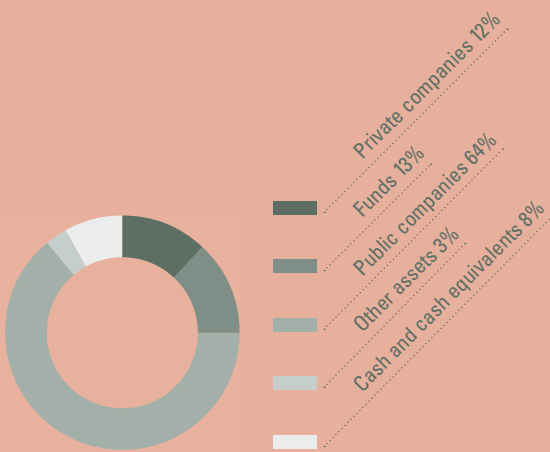


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At a Glance

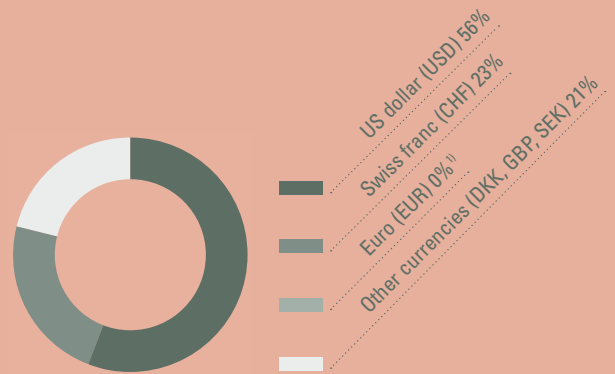
Profile HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. The company holds and manages an international portfolio of some twenty-five promising companies. Many of these companies have their lead products at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

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



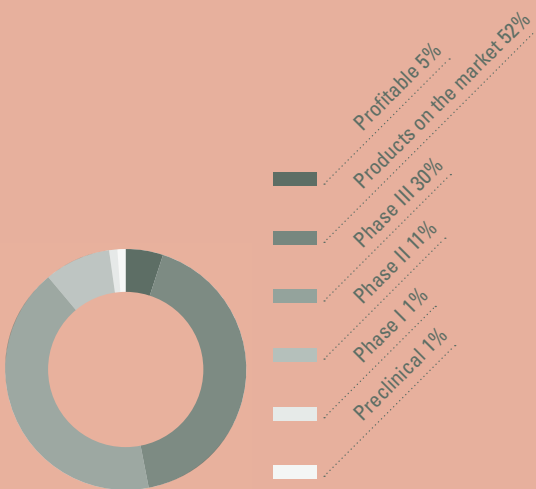
Allocation of assets

Mainly invested in private companies with high value-creation potential.



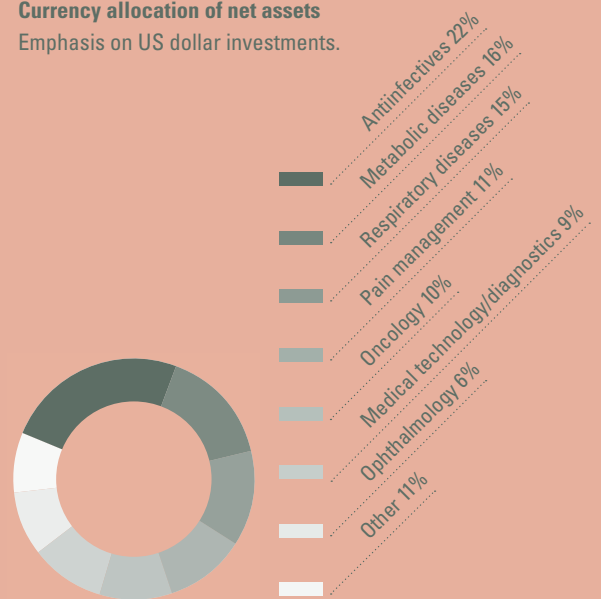
Currency allocation of net assets

Emphasis on US dollar investments.



Development phase of portfolio companies²⁾

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



Therapeutic area of the lead products of portfolio companies²⁾

Broadly diversified areas of activity.

1) The EUR/CHF currency risk is fully hedged.
2) Total investments as at 31.3.2015: CHF 1,021.5 million.

Key Figures and Performance

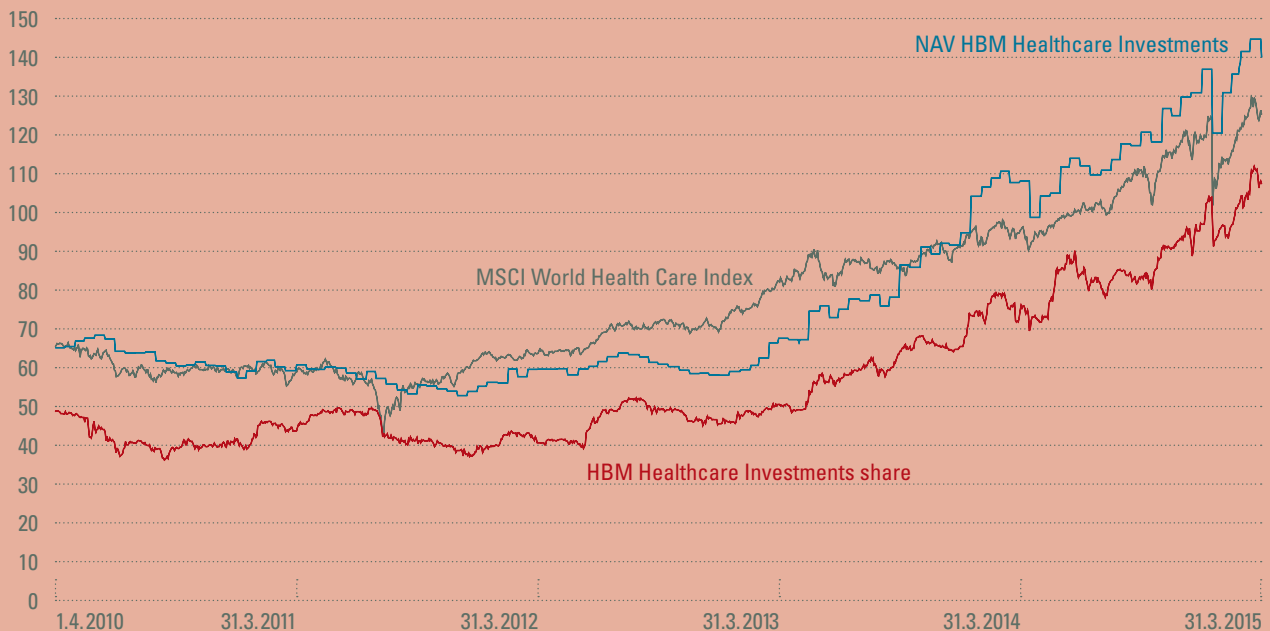
Key Figures		31.3.2015	31.3.2014	31.3.2013	re-stated 31.3.2012	re-stated 31.3.2011
Net assets	CHF million	1,074.2	920.3	601.0	546.4	593.2
Investments in private companies and funds		273.4	218.8	233.4	276.3	370.8
Investments in public companies		748.1	630.5	278.9	196.7	83.4
Cash and cash equivalents		140.4	46.5	51.7	41.2	155.4
Net cash flow from investing activities	CHF million	207.5	42.8	33.2	-39.9	146.3
Net result for the year	CHF million	257.5	353.5	67.0	-22.2	-53.1
Basic earnings per share	CHF	32.47	40.98	7.52	-2.35	-5.39
Net asset value (NAV) per share	CHF	140.60	108.76	68.35	60.40	61.56
Share price	CHF	108.00	75.50	51.35	41.50	44.60
Discount		-23.2%	-30.6%	-24.9%	-31.3%	-27.6%
Distribution per share	CHF	5.50 ¹⁾	3.00	1.50		
Distribution yield		5.1%	4.0%	2.9%		
Shares issued	Registered shares (m)	8.0	8.9	9.2	9.8	10.2
Shares outstanding	Registered shares (m)	7.6	8.5	8.8	9.0	9.6

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

Performance (including distributions)	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
HBM Healthcare Investments Ltd					
Net asset value (NAV)	32.0%	61.3%	13.2%	-1.9%	-6.6%
Registered share HBMN	47.0%	50.0%	23.7%	-7.0%	-9.9%

Net asset value (NAV) and share price of HBM Healthcare Investments versus MSCI World Health Care Index

in CHF, indexed (12.7.2001 = 100)



Solid result CHF 257.5 million net profit for the 2014/2015 financial year.

Performance Increase of 32 percent in net asset value (NAV) and a 47 percent rise in share price.

Yield of 5 percent Increase of cash dividend by 83 percent to CHF 5.50 per share.

**Cash returned to Shareholders
CHF 104 million returned to Shareholders by means of share buy-backs and cash dividend.**

Potential Portfolio continues to be well positioned, despite rise in valuation levels.



Aerial view, Zug

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

Dear Shareholders

Investor focus was once more on the healthcare sector during the past 2014/2015 financial year, with the MSCI World Health Care Index rising by 31 percent in Swiss franc terms. Among the individual subsectors, biotechnology firms (+53 percent), generics manufacturers (+48 percent) and medical technology companies (+33 percent) generated above-average value growth in a multi-year comparison, while that of the large-cap US (+23 percent) and European (+5 percent) pharma companies was more moderate.

The medical drugs market expanded on the strength of innovations for established and new indications, and rising demand for treatment options. According to a study conducted by the IMS Institute for Healthcare Informatics (IMS), annual spending on drugs rose by around USD 200 billion to USD 1 trillion between 2008 and 2013. IMS projects that this spending will increase by a further USD 300 billion to reach USD 1.3 trillion annually by 2018.

With a transaction volume of over USD 390 billion, global M&A activity in the healthcare sector reached a new record high in 2014. We were able to observe a series of major deals with a variety of backgrounds: portfolio concentrations (e.g. the deal between Novartis and GlaxoSmithKline), consolidation in the generics and speciality pharmaceutical segments (e.g. the takeover of Warner Chilcott, Allergan and Forest Laboratories by Actavis), or acquisitions to boost development pipelines in order to secure medium-term sales growth (e.g. Abbvie's acquisition of Pharmacyclics).



"Innovations in new indications and lively M&A activity have generated added value."

Hans Peter Hasler, Chairman

Capital take-up volumes by means of IPOs and follow-on financing rounds once again clearly exceeded the previous year's already high level.

All in all, growth in the healthcare sector was very pleasing during the financial year under review, and we do not expect this to change in the foreseeable future. That said, valuation levels have risen sharply in recent years, and it is prudent to keep an eye on both them and the associated increase in market volatility.

Review of the 2014/2015 financial year

With a consolidated net profit of CHF 257.5 million, HBM Healthcare Investments again generated a solid result for the 2014/2015 financial year. Factoring in the cash dividend of CHF 3 per share, net asset value (NAV) per share rose by 32 percent to CHF 140.60, while the share price climbed by 47 percent to CHF 108.00.

The aggregated result from investment activities came to CHF 320.2 million. At CHF 203.5 million, around two-thirds of this was accounted for by private companies and public investments originating from the private companies and funds sections of the portfolio (PTC Therapeutics: CHF 58.5 million, Nordic Biotech fund: CHF 39.9 million, Paratek Pharmaceuticals: CHF 39.7 million, Pacira Pharmaceuticals: CHF 37.6 million, Ophthotech Corporation: CHF 25.7 million, and other holdings: CHF 2.1 million).

Other investments in public companies, as well as financial instruments, added CHF 116.7 million to the result (Skyepharma: CHF 33.5 million, Esperion Therapeutics: CHF 32.3 million, Receptos: CHF 15.9 million, other holdings: CHF 35.0 million). This includes realised and unrealised losses totalling CHF 18.7 million from market hedging transactions that were built up in response to the increase in valuation levels in Q4 2014 and Q1 2015.

Despite the Swiss National Bank's decision to abandon the minimum euro exchange rate against the Swiss franc, foreign currencies made a positive aggregate contribution of CHF 44.7 million to results. This figure includes CHF 15.8 million in profit from hedging the euro against the Swiss franc.

Fixed management fees and administration expenses declined further in relation to net assets and are now less than 1.6 percent per year. The increase in net assets triggered a performance-related fee to the Board of Directors and the Investment Advisor that amounted in total to 15 percent of the increase in value that exceeded the high water mark. At the beginning of the new 2015/2016 financial year, the high water mark now stands at CHF 147.20 per share.

Performance of net assets and the investment portfolio

Despite the CHF 80 million spent in share buy-backs and the cash dividend to shareholders of CHF 24 million, net assets rose by CHF 154 million to CHF 1.074 billion as at the end of March 2015.

Three companies – Paratek Pharmaceuticals, Probiodrug and Forward Pharma (indirectly via the Nordic Biotech fund) – went public during the financial year, which resulted in significantly higher valuations in some cases. HBM Healthcare Investments invested a total of CHF 14 million in the Paratek and Probiodrug IPOs.

The large stakes in the public companies Pacira, Basilea, PTC and Ophthotech were reduced and profits were realised. The Company expanded its position in Skyepharma significantly via a capital increase in April 2014.

