
Non-current liabilities				
Financial liabilities	98,908	98,908	0	0
Total non-current liabilities	98,908	98,908	0	0
Shareholders' equity				
Share capital	450,450	450,450	468,029	468,029
Treasury shares	-127,298	-141,698	-124,214	-133,744
Capital reserve	293,535	293,758	348,449	345,570
Retained earnings	318,140	317,423	294,334	294,334
Total shareholders' equity	1,034,827	1,019,933	1,086,598	1,074,189
Total liabilities and shareholders' equity	1,137,081	1,122,662	1,122,226	1,191,180
Number of outstanding shares (in 000)	7,423	7,273	7,755	7,640
Net asset value (NAV) per share (CHF)	139.41	140.23	140.12	140.60

Restatement of comprehensive income and of cash flows

	restated 2015/2016	reported 2015/2016
Statement of comprehensive income for the financial year ended 31 March (CHF 000)		
Net result on investments	0	50,145
Dividend income	0	36
Net result from currency and market hedging transactions	0	-13,156
Net result from other financial instruments and financial assets	0	4,652
Dividend income from investment in subsidiary	15,000	0
Net change in value of investment in subsidiary	12,218	0
Result from investment activities	27,218	41,677
Management fee	0	-13,663
Personnel and other operating expenses	-1,666	-2,841
Result before interest and taxes	25,552	25,173
Financial expenses	-1,757	-2,110
Financial income	11	26
Income taxes	0	0
Net result for the year	23,806	23,089
Comprehensive result	23,806	23,089
Number of outstanding shares, time-weighted (in 000)	7,653	7,550
Basic earnings per share (CHF)	3.11	3.06

	restated 2015/2016	reported 2015/2016
Statement of cash flows for the financial year ended 31 March (CHF 000)		
Management fee paid	0	-13,663
Performance fee for previous year paid	0	-50,414
Other expenses paid (personnel and other operating expenses)	-4,779	-2,987
Net cash flow from operating activities	-4,779	-67,064
Interest and dividend payments received	0	62
Dividend payment from subsidiary received	15,000	0
Purchase of investments	0	-395,946
Sale of investments	0	476,534
Net cash flow from financial instruments for currency and market hedging	0	-8,757
Net cash flow from other financial instruments	0	-59,973
Net cash flow from investing activities	15,000	11,920
Interest payments paid	-14	-365
Issuance of financial liabilities	98,790	98,790
Repayment of loan to subsidiary	-30,000	0
Cash distribution from capital reserve	-42,350	-42,273
Purchase of treasury shares	-34,011	-65,882
Sale of treasury shares	0	30,023
Net cash flow from financing activities	-7,585	20,293
Currency translation differences	0	-707
Net change in cash and cash equivalents	2,636	-35,558
Cash and cash equivalents at beginning of period	3,970	140,381
Cash and cash equivalents at end of period	6,606	104,823

Notes to the Balance Sheet and Statement of Income

4. Investment in Subsidiary

The fair value of the investment in the Subsidiary HBM Healthcare Investments (Cayman) Ltd developed as follows in the year under review:

Development fair value investment (CHF 000)	2016/2017	2015/2016
Fair value at the beginning of financial year	1,130,421	1,118,203
Increase in value, gross	142,413	27,218
Dividend payment to parent company	-80,000	-15,000
Fair value at the end of financial year	1,192,834	1,130,421

Net assets of the investment in the Subsidiary comprised the following as at the balance sheet date:

Composition net assets (CHF 000)	31.3.2017	31.3.2016¹⁾	31.3.2015¹⁾
Cash and cash equivalents	203,890	98,217	136,411
Receivables	363	155	133
Loan to parent company	0	0	30,000
Investments			
Private companies	122,491	141,097	127,460
Funds	151,762	158,430	145,987
Public companies	813,569	677,048	748,082
Shares of parent company	8,879	14,894	12,409
Financial instruments	9,001	10,005	15,840
Other financial assets	39,002	31,050	13,244
Total assets	1,348,957	1,130,896	1,229,566
Financial instruments	-132,991	0	-63,470
Liability from performance fee	-22,135	0	-47,390
Other current liabilities	-997	-475	-503
Total net assets at fair value	1,192,834	1,130,421	1,118,203

1) As reported, before reclassification owing to IPOs.

During the reporting period, the net assets of the investment in the Subsidiary have developed as follows:

Change in net assets at fair value (CHF 000)	2016/2017	2015/2016
Net result on investments	155,625	50,145
Dividend income	178	36
Net result from financial instruments	2,571	-11,095
Net result from other financial assets	17,932	2,591
Net result from shares of parent company	2,197	717
Result from investing activities	178,503	42,394
Management fee	-12,675	-13,663
Performance fee	-22,135	0
Personnel and other operating expenses	-1,158	-1,185
Financial result	-122	-328
Increase in value, gross	142,413	27,218
Dividend payment to parent company	-80,000	-15,000
Net change in value of investment	62,413	12,218

For details of individual items of net assets (balance and change) please refer to the following explanations.

4.1 Investments

During the reporting period, the investments held by the Subsidiary comprised the following and they performed as follows:

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value as at 31 March 2016	141,097	158,430	677,048	976,575
Reclassification owing to IPO (AnaptysBio)	-6,733	0	6,733	0
Reclassification owing to IPO (ObsEva)	-10,000	0	10,000	0
Fair value as at 31 March 2016 (after reclassification)	124,364	158,430	693,781	976,575
Purchases	24,865	16,856	363,280	405,001
Sales	-21,801	-16,394	-411,184	-449,379
Realised gains	5,845	98	136,428	142,371
Realised losses	-30,546	-2,876	-66,241	-99,663
Changes in unrealised gains/losses	19,764	-4,352	97,505	112,917
Net result on investments	-4,937	-7,130	167,692	155,625
Fair value as at 31 March 2017	122,491	151,762	813,569	1,087,822

Details on investments can be found on pages 74 and 75.

Net result on investments comprised the following for the 2016/2017 financial year:

Net result on investments (CHF 000)	Private companies	Funds	Public companies	Total
Gains	20,441	7,166	233,605	261,212
Losses	-25,378	-14,296	-65,913	-105,587
Total 2016/2017 financial year	-4 937	-7,130	167,692	155,625

The net gains on investments of CHF 155.6 million (previous year: CHF 50.1 million) includes net currency gains of CHF 17.9 million (previous year: net currency losses of CHF 7.7 million).

Private companies	Domicile	Investment currency	Amount dis-	Changes in	Amount dis-	Fair value	Ownership	Fair value	Fair value
			bursed as at	reporting	bursed as at	as at	as at	as at	as at
		IC	31.3.2016	period	31.3.2017	31.3.2017	31.3.2017	31.3.2017	31.3.2016
			IC m	IC m	IC m	IC m	%	CHF 000	CHF 000
Cathay Industrial Biotech	CN	USD	28.0		28.0	43.9	9.3	43,964	42,175
Westmed Holding	US	USD	7.0		7.0	12.4	22.4	12,467	11,959
ARMO BioSciences	US	USD	10.0		10.0	10.0	4.4	10,026	9,618
True North Therapeutics	US	USD	0.0	10.0	10.0	10.0	3.1	10,026	0
Vascular Dynamics	US	USD	8.0	1.0	9.0	9.0	15.8	9,005	7,694
Neurelis	US	USD	0.0	5.5	5.5	5.5	11.0	5,514	0
SAI Life Sciences	IN	INR	256.4		256.4	352.7	6.1	5,453	3,722
FarmaLatam	PA	USD	2.5	1.9	4.3	4.3	64.6	4,317	2,357
Vitaeris	CA	USD	0.0	3.0	3.0	4.0	20.0	4,010	0
Iconic Therapeutics	US	USD	7.5		7.5	3.8	7.1	3,760	7,214
Cardiac Assist	US	USD	4.2	0.3	4.4	3.1	17.8	3,145	2,010
1mg	IN	INR	0.0	136.0	136.0	136.0	5.0	2,103	0
Tensys Medical ¹⁾	US	USD	18.5	1.3	19.8	0.0	99.6	211	17,745
Interventional Spine ²⁾	US	USD	18.0	-18.0	0.0	0.0	0.0	0	5,662
Others								8,491	14,207
Total private companies								122,491	124,364

1) This investment has been value-adjusted in the reporting period.