Some of the liquidity generated was used to build up new holdings in public companies with excellent value growth potential, such as Esperion, Receptos, Cellectis, Neurocrine Biosciences, Coherus and Relypsa. Thanks to promising data on their product candidates, some of these portfolio holdings have already shown considerable value growth over the past financial year.

In addition to follow-on financing of CHF 35 million for companies which already form part of the private portfolio, as well as investment funds, HBM Healthcare Investments made two new investments in private companies during the reporting year. A USD 8 million investment was made in US company Vascular Dynamics, USD 4 million of which has been paid in to date. Vascular Dynamics is currently conducting pivotal clinical trials of an innovative implant to treat patients with resistant high blood pressure.



"Despite the rise in valuation levels, our portfolio continues to be well positioned."

Dr Andreas Wicki, Chief Executive Officer

A further investment commitment of USD 15 million was made to HBM Genomics. USD 1.3 million of this had been called up by the end of March 2015. HBM Genomics was founded by Saeid Akthari, an experienced and successful executive from California's Silicon Valley, in collaboration with HBM Healthcare Investments as lead investor. Akthari is also responsible for managing the company. HBM Genomics invests in emerging start-ups that develop diagnostic products and procedures, as well as data-based and clinical applications, on the basis of sequencing technologies. Market studies indicate that this section of the market could reach revenues of over USD 700 billion by 2025. For HBM Healthcare Investments, this alliance with a recognised expert and his team offers a unique chance to participate in attractive investment opportunities in a fast-growing industry.

Cash dividend of CHF 5.50 – five percent return

At the forthcoming Ordinary Shareholders' Meeting, the Board of Directors will propose a cash dividend of CHF 5.50 per share, to be paid from reserves from capital brought in. Based on the share price at the end of March 2015, this corresponds to an attractive yield of five percent.

Outlook

Despite the rise in valuation levels, the HBM Healthcare Investments portfolio continues to be well positioned. During the next 18 months a number of our portfolio companies are expected to publish study results which will have a bearing on their value. Advanced Accelerator Applications, for example, is expected to release phase III data on its Lutathera[®] compound for the treatment of neuroendocrine tumours in the second half of 2015. The compound has been tested successfully on several hundred patients to date, and showed a significant improvement in survival rates compared to today's standard therapies. Subject to its approval, the drug's market potential is likely to be correspondingly large. Positive trial results would represent a substantial potential value driver for the company.

PTC Therapeutics is also expected to publish phase III study data in the second half of 2015, from its trial of Translarna[™] for nonsense mutation Duchenne muscular dystrophy (nmDMD). The results are of high importance to the company and, if positive, will pave the way for the drug to be approved in the USA and achieve final approval in Europe.

Meanwhile, in the course of 2016 Opht-hotech Corporation is expecting results from its ongoing phase III studies with Fovista[™], a compound to treat age-related macular degeneration. If the trial results are positive, this drug will also enter a market which offers considerable sales potential.



"Attractive dividend yield of five percent."

Erwin Troxler, Chief Financial Officer

Various private portfolio companies are targeting an IPO over the coming months. If successful, these should unlock hitherto undisclosed value from the portfolio.

We continue to monitor our portfolio closely and to optimise its composition. We are selectively realising profits from some listed companies in order to reduce the public portfolio weighting. New investments in private companies will be undertaken if we are convinced by the business model and management of these companies, and their initial valuations offer an appropriate return for our shareholders at a reasonable level of risk. We will continue to approach such investments with very strict discipline.

As in the past, some of the liquidity that is generated will be invested in public companies which are developing new and innovative therapies with considerable market potential and delivering convincing study data.

Going forward, the Board of Directors' intention remains to share the Company's success with its Shareholders in the form of cash dividends and share buy-backs.

And it is you, our shareholders, who we thank for your confidence in us. We stay committed to generate added value for you.



Hans Peter Hasler
Chairman of the Board of Directors



Dr Andreas Wicki
Chief Executive Officer



Erwin Troxler
Chief Financial Officer

8 Portfolio Companies and their Therapeutic Areas

Brief profiles of
the ten largest investments in the HBM
Healthcare Investments portfolio.

The ten largest investments

	Fair value (CHF m)	As % of net assets
Skyepharma	131.6	12.2
Basilea Pharmaceutica	114.0	10.6
Pacira Pharmaceuticals	95.1	8.8
PTC Therapeutics	57.1	5.3
Paratek Pharmaceuticals	53.8	5.0
Esperion Therapeutics	50.5	4.7
Ophthotech	47.5	4.4
Receptos	40.7	3.8
Advanced Accelerator Applications	26.1	2.4
Genmab	22.6	2.1

Respiratory diseases

The spectrum of respiratory diseases ranges from harmless infections of the upper airways, such as colds and coughs, to serious and in some cases life-threatening forms of asthma, COPD, pneumonia, and mucoviscidosis (cystic fibrosis of the lungs). Bronchial asthma is one of the most common obstructive respiratory diseases. Asthma mostly starts in childhood or adolescence, triggered by an infection of the airways or an allergy. Around 300 million people worldwide suffer from asthma. By contrast, in nine out of ten cases, COPD is caused by smoking, and starts in adulthood, typically not until the second half of the person's life. In 2013, COPD was the third leading cause of death worldwide, claiming three million lives.

Domicile	London, UK
Development phase	Products on the market
Listed on	LSE
Market capitalisation (m)	GBP 323
Fair value (m)	GBP 91.3
Share price	GBP 308
Ownership	28.3%
As a % of HBM net assets	12.2%



Skyepharma

Skyepharma develops oral and inhalation medications, focusing primarily on respiratory diseases. In the development of oral products, the company uses its patented delivery technologies to ensure the controlled or timed-release of the drugs. Technologies in the inhalation segment include formulations and technical devices such as metered dose inhalers (MDI) and dry powder inhalers (DPI). Skyepharma uses its technologies to reformulate existing products with modified release as well as for drugs arising from its own research and work done in collaboration with partners. Skyepharma also makes its controlled drug delivery technologies available to other pharmaceutical companies on a licensing basis. Skyepharma's 16 approved products are distributed in more than 80 countries around the world by renowned pharmaceutical partners such as Mundipharma/Kyorin (flutiform®), GlaxoSmithKline (Relvar® / Breo® Ellipta®, Anoro® Ellipta®, Incruse® Ellipta®) and Pacira (EXPAREL®). Revenues rose by 18 percent in 2014 to GBP 73.8 million. Of this figure, three quarters is recurring revenue from long-term product supply contracts and royalties. The pleasing rise in revenues came largely on the back of increasing sales of asthma and COPD products as well as the painkiller EXPAREL®, distributed by the company's various partners. Following a GBP 112 million share capital increase in the past financial year, Skyepharma bought back all its outstanding bonds and is debt free. The share price gained 28 percent in the reporting year, following on from the 416 percent rise in the previous year.

Infectious diseases

Infectious diseases can be caused by different types of pathogens, including bacteria, viruses, or fungi. Infectious diseases occur either when microorganisms release toxins or stimulate a response from the immune system to prevent healthy cells from being damaged. Antiinfectives kill the organism or eliminate the remaining bacteria or viruses to stop them reproducing. Although targeted treatments already exist to fight many pathogens, there is a constant need for new and highly effective drugs. This is also because the pathogens continuously develop resistance to existing drugs. The biggest opportunity in the development of antibiotics lies in the field of nosocomial, hospital-acquired infections, which quickly develop resistance to existing treatments and are associated with high levels of morbidity and mortality. It is estimated that around two to three million patients are affected by hospital-acquired infections every year in the USA and Europe alone. Common viral infectious diseases include HIV and hepatitis B and C. Worldwide, approximately 350 and 150 million people respectively are chronically infected with the hepatitis B or C virus, and thus have an increased risk of liver cirrhosis and liver cancer. Recently approved hepatitis C drugs are highly effective, with a cure rate of 95 percent and a treatment duration of just 12 weeks, and have posted sales revenues well in excess of USD 10 billion.

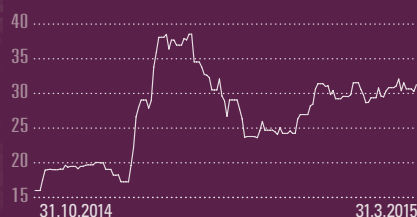
Domicile	Basle, Switzerland
Development phase	Products on the market
Listed on	SIX Swiss Exchange
Market capitalisation (m)	CHF 1,129
Fair value (m)	CHF 114.0
Share price	CHF 110.70
Ownership	10.1 %
As a % of HBM net assets	10.6 %



Basilea Pharmaceutica

Basilea develops and markets drugs to treat bacterial and fungal infections, and cancer. In March 2015, isavuconazole (Cresemba®) was approved by the US Food and Drug Administration (FDA) for use in the treatment of invasive aspergillosis and mucormycosis. Approval in Europe is likely to be granted in the fourth quarter of 2015. In the phase III trials, isavuconazole was tested against the standard therapy with voriconazole, and was proven to be non-inferior. With a potentially improved safety profile and its broad spectrum of activity, isavuconazole may be able to overcome a series of limitations affecting the current standard therapy for invasive fungal infections. Basilea has full rights in all markets outside of the USA and Canada, and is also entitled to milestone payments and royalties on sales in North America. The drug is also in phase III trials for treatment of candidiasis (yeast infection). Initial results from the ACTIVE study are expected in the second half of the year. The ceftobiprole antibiotic (Zevtera®) has been available in several European countries since December 2014. The drug has received approval for the treatment of hospital-acquired pneumonia, and of community-acquired pneumonia in adults. The pipeline products BAL101553 (an anti-tumour drug) and BAL30072 (a novel antibiotic against difficult-to-treat, multidrug-resistant gram-negative bacteria) have made good progress. The share price rose by 10 percent during the reporting period.

Domicile	Boston, MA, USA
Development phase lead product	Phase III
Listed on	NASDAQ
Market capitalisation (m)	USD 451
Fair value (m)	USD 55.3
Share price	USD 31.26
Ownership	12.3 %
As a % of HBM net assets	5.0 %



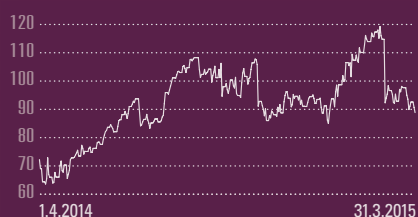
Paratek Pharmaceuticals

Paratek develops and markets novel broad-spectrum antibiotics. The most advanced product candidate, omadacycline, is set to start phase III trials. Omadacycline is a novel tetracycline-derived antibiotic with a very broad spectrum of activity. Thanks to its oral and intravenous formulation, it can be used against many serious bacterial infections and in particular also in cases of bacterial resistance. The product candidate will be tested in phase III trials for the treatment of acute bacterial skin and skin structure infections as well as community-acquired bacterial pneumonia. The first trial results are expected in 2016 and 2017. Paratek owns all marketing rights globally. Paratek's second product candidate, sarecycline (WC 3035), is also a tetracycline-derived product, and has demonstrated narrow-spectrum antibacterial activity and favourable anti-inflammatory activity in the treatment of acne and rosacea in the community setting. The drug is being developed for the US market in partnership with Allergan. Paratek has the rights outside of the USA. Phase III trials are set to start soon, with the initial study data expected in the course of 2016. Since the merger with the listed company Transcept Pharmaceuticals at the end of October 2014, Paratek's shares have been traded on the NASDAQ. The share price has risen by 95 percent since the first trading day.

Post-operative pain

It has been found that post-operative pain has a detrimental effect on the healing process following surgery. Modern medicine thus endeavours to eliminate post-operative pain as much as possible. According to estimates, there are some 16 million surgical procedures conducted every year in the USA and in the five largest European countries that subsequently require post-operative patient-controlled analgesia. The primary approach to severe and moderate-to-severe pain following surgery is to prescribe a combination of opioid and non-opioid drugs. However, post-operative pain is still treated insufficiently. In a recent major German study, more than 50 percent of patients complained of unacceptable pain at least once in the post-operative phase following a range of surgeries. Post-operative pain that is not treated adequately can result in reduced mobility, which increases the risk of other medical complications, including deep vein thrombosis and a partial lung collapse. This means a longer stay in hospital for the patients, and higher healthcare costs overall.

Domicile	Mountain View, CA, USA
Development phase	Products on the market
Listed on	NASDAQ
Market capitalisation (m)	USD 3,215
Fair value (m)	USD 97.7
Share price	USD 88.85
Ownership	3.0%
As a % of HBM net assets	8.8%
Board member	Dr Andreas Wicki



Pacira Pharmaceuticals

Pacira launched EXPAREL® on the market in April 2012. EXPAREL® is a new formulation of the well established painkiller bupivacaine, and provides long-lasting, local post-operative pain control. This can significantly reduce the administration of opioids to patients post-operation, leading to fewer side effects and reduced hospital stay and thus to substantial cost savings. In 2014, the drug achieved sales of USD 189 million, up from USD 76 million the previous year. EXPAREL® has the potential to be used in the widest variety of applications. It is currently used in soft tissue procedures and orthopaedic surgeries. Pacira is endeavouring to extend EXPAREL®'s indications in use as a peripheral nerve block, which is primarily suited to pain therapy following procedures on extremities. Depending on the area of use, analysts believe that the drug offers sales potential of well over USD 500 million. In view of strong demand and the possible extension of the drug to other applications, Pacira is expanding its production capacity. It has received approval for a second production facility which will increase capacity to meet sales of USD 400 annually. Pacira has also entered into a strategic partnership with Patheon for a third facility which will raise capacity to USD 700 million in two to three years' time. EXPAREL® is based on Pacira's patented DepoFoam® platform. The DepoFoam® technology's controlled and long-lasting drug delivery reduces patient pain and side effects. Following a 142 percent increase in 2013/2014, the share price advanced by 27 percent during the financial year just ended. By the end of March 2015, the share had thus risen to more than ten times its original IPO price of February 2012.

Orphan diseases

Orphan diseases are those which affect fewer than 200,000 patients within a given territory. Examples of these conditions, most of which are metabolic, and in many cases have a genetic root, include cystic fibrosis, haemophilia, and congenital muscular dystrophy in children. Some 7,000 orphan diseases are known, contrasting with only around 400 approved treatments for them. In 1983, the Orphan Drug Act came into force in the USA, to encourage the development of new drugs to treat rare diseases. The sharp rise in interest from the biopharmaceutical industry in developing compounds to treat orphan diseases is likely to have been prompted by the guarantee of exclusive marketing rights for one therapeutic indication for ten years in the EU and seven years in the USA. Fast-track approval requirements are a further reason. Since the human genome was decoded in the 1990s, it is now possible to determine the genetic cause of many orphan diseases. Only once the defective gene has been identified can scientists track molecular and cellular processes in sufferers in detail, and develop strategies for therapy.

Domicile	South Plainfield, NJ, USA
Development phase lead product	Phase III
Listed on	NASDAQ
Market capitalisation (m)	USD 2,047
Fair value (m)	USD 58.8
Share price	USD 60.85
Ownership	2.9 %
As a % of HBM net assets	5.3 %
Board member	Axel Bolte



PTC Therapeutics

PTC develops drugs for the treatment of rare, mostly genetic, disorders. In April 2013, a phase III trial of its lead product candidate, ataluren, was initiated to confirm the compound's effectiveness in patients with nonsense mutation Duchenne Muscular Dystrophy (nmDMD). A further confirmatory phase III trial in patients with cystic fibrosis (CF) began in 2014. Its findings will be relevant to approval for the US market. If the study data are positive, this US market approval for a first indication is likely to be granted in 2016. In mid-2014, Translarna™ (ataluren) was granted conditional approval for the European market for use in patients with nmDMD, meaning that the company is already able to distribute the drug. In about 10 to 15 percent of children suffering from muscular dystrophy, the disease's cause is found in a nonsense mutation (nmDMD), for which ataluren is able to provide relief. Around 5 to 10 percent of all cystic fibrosis (CF) patients can also be treated with ataluren, which translates to a market potential of several hundred million dollars, if approval is granted. The SMA (spinal muscle atrophy) programme, which was started with PTC partners Roche and the SMA Foundation, is currently at phase II of clinical development. The share price rose by 133 percent during the reporting year. It has quadrupled since the IPO in June 2013.

Domicile	Bourg, France
Development phase	Products on the market
Amount invested (m)	EUR 25.0
Fair value (m)	EUR 25.0
Ownership	7.9 %
As a % of HBM net assets	2.4 %

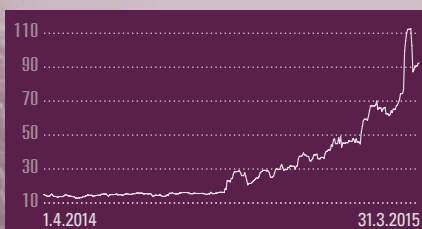
Advanced Accelerator Applications (AAA)

AAA develops, produces and distributes diagnostic and therapeutic products in the molecular nuclear medicine field. Over the past ten years, AAA has grown successfully from a niche producer of radiopharmaceuticals into a specialist pharmaceutical firm that is currently one of the European market leaders in PET radiopharmaceuticals. PET (positron emission tomography) is a state-of-the-art diagnostic technique that is currently used mainly in clinical oncology, cardiology and neurology. AAA has over 16 production and R&D facilities for diagnostic and therapeutic products. In 2014, the company generated revenues of EUR 69.9 million with over 330 employees in 11 countries. Its main development candidate, Lutathera®, is currently undergoing phase-III trials for the treatment of neuroendocrine tumours in the gastro-entero-pancreatic field, an orphan disease. With an incidence of 1–4 new cases per 100,000 inhabitants per year, neuroendocrine tumours (NET) are one of the rarer forms of tumour. They are found equally in men and women, and tend to present in later life. Neuroendocrine tumours are benign or slowly-growing carcinomas. Some 75 percent of all cases manifest as gastro-entero-pancreatic tumours. At around 55 percent, carcinoid tumours are the most common neuroendocrine tumour found in the gastrointestinal tract. The therapies that are currently available on the market, Sandostatin® LAR® and AFINITOR® from Novartis and Sutent® from Pfizer, each generated sales revenues of over USD 1 billion in 2014, for a range of therapeutic indications.

High blood cholesterol levels

Highly elevated cholesterol levels in the blood are mostly attributable to significant congenital cholesterol metabolism disorders. Depending on the age and gender, there is a clear increase in vulnerability to life-threatening heart attacks and other vascular diseases. The pharmaceutical industry focuses primarily on LDL cholesterol (low-density lipoprotein). The pharmaceutical market has thus far been dominated by statins that lower LDL cholesterol, such as Pfizer's Lipitor® or AstraZeneca's Crestor®. However, product sales have fallen steadily of late owing to competition from generics. The use of statins is not without controversy. The incremental LDL reduction achieved by increasing the dosage of statins is limited, and the risk of side effects increases with higher dosages. This has led to a range of additional therapies as add-ons. There is a constant need for additional therapies to lower LDL, be it as an add-on to or replacement for the standard statin therapy.

Domicile	Plymouth, MI, USA
Development phase lead product	Phase II
Listed on	NASDAQ
Market capitalisation (m)	USD 2,054
Fair value (m)	USD 52.0
Share price	USD 92.60
Ownership	2.5 %
As a % of HBM net assets	4.7 %



Esperion Therapeutics

Esperion focuses on the development and marketing of drugs for the treatment of hypercholesterolemia and other cardiometabolic risk markers. Many patients with elevated cholesterol levels stop the standard therapies with statins due to their side effects, such as muscle pain. Esperion's lead product candidate, ETC-1002, focuses on patients with this statin intolerance. Initial results from a phase IIb study have confirmed the efficacy and safety of ETC-1002 in reducing elevated levels of LDL-C. ETC-1002 has the potential to be used as an add-on therapy to statins as well as for patients with statin intolerance. Although the reduction in the LDL level achieved with ETC-1002 is significantly higher than with the statin monotherapy, it does not match the results of the PCSK9 inhibitors of Amgen and Sanofi/Regeneron that are currently in the process of receiving market approval in the USA. However, the potential therapy of ETC-1002 is likely to be more as an alternative, given that it is delivered as a pill – like the current standard therapy – as opposed to an injection (in the case of PCSK9) and can also be marketed at prices lower than the probably more expensive biologics of Amgen and Sanofi/Regeneron. The investment in Esperion was made during the reporting year.

Macular degeneration

An increasing number of older people are suffering from a disease of the retina known as macular degeneration. Worldwide, some 25 to 30 million people are affected, and 500,000 new cases are added each year. By far the most common form is age-related macular degeneration (AMD). A distinction is made between the more serious wet AMD and the dry form. New drugs can mitigate the progression of the disease. As a result, the majority of patients stabilise, and some patients may even experience improved vision. Lucentis® (Roche/Novartis), Eylea® (Regeneron/Bayer) and Avastin® (Roche) dominate the market, which recorded global sales of just under USD 7 billion in 2014. The drugs available on the market are anti-VEGF therapies. One approach which is currently at an advanced stage of clinical development focuses on the molecular level and is inhibiting both the VEGF growth factor, and the PDGF factor. Combining these approaches aims for greater effectiveness and thus more efficient treatment.

Domicile	Princeton, NJ, USA
Development phase lead product	Phase III
Listed on	NASDAQ
Market capitalisation (m)	USD 1,591
Fair value (m)	USD 48.9
Share price	USD 46.53
Ownership	3.1 %
As a % of HBM net assets	4.4 %
Board member	Axel Bolte



Ophthotech

Ophthotech is specialised in the clinical development of drugs for the treatment of severe disorders of the retina. The company is currently conducting a broad-based phase III trial of its most advanced product candidate, Fovista[®]. The trial is relevant to future product approval. It involves testing the Fovista[®] compound, an anti-PDGF aptamer, in combination with the leading anti-VEGF therapies Lucentis[®] (Roche/Novartis), Eylea[®] (Regeneron/Bayer) and Avastin[®] (Roche), in 1,900 patients in more than 200 study centres worldwide. Patient recruitment for the first phase III trial was recently concluded, while patients for the second phase III trial should have been enrolled by the end of the third quarter of 2015. The initial findings of the trial are expected in the second half of 2016. In May of last year, Ophthotech was able to sign a licensing agreement with Novartis that represented one of the biggest in history regarding marketing rights outside the US for a biotechnology company. The total of upfront and milestone payments (excluding future royalties) may reach more than USD 1 billion. With Zimura[®], Ophthotech has a further promising compound in clinical development. Zimura[®] is a monoclonal antibody that inhibits complement factor C5. It was previously tested in a phase II trial in combination with other anti-VEGF therapies in patients with wet AMD. The compound is also to be tested in a phase II/III trial in patients with geographic atrophy, a severe form of dry age-related macular degeneration for which there is currently no treatment. The share price rose by 30 percent in 2014. Its value has more than doubled since the IPO.

Auto-immune diseases

In auto-immune diseases, the immune tolerance is incomplete and the immune system mistakenly marks the body's own cells as foreign bodies. Signalling proteins incorrectly tell the immune system that inflammation is present and lure immune cells to the marked tissue. This results in severe inflammation and damage to the affected organs. In the case of auto-immune diseases, a distinction is drawn between diseases that only affect one organ (e.g. multiple sclerosis or bowel disease) and diseases that affect several organs and the vascular system (such as rheumatoid arthritis). Auto-immune diseases may present an acute or chronic course. The biggest areas of use include treatments for rheumatoid arthritis and multiple sclerosis, where annual drug sales are well in excess of USD 10 billion. The treatment of multiple sclerosis is based on the management of acute exacerbations and a long-term therapy aimed at mitigating the progression of the disease. Corticosteroids are used for the management of acute exacerbations, while the basic therapy uses immunomodulators such as dimethyl fumarate (Tecfidera®), fingolimod (Gilenya®) or natalizumab (Tysabri®).

Domicile	San Diego, CA, USA
Development phase lead product	Phase II
Listed on	NASDAQ
Market capitalisation (m)	USD 5,301
Fair value (m)	USD 41.9
Share price	USD 164.89
Ownership	0.8%
As a % of HBM net assets	3.8%



Receptos

Receptos specialises in the development of drugs against auto-immune diseases. The lead product candidate RPC1063 is currently being tested for three indications. The most advanced (Phase III) are the trials for use against relapsing multiple sclerosis (RMS). Phase-II trials are also underway for the chronic gastro-intestinal inflammatory disorders ulcerative colitis and Crohn's disease. RMS is a chronic auto-immune disorder of the central nervous system (CNS), characterised by recurrent acute exacerbations with neurological dysfunction followed by periods of recovery. Existing treatments are mostly based on injectable agents with significant side effects. Furthermore, newer medications in development or on the market, and also S1P1 modulators such as Novartis' Gilenya®, potentially show an unfavourable side-effect profile compared with RPC1063. Receptos therefore sees substantial market opportunities for its oral RMS therapy thanks to the improved safety and tolerability. Receptos owns all marketing rights. The position in Receptos was substantially increased in the reporting year.

Haematological malignancies

Haematological malignancies are cancers of the blood, bone marrow and lymphatic system. Drug development focuses on the different forms of leukemia, lymphoma, and multiple myeloma. Unlike solid tumours, haematological malignancies are systemic, affecting the entire body. Significant progress in the treatment of various forms of leukaemia and lymphoma has been made in recent years. New drugs Imbruvica[®] (a BTK inhibitor) and Zydelig[®] (a PI3K inhibitor) have recently been approved for the US and European markets. Celgene is a leader among biotech companies in the field of haematological malignancies. Revlimid[®] and Pomalyst[®], which are used to treat multiple myeloma, are well-known examples of its products. New drugs are focused in particular on treating relapsed or refractory multiple myeloma, where first and second-line treatments have not achieved the desired effect.

Domicile	Copenhagen, Denmark
Development phase	Products on the market
Listed on	NASDAQ OMX Copenhagen
Market capitalisation (m)	DKK 30,492
Fair value (m)	DKK 161.6
Share price	DKK 523.00
Ownership	0.5 %
As a % of HBM net assets	2.1 %



Genmab

Genmab specialises in the development of human antibody therapeutics for the treatment of different forms of cancer. 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. The daratumumab antibody for the treatment of multiple myeloma is currently undergoing a variety of phase II and III studies. It is being developed in partnership with Janssen Biotech. Daratumumab is a human monoclonal antibody which targets the CD38 molecule. CD38 is one of the strongest and most common antigens on the surface of malignant plasma cells, and is an established diagnostic marker for multiple myeloma. In past studies, in mono and combination therapy, daratumumab has shown particular potential for the treatment of forms of the disease that are resistant to therapy. This drug candidate is also being phase-II tested for the treatment of non-Hodgkins lymphoma. The company also holds proven, patented antibody technologies such as its DuoBody® and HexaBody™ platforms. These technologies are also licensed out to leading pharma companies under partnership agreements. The holding in Genmab was expanded by one third during the financial year. Genmab's share price rose by 137 percent in the reporting period.