2) This position was the subject of an asset sale during the period under review. USD 13.8 million has been received to date as an advance payment. The remaining claim is carried under other financial assets.

Funds	Investment currency	Total commitment	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
			in reporting period	in reporting period	payments as at	repayments as at	as at	as at	as at
		IC m	IC m	IC m	31.3.2017	31.3.2017	31.3.2017	31.3.2017	31.3.2016
			IC m	IC m	IC m	IC m	IC m	CHF 000	CHF 000
Nordic Biotech	DKK	31.0			31.0	11.8	220.5	31,634	29,034
HBM BioCapital II ¹⁾	EUR	42.0	2.8		31.6	0.0	25.6	27,383	31,921
MedFocus Fund II	USD	16.0		15.0	16.0	15.0	19.4	19,497	32,980
WuXi Healthcare Ventures II	USD	20.0	3.8	0.1	11.0	0.1	11.9	11,891	6,870
BioMedInvest I	CHF	26.0			26.0	21.5	10.4	10,400	10,764
Hatteras Venture Partners III	USD	10.0	0.6		10.0	2.0	10.0	9,997	9,167
Galen Partners V	USD	10.0		0.1	9.6	1.5	9.1	9,085	10,561
BioMedInvest II	CHF	10.0	2.0	1.0	10.0	1.8	8.4	8,360	7,860
Tata Capital HBM Fund I	USD	10.0	5.2	0.5	8.9	0.5	8.0	7,989	3,085
BioVeda China	USD	8.5			8.5	27.2	5.4	5,398	5,771
HBM Genomics	USD	15.0	2.3		6.2	0.0	5.4	5,368	3,285
Others								4,760	7,132
Total funds								151,762	158,430

1) The fair value of EUR 25.6 million takes into account the fund's cumulative management fees of EUR 4.3 million. This amount has been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Domicile	Investment currency	Balance as at 31.3.2016	Changes in reporting period	Balance as at 31.3.2017	Ownership as at 31.3.2017	Fair value as at 31.3.2017	Fair value as at 31.3.2016
			Number of shares	Number of shares	Number of shares	%	CHF 000	CHF 000
Advanced Accelerator Applications	P ¹⁾ FR	USD	3,492,611	-192,611	3,300,000	7.6	131,880	117,639
Vectura Group ¹⁾	GB	GBP	83,507,230	-15,515,511	67,991,719	10.0	130,637	181,951
Pacira Pharmaceuticals	P ¹⁾ US	USD	1,100,000	0	1,100,000	2.9	50,290	56,052
Nabriva Therapeutics	P ¹⁾ US	USD	2,968,980	0	2,968,980	10.9	35,720	25,586
Genmab	DK	DKK	302,500	-119,700	182,800	0.3	35,248	40,324
Incyte	US	USD	416,000	-211,000	205,000	0.1	27,474	28,996
AnaptysBio ²⁾	P ¹⁾ US	USD	942,835	0	942,835	4.7	26,232	6,733
Ultragenyx Pharmaceutical	US	USD	103,000	281,257	384,257	0.9	26,113	6,272
ObsEva ²⁾	P ¹⁾ CH	USD	1,846,598	473,182	2,319,780	7.8	24,212	10,000
Tesaro	US	USD	3,000	149,750	152,750	0.3	23,565	127
Paratek Pharmaceuticals	P ¹⁾ US	USD	1,643,742	-443,742	1,200,000	4.9	23,160	23,983
Neurocrine Biosciences	US	USD	456,000	73,500	529,500	0.6	22,987	17,346
Esperion Therapeutics	US	USD	750,000	-115,593	634,407	2.8	22,459	12,198
Biomarin	US	USD	5,500	200,500	206,000	0.1	18,130	436
Eagle Pharmaceuticals	US	USD	170,000	28,279	198,279	1.3	16,488	6,622
Galapagos	BE	EUR	114,000	42,000	156,000	0.3	13,591	4,615
Nicox	FR	EUR	0	1,184,941	1,184,941	4.7	12,418	0
Coherus Biosciences	US	USD	362,900	219,542	582,442	1.1	12,351	7,410
Intersect ENT	US	USD	124,900	495,100	620,000	2.2	10,661	2,282
Antares Pharma	US	USD	3,740,732	0	3,740,732	2.4	10,651	3,130
Regenxbio	US	USD	0	546,000	546,000	1.8	10,565	0
Intercept Pharmaceuticals	US	USD	25,000	51,250	76,250	0.3	8,646	3,089
Prothena	IR	USD	2,000	149,900	151,900	0.4	8,497	79
Amicus Therapeutics	US	USD	300,000	886,604	1,186,604	0.8	8,482	2,438
Probiobdrug	P ¹⁾ DE	EUR	481,812	16,098	497,910	6.1	8,391	12,762
Eiger BioPharmaceuticals	P ¹⁾ US	USD	603,819	0	603,819	7.2	6,932	9,739
Ascendis Pharma	DK	USD	0	235,000	235,000	0.7	6,597	0
Erytech Pharma	FR	EUR	0	200,000	200,000	2.3	6,002	0
Hansa Medical	SE	SEK	0	400,000	400,000	1.1	5,991	0
Divis Laboratories	IN	INR	0	608,000	608,000	0.2	5,864	0
Aurinia Pharmaceuticals	US	USD	0	740,740	740,740	0.9	5,451	0
RA Pharmaceuticals	US	USD	0	255,000	255,000	1.1	5,443	0
Claris Lifesciences	IN	INR	497,917	578,108	1,076,025	2.0	5,332	943
Acadia Pharmaceuticals	US	USD	0	144,990	144,990	0.1	4,998	0
Avexis	US	USD	0	62,000	62,000	0.2	4,726	0
Alimera Sciences	US	USD	0	3,250,000	3,250,000	5.0	4,562	0
Argenx	NL	EUR	5,000	250,000	255,000	1.3	4,507	57
Laurus Labs	IN	INR	0	501,698	501,698	0.5	4,004	0
Sarepta Therapeutics	US	USD	0	120,000	120,000	0.2	3,561	0
Ophthotech	P ¹⁾ US	USD	603,000	-603,000	0	0.0	0	24,515
PTC Therapeutics	P ¹⁾ US	USD	839,942	-839,942	0	0.0	0	5,203
Relypsa ³⁾	US	USD	1,025,000	-1,025,000	0	0.0	0	13,358
Medivation ³⁾	US	USD	167,500	-167,500	0	0.0	0	7,407
Anacor Pharmaceuticals ³⁾	US	USD	104,000	-104,000	0	0.0	0	5,346
Others							20,751	57,143
Total public companies							813,569	693,781
Total investments							1,087,822	976,575

P) The position originates from the private companies portfolio.

1) Vectura Group acquired Skyepharma, a former portfolio company. The transaction was closed during the reporting period. The number of shares at the beginning of the reporting period was adjusted accordingly.

2) The company went public on NASDAQ in January 2017. The investment was listed under private companies in previous reports.