26 Corporate Governance Disclosures on Group and capital structure, shareholders and shareholder rights, as well as on HBM Healthcare Investments' Management, Board of Directors and Auditors.

Introduction

HBM Healthcare Investments Ltd (HBM Healthcare or 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 2015, that is required by the "Directive on Information Relating to Corporate Governance (DCG)" issued by SIX Swiss Exchange, and 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 some 25 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 wholly-owned subsidiary HBM Healthcare Investments (Cayman) Ltd, Cayman Islands.

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 86.

HBM Healthcare Investments (Cayman) Ltd

All investments in portfolio companies are held via HBM Healthcare Investments (Cayman) Ltd, some of them indirectly via the subsidiaries HBM Biomedicine (Cayman) Ltd, based in the Cayman Islands, and HBM Private Equity India, based in the Republic of Mauritius, which are both wholly owned by HBM Healthcare Investments (Cayman) Ltd.

The share capital of HBM Healthcare Investments (Cayman) Ltd was CHF 846 million as at 31 March 2015.

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. 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 1,115 registered shareholders. Shareholders are institutional and private investors.

For details of shareholders with equity holdings of three percent or more, see note 7.3 to the Consolidated Financial Statements on page 68.

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 468,029,426 consists of 8,000,503 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 2012 is provided in the parent company's "Development of shareholders' equity", see page 81.

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 2015, the Board of Directors was composed of the following members:

Board of Directors

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

First elected

Specific knowledge of the pharmaceutical and biotechnology sectors 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, 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 35 to 37.

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 2014/2015 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 may also be passed in writing or by telephone conference, without a meeting of the Board of Directors being held. Circular resolutions must be unanimous in order to be valid.

Four half-day meetings of the Board of Directors and a telephone conference took place during the 2014/2015 financial year. The Company's Chief Executive Officer and Chief Financial Officer also 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.hbmhealthcare.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

Prof. Dr Dr h.c. mult. Heinz Riesenhuber	2001
Dr Rudolf Lanz	2003

First appointed to the committee

The Audit Committee held three half-day meetings during the 2014/2015 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 2014. 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 these 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

Hans Peter Hasler	2014
Mario G. Giuliani	2014
Robert A. Ingram	2014

First appointed
to the
committee

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

Dr Rudolf Lanz	2008
Robert A. Ingram	2008

First appointed
to the
committee

The Nominating Committee did not hold any meetings during the 2014/2015 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 management report, the annual consolidated, 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 page 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 share transactions 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 transactions 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 13 to the Consolidated Financial Statements on pages 75 to 77.

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 relating to the reduction of corporate capital.

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 2015, 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 Board of Directors 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 38.

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 45 and 46.

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 on pages 42 to 44.

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 47.

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 83.

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 and consolidated financial statements amounted to CHF 153,500 (previous year: CHF 152,000) during the fiscal year. The fee for auditing the capital reduction amounted to CHF 7,600 (previous year: CHF 7,000). 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 3,000).

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 produce audit reports on the consolidated and statutory annual financial statements, as well as their review of the corporate governance

section of the annual report and the compensation report. 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 took part in two of the total of three Audit Committee meetings during the past 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 disclosure rules of SIX Swiss Exchange.

Further details of the Company's sources of information are given in the "Investor Information" section on page 86.

The Company's contact address is:
HBM Healthcare Investments Ltd
Bundesplatz 1, 6300 Zug, Switzerland
Phone +41 41 768 11 08
Fax +41 41 768 11 09
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	
Nationality	Swiss
Date of birth	2 February 1956

Education


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

Professional history

Since 2014 Rigi Healthcare Ltd, Switzerland, Global Life Science Advisor
2012–2013 Elan Corporation plc, Chief Operating Officer (COO)
Since 2010 HPH Management GmbH, Switzerland
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 2014 AOP Orphan Pharmaceuticals AG, Member of the Board of Directors
Since 2012 MIAC AG (Medical Imaging Analysis Center AG, a not-for-profit organisation set up by the University Hospital of Basle), Chairman of the Board of Directors



Prof. Dr Dr h.c. mult. Heinz Riesenhuber	
Vice Chairman of the Board of Directors Member of the Audit Committee	
Nationality	German
Date of birth	1 December 1935

Education

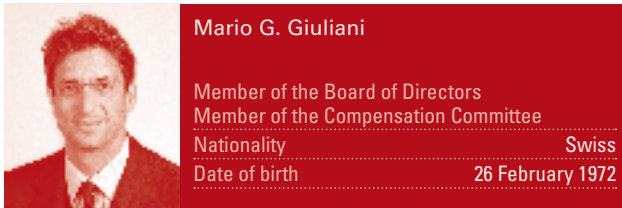
Master's and PhD degrees in chemistry; post-doctoral fellow, University of Frankfurt am Main, Germany.

Professional history

Since 2006 German Parliamentary Society, Chairman
2004–2010 Kabel Deutschland GmbH, Chairman
2000–2007 Vodafone 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



Education

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

Professional history

Since 1999 Giuliani SpA, Italy

Since 2003 President

Since 2001 CEO

1999–2000 CFO

1998–1999 Vector Fund Management, USA, Associate

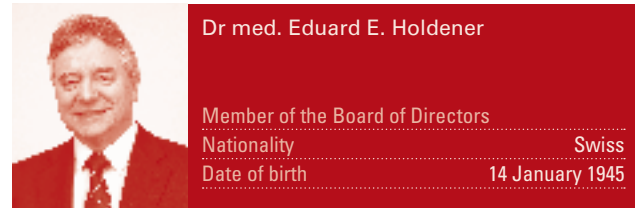
1996–1997 Giuliani SpA, Italy, Marketing, Sales, Finance and Controlling

Directorships

Since 2001 Royalty Pharma, Member of the Board of Directors and Member of the Investment Committee

Since 2000 Mosaix Ventures, LLP, Member of the Investment Committee

Since 1999 Giuliani SpA, Member of the Board of Directors



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, Basle, 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

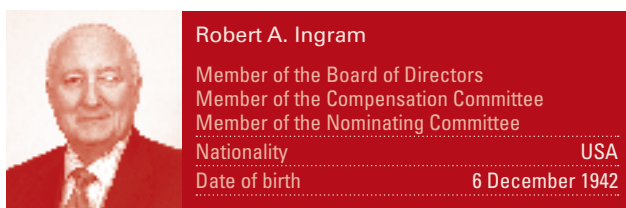
1986–1990 Head of Clinical Interferon Development

Directorships

Since 2011 Tigenix NV, Member of the Board of Directors

Since 2008 NovImmune SA, Chairman of the Board of Directors

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



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 2014 Regenron Pharmaceuticals, Mitglied des Verwaltungsrats

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

Since 2003 Edwards Lifesciences, Member of the Board of Directors

Since 2003 Valeant Pharmaceuticals International, 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 2011 Ramatech Systems 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	
	Nationality	Swiss
	Date of birth	1 December 1958

	Erwin Troxler	
	Chief Financial Officer	
	Nationality	Swiss
	Date of birth	30 May 1970

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 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

Education

Lucerne School of Economics and Business Administration, HWV (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, Reiden, Credit Administrator

Directorships

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

Since 2007 HBM Business Advisory Ltd, Member of the Board of Directors

To the Board of Directors of

HBM Healthcare Investments Ltd, Zug

Zurich, 12 May 2015

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 27 to 38) for the year ended 31 March 2015.

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)



Jörg Schmidt
Licensed audit expert

40 Compensation Report Disclosure of the compensation paid to the members of the Board of Directors and the Management of HBM Healthcare Investments Ltd for the 2014/2015 financial year.

This Compensation Report for the 2014/2015 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 (OAEC)", 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 Investments Ltd 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, diagnostic sectors and related areas. Investments are focused on Western Europe and the USA, and may be made in both individual private and public companies, 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 it is common for investment companies, in accordance with Art. 6 para. 2 OAEC 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 Board of Directors of HBM Healthcare's subsidiaries. Responsibility for monitoring the Invest-

ment 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 Review.

In accordance with Art. 6 OAEC and Art. 21 of the Company's Articles of Association, the Board of Directors has delegated the 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 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 longer-term 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 contract with the Investment Advisor, and thus in particular also on the level of fees to be paid under that contract.

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 fees (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 2014/2015 reporting year:

(in CHF)	2014/2015	2013/2014
Chairman of the Board of Directors	94,000	120,000
Vice Chairman of the Board of Directors	43,000	50,000
Member of the Board of Directors	28,000	35,000
Board meeting fee, per meeting ¹⁾		
– Chairman	4,000	0
– Members	3,000	0
Member of the Audit Committee	30,000	30,000
Member of the Compensation Committee	10,000	n/a ²⁾
Member of the Nominating Committee	0	0

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

2) The company did not yet have a Compensation Committee for 2013/2014.

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 of the Compensation Report). Each member of the Board of Directors is entitled to a cash payment corresponding 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 2014/2015 reporting period, the six members of the Board of Directors together received compensation totalling CHF 3,531,744 (previous year: CHF 397,149). Of this figure, CHF 409,000 (previous year: CHF 370,000) 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 total of variable, performance-related compensation amounted to CHF 3,024,000 (previous year: CHF 0). Social security contributions totalled CHF 98,744 (previous year: CHF 27,149).

The year-on-year differences in total compensation paid to the members of the Board of Directors are derived primarily from the variable, performance-related compensation paid on the basis of value growth, as well as to the fee for members of the newly formed Compensation Committee.

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

	Audit Committee	Compensation Committee	Nominating Committee	Period	Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties ¹⁾	Total
2014/2015 financial year (in CHF)										
Hans Peter Hasler, Chairman	x			1.4.14–31.3.15	94,000	16,000	10,000	504,000	0	624,000
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	x			1.4.14–31.3.15	43,000	12,000	30,000	504,000	36,968	625,968
Mario G. Giuliani, Member		x		1.4.14–31.3.15	28,000	12,000	10,000	504,000	34,625	588,625
Dr Eduard E. Holdener, Member				1.4.14–31.3.15	28,000	12,000	0	504,000	27,151	571,151
Robert A. Ingram, Member		x	x	1.4.14–31.3.15	28,000	6,000	10,000	504,000	0	548,000
Dr Rudolf Lanz, Member		x	x	1.4.14–31.3.15	28,000	12,000	30,000	504,000	0	574,000
Total Board of Directors					249,000	70,000	90,000	3,024,000	98,744	3,531,744

1) Thereof CHF 84,000 for the variable compensation.

	Audit Committee	Compensation Committee	Nominating Committee	Period	Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties ¹⁾	Total
2013/2014 financial year (in CHF)										
Hans Peter Hasler, Chairman				1.4.13–31.3.14	120,000	0	0	0	11,528	131,528
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman		x		1.4.13–31.3.14	50,000	0	30,000	0	12,309	92,309
Mario G. Giuliani, Member				1.4.13–31.3.14	35,000	0	0	0	2,074	37,074
Dr Eduard E. Holdener, Member				1.4.13–31.3.14	35,000	0	0	0	1,238	36,238
Robert A. Ingram, Member			x	1.4.13–31.3.14	35,000	0	0	0	0	35,000
Dr Rudolf Lanz, Member		x	x	1.4.13–31.3.14	35,000	0	30,000	0	0	65,000
Total Board of Directors					310,000	0	60,000	0	27,149	397,149

4. Compensation to members of Management

4.1 Basis

Where they are not 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 per cent of the standard working week in each case.

The members of Management are compensated according to the scope of their activities and their individual 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-participating plan.

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

During the 2014/2015 reporting period, the two members of Management together received compensation totalling CHF 289,116: CHF 248,956). Of this figure, CHF 268,120 (previous year: CHF 230,773) was paid out in the form of fixed salaries. Social security contributions totalled CHF 20,996 (previous year: CHF 18,183).

The year-on-year differences in total compensation paid to the members of Management are derived from salary increases and an adjustment in working hours in connection with the implementation of the OAEC.

The members of Management received the following compensation:

	Period	Working hours	Fixed salary	Social security contributions	Total
2014/2015 financial year (in CHF)					
Dr Andreas Wicki, CEO	1.4.14–31.3.15	40%	157,527	12,258	169,784
Other member of Management	1.4.14–31.3.15	40%	110,593	8,738	119,331
Total Management			268,120	20,996	289,116
2013/2014 financial year (in CHF)					
Dr Andreas Wicki, CEO	1.4.13–31.3.14	36%	134,597	10,584	145,181
Other member of Management	1.4.13–31.3.14	36%	96,176	7,600	103,776
Total Management			230,773	18,183	248,956

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

As at 31 March 2015, 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 persons related to them (31 March 2014: none).

6. Compensation to related parties on non-market terms

During the 2014/2015 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 2014/2015 reporting year (2013/2014: 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 decide to leave the Company.