3) The company was acquired during the reporting period. HBM Healthcare sold all of its shares.

The following tables show the gains and losses (realised and unrealised) on single investments for the 2016/2017 and 2015/2016 financial years. Investments are listed separately only if the change in value in terms of the investment currency results

Gains on investments (realised and unrealised per company) ¹⁾	2016/2017		
	IC	IC m	CHF 000
Private companies			
Interventional Spine	USD	8.9	9,215
Others			11,226
Total private companies			20,441
Funds			
Others			7,166
Total funds			7,166
Public companies			
Incyte	USD	23.6	24,879
Advanced Accelerator Applications	USD	16.5	21,345
AnaptysBio	USD	19.5	19,839
Relypsa	USD	18.8	18,324
Genmab	DKK	117.5	16,352
Esperion Therapeutics	USD	12.6	13,155
Nabriva	USD	9.0	10,135
Bluebird Bio	USD	9.4	9,887
Eagle Pharma	USD	7.6	7,919
Tesaro	USD	7.2	7,625
Antares Pharma	USD	7.4	7,521
Galapagos	EUR	7.1	7,328
ObsEva	USD	6.9	6,942
Paratek Pharmaceuticals	USD	4.9	5,775
Anacor Pharmaceuticals	USD	4.7	4,774
Medivation	USD	4.3	4,330
Erytech Pharma	USD	3.8	3,975
Oxford Immunotec	USD	3.2	3,500
Actelion	CHF	3.2	3,169
Others			36,831
Total public companies			233,605
Total gains on investments			261,212

1) Amounts in Swiss francs include gains and losses on foreign currencies.

in a gain or loss that is greater than CHF 3 million. Those investments for which a gain or loss of more than CHF 3 million is due solely to currency fluctuations are not listed individually.

Gains on investments (realised and unrealised per company) ¹⁾	2015/2016		
	IC	IC m	CHF 000
Private companies			
Ellipse Technologies	USD	80.3	78,246
Cathay Industrial Biotech	USD	29.9	28,558
Westmed	USD	5.6	5,293
Others			616
Total private companies			112,713
Funds			
MedFocus Fund II	USD	15.5	14,698
HBM BioCapital II	EUR	2.7	4,257
Water Street Healthcare Partners	USD	3.8	3,963
BioVeda China	USD	4.0	3,837
Others			2,898
Total funds			29,653
Public companies			
Advanced Accelerator Applications	USD	82.4	77,791
Skyepharma	GBP	39.8	49,484
Genmab	DKK	116.1	18,119
Receptos	USD	16.9	18,030
ZS Pharma	USD	11.5	12,229
Swedish Orphan Biovitrum	SEK	67.5	7,463
Probiodrug	EUR	2.9	3,603
Others			9,445
Total public companies			196,164
Total gains on investments			338,530

Losses on investments		2016/2017	
(realised and unrealised per company) ¹⁾			
	IC	IC m	CHF 000
Private companies			
Tensys Medical	USD	19.6	18,825
Iconic Therapeutics	USD	3.8	3,454
Others			3,099
Total private companies			25,378
Fonds			
HBM BioCapital II	EUR	6.3	7,606
Others			6,690
Total funds			14,296
Public companies			
Vectura	GBP	5.1	20,370
Ophthotech	USD	12.7	11,650
Dynavax Technologies	USD	7.0	6,644
Pacira Pharmaceuticals	USD	8.1	5,761
Probiodrug	EUR	4.1	4,748
Mirati Therapeutics	USD	4.2	4,037
Sarepta Therapeutics	USD	3.9	3,661
Others			9,042
Total public companies			65,913
Total losses on investments			105,587

1) Amounts in Swiss francs include gains and losses on foreign currencies.

Losses on investments		2015/2016	
(realised and unrealised per company) ¹⁾			
	IC	IC m	CHF 000
Private companies			
Medimpulse Holding	USD	8.3	8,068
MiCardia	USD	4.4	4,305
Others			2,859
Total private companies			15,232
Funds			
Nordic Biotech	DKK	119.4	15,259
Others			1,970
Total funds			17,229
Public companies			
Esperion Therapeutics	USD	45.4	44,315
PTC Therapeutics	USD	43.4	42,634
Pacira Pharmaceuticals	USD	39.5	39,015
Paratek Pharmaceuticals	USD	26.8	26,410
Incyte	USD	11.4	11,633
Chimerix	USD	10.8	10,471
Relypsa	USD	9.7	9,748
Bluebird Bio	USD	7.3	7,492
Eagle Pharmaceuticals	USD	6.9	6,759
Lpath	USD	6.4	6,184
Anacor Pharmaceuticals	USD	6.1	5,877
Mirati Therapeutics	USD	4.8	4,921
Vertex Pharmaceuticals	USD	4.4	4,625
Ultragenyx Pharmaceutical	USD	3.9	3,807
Antares Pharma	USD	3.6	3,511
Basilea Pharmaceutica	CHF	3.3	3,267
Coherus Biosciences	USD	3.0	3,004
Others			22,251
Total public companies			255,924
Total losses on investments			288,385

4.2 Financial instruments

The Subsidiary buys and sells derivative financial instruments in the course of its ordinary business activities and as part of its risk management. The following positions were held as at the balance sheet date:

Holdings of financial instruments (CHF 000)	31.3.2017	31.3.2016
Currency hedging		
Forward contracts for currency hedging purposes	157	10,005
Other financial instruments		
Purchased call and put options	8,844	0
Total long financial instruments	9,001	10,005
Market hedging		
Sale of ETFs	132,991	0
Total short financial instruments	132,991	0

As at the balance sheet date, the foreign currency risk derived from the EUR/CHF exchange rate was hedged by means of a forward sale of EUR 90.0 million. The market value of this hedging position amounted to CHF 0.2 million as at the balance sheet date.

A partial hedge of the general market risk derived from public investments was also in place as at the balance sheet date. Worth CHF 133.0 million, it consisted of the short sale of 1.9 million units of the SPDR S&P Biotech ETF.

The following gains and losses resulted from derivatives transactions conducted during the year under review:

Income from financial instruments (CHF 000)	2016/2017	2015/2016
Gains from currency hedging transactions	4,523	0
Gains from market hedging transactions	0	1,436
Gains from other financial instruments	3,132	2,711
Total gains from financial instruments	7,655	4,147
Losses from currency hedging transactions	0	-14,592
Losses from market hedging transactions	-1,834	0
Losses from other financial instruments	-3,250	-650
Total losses from financial instruments	-5,084	-15,242
Net result from financial instruments	2,571	-11,095

4.3 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 recognised at fair value through profit and loss by applying a probability-weighted valuation approach based on the assessment of the likelihood of attaining the underlying targets. These claims are

discounted over time at a discount rate of 11 percent (previous year: 11 percent) in the Group Financial Statements. The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates.

The book value of contractual claims to purchase price payments developed as follows in the 2016/2017 financial year:

Claims to purchase price payments (CHF 000)	from investments held directly	from investments held indirectly via HBM BioCapital I	Total
Amount as at 31 March 2016	31,050	4,116	35,166
Addition	5,537	0	5,537
Payments received	- 13,993	- 4,362	- 18,355
Realised and unrealised gains/losses	16,408	3,828	20,236
Amount as at 31 March 2017	39,002	3,582	42,584

Of the total book value as at 31 March 2017, CHF 39.0 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 3.6 million are 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.

The following summary shows the value carried in the balance sheet compared with the potential cash flows:

Balance sheet value and potential cash flows (CHF million)	Book value as at 31.3.2017	Cash flows minimum	Cash flows maximum	Expected period of payment
Ellipse Technologies	17.3	17.5	17.5	2017
mtm laboratories	11.7	0.8	24.5	2017–2019
Nereus ¹⁾	6.4	0.0	27.5	2018–2020
Interventional Spine	3.6	2.4	6.5	2018–2019
Kolltan ¹⁾	2.3	0.0	0.0	from 2017 onwards
Tripex (former Mpex) ²⁾	1.3	0.6	33.4	from 2017 onwards
Total	42.6	21.3	>109.4	

1) The valuation of these claims is based on the share price of BeyondSpring (at Nereus) and Celldex (at Kolltan) respectively, and thus depends on the share price development. At Nereus, the maximum figure refers to a previous asset sale to Triphase Accelerator.

2) Not including any revenue-sharing agreement. The potential return may be higher than this figure.

4.4 Management fee and performance fee

The Subsidiary has entered into an advisory agreement with HBM Partners Ltd ("HBM Partners" or "Investment Advisor"). This agreement requires HBM Partners to provide services in relation to the investment activities of HBM Healthcare. The compensation under the agreement includes a management fee and a performance fee. The compensation model is determined by the Board of Directors.

In the 2016/2017 financial year, the management fee and the performance fee were as follows:

Management fee (CHF 000)	2016/2017	2015/2016
Management fee to HBM Partners	12,675	13,663
Total management fee	12,675	13,663

Performance fee (CHF 000)	2016/2017	2015/2016
Full amount of performance fee	23,548	0
Share variable compensation to Board of Directors	-1,413	0
Total performance fee	22,135	0

4.4.1 Management 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, each payable quarterly at the beginning of a quarter. Company assets are calculated from the shareholders' equity reported in accordance with International Financial Reporting Standards (IFRS) norms as at the end of the previous quarter, plus borrowed capital. Market capitalisation corresponds to the market value of the Company on SIX Swiss Exchange, less the Company's holdings of its own shares acquired as part of a share buy-back programme in order to reduce its capital.

HBM Healthcare has agreed with the Investment Advisor that no management fee will be owed for the entire term of the two bond tranches of CHF 50 million (par value) each, issued in July 2015.

Regarding the investments made by the Subsidiary in HBM BioCapital I and II, it has been agreed with the Investment Advisor HBM Partners that HBM Healthcare's share of the management and performance fees charged by HBM BioCapital I and II (carried interest) will be reimbursed in full so that fees are not levied twice.

The management fees essentially cover all expenses incurred by HBM Partners in connection with its investment advisory services as part of regular operating activities. The management fees do not cover third-party costs for the evaluation and review of investment opportunities, purchase and sale agreements, charges and duties payable on trading in exchange-listed securities, expenditures on taxes and stamp duties, and similar charges.

4.4.2 Performance fee

Based on the increase in net asset value, HBM Partners is entitled to an annual performance fee, less the performance fees paid to members of the Board of Directors of HBM Healthcare as explained in note 10.1, "Payments to members of governing bodies and related parties".

Net asset value is calculated once a year as at the balance sheet date.

The performance fee amounts to 15 percent of the increase in value of net assets above the high water mark. The applicable high water mark corresponds to the net assets that were used as a calculation basis to pay out the last fee, adjusted for dividends and capital repayments paid out to shareholders in the meantime. The performance fee is calculated annually based on net assets and the number of outstanding shares reported at the balance sheet date and is paid after the end of the financial year, provided the value increase exceeds the high water mark by five percent or more.

The performance fee paid out to the Investment Advisor is reduced by the gross amount of the variable compensation paid to members of the Board of Directors, so that the total performance fee (to Board of Directors and Investment Advisor) does not exceed 15 percent of the value increase.

The calculation basis for the performance fee is the net asset value per share before provision is made for the performance fee and amounted to CHF 158.42 exceeding the high water mark of CHF 136.20 per share for the 2016/2017 financial year. After deducting the variable compensation to the Board of Directors, a performance fee of CHF 22.1 million is due to the Investment Advisor. With the beginning of the 2017/2018 financial year, the high water mark for all outstanding shares stands at CHF 158.42 (adjusted for any future dividend payments or capital repayments made to shareholders).

4.5 Off-balance-sheet commitments

The Subsidiary had the following investment commitments as at the balance sheet date:

Investment commitments (CHF 000)	31.3.2017	31.3.2016
HBM BioCapital I+II	11,367	14,823
Other funds	19,596	32,096
Private companies	5,246	0
Total investment commitments	36,209	46,919

5. Non-current financial liabilities

The following non-current financial liabilities were outstanding as at the balance sheet date: two straight bond tranches with a par value of CHF 50 million each, coupons of 2.0 and 2.5 percent and maturing on 10 July 2021 and 10 July 2023 respectively; to be redeemed at 100 percent of par value.

The bond tranches could become due for early repayment, if the outstanding investment commitments to investment funds exceed the amount of CHF 100 million or the fair value of all investments in public portfolio companies plus cash and cash equivalents is less than two and a half times the amount of the interest-bearing financial liabilities.

The straight bonds are carried at amortised cost, subject to the effective interest method. The difference between the net proceeds (after the deduction of CHF 1.2 million in transaction costs) and the amount repayable when the bond falls 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 are 2.22 and 2.67 percent, respectively.

6. Shareholders' equity

6.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 427.05 million (previous year: CHF 450.50 million), divided into 7,300,000 registered shares (previous year: 7,700,000 shares) at a par value of CHF 58.50 each (previous year: CHF 58.50). At the Ordinary Shareholders' Meeting of 24 June 2016, the decision was made to cancel 400,000 treasury shares. The capital reduction was entered in the Canton Zug Commercial Register on 2 September 2016.

In addition to this capital reduction, the Ordinary Shareholders' Meeting also approved a withholding tax exempt distribution to shareholders of CHF 5.50 per registered share drawn from reserve from capital brought in. The payment was made on 30 June 2016.

6.2 Treasury shares

The Ordinary Shareholders' Meeting of 24 June 2016 authorised the Board of Directors to repurchase a maximum of 730,000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 23 June 2019 ("2016 share buy-back programme"). The programme started on 6 October 2016. Under this share buy-back programme a total of 135,500 of the Company's own shares have been repurchased up to the balance sheet date.

The Company holds 234,500 of its own shares (previous year: 277,000) as at the balance sheet date of 31 March 2017. During the 2016/2017 financial year, a total of 357,500 of the Company's own shares were acquired at an average price of CHF 100.14 per share (previous year: 332,003 own shares at an average price of CHF 100.08).

Holdings from second trading line (Number of own shares)	2016/2017	2015/2016
Beginning of financial year	277,000	245,500
Acquired via second trading line under share buy-back programme	357,500	332,003
Capital reduction owing to cancellation of own shares	-400,000	-300,503
End of financial year	234,500	277,000

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd holds 79,699 treasury shares (previous year: 149,757), acquired via the regular trading line. During the financial year, the Subsidiary acquired a total of 268,855 treasury shares via the regular trading line at an average price of CHF 100.33 per share (previous year: 328,353 shares at CHF 97.05) and sold 338,913 treasury shares at an average price of CHF 101.36 (previous year: 293,492 shares at CHF 102.30).

6.3 Significant shareholders

Based on information received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2017.

Shareholding

15–20 %	Nogra Pharma Invest S.à.r.l., Luxemburg
3–5 %	HBM Healthcare Investments Ltd, Zug (direct and indirect)

7. Personnel expenses

Personnel expenses were composed as follows during the reporting year:

Personnel expenses (CHF 000)	2016/2017	2015/2016
Fixed compensation to Board of Directors	400	415
Variable compensation to Board of Directors	1,413	0
Wages and salaries	290	272
Social insurance contributions and duties	100	56
Other personnel expenses	98	99
Total personnel expenses	2,301	842

Members of the Management of HBM Healthcare are integrated into the affiliation agreement with the collective BVG pension foundation of HBM Partners. Pension fund contributions are paid in full by HBM Partners.