9. Advisory agreements

The subsidiary HBM Healthcare (Cayman) Ltd has entered into an advisory agreement with HBM Partners, Zug (Investment Advisor), under which the Investment Advisor will provide asset management and other defined services to HBM Healthcare, specifically identifying and evaluating 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. The only

exception here concerns the management of discretionary portfolios 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 2016, 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, payable quarterly at the beginning of the quarter. Company assets are calculated from the consolidated shareholders' equity reported as at the end of the previous quarter, plus borrowed capital, and the Company's holdings of its own saleable shares, valued at market prices. 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.

The management fee paid to the Investment Advisor for the 2014/2015 financial year came to CHF 12.4 million (previous year: CHF 10.2 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 the net asset value reported on the reporting date, and the number of shares outstanding (excluding treasury shares). 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.

The net asset value per share before provision for the performance fee, i.e. the relevant figure for the calculation of that performance fee, stood at CHF 147.20 for the 2014/2015 financial year. The high water mark for all outstanding shares was CHF 103.21. This means that the high water mark for all outstanding shares rises to CHF 147.20 with effect from the beginning of the 2015/2016 financial year.

Once variable compensation for members of the Board of Directors has been deducted, the performance fee payable to the Investment Advisor for the 2014/2015 financial year amounts to CHF 43.8 million (previous year: CHF 3.6 million). The total amount of CHF 47.4 million was paid out in April 2015, because net asset value per share exceeded the high water mark by more than five percent.

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 division-specific, or objectives set relative to the market, to other companies or to comparable benchmarks, taking into account the function 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 pre-determined 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 Shareholders' Meeting must approve each of the proposals of the Board of Directors that concern total amounts

- > of the maximum fixed part of compensation to members of the Board of Directors for the period up to the next ordinary Shareholders' Meeting;

- > of the variable part of compensation to members of the Board of Directors for the financial year just ended;
- > of 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;
- > of 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 shall 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 approval, HBM Healthcare may pay out compensation prior to its approval by the Shareholders' Meeting.

Zurich, 12 May 2015

Report of the statutory auditor on the remuneration report

We have audited section 3.2, 4.2 and sections 5 to 7 of the remuneration report dated 12 May 2015 of HBM Healthcare Investments Ltd (pages 43 to 45) for the year ended 31 March 2015.

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 against Excessive Compensation in Stock Exchange Listed Companies (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 2015 of HBM Healthcare Investments Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.



Martin Mattes
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert

Investment Guidelines

As at 31 March 2015

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)

"Long" positions in options, and "short" positions in put options, based on the principal amount, might be made 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. The investment manager engages one or more investment advisors. 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.

50 Financial Report The Consolidated Financial Statements of the HBM Healthcare Investments Group and the Parent Company Financial Statements of HBM Healthcare Investments Ltd for the financial year ended 31 March 2015.

Consolidated Financial Statements

Consolidated balance sheet

	Notes	31.3.2015	31.3.2014
Assets (CHF 000)			
Current assets			
Cash and cash equivalents		140,381	46,490
Receivables		186	192
Financial instruments		0	431
Total current assets		140,567	47,113
Non-current assets			
Financial instruments	(3)	15,840	0
Investments	(4)	1,021,529	849,340
Other financial assets	(6)	13,244	29,236
Total non-current assets		1,050,613	878,576
Total assets		1,191,180	925,689
Liabilities (CHF 000)			
Short-term liabilities			
Financial instruments	(3)	63,470	0
Provisions	(9)	50,414	3,807
Other short-term liabilities		3,107	1,546
Total short-term liabilities		116,991	5,353
Shareholders' equity			
Share capital	(7)	468,029	520,650
Treasury shares	(7)	-33,744	-27,934
Capital reserve		345,570	390,797
Accumulated income/loss		294,334	36,823
Total shareholders' equity		1,074,189	920,336
Total liabilities and shareholders' equity		1,191,180	925,689
Number of outstanding shares (in 000)		7,640	8,462
Net asset value (NAV) per share (CHF)		140.60	108.76

Consolidated Financial Statements

Consolidated statement of comprehensive income for the financial year ended 31 March

(CHF 000)	Notes	2014/2015	2013/2014
Gains on investments	(4)	371,297	398,141
Losses on investments	(4)	-59,775	-43,979
Dividend income		105	11,970
Result from currency hedging transactions	(3)	15,840	236
Result from market hedging transactions	(3)	-18,659	0
Gains from other financial instruments		10,038	1,320
Gains on other financial assets		4,655	4,385
Losses on other financial assets		-3,260	-1,296
Result from investment activities		320,241	370,777
Management fee	(9)	-12,448	-10,205
Performance fee	(9)	-46,607	-3,807
Personnel expenses		-1,827	-1,883
Other operating expenses		-1,569	-1,377
Result before interest and taxes		257,790	353,505
Financial expenses		-284	0
Financial income		5	17
Income taxes		0	0
Net result for the year		257,511	353,522
Comprehensive result		257,511	353,522
Number of outstanding shares, time-weighted (in 000)		7,930	8,627
Basic earnings per share (CHF)		32.47	40.98

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

Consolidated Financial Statements

Consolidated statement of cash flows

for the financial year ended 31 March

(CHF 000)	2014/2015	2013/2014
Management fee paid	-12,448	-10,205
Other expenses paid (personnel and other operating expenses)	-3,150	-3,416
Net cash flow from operating activities	-15,598	-13,621
Interest payments received	5	17
Dividend payments received	105	11,970
Purchase of investments	-323,262	-309,822
Sale of investments	461,659	329,772
Payments received from escrow amounts and milestones	13,671	8,583
Net cash flow from financial instruments to hedge currency and market risks	44,811	0
Net cash flow from other financial instruments	10,469	2,235
Net cash flow from investing activities	207,458	42,755
Interest payments paid	-284	0
Par value repayment	0	-12,948
Cash distribution from capital reserve	-23,588	0
Purchase of treasury shares	-96,297	-28,560
Sale of treasury shares	17,397	7,937
Sale of put-options from share buy-back programme	148	0
Net cash flow from financing activities	-102,624	-33,571
Currency translation differences	4,655	-764
Net change in cash and cash equivalents	93,891	-5,201
Cash and cash equivalents at beginning of period	46,490	51,691
Cash and cash equivalents at end of period	140,381	46,490

Consolidated Financial Statements

Consolidated statement of changes in equity

(CHF 000)	Share capital	Treasury shares	Capital reserve	Accumulated income/loss	Total shareholders' equity
Balance as at 31 March 2013	552,000	-19,867	385,527	-316,699	600,961
Comprehensive result				353,522	353,522
Purchase of treasury shares		-29,136			-29,136
Sale of treasury shares		6,351	1,586		7,937
Capital reduction (30.8.2013)	-18,000	14,718	3,282		0
Par value repayment (9.9.2013)	-13,350		402		-12,948
Balance as at 31 March 2014	520,650	-27,934	390,797	36,823	920,336
Comprehensive result				257,511	257,511
Purchase of treasury shares		-97,615			-97,615
Sale of treasury shares		12,819	4,726		17,545
Distribution from capital reserve (27.6.2014)			-23,588		-23,588
Capital reduction (26.8.2014)	-52,621	78,986	-26,365		0
Balance as at 31 March 2015	468,029	-33,744	345,570	294,334	1,074,189

Consolidated Financial Statements

Notes

1. Information about the Company and its business

HBM Healthcare Investments Ltd (HBM Healthcare or Company) is a SIX Swiss Exchange listed holding company domiciled 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 Consolidated Financial Statements are set out below.

2.1 Basis of preparation – Consolidated Financial Statements

The Consolidated 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 presented in Swiss francs (CHF).

The preparation of the Consolidated Financial Statements is based on the acquisition cost principle with the exception of financial instruments and investments (note 2.6) and other financial assets (note 2.7), which are carried at fair value through profit and loss in the annual financial statements.

With the exception of the new and revised standards and interpretations listed in note 2.15, the same accounting policies and valuation principles as in the previous year have been applied in the preparation of these financial statements.

Significant discretionary decisions, estimates and assumptions

The preparation of the Consolidated 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. As explained in notes 2.6 and 2.7, a degree of uncertainty is attached specifically to estimating individual fair values for private companies and funds as well as for contractual claims on the sale proceeds of portfolio companies.

2.2 Scope of consolidation

The scope of consolidation comprises the holding company HBM Healthcare Investments Ltd, Bundesplatz 1, Zug, Switzerland, which is listed on SIX Swiss Exchange, and the following fully consolidated subsidiaries:

Subsidiary	Objective	Ownership as at 31.3.2015	Ownership as at 31.3.2014
HBM Healthcare Investments (Cayman) Ltd, Cayman Islands	Holding of company interests	100%	100%
HBM Biomedicine (Cayman) Ltd, Cayman Islands ¹⁾	Holding of company interests	100%	100%
HBM Private Equity India, Republic of Mauritius	Holding of company interests	100%	100%

1) The company is currently in liquidation.

All subsidiaries are wholly owned either directly or indirectly. Intra-Group transactions have been eliminated.

Shareholdings in associated companies are valued, in accordance with the exception provision for investment companies under IAS 39, at fair value and are reported as investments. Associated companies are understood as shareholdings in companies over which HBM Healthcare exerts a significant influence, but does not have a controlling interest (shareholdings of between 20 and 50 per cent of voting rights). Please refer to note 5 "HBM BioCapital" concerning the recognition of the holdings in HBM BioCapital (EUR) L.P. (equity interest of 44.7 percent) and HBM BioCapital (USD) L.P. (equity interest of 79.1 percent) under "Investments".

2.3 Foreign currencies

The functional currency for the Company and for all subsidiaries 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 income. Non-monetary assets and liabilities in foreign currencies, which are to be recognised at their historical acquisition cost, are converted at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities which are to be recognised at their fair value are converted at the exchange rate prevailing on the re-valuation date. The resulting foreign currency gains or losses are booked together with the revaluation result to the statement of income.

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

(CHF)	31.3.2015	31.3.2014
DKK	0.1397	0.1631
EUR	1.0438	1.2180
GBP	1.4413	1.4739
SEK	0.1127	0.1367
USD	0.9727	0.8846

2.4 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.

2.5 Receivables

Receivables comprise escrow amounts from the sale of portfolio companies, and other credit balances. They are valued at their amortised cost, which generally corresponds to their nominal value less necessary valuation adjustments. The appropriateness of such valuation adjustments is reviewed regularly and adjustments are made in the period in which the underlying conditions are changed. Receivables are non-derivative financial assets whose fair value is approximate to their book value, and which become due for payment within 12 months.

2.6 Financial instruments and investments

In the Consolidated Financial Statements, derivative financial instruments are referred to as "Financial Instruments", while other financial assets such as equity positions in and convertible bonds issued by portfolio companies are referred to as "Investments". These financial assets are reported at fair value through profit and loss, in line with risk management and investment strategy. They are recognised at their acquisition cost without transaction costs. After initial recognition, all financial assets are stated at fair value. All gains or losses arising from an adjustment to the fair value of such assets are entered in the statement of income in the period in which they arise.

Sales of financial instruments and investments 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 "Receivables" (note 2.5) or "Other financial assets" (note 2.7).

Trade date accounting

All purchases and sales of financial instruments and investments are recognised on the trade date, i.e. on the date on which a group company 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.

Derivative financial instruments

HBM Healthcare buys and sells derivative financial instruments in the course of its ordinary business activities and as part of its risk management. In the past, the Company has invested in the following types of derivatives: futures and options on foreign currencies, indices and securities. Derivatives are held for trading purposes and are reported at fair value through profit and loss. They are listed in the balance sheet under financial instruments and are stated at fair value. For listed derivatives, fair value equals market value, which is determined by the market 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.

Investments

All investments are recognised at their acquisition cost without transaction cost, and thereafter at their fair value. 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. 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 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 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 Other financial assets

Other financial assets comprise contractual claims on the sale proceeds of portfolio companies that are tied to the achievement of predefined objectives (milestone payments). These claims are carried in the annual financial statements at a risk-weighted value and discounted over time (discount rate of 11 percent). The risk-weighted approach is based on the assessment of the likelihood of occurrence of certain future objectives, referring to commonly used industry statistics as well as own guidelines and estimates.

2.8 Financial liabilities

Financial liabilities are initially carried at their acquisition value, i.e. the proceeds received once transaction costs have been deducted. They are subsequently carried at their amortised cost value 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 created 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.

2.11 Result from investment activities

Changes in the value of individual investments in the financial year (including currency effects) are recorded in the statement of income as "Gains or losses on investments". The "Realised gains or losses on investments" disclosed in note 4 are calculated as the difference between the sale proceeds of an investment and the capital invested. Unrealised gains and losses recorded in previous years on investments that have been sold are eliminated and, together with the value adjustments on investment holdings for the current fiscal year, are reported under "Changes in unrealised gains and losses". Earnings from derivative financial instruments are recorded in the statement of income as "Gains and losses from other financial instruments", as "Result from currency hedging transactions" or "Result from market hedging transactions", respectively. The "Gains and losses on other financial assets" items in the statement of income include changes in value (including currency effects) on receivables in escrow accounts, contractual claims arising from the sale of portfolio companies, which are recognised under "Other financial assets", as well as foreign currency gains and losses on cash and cash equivalents.

2.12 Corporate income taxes

Corporate income taxes comprise both current and deferred taxation. Current income taxes are made up of the tax owed in individual countries on the basis of local fiscal regulations and taxable income, calculated at the tax rates valid on the balance sheet date.

Provisions for deferred taxes on corporate income are created using the "balance sheet liability method". This takes into account the tax implications of temporary valuation differences between the book value of an asset or a liability in the Consolidated Financial Statements, and its taxable value on the balance sheet date. Calculations are based on the rate of tax that is expected to apply when the tax liability is incurred. Valuation adjustments are created to reduce deferred tax credits if it is unlikely that tax credits will be realised.

2.13 Net asset value and earnings per share

The net asset value per share is calculated from the consolidated 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 consolidated 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 consolidated 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 potential issue of new shares in connection with outstanding convertible bonds, share options and similar instruments.

2.14 Segment reporting

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

2.15 Changes to accounting policies

In the year under review, the Company applied the following new and revised reporting standards and interpretations that may be relevant for the group:

Standard and interpretation

Standard and interpretation	Effective since
IFRIC 21 Levies	1.1.2014
IAS 32 (revised) Financial instruments: Presentation – Offsetting of financial assets and liabilities	1.1.2014
IAS 36 (revised) Impairment of assets: Disclosure	1.1.2014

The implementation of these standards and interpretations had no significant impact on the Consolidated Financial Statements.

The following new and revised standards and interpretations, which could be relevant for the Group, were approved during the reporting period. However, they are only applicable to future financial years and have not been applied ahead of schedule in the present financial statements. The implications for HBM Healthcare's Consolidated Financial Statements are currently still being reviewed.

Standard and interpretation

Standard and interpretation	Effective date	Financial year in which application is planned
IFRS 7 Financial instruments: Disclosure – Additional disclosures on transition from IAS 39 to IFRS 9	1.1.2018	2018/ 2019
IFRS 9 Financial instruments: Classification and measurement	1.1.2018	2018/ 2019
IFRS 10 (revised) Consolidated financial statements: Investment entities – Applying the consolidation exception	1.1.2016	2016/ 2017
IFRS 11 (revised) Joint arrangements: Accounting for acquisitions of interests in joint operations	1.1.2016	2016/ 2017
IFRS 12 (revised) Disclosure of interests in other entities: Investment entities – Applying the consolidation exception	1.1.2016	2016/ 2017
IAS 27 (revised) Consolidated and separate financial statements: Separate financial statements (equity method)	1.1.2016	2016/ 2017
IAS 28 (revised) Investments in associates: Investment entities – Applying the consolidation exception	1.1.2016	2016/ 2017

3. Financial instruments

On 7 January 2015, the Company has hedged its total Euro-currency risk through a forward sale of EUR 100 million, with value date 11 July 2016, at a price of EUR/CHF 1.19. The position remains hedged until further notice. As at the balance sheet date, 31 March 2015, the value of this hedging position amounts to CHF 15.8 million. In addition, to hedge general market risks, 190,000 units of the ETF iShares NASDAQ Biotechnology Index were sold short in January 2015.

This corresponds to about a tenth of the total value of HBM Healthcare's public investments. As at the balance sheet date, 31 March 2015, the value of this hedging position amounts to a liability of CHF 63.5 million. Detailed information on these hedging positions are disclosed in notes 12.2 "Market risks" and 12.4 "Foreign currency risks" to the Consolidated Financial Statements on pages 71 to 73.

4. Investments

	Domicile	Investment currency (IC)	Amount disbursed as at 31.3.2014 (IC m)	Changes in the reporting period (IC m)	Amount disbursed as at 31.3.2015 (IC m)	Fair value as at 31.3.2015 (IC m)	Ownership as % of portfolio company	Fair value as at 31.3.2015 (CHF 000)	Fair value as at 31.3.2014 (CHF 000)
Private companies									
Advanced Accelerator Applications (AAA)	France	EUR	20.0	5.0	25.0	25.0	7.9	26,095	24,360
Ellipse Technologies ¹⁾	USA	USD	8.6		8.6	18.1	26.3	17,642	8,185
Tensys Medical ²⁾	USA	USD	12.9	2.8	15.7	15.7	99.6	15,223	11,367
Cathay Industrial Biotech	China	USD	28.0		28.0	14.0	12.6	13,618	24,769
Nabriva Therapeutics ³⁾	Austria	EUR	13.7	1.4	15.1	8.1	16.3	8,406	9,636
Medimpulse Holding	Switzerland	USD	4.4		4.4	8.3	20.7	8,068	7,337
Westmed Holding	USA	USD	7.0		7.0	6.9	21.4	6,666	5,740
Interventional Spine	USA	USD	18.0		18.0	5.9	31.3	5,726	14,999
MiCardia ³⁾	USA	USD	4.6	0.8	5.4	5.9	18.4	5,720	3,252
Kolltan ³⁾	USA	USD	4.4	0.2	4.6	5.0	2.9	4,856	3,891
Vascular Dynamics	USA	USD	0.0	4.0	4.0	4.0	9.7	3,891	0
Other investments								11,549	15,004
Total private companies								127,460	128,540

- 1) Since August 2005, HBM Healthcare holds an additional approx. 6.4% stake in the company indirectly via the MedFocus Fund.
- 2) One lender of Tensys Medical Inc. has a conversion right for 30% of the total outstanding shares of Tensys Medical Inc. following conversion.
- 3) As explained in note 5 to the Consolidated Financial Statements, this investment was made partly or wholly through HBM Bio-Capital I. Pro-rata fees charged by HBM BioCapital I are reimbursed in full to HBM Healthcare so that fees are not levied twice.

Funds	Domicile	Investment currency (IC)	Total commitment (IC m)	Payments in the reporting period (IC m)	Repayments in the reporting period (IC m)	Cumulative payments as at 31.3.2015 (IC m)	Cumulative repayments as at 31.3.2015 (IC m)	Fair value as at 31.3.2015 (IC m)	Fair value as at 31.3.2015 (CHF 000)	Fair value as at 31.3.2014 (CHF 000)
Nordic Biotech	Denmark	DKK	31.0			31.0	11.8	317.0	44,296	4,425
HBM BioCapital II ¹⁾	Jersey	EUR	42.0	14.6		23.7	0.0	21.4	22,303	8,559
BioMedInvest I	Switzerland	CHF	26.0			26.0	14.0	19.0	18,980	15,418
MedFocus Fund II	USA	USD	16.0			16.0	0.0	18.8	18,282	12,232
Galen Partners V	USA	USD	10.0	0.2		9.6	0.0	11.6	11,280	9,310
Hatteras Venture Partners III	USA	USD	10.0	0.6		9.1	2.0	9.3	9,025	7,704
BioMedInvest II	Switzerland	CHF	10.0	2.0	0.8	8.0	0.8	7.7	7,740	7,447
Water Street Healthcare Partners	USA	USD	15.0		1.9	14.8	16.2	5.5	5,391	6,339
HBM Genomics	Cayman Islands	USD	15.0	1.3		1.3	0.0	1.2	1,128	0
Other investments									7,562	7,985
Total funds									145,987	79,419

Public companies	Domicile	Investment currency (IC)	Number of shares as at 31.3.2014	Changes in number of shares in the reporting period	Number of shares as at 31.3.2015	Ownership as % of portfolio company	Fair value as at 31.3.2015 (CHF 000)	Fair value as at 31.3.2014 (CHF 000)
Skyepharma	UK	GBP	11,503,145	18,138,377	29,641,522	28.3	131,589	40,691
Basilea Pharmaceutica	^{P)} Switzerland	CHF	1,232,479	-202,233	1,030,246	10.1	114,048	124,357
Pacira Pharmaceuticals	^{P)} USA	USD	1,667,307	-567,307	1,100,000	3.0	95,067	103,228
PTC Therapeutics	^{P)} USA	USD	2,441,495	-1,475,995	965,500	2.9	57,147	56,456
Paratek Pharmaceuticals ²⁾	^{P)} USA	USD	633,582	1,134,678	1,768,260	12.3	53,767	4,810
Esperion Therapeutics	USA	USD	0	561,188	561,188	2.5	50,547	0
Ophthotech	^{P)} USA	USD	3,640,230	-2,590,230	1,050,000	3.1	47,523	114,879
Receptos	USA	USD	32,500	221,500	254,000	0.8	40,739	1,206
Genmab	Denmark	DKK	231,500	77,500	309,000	0.5	22,578	8,319
Swedish Orphan Biovitrum	^{P)} Sweden	SEK	2,253,000	-228,000	2,025,000	0.8	20,778	21,831
Probiobdrug ²⁾	^{P)} Germany	EUR	464,056	253,100	717,156	10.6	14,260	6,030
Collectis	France	EUR	0	357,500	357,500	1.0	12,135	0
Incyte	USA	USD	9,500	102,000	111,500	0.1	9,941	450
Chimerix	USA	USD	5,000	226,000	231,000	0.6	8,469	101
Oxford Immunotec	UK	USD	200,000	310,500	510,500	2.3	6,992	3,551
Lpath	USA	USD	1,341,555	1,439,281	2,780,836	14.4	6,681	5,637
Neurocrine Biosciences	USA	USD	0	159,000	159,000	0.2	6,142	0
Coherus Biosciences	USA	USD	0	200,000	200,000	0.6	5,949	0
Relypsa	USA	USD	0	157,500	157,500	0.4	5,526	0
K2M Group Holdings	USA	USD	0	200,000	200,000	0.5	4,290	0
Aegerion	USA	USD	300,000	-154,694	145,306	0.5	3,699	12,255
Enanta Pharmaceuticals	^{P)} USA	USD	500,000	-384,791	115,209	0.6	3,431	17,688
Skyepharma bond ³⁾	UK	GBP					0	84,106
Other investments							26,784	35,786
Total public companies							748,082	641,381
Total investments							1,021,529	849,340

P) The position originates from the private companies portfolio.

1) The fair value of EUR 21.4 million takes into account the fund's cumulative management fees of EUR 2.6 million. As explained in note 5 to the Consolidated Financial Statements, this amount has been reimbursed in full to HBM Healthcare so that fees are not levied twice.

2) Paratek Pharmaceuticals and Probiobdrug listed their shares on NASDAQ and Euronext Amsterdam, respectively, in October 2014. The investments were previously reported under private companies.

3) The bond was redeemed by Skyepharma on 2 May 2014, at a price representing 114.85% of the face value.

During the reporting period, the individual asset classes that are summarised under investments performed as follows:

	Private companies	Funds	Public companies	Total investments
Development of investments (CHF 000)				
Fair value as at 31 March 2014	139,380	79,419	630,541	849,340
Reclassification owing to IPO (Probiodrug)	-6,030		6,030	0
Reclassification owing to IPO (Paratek Pharmaceuticals)	-4,810		4,810	0
Fair value as at 31 March 2014 (after reclassification)	128,540	79,419	641,381	849,340
Purchases	18,028	22,567	282,667	323,262
Sales	-3,211	-2,871	-456,513	-462,595
Realised gains	0	1,179	218,210	219,389
Realised losses	-12,677	-735	-12,242	-25,654
Changes in unrealised gains/losses	-2,377	46,428	74,579	117,787
Fair value as at 31 March 2015	127,460	145,987	748,082	1,021,529

The following table on page 64 shows the gains and losses (realised and unrealised) on single investments for the 2014/2015 and 2013/2014 financial years. Investments are listed separately only if the change in value in terms of the investment currency

results in a gain or loss that is greater than CHF 2 million. Those investments for which a gain or loss of more than CHF 2 million is due solely to currency fluctuations are not listed individually.

Gains on investments (realised and unrealised per company) ¹⁾	Investment currency (IC)		2014/2015 (CHF 000)
	IC million		
Private companies			
Ellipse Technologies	USD	8.9	9,457
Other investments			8,426
Total private companies			17,883
Funds			
Nordic Biotech	DKK	289.9	39,867
MedFocus Fund II	USD	5.0	6,050
BioMedInvest I	CHF	3.6	3,562
Other investments			4,701
Total funds			54,180
Public companies			
PTC Therapeutics	USD	55.6	58,506
Paratek Pharmaceuticals	USD	40.1	39,682
Pacira Pharmaceuticals	USD	31.9	37,643
Skyepharma	GBP	24.8	33,538
Esperion Therapeutics	USD	33.2	32,337
Ophthotech	USD	19.5	25,733
Receptos	USD	16.3	15,885
Genmab	DKK	86.8	10,545
Basilea Pharmaceutica	CHF	9.0	9,018
Collectis	EUR	7.7	7,851
Incyte	USD	4.3	4,629
Probiodrug	EUR	5.3	3,982
Coherus Biosciences	USD	2.4	2,370
Other investments			17,515
Total public companies			299,234
Total gains on investments			371,297
Losses on investments (realised and unrealised per company) ¹⁾			
Private companies			
Cathay Industrial Biotech	USD	14.0	11,151
Interventional Spine	USD	11.1	9,407
Delenex Therapeutics	CHF	5.2	5,263
Other investments			7,959
Total private companies			33,780
Funds			
Other investments			7,308
Total funds			7,308
Public companies			
Aegerion	USD	6.5	4,774
Regado Biosciences	USD	5.1	4,482
Lpath	USD	4.5	3,623
Other investments			5,808
Total public companies			18,687
Total losses on investments			59,775

1) Amount in Swiss francs includes gains and losses on foreign currencies.