Details on compensation to the Board of Directors and the Management can be found in note 10.1 "Payments to members of governing bodies and related parties".

8. Taxes

HBM Healthcare does not capitalise deferred tax assets relating to the Company's loss carry-forwards because it is unlikely, given the tax status of the Company and its subsidiary on the Cayman Islands, that such loss carry-forwards could be used in the near future. The Company had no deductible loss carry-forwards as at 31 March 2017 (previous year: CHF 11.9 million).

Other Disclosures

9. Financial risk management

HBM Healthcare and its subsidiary are exposed to various financial risks. These risks, which are a result of the companies' investment and financing activities, are monitored continuously. The Board of Directors conducts an annual assessment of business risks. The basis of the analysis is a risk matrix that identifies and evaluates significant risks and defines necessary measures to monitor and mitigate these risks.

The Investment Guidelines set out the overall investment strategy, the tolerance of risk and the general risk management philosophy. HBM Healthcare has also established processes for the careful and timely monitoring and controlling of its financial instruments and investments. The Board of Directors reviews these guidelines on investment activities on an annual basis. Management ensures compliance with them by reviewing portfolio composition continuously.

9.1 Risk of limited market liquidity

HBM Healthcare invests in privately held companies. Such investments are mostly illiquid by nature and are often subject to contractual transfer restrictions. These restrictions may, under certain circumstances, prevent HBM Healthcare from selling such investments without the support of the portfolio company and the consent of major co-investors. All of these restrictions on liquidity may prevent the successful sale of holdings in these portfolio companies and/or reduce the proceeds that might be realised from a sale. HBM Healthcare endeavours to reduce market liquidity risk by means of thorough investment analyses and by dialogue and cooperation with the portfolio companies concerned.

9.2 Market risks

General economic and political market factors, as well as the situation on the relevant public equity markets, are factors that impact directly on the prospects of HBM Healthcare's financial instruments and investments. Given the maturity of HBM Healthcare's portfolio, which should provide exit opportunities (sale to other operating companies or investors, as well as IPOs) for several private portfolio companies within the next few years, public equity markets have a direct impact. A receptive public equity environment is helpful for a company in successfully executing a trade sale or public offering, and the pricing of a company correlates positively with the valuation of its publicly traded peers. By contrast, a negative public equity market makes a sale or an IPO more difficult. The valuation of HBM Healthcare's public portfolio also generally increases and decreases in line with valuations on public equity markets as a whole.

The value-creation potential of HBM Healthcare's portfolio positions may depend in part on demand from strategic buyers for companies with promising drugs and medical technology products.

For HBM Healthcare's portfolio of private companies that are still at a relatively early stage of development, the availability of funding is crucial to the continuation of their business activities and to reaching their development objectives. The liquidity provided by the private equity market thus impacts positively on these companies' financing costs.

The healthcare sector as a whole depends on society's ability and willingness to pay for drugs, treatments and innovations that help to address health issues. If certain countries, specifically the United States of America as the largest market

worldwide for drug and medical technology products, were to increase or reduce spending on such treatment options materially, HBM Healthcare's portfolio companies might be impacted significantly. Political developments in countries in which the operations of a few portfolio companies are located, such as China or India, might affect the ability of the companies in question to execute their business plans and attain their growth targets.

HBM Healthcare endeavours to reduce market risks by means of thorough investment analyses and by close cooperation with the portfolio companies concerned. In addition, market risks are hedged selectively with financial instruments depending on the Company's market assessment.

9.3 Liquidity risks

The Investment Guidelines oblige HBM Healthcare to maintain an appropriate level of short-term funds in order to participate in follow-on financing for port-

folio companies and to ensure that the Company is able to meet all of its liabilities and investment commitments. When determining the necessary level of liquidity, the most important factors are (1) the expected due dates of HBM Healthcare's investment commitments, (2) due dates for the repayment of borrowed capital under compliance with bond terms and/or the possibility of refinancing, (3) expected payment dates of other contractual obligations, (4) expected follow-on financing rounds at private portfolio companies, including their anticipated timing, (5) the trading liquidity of public portfolio companies, (6) expected cash flows from the sale of private portfolio companies and (7) the extent of share buy-backs and cash distributions to shareholders.

The following table analyses reported liabilities as at the balance sheet date as well as investment commitments to portfolio companies and funds with regard to the due dates of contractual cash flows (including interest on financial liabilities):

	Book value as at balance sheet date ¹⁾	Total contractual cash flows	Due within 3 months	Due within 3–12 months	Due within 12–24 months	Due within >24 months
Liquidity risks (CHF million)						
Balance sheet liabilities						
Other current liabilities and financial instruments	160.3	160.3	25.8	134.5	0.0	0.0
Non-current financial liabilities	99.1	113.9	0.0	2.3	2.3	109.3
Total liabilities as at 31 March 2017	259.4	274.2	25.8	136.8	2.3	109.3
Total liabilities as at 31 March 2016	102.7	119.9	2.2	3.9	2.3	111.5
Off-balance-sheet investment commitments²⁾						
Expected drawdowns HBM BioCapital I+II	11.4	11.4	3.0	8.4	0.0	0.0
Expected drawdowns other funds	19.6	19.6	2.0	14.0	3.6	0.0
Expected maturities investment commitments to private companies	5.2	5.2	1.5	3.7	0.0	0.0
Total investment commitments as at 31 March 2017	36.2	36.2	6.5	26.1	3.6	0.0
Total investment commitments as at 31 March 2016	46.9	46.9	6.2	20.0	16.6	4.1

1) Positions held by parent company and Subsidiary.

2) Due dates are estimates.

Given the maturity of HBM Healthcare's portfolio, the Board of Directors anticipates that a favourable market environment will provide regular exit opportunities for the sale of the Company's private and

public investments, at the corresponding levels of added value.

HBM Healthcare manages its liquidity by means of comprehensive liquidity planning.

9.4 Foreign currency risks

A significant proportion of the HBM Healthcare portfolio is held in foreign currency. The value of these investments and other assets held in foreign currencies is subject to risks emanating from exchange rate fluctuations. As a general rule, HBM Healthcare does not hedge these risks. It may, however, be appropriate to hedge currency exposure in full or in part from time to time.

As at the balance sheet date, 97 percent of HBM Healthcare' total assets were subject to foreign currency risks (previous year: 92 percent).

The following table demonstrates the sensitivity of HBM Healthcare's annual result to a possible fluctuation in foreign exchange rates of +/- 10 percent compared to the foreign exchange rates used for the Group Financial Statements as at the balance sheet date:

31 March 2017 (CHF million)	Fair value	Foreign exchange rates	
		+10%	-10%
Net assets in USD	850	85	-85
Net assets in GBP	132	13	-13
Net assets in EUR	94	9	-9
Net assets held in other foreign currencies	99	10	-10
31 March 2016 (CHF million)			
Net assets in USD	703	70	-70
Net assets in GBP	183	18	-18
Net assets in EUR	68	7	-7
Net assets held in other foreign currencies	76	8	-8

9.5 Valuation risks and fair values

Given the uncertainties inherent in valuing private companies, the net asset value (NAV) reported by HBM Healthcare may differ temporarily from the actual fair value of individual investments. As a result of valuation differences owing to the unavailability of information, the estimated values of individual investments may diverge significantly from values that would have been calculated had an active market for such securities existed. Furthermore, the estimated values of individual investments as at a

certain balance sheet date may differ significantly from the values which could potentially be realised by means of an exit, an IPO or another event with a participating third-party (i.e. financing round) at any later point in time. Such differences might have a material effect on the valuation of individual investments in the Group Financial Statements of HBM Healthcare.