Gains on investments (realised and unrealised per company) ¹⁾	Investment currency (IC)		2013/2014 (CHF 000)
	IC million		
Private companies			
Paratek	USD	2.5	2,202
Other investments			2,247
Total private companies			4,449
Funds			
BioMedInvest I	CHF	4.8	4,757
BioMedInvest II	CHF	2.3	2,317
Other investments			436
Total funds			7,510
Public companies			
Ophthotech	USD	105.4	91,823
Basilea Pharmaceutica	CHF	84.7	84,660
Pacira Pharmaceuticals	USD	70.8	59,525
Skyepharma	GBP	21.9	32,397
PTC Therapeutics	USD	33.0	27,328
Skyepharma Bond	GBP	17.9	25,944
Enanta Pharmaceuticals	USD	22.0	18,101
Intercept Pharmaceuticals	USD	18.8	17,009
Swedish Orphan Biovitrum	SEK	51.3	6,191
Allergan	USD	5.1	4,021
Regado Biosciences	USD	3.0	2,964
Actavis	USD	3.4	2,804
DBV Technologies	EUR	2.0	2,377
Other investments			11,038
Total public companies			386,182
Total gains on investments			398,141
Losses on investments (realised and unrealised per company) ¹⁾			
Private companies			
Nabriva	EUR	5.7	6,948
Other investments			8,603
Total private companies			15,551
Funds			
Other investments			5,283
Total funds			5,283
Public companies			
ChemoCentryx	USD	13.1	12,838
Aegerion	USD	5.4	5,147
Other investments			5,160
Total public companies			23,145
Total losses on investments			43,979

The net gain on investments of CHF 311.5 million (previous year: net gain of CHF 354.2 million) includes net currency gains of CHF 25.0 million (previous year: net currency losses of CHF 38.1 million).

Method of calculating fair value

The following overview shows the percentage distribution of investments in the HBM Healthcare portfolio, according to the method by which fair value is derived, as at the balance sheet date of 31 March 2015.

	31.3.2015	31.3.2014
Acquisition cost	10%	16%
Equity market	73%	74%
Multiple method	3%	1%
Other (third-party funds)	14%	9%

Basis of valuation of private companies

The following table shows the percentage distribution of investments in HBM Healthcare's private companies portfolio, according to fair value as at the balance sheet date of 31 March 2015, in relation to acquisition cost.

	31.3.2015	31.3.2014
Fair value		
> Acquisition cost	20%	11%
= Acquisition cost	54%	50%
< Acquisition cost	26%	39%

5. HBM BioCapital

HBM Healthcare has committed EUR 39.1 million to HBM BioCapital (EUR) L.P., Cayman Islands which is reported under investments. Of this, EUR 38.8 million had been paid in as at 31 March 2015 (previous year: EUR 38.3 million), while EUR 42.5 million had been repaid (previous year: EUR 40.6 million). As at 31 March 2015, the fair value of the remaining investment in HBM BioCapital (EUR) L.P. stood at EUR 8.8 million (previous year: EUR 9.1 million).

In the reporting year HBM Healthcare has acquired 79.1 percent of the equity of HBM BioCapital (USD) L.P. for a total consideration of USD 2.5 million with a maturity, investment strategy and portfolio composition identical to those of HBM BioCapital (EUR) L.P. The capital has been fully called up so that there is no remaining investment commitment. Since the purchase USD 1.0 million has been repaid to HBM Healthcare. The fair value of the remaining investment in HBM BioCapital (USD) L.P. amounted to USD 5.2 million as at 31 March 2015 (previous year: no fair value).

The investments held by HBM BioCapital (EUR) L.P. and HBM BioCapital (USD) L.P. (together "HBM BioCapital I") are reported pro-rata in note 4 "Investments", in addition to the investments held directly by HBM Healthcare.

Since its inception in 2004, HBM BioCapital I has returned more to investors than the total paid up capital, and currently holds a portfolio of four companies, which will be sold up to the contractual expiry of the fund, including the extension period, in 2016.

To continue the strategy to invest in HBM BioCapital I, HBM Healthcare made a capital commitment of EUR 42 million to the newly founded HBM BioCapital II L.P., Jersey ("HBM BioCapital II") in February 2012. As at 31 March 2015, EUR 23.7 million of this commitment had been called up (previous year: EUR 9.1 million). The investment in HBM BioCapital II is accounted for under funds, as HBM BioCapital II will not make investments in companies in which HBM Healthcare is invested directly.

HBM Healthcare and HBM BioCapital I and II are all advised by HBM Partners Ltd. As explained in note 9.1 "Management fee", pro-rata fees (management and performance fees) charged by HBM BioCapital I and II are reimbursed to HBM Healthcare in full so that fees are not levied twice.

6. Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recorded at fair value through profit and loss in the annual financial statements by applying a probability-weighted valuation approach based on the assessment of the likelihood of occurrence of certain future events. These claims are discounted over time with a discount rate of 11 percent (previous year: discount rate of 11 percent) in the annual financial statements. The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates. As at the balance sheet date, other financial assets were composed as follows:

(CHF million)	31.3.2015	31.3.2014
Claims to purchase price payments from sales of companies contingent on achievement of defined targets ¹⁾	13,244	29,236
Total book value of other financial assets	13,244	29,236
Claims to purchase price payments from sales of companies contingent on achievement of defined targets ²⁾	3,254	3,922
Total claims to purchase price payments from sales of companies contingent on achievement of defined targets (direct and indirect investments)	16,498	33,158

1) From investments held directly.

2) From investments held indirectly via HBM BioCapital I.

Total claims to such purchase price payments of CHF 16.5 million consist of CHF 13.2 million from investments held directly by HBM Healthcare and CHF 3.3 million from investments which HBM

Healthcare holds indirectly via HBM BioCapital I and which are stated under investments (note 5 "HBM BioCapital").

The book value of contractual claims to purchase price payments developed as follows in the 2014/2015 financial year.

(CHF 000)	Claims from investments held directly	Claims from investments held indirectly (through HBM BioCapital)	Total
Amount as at 31 March 2014	29,236	3,922	33,158
Addition	0	901	901
Payments received	-13,671	-2,315	-15,986
Realised and unrealised gains/losses	-2,321	746	-1,575
Amount as at 31 March 2015	13,244	3,254	16,498

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

(CHF million)	Book value as at 31.3.2015	Range of possible cash flows, minimum	Range of possible cash flows, maximum	Expected period of payment
ESBATEch	3.8	0.0	45.7	2016 – 2020
Mpex ¹⁾	2.1	2.1	37.7	2015 – 2029
mtm laboratories	8.4	0.8	24.0	2016
Other companies	2.2	0.1	38.2	2015 – 2020
Total	16.5	3.0	> 145.6	

1) There is no ceiling on potential cash flows. The amounts shown here are calculated on the basis of a sales estimate.

If the companies concerned are successful, these contractual claims could result in future payments which are many times the reported book value.

ESBATEch: The company was acquired in September 2009 by Alcon Inc., now a division of Novartis. The purchase price comprised an upfront payment and further milestone payments that are tied to the achievement of clinical development targets. In addition to the upfront payment of CHF 20.3 million, HBM Healthcare has to date received milestone payments of CHF 13.2 million. Further payments are anticipated starting 2016.

Mpex: The company was acquired in April 2011 by Aptalis, today a subsidiary of Actavis. Aptalis is paying the purchase price in cash, a guaranteed portion in tranches and the remainder as milestone payments contingent on market licensing and

sales successes. HBM Healthcare has received all guaranteed payments. Further payments are expected upon the approval of the Aeroquin™ antibiotic in Europe and in the USA.

mtm: The company was acquired in July 2011 by Roche. The purchase price for the company comprised an upfront payment and further performance-based milestone payments. HBM Healthcare has so far received the upfront payment of CHF 46.4 million. The performance-related milestone payment is expected in 2016.

Other companies: "Other companies" relates primarily to contractual claims from the sale of the investment holdings in Adnexus, Asthmatx, Broncus, Nereus and Syntonix, which are tied to sales growth, advances in clinical development, and product approvals.

7. Shareholders' equity

7.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 468 million (previous year: CHF 520.7 million), divided into 8,000,503 registered shares (previous year: 8,900,000 shares) at a par value of CHF 58.50 each (previous year: CHF 60.00). At the Ordinary Shareholders' Meeting of 20 June 2014, the decision was made to cancel 899,497 treasury shares. The capital reduction was entered in the Canton Zug Commercial Register on 26 August 2014. In addition to this capital reduction, the Ordinary Shareholders' Meeting also approved a withholding tax exempt distribution to shareholders of CHF 3.00 per registered share drawn from the reserves from capital brought in. The payment was made on 27 June 2014.

7.2 Treasury shares

The Ordinary Shareholders' Meeting of 20 June 2014 authorised the Board of Directors to repurchase up to a maximum of 800,000 of the Company's own shares via a second trading line. The share buy-back programme is intended for the purpose of cancellation as part of a capital reduction and will be completed no later than 19 June 2017 ("2014 share buy-back programme"). The programme started on 3 November 2014. Under this share buy-back programme a total of 245,500 of the Company's own shares have been repurchased to date.

The Company holds 245,500 of its own shares (previous year: 304,000) as at the balance sheet date of 31 March 2015. The 899,497 of its own shares, which have been repurchased by the Company under the share buy-back programme 2012 via the second trading line and under the share buy-back through the issue of put-options, have been cancelled. During the 2014/2015 financial year, a total of 840,997 of the Company's own shares were acquired at an average price of CHF 98.69 per share (previous year: 341,000 own shares at an average price of CHF 65.06 per share).

	2014/2015	2013/2014
(Number of own shares)		
Own shares (second trading line) at the beginning of the financial year	304,000	263,000
Purchase of shares via second trading line	30,600	341,000
Purchase of shares via buy-back through the issue of put-options	564,897	0
Share capital reduction by means of cancellation of own shares	-899,497	-300,000 ¹⁾
Purchase of shares via buy-back within the "2014 share buy-back programme"	245,500	0
Own shares (second trading line) at the end of financial year	245,500	304,000

1) Thereof 110,000 of its own shares were acquired as part of the "2009 share buy-back programme".

In addition, as at the balance sheet date, the Company holds via its subsidiary HBM Healthcare Investments (Cayman) Ltd 114,896 treasury shares (previous year: 133,665), acquired via the regular trading line. During the financial year, a total of 160,646 treasury shares were acquired via the regular trading line at an average price of CHF 90.97 per share (previous year: 112,079 shares at CHF 62.01), while 179,415 treasury shares were sold at an average price of CHF 96.97 (previous year: 122,776 shares at CHF 64.65). The gain of CHF 4.6 million (previous year: CHF 1.6 million) from trading in treasury shares, which is reported in shareholders' equity, is based on the proceeds of shares sold, minus the pro-rata average acquisition price of all shares purchased via the regular trading line.

7.3 Significant shareholders

Based on information received by the Company, the following shareholders report equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2015.

Shareholding	Shareholder	Latest notification
10 – 15%	Alpine Select Ltd, Zug	14.1.2014
5 – 10%	Astellas Pharma Inc, Tokyo	25.1.2014
3 – 5%	Red Rocks Capital LLC, Golden	5.6.2014
	HBM Healthcare Investments Ltd, Zug (treasury shares)	8.12.2014

8. Off-balance-sheet commitments

Investment commitments

HBM Healthcare had the following investment commitments as at 31 March 2015:

(CHF 000)	31.3.2015	31.3.2014
HBM BioCapital I	327	1,000
HBM BioCapital II	19,090	40,021
Private companies	29,786	7,450
Funds	21,212	11,357
Total investment commitments	70,415	59,828

Further details on investment commitments to HBM BioCapital (EUR) L.P., HBM BioCapital (USD) L.P. and HBM BioCapital II L.P. can be found in note 5 "HBM BioCapital".

9. Management fee and performance fee

HBM Healthcare 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 2014/2015 financial year, the management fee and the performance fee were as follows:

(CHF 000)	2014/2015	2013/2014
Management fee to HBM Partners	12,448	10,205
Total management fee	12,448	10,205

(CHF 000)	2014/2015	2013/2014
Performance fee at the beginning of the financial year ¹⁾	3,807	0
Change in provision	46,607	3,807
Total performance fee at the end of the financial year ²⁾	50,414	3,807

1) In the previous year, a provision for a performance fee of CHF 3,807,000 has been made. However, no payment has been made.

2) From the CHF 50,414,000, HBM Partners is entitled to receive CHF 47,390,000, whereas the members of the Board of Directors of HBM Healthcare are entitled to a payment of CHF 3,024,000.

The management fee paid to HBM Partners during the 2014/2015 financial year came to CHF 12.4 million (previous year: CHF 10.2 million). Provision has been made for a performance fee of CHF 46.6 million (previous year: CHF 3.8 million), as net assets on the balance sheet date of 31 March 2015 have exceeded the highest net assets that were used as a calculation basis to pay out the last fee (high water mark). A performance fee of CHF 47.4 million to HBM Partners (previous year: no payment) was paid in April 2015, as the net asset value per share had exceeded the high water mark by more than five percent as at the balance sheet date.

9.1 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, payable quarterly at the beginning of a quarter. Company assets are calculated from the consolidated shareholders' equity reported as at the end of the previous quarter, plus borrowed capital, and the Company's holdings of its own saleable shares, valued at market prices. 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. As explained in note 5 "HBM BioCapital", both HBM Healthcare and HBM BioCapital I and II are advised by HBM Partners. HBM Healthcare's pro-rata share of management and performance fees (carried interest) incurred on HBM BioCapital I and II is refunded 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.