Valuations of difficult-to-assess investments are made by HBM Healthcare in accordance with its accounting policies, as described in note 2.7.2 "Investments", and are determined by the Management and approved by the Board of Directors.

The following summary analyses assets and liabilities valued at their fair values, in accordance with their place in the valuation hierarchy:

Level 1: Market prices (unadjusted) on active markets for identical assets and liabilities ("quoted prices").

Level 2: Valuation methods that are directly or indirectly observable for all major parameters ("observable inputs").

Level 3: Valuation methods covering major parameters that are not based on observable market data ("unobservable inputs").

The IPOs of AnaptysBio and ObsEva resulted in assets amounting to CHF 16.7 million being reclassified from level 3 to level 1 during the 2016/2017 financial year.

9.6 Interest rate risks

HBM Healthcare's exposure to interest rate risk is low, or significantly reduced, because the Company holds only short-term positions in cash and cash equivalents, and the interest rate for debt financing is determined in advance for the entire term.

	Level 1 "Quoted prices"	Level 2 "Observable inputs"	Level 3 "Unobser- vable inputs"	Total
Assets and liabilities at fair value as at 31 March 2017 (CHF million)				
Investments				
Private companies			122.5	122.5
Funds			151.8	151.8
Public companies	813.7			813.7
Shares of parent company ¹⁾	8.9			8.9
Financial instruments		9.0		9.0
Other financial assets			39.0	39.0
Total assets at fair value	822.6	9.0	313.3	1,144.9
Financial instruments	132.9			132.9
Total liabilities at fair value	132.9	0.0	0.0	132.9

Assets at fair value as at 31 March 2016 (CHF million)

	Level 1 "Quoted prices"	Level 2 "Observable inputs"	Level 3 "Unobser- vable inputs"	Total
Investments				
Private companies			141.1	141.1
Funds			158.4	158.4
Public companies	677.0			677.0
Shares of parent company ¹⁾	14.9			14.9
Financial instruments		10.0		10.0
Other financial assets			31.1	31.1
Total assets at fair value	691.9	10.0	330.6	1,032.5

1) Held by Subsidiary.

9.7 Credit risks

Credit risks with regard to all HBM Healthcare assets relate to the risk that a debtor may become unable to meet its liabilities. In order to minimise this risk, HBM Healthcare holds cash and cash equivalents, listed securities, foreign exchange and derivatives only with top-rated financial institutions. In addition, risks are diversified across a number of different counterparties. As at the balance sheet date, there were no receivables overdue, and there were no recorded losses on receivables during the 2016/2017 financial year.

For the expected payments from escrow amounts and milestones, the maximum default risk refers to the book value of CHF 39 million (note 4.3, "Other financial assets").

9.8 Capital management

The Company manages its shareholders' equity within the limits of the law and in accordance with its investment strategy and its liquidity planning. Details of current share buy-back programmes and

the number of treasury shares held by the Company are given in note 6.2, "Treasury shares".

The Investment Guidelines limit borrowing to 20 percent of net assets.

The Company has issued regular cash distributions to shareholders since 2012. These correspond to a return of 3 to 5 percent on the share price.

10. Transactions with related parties

10.1 Payments to members of governing bodies and related parties

Members of the Board of Directors are entitled to a fixed fee, a meeting fee and a variable compensation fee, based on the increase in the Company's value ("Performance fee").

The fixed fee for the Chairman amounted to CHF 94,000 (previous year: CHF 94,000) in the reporting year. The fixed fees for the Vice Chairman and the other four members of the Board of Directors amounted to CHF 43,000 (previous year:

CHF 43,000) and CHF 28,000 (previous year: 28,000) each per year, respectively. The meeting fee for each meeting of the Board of Directors amounts to CHF 4,000 for the Chairman (previous year: CHF 4,000) and CHF 3,000 for the other board members (previous year: CHF 3,000). In addition, the two members of the Audit Committee receive a fixed fee of CHF 30,000 each per year (previous year: CHF 30,000) and the three members of the Compensation Committee each receive a fixed fee of CHF 10,000 per year (previous year: CHF 10,000). No additional fee is paid to the members of the Nominating Committee (previous year: no fee).

The Board of Directors is also entitled to a performance fee. Each member of the Board of Directors is entitled to a cash payment corresponding to up to one percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor. The entitlement of newly elected members of the Board of Directors is 0.33 percent in the first year, 0.67 percent in the second year, and one percent from the third year onwards. The performance fee paid to HBM Partners is then reduced by the same amount. As a result, the sum of all performance fees paid out by HBM Healthcare, including those to members of the Board of Directors, equals 15 percent of the increase in net assets.

The six members of the Board of Directors received fixed directors' remuneration totalling CHF 249,000 for the 2016/2017 financial year (previous year: CHF 249,000). In addition, the Board of Directors received meeting fees totalling CHF 61,000 (previous year: CHF 76,000). For their Committee activities, the two members of the Audit Committee and the three members of the Compensation Committee received fees totalling CHF 90,000 (previous year: CHF 90,000). The Board of Directors' performance fee for the 2016/2017 financial year totalled CHF 1,413,000 (previous year: no performance fee). The social security contributions and duties paid by the Company on these fees came to a total of CHF 67,293 (previous year: CHF 15,681).

During the reporting period, the members of Management, who are also employed by HBM Partners, received 40 percent (previous year: 40 percent) of their total fixed fee paid out from HBM Healthcare. For the 2016/2017 reporting year, these payments totalled CHF 312,698 (previous year: CHF 293,304), including social security contributions. No performance fee was paid to the members of Management (previous year: none).

A detailed overview of the total compensation paid to individual members of the Board of Directors and Management is shown in the compensation report on pages 53 and 54.

The Chief Executive Officer (CEO) participates as minority shareholder in HBM Partners and the Chief Financial Officer (CFO) benefits via a profit sharing plan from the Investment Advisor's business success.

10.2 Investment holdings

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as General Partner. Details on the investment commitment, paid-in capital and the valuation of this investment can be found in the overview of funds given in note 4.1 "Investments" on page 74.

11. Events after the balance sheet date

The Board of Directors of the Company approved these Group Financial Statements on 15 May 2017. They will be presented to the Ordinary Shareholders' Meeting for its approval on 26 June 2017.

No events occurred between the balance sheet date and the date of approval of these Group Financial Statements that impact on the informational value of the latter.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 15 May 2017

Statutory auditor's report on the audit of the group financial statements



Opinion

We have audited the group financial statements of HBM Healthcare Investments Ltd, (the Company), which comprise the statement of financial position as at 31 March 2017 and the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the group financial statements (pages 61 to 87) give a true and fair view of the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's responsibilities for the audit of the group financial statements* section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the group financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the group financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the group financial statements.

Investment in subsidiary

Risk As a result of the uncertainty in the measurement of the underlying investments in private, non-listed companies as well as venture capital funds in general, the estimated fair value according to the International Private Equity and Venture Capital Valuation Guidelines (the “IPEV Guidelines”) may differ from the values that would have been used had an active market existed for the investments.

The uncertainties relating to contingent purchase price considerations (milestone payments) from the sale of investments are classified as financial assets measured at fair value through profit and loss. The Company applies a valuation technique based on estimated probabilities of the occurrence of such milestone payments as well as risk-adjusted discount rates to estimate fair values. The determination of such input factors requires management’s judgment and could result in values that differ from values calculated using other acceptable measures.

These risks can have an impact on the fair value of the investment in the subsidiary (HBM Healthcare Investments (Cayman) Ltd).

Our audit response We performed substantive audit procedures on the determination of the fair value of the investment in subsidiary, which include the following procedures:

We performed a walkthrough of the Company’s process regarding evaluating and purchasing of investments in private companies and their valuation in the group financial statements and tested relevant key internal controls.

We reviewed the internal documentation on evaluating significant investments and the rationale for Management’s judgment, estimates and assumptions as documented therein.

We inquired of management regarding the developments of significant and higher risk investments.

We obtained and read the latest available financial statements for selected portfolio companies and venture capital funds and performed additional substantive audit procedures of significant fair value adjustments and their compliance with IFRS 13 and IPEV guidance.

We reviewed the fair value calculation of investment receivable including underlying terms of share purchase agreements and applied inputs and assumptions such as milestone probabilities and discount rates.

Furthermore, we performed substantive procedures on payments received during the period.

Application of IFRS 10 amended

Risk The amendment to IFRS 10 – consolidation exception for investment entities – has to be adopted by the Company in its 2016/17 financial year. The amendment clarifies that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries, including intermediate holdings, of an investment entity are measured at fair value and thus are not consolidated. The assessment whether or not HBM Healthcare Investments Ltd's subsidiaries, in particular HBM Healthcare Investments (Cayman) Ltd, should be consolidated or fair valued, requires significant management's judgment.

Our audit response We evaluated the management's judgmental analysis and assessment including the underlying rationale based on the specific facts and circumstances of HBM Healthcare Investments Ltd, its group structure and organization.

We reviewed the restated group financial statements as per 31 March 2016 and the opening balance sheet as per 1 April 2015 and the related disclosures.



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the group financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the group financial statements

The Board of Directors is responsible for the preparation of the group financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group financial statements.

A further description of our responsibilities for the audit of the group financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of group financial statements according to the instructions of the Board of Directors.

We recommend that the group financial statements submitted to you be approved.

Ernst & Young Ltd



Martin Mattes
Licensed audit expert
(Auditor in charge)



Karina Kamella
Licensed audit expert

Balance sheet (CHF 000)	Notes	31.3.2017	31.3.2016
Assets			
Current assets			
Cash and cash equivalents		6,115	6,606
Receivables		51	54
Total current assets		6,166	6,660
Non-current assets			
Investment in subsidiary		846,000	846,000
Total non-current assets		846,000	846,000
Total assets		852,166	852,660
Liabilities			
Current liabilities			
Liability from performance fee		1,413	0
Other liabilities		2,754	3,346
Total current liabilities		4,167	3,346
Non-current liabilities			
Financial liabilities		100,000	100,000
Total non-current liabilities		100,000	100,000
Shareholders' equity			
Share capital		427,050	450,450
Treasury shares	(2.4)	-23,563	-27,298
Legal capital reserve			
Reserve from capital brought in		79,378	119,418
Legal retained earnings			
General legal reserve		85,410	80,000
Reserve for treasury shares ¹⁾	(2.4)	8,125	14,392
Voluntary retained earnings			
Free reserve		90,176	100,042
Retained earnings		81,423	12,310
Total shareholders' equity		747,999	749,314
Total liabilities and shareholders' equity		852,166	852,660

1) For treasury shares held by Subsidiary.

Statement of income for the financial year ended 31 March (CHF 000)	2016/2017	2015/2016
Income		
Financial income	1	11
Income from participations	80,000	15,000
Total income	80,001	15,011
Expenses		
Financial expenses	2,264	2,854
Personnel expenses	2,301	842
Administration expenses	869	799
Direct taxes	44	20
Total expenses	5,478	4,515
Net result for the year	74,523	10,496

Statement of changes in equity (CHF 000)	Number of shares	Share capital	Treasury shares	Reserve from capital brought in	General legal reserve	Reserve for treasury shares	Free reserve	Retained earnings	Total shareholders' equity
Balance as at 31 March 2014¹⁾	8,900,000	520,650	-20,199	185,770	0	7,729	145,634	11,938	851,522
Purchase of own shares			-83,001						-83,001
Distribution from capital reserve (27.6.2014)				-24,002					-24,002
Capital reduction (26.8.2014)	-899,497	-52,621	78,986				-26,365		0
Increase in reserve for treasury shares ²⁾						1,801	-1,801		0
Net result for the year								69,876	69,876
Balance as at 31 March 2015	8,000,503	468,029	-24,214	161,768	0	9,530	117,468	81,814	814,395
Purchase of own shares			-33,227						-33,227
Allocation to legal reserve (26.6.2015)					80,000			-80,000	0
Distribution from capital reserve (6.7.2015)				-42,350					-42,350
Capital reduction (9.9.2015)	-300,503	-17,579	30,143				-12,564		0
Increase in reserve for treasury shares ²⁾						4,862	-4,862		0
Net result for the year								10,496	10,496
Balance as at 31 March 2016	7,700,000	450,450	-27,298	119,418	80,000	14,392	100,042	12,310	749,314
Purchase of own shares			-35,798						-35,798
Allocation to legal reserve (24.6.2016)					5,410			-5,410	0
Distribution from capital reserve (30.6.2016)				-40,040					-40,040
Capital reduction (2.9.2016)	-400,000	-23,400	39,533				-16,133		0
Increase in reserve for treasury shares ²⁾						-6,267	6,267		0
Net result for the year								74,523	74,523
Balance as at 31 March 2017	7,300,000	427,050	-23,563	79,378	85,410	8,125	90,176	81,423	747,999

1) Due to the final confirmation of the Swiss Federal Tax Administration as of 4 September 2014, the amount of CHF 163,500 was reclassified as at 31 March 2014, from reserve from capital brought in to free reserve.

2) For treasury shares held by Subsidiary.

1. General

The financial statements of HBM Healthcare Investments Ltd, Zug (the Company), are prepared in accordance with the provisions of Swiss company law.

2. Accounting policies

The Parent Company Financial Statements have been prepared in accordance with the provisions of Swiss law on companies limited by shares.

The significant accounting policies adopted in the preparation of the financial statements are set out below.

2.1 Cash and cash equivalents

Cash and cash equivalents comprise assets which can be converted into amounts of legal tender within 90 days of the original transaction, i.e. cash in hand or at bank, and fixed-term deposits.

2.2 Investment in Subsidiary

The investment in the Subsidiary is recognised at acquisition cost less valuation adjustment at maximum.

2.3 Liabilities

Liabilities are recognised under current liabilities if they fall due for payment within twelve months or under non-current liabilities if their maturity exceeds twelve months.

2.4 Treasury shares

The Company's holdings of its own shares are deducted from shareholders' equity. A reserve for treasury shares is held for those treasury shares which are held via the HBM Healthcare Investments (Cayman) Ltd subsidiary. This reserve corresponds to the counter value of those shares' acquisition costs.

3. Non-current financial liabilities

The following non-current financial liabilities were outstanding as at the balance sheet date: two straight bond tranches with a par value of CHF 50 million each, coupons of 2.0 and 2.5 percent and maturing on 10 July 2021 and 10 July 2023 respectively; to be redeemed at 100 percent of par value. The bond tranches are carried at their par value. Transaction costs are charged to financial expenses.

4. Treasury shares

Holdings from second trading line (Number of own shares)	2016/2017	2015/2016
Beginning of financial year	277,000	245,500
Acquired via second trading line under share buy-back programme	357,500	332,003
Capital reduction owing to cancellation of own shares	-400,000	-300,503
End of financial year	234,500	277,000

The Ordinary Shareholders' Meeting of 24 June 2016 authorised the Board of Directors to repurchase a maximum of 730,000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 23 June 2019 ("2016 share buy-back programme"). The programme started on 6 October 2016. Under this share buy-back programme a total of 135,500 of the Company's own shares have been repurchased up to the balance sheet date.

The Company holds 234,500 of its own shares (previous year: 277,000) as at the balance sheet date of 31 March 2017. During the 2016/2017 financial year, a total of 357,500 of the Company's own shares were acquired at an average price of CHF 100.14 per share (previous year: 332,003 own shares at an average price of CHF 100.08).

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd holds 79,699 treasury shares (previous year: 149,757), acquired via the regular trading line. During the financial year, the Subsidiary acquired a total of 268,855 treasury shares via the regular trading line at an average price of CHF 100.33 per share (previous year: 328,353 shares at CHF 97.05) and sold 338,913 treasury shares at an average price of CHF 101.36 (previous year: 293,492 shares at CHF 102.30).

5. Significant shareholders

Based on information received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2017:

Shareholding

15–20 %	Nogra Pharma Invest S.à.r.l., Luxemburg
3– 5 %	HBM Healthcare Investments Ltd, Zug (direct and indirect)

6. Major subsidiaries

The Company owns 100 percent of the shares in the following company:

(CHF 000)	Capital as at per 31.3.2017	Capital as at 31.3.2016
HBM Healthcare Investments (Cayman) Ltd., Cayman Islands	846,000	846,000

The object of the subsidiary is to enter into and hold investments in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

HBM Healthcare Investments Ltd holds investments in private and public companies, as well as in funds, indirectly via its HBM Healthcare Investments (Cayman) Ltd subsidiary. Owing to the lack of immediately available fair values, the fair valuations of the private companies and funds held by the subsidiary are determined by the Management on the basis of the "International Private Equity and Venture Capital Valuation Guidelines (IPEV)" and approved by the Board of Directors. Given the uncertainty inherent in valuing such investments in general, the reported valuations of individual investments may differ from the values that might have resulted had an active market existed for those investments.

The CHF 846.0 million book value of the investment in HBM Healthcare Investments (Cayman) Ltd reported in the balance sheet of HBM Healthcare Investments Ltd reflects the total valuations of the investments held by the Subsidiary. Changes in the valuations of the Subsidiary's underlying investments thus could have an impact on the book value of this investment in the HBM Healthcare Investments Ltd balance sheet.

7. Shares held by the Board of Directors and Management

Shares held directly or indirectly by governing bodies (number of registered shares)	31.3.2017	31.3.2016
Board of Directors		
Hans Peter Hasler, Chairman	13,000	13,000
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	4,000	4,000
Mario G. Giuliani, Member	1,100,612	785,322
Dr Eduard E. Holdener, Member	1,400	2,100
Robert A. Ingram, Member	1,000	1,000
Dr Rudolf Lanz, Member	3,300	3,300
Management		
Dr Andreas Wicki, CEO	52,300	51,000
Erwin Troxler, CFO	7,250	6,700

8. Other disclosures required by law

8.1 Declaration of full-time equivalents

The annualised average number of full-time equivalents employed by the company during the 2016/2017 financial year was less than one (previous year: less than one).

8.2 Contingent liabilities

As at 31 March 2017, the Company did not have any outstanding contingent liabilities.

8.3 Business review and statement of cash flows

Since the Company prepares Group Financial Statements in accordance with a recognised financial reporting standard (IFRS) it has decided, in accordance with the applicable provisions in law, that it will not publish a business review or statement of cash flows.

9. Events after the balance sheet date

The Board of Directors of the Company authorised these Statutory Annual Financial Statements on 15 May 2017. No events occurred between the balance sheet date and the date of approval of the annual financial statements that impact on the informational value of the latter.

1. Appropriation of earnings

The Board of Directors proposes to the Ordinary Shareholders' Meeting that retained earnings of CHF 81,4 million be used as follows:

Retained earnings (CHF)	2016/2017
Beginning of financial year	6,899,552
Net result for the year	74,523,256
End of financial year (carried forward)	81,422,808

2. Cash distribution from reserve from capital brought in

The Board of Directors is also proposing to the Ordinary Shareholders' Meeting that a cash dividend of CHF 5.80 per share eligible for dividend (up to a maximum of CHF 41.0 million) be paid from reserve from capital brought in.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 15 May 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of HBM Healthcare Investments Ltd, which comprise the balance sheet, income statement and notes (pages 92 to 97), for the year ended 31 March 2017.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 March 2017 comply with Swiss law and the Company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Investment in subsidiary

Risk	<p>As a result of the uncertainty in the measurement of the underlying investments in private, non-listed companies as well as venture capital funds in general, the estimated fair value according to the International Private Equity and Venture Capital Valuation Guidelines (the "IPEV Guidelines") may differ from the values that would have been used had an active market existed for the investments.</p> <p>The uncertainties relating to contingent purchase price considerations (milestone payments) from the sale of investments are classified as financial assets measured at fair value through profit and loss. The Company applies a valuation technique based on estimated probabilities of the occurrence of such milestone payments as well as risk-adjusted discount rates to estimate fair values. The determination of such input factors requires management's judgment and could result in values that differ from values calculated using other acceptable measures.</p> <p>These risks can have an impact on the fair value of the investment in the subsidiary (HBM Healthcare Investments (Cayman) Ltd). The fair value of the investment in the subsidiary (HBM Healthcare Investments (Cayman) Ltd) should be above cost otherwise there is may be a need for an impairment.</p>
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Our audit response	<p>We performed substantive audit procedures on the determination of the fair value of the investment in subsidiary, which include the following procedures:</p> <p>We performed a walkthrough of the Company's process regarding evaluating and purchasing of investments in private companies and their valuation in the group financial statements and tested relevant key internal controls.</p>
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We reviewed the internal documentation on evaluating significant investments and the rationale for Management's judgment, estimates and assumptions as documented therein.

We inquired of management regarding the developments of significant and higher risk investments.

We obtained and read the latest available group financial statements for selected portfolio companies and venture capital funds and performed additional substantive audit procedures of significant fair value adjustments and their compliance with IFRS 13 and IPEV guidance.

We reviewed the fair value calculation of investment receivable including underlying terms of share purchase agreements and applied inputs and assumptions such as milestone probabilities and discount rates.

Furthermore, we performed substantive procedures on payments received during the period.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Martin Mattes
Licensed audit expert
(Auditor in charge)



Karina Kamella
Licensed audit expert

hbmhealthcare.com

Internet address

1.262.725

Swiss security number

HBMN

SIX Swiss Exchange Ticker

Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2017:

Shareholding

15–20%	Nogra Pharma Invest S.à.r.l., Luxemburg
3– 5%	HBM Healthcare Investments Ltd, Zug (direct and indirect)

Information on shares

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

Board of Directors and Management

Hans Peter Hasler, Chairman
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman
Mario G. Giuliani, Member
Dr Eduard E. Holdener, Member
Robert A. Ingram, Member
Dr Rudolf Lanz, Member
Dr Benedikt Suter, Secretary
Dr Andreas Wicki, Chief Executive Officer
Erwin Troxler, Chief Financial Officer

Investment Advisor

HBM Partners Ltd, Zug www.hbmpartners.com

Fees

Management fee (paid quarterly):
0.75% of Company 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:
NAV of CHF 136.20 (CHF 158.42 as of 1.4.2017)

**Credits**

Editorial

HBM Healthcare Investments Ltd

Photography

Markus Bertschi, Getty Images, iStockphoto

Concept and realisation

Weber-Thedy Strategic Communication

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Küng Art Direction

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Bader + Niederöst AG

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The Annual Report is published in English and German.

The German version is binding in all matters of interpretation.