9.2 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 13.1, "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 (excluding treasury shares) reported at the balance sheet date and will be 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) will not exceed 15 percent of the value increase.

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 147.20 per share for the financial year 2014/2015 (previous year: CHF 109.21). The high water mark for all outstanding shares was CHF 103.21 (previous year: CHF 106.21). With the beginning of the 2015/2016 financial year, the high water mark increases for all outstanding shares to CHF 147.20.

10. Personnel expenses

Personnel expenses for the group are composed as follows:

(CHF 000)	2014/2015	2013/2014
Remuneration to the Board of Directors and the Committees ¹⁾	409	370
Remuneration to Directors of subsidiaries	207	170
Wages and salaries	844	1,128
Social insurance contributions and duties	267	152
Other personnel expenses	100	63
Total personnel expenses	1,827	1,883

¹⁾ Regarding the performance fee for members of HBM Healthcare's Board of Directors please see note 9 "Management fee and performance fee".

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.

11. 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's deductible loss carry-forwards as at 31 March 2015 amounted to CHF 25.3 million (previous year: CHF 95.2 million), which can be set off in subsequent periods:

Tax losses carried forward (CHF 000)	
Within 1 year	0
Within 2 to 5 years	25,345
After 5 years	0
Total	25,345

31.3.2015

12. Financial risk management

HBM Healthcare is exposed to various financial risks. These risks, which are a result of the group's 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.

12.1 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 tries to reduce market liquidity risk by means of thorough investment analyses and by dialogue and cooperation with the portfolio companies concerned. Cash and cash equivalents are held exclusively with first-rate banks.

12.2 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 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, may affect the ability of the companies in question to execute their business plans and attain their growth targets. HBM Healthcare tries to reduce market risks by means of thorough investment analyses and by close cooperation with the portfolio companies concerned.

To hedge general market risks, 190,000 units of the ETF iShares NASDAQ Biotechnology Index amounting to USD 59.8 million were sold short. The hedge corresponds to about a tenth of the total value of all public investments. In addition, from October to December 2014 put options on the ETF iShares Russell 2000, mapping the US Small Cap segment, with exercise prices of USD 110 and USD 116 and maturities in December 2014 and March 2015, amounting to a nominal of USD 66 million (December 2014) and USD 223 million (March 2015) have been bought. In the 2014/2015 financial year these market hedging transactions resulted in a loss of CHF 18.6 million (previous year: no hedge). The hedges represented about one fifth of the total value of investments.

12.3 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 portfolio 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 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, and (6) expected cash flows from the sale of private portfolio companies.

The following table analyses liabilities as at the balance sheet date, 31 March 2015, 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	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						
Short-term liabilities and financial instruments	116,9	116,9	53,5	63,4	0,0	0,0
Total balance sheet liabilities as at 31 March 2015	116,9	116,9	53,5	63,4	0,0	0,0
Total balance sheet liabilities as at 31 March 2014	5,3	5,3	1,5	0,0	3,8	0,0
Off-balance-sheet investment commitments¹⁾						
Expected drawdowns HBM BioCapital I and II	19,4	19,4	2,0	7,5	9,9	0,0
Expected maturities of investment commitments to private companies	29,8	29,8	5,8	24,0	0,0	0,0
Expected drawdowns funds	21,2	21,2	2,2	5,0	5,0	9,0
Total off-balance-sheet investment commitments as at 31 March 2015	70,4	70,4	10,0	36,5	14,9	9,0
Total off-balance-sheet investment commitments as at 31 March 2014	59,8	59,8	10,6	8,2	9,0	32,0

1) 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 its private and public investments, at the corresponding levels of added value.

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

12.4 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.

On 7 January 2015, the Company has hedged its total Euro-currency risk through a forward sale of EUR 100 million, with value date 11 July 2016, at a price of EUR/CHF 1.19. During the 2014/2015 financial year, currency hedging transactions resulted in a gain of CHF 15.8 million (previous year: CHF 0.2 million).

As at the balance sheet date, 77 percent of HBM Healthcare' total assets were subject to foreign currency risks (previous year: 79 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 annual financial statements as at 31 March 2015:

	Fair value	Foreign exchange rates +10%	Foreign exchange rates -10%
31 March 2015 (CHF million)			
Net assets in USD	604	60	-60
Net assets in EUR ¹⁾	0	0	0
Net assets held in other foreign currencies	223	22	-22
31 March 2014 (CHF million)			
Net assets in USD	513	51	-51
Net assets in EUR	83	8	-8
Net assets held in other foreign currencies	127	13	-13

1) On 7 January 2015 HBM Healthcare has hedged its total Euro-currency risk through a forward sale of EUR 100 million at a price of EUR/CHF 1.19. The position remains hedged until further notice.

12.5 Valuation risks and fair values

Given the uncertainties inherent in valuing private companies, the net asset value (NAV) reported by HBM Healthcare may differ from time to time the actual fair value of individual investments. As a result of valuation differences owing to the unavailability of information and the fact that investments are valued without third-party assistance, the estimated values of individual investments may diverge significantly from values that would have been calculated had a ready 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 be potentially 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 could have a material effect on the valuation of individual investments in the 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 2.6, 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, which is defined as follows:

	Level 1 "Quoted prices"	Level 2 "Observable inputs"	Level 3 "Unobservable inputs"	Total
Assets and liabilities at fair value as at 31 March 2015 (CHF million)				
Investments				
– Private companies			127.4	127.4
– Funds			146.0	146.0
– Public companies	748.1			748.1
Financial instruments		15.8		15.8
Other financial assets			13.2	13.2
Total assets at fair value	748.1	15.8	286.6	1,050.5
Financial instruments	63.5			63.5
Total liabilities at fair value	63.5	0.0	0.0	63.5
Assets at fair value as at 31 March 2014 (CHF million)				
Investments				
– Private companies			139.4	139.4
– Funds			79.4	79.4
– Public companies	546.4	84.1		630.5
Financial instruments		0.4		0.4
Other financial assets			29.2	29.2
Total assets at fair value	546.4	84.5	248.0	878.9

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 Probiodrug and Paratek Pharmaceuticals resulted in assets amounting to CHF 10.8 million being reclassified from level 3 to level 1 during the 2014/2015 financial year.

As at 31 March 2014, there were no liabilities that were carried at fair value.

12.6 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 debt financing is permitted to only a limited degree.

12.7 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 of 31 March 2015, there were no receivables overdue, and there were no recorded losses on receivables during the 2014/2015 financial year. For the expected payments from escrow amounts and milestones, the maximum default risk refers to the book value of CHF 16.5 million (note 6, "Other financial assets").

12.8 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. The Company's Investment Guidelines limit borrowing to 20 percent of net assets.

Details of current share buy-back programmes and the number of treasury shares held by the Company are given in note 7.2, "Treasury shares".

13. Transactions with related parties

13.1 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 achieved value increase.

The fixed fee for the Chairman amounted to CHF 94,000 (previous year: CHF 120,000) 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 50,000) and CHF 28,000 (previous year: 35,000) each, per year. The meeting fee for each meeting of the Board of Directors amounts to CHF 4,000 for the Chairman (previous year: no meeting fee) and CHF 3,000 for the other board members (previous year: no meeting fee). In addition, the two members of the Audit Committee receive a fixed fee of CHF 30,000 each per year (previous year: unchanged) and the three members of the newly elected Compensation Committee receive each a fixed fee of CHF 10,000 per year (previous year: no compensation committee).

The Board of Directors is also entitled to a performance fee (note 9.2, "Performance fee"). Each member of the Board of Directors is entitled to a cash payment corresponding to one percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor. 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 2014/2015 financial year (previous year: CHF 310,000). In addition, the directors received meeting fees totalling CHF 70,000 (previous year: no meeting fee). 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 60,000). The social security contributions and duties paid by the Company on these fees came to a total of CHF 98,744 (previous year: CHF 27,149). Each member of the Board of Directors is entitled to a performance-based compensation of CHF 504,000 for the 2014/2015 financial year (previous year: none).

In the 2014/2015 financial year, the members of Management, who are also employed by HBM Partners, received 40 percent (previous year: 36 percent) of their total fixed fee paid out from HBM Healthcare. For the 2014/2015 reporting year, these payments totalled CHF 289,116, including social security contributions (previous year: CHF 248,956). 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 page 43 and 44.

The Chief Executive Officer (CEO) participates as minority shareholder in the Investment Advisor and the Chief Financial Officer (CFO) benefits from a profit-participating plan.

13.2 Investment holdings

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as a 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 on page 62.

14. Events after the balance sheet date

The Board of Directors of the Company authorised these Consolidated Financial Statements on 12 May 2015. They will be presented to the Ordinary Shareholders' Meeting on 26 June 2015 for approval.

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.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 12 May 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of HBM Healthcare Investments Ltd, which comprise the consolidated balance sheet, consolidated statements of income, comprehensive income, cash flows and changes in equity, and notes (pages 51 to 77), for the year ended 31 March 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 March 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange as well as Swiss law.

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 paragraph 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 consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd



Martin Mattes
Licensed audit expert
(Auditor in charge)



Jörg Schmidt
Licensed audit expert

Parent Company Financial Statements

Balance sheet

	31.3.2015	31.3.2014
Assets (CHF 000)		
Current assets		
Cash and cash equivalents	3,970	6,583
Securities	24,214	20,199
Other current assets	53	101
Total current assets	28,237	26,883
Non-current assets		
Subsidiaries	846,000	846,000
Total non-current assets	846,000	846,000
Total assets	874,237	872,883
Liabilities (CHF 000)		
Short-term liabilities		
Liability to subsidiary	30,000	0
Other short-term liabilities	4,915	619
Accrued liabilities	713	543
Total short-term liabilities	35,628	1,162
Shareholders' equity		
Share capital	468,029	520,650
Reserves from capital brought in	161,768	185,770
Reserves for treasury shares	33,744	27,934
Free reserves	93,254	125,429
Accumulated income/loss	81,814	11,938
Total shareholders' equity	838,609	871,721
Total liabilities	874,237	872,883

Statement of income for the financial year ended 31 March

	2014/2015	2013/2014
Operating income (CHF 000)		
Financial income	4	68
Income from participations	75,000	40,000
Release of value adjustments on subsidiaries	0	240,400
Total operating income	75,004	280,468
Operating expenses (CHF 000)		
Financial expenses	28	32
Personnel expenses	3,969	929
Administration expenses	1,131	907
Total operating expenses	5,128	1,868
Net result for the year	69,876	278,600

Parent Company Financial Statements

Development of shareholders' equity

	Number of shares	Share capital	Reserves from capital brought in	Reserves for treasury shares	Free reserves	Accumulated income/loss	Total shareholders' equity
<i>(CHF 000)</i>							
Balance as at 31 March 2012	9,800,000	588,000	172,255	33,084	120,116	-343,028	570,427
Capital reduction (4.9.2012)	-600,000	-36,000	10,233	-25,767	25,767		-25,767
Increase in reserves for treasury shares				12,550	-12,550		0
Net result for the year						76,366	76,366
Balance as at 31 March 2013	9,200,000	552,000	182,488	19,867	133,333	-266,662	621,026
Capital reduction (30.8.2013)	-300,000	-18,000	3,282	-14,718	14,718		-14,718
Increase in reserves for treasury shares				22,785	-22,785		0
Par value repayment (9.9.2013)		-13,350			163		-13,187
Net result for the year						278,600	278,600
Balance as at 31 March 2014¹⁾	8,900,000	520,650	185,770	27,934	125,429	11,938	871,721
Distribution from capital reserve (27.6.2014)			-24,002				-24,002
Capital reduction (26.8.2014)	-899,497	-52,621		-22,496	-3,869		-78,986
Increase in reserves for treasury shares				28,306	-28,306		0
Net result for the year						69,876	69,876
Balance as at 31 March 2015	8,000,503	468,029	161,768	33,744	93,254	81,814	838,609

1) Based on the Swiss Federal Tax Administration's (ESTV) definitive confirmation of 4 September 2014, the amount of CHF 163,500 was reclassified from reserves from capital brought in to free reserves as at 31 March 2014.

Parent Company Financial Statements

Notes to the annual financial statements as at 31 March 2015

1. General

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

2. Treasury shares

The Ordinary Shareholders' Meeting of 20 June 2014 authorised the Board of Directors to repurchase up to a maximum of 800,000 of the Company's own shares via a second trading line. The share buy-back programme is intended for the purpose of cancellation as part of a capital reduction and will be completed no later than 19 June 2017 ("2014 share buy-back programme"). The programme started on 3 November 2014. Under this share buy-back programme a total of 245,500 of the Company's own shares have been repurchased to date.

The Company holds 245,500 of its own shares (previous year: 304,000) as at the balance sheet date of 31 March 2015. The 899,497 of its own shares, which have been repurchased by the Company under the share buy-back programme 2012 via the second trading line and under the share buy-back through the issue of put-options, have been cancelled. During the 2014/2015 financial year, a total of 840,997 of the Company's own shares were acquired at an average price of CHF 98.69 per share (previous year: 341,000 own shares at an average price of CHF 65.06 per share).

(Number of own shares)

	2014/2015	2013/2014
Own shares (second trading line) at the beginning of the financial year	304,000	263,000
Purchase of shares via second trading line	30,600	341,000
Purchase of shares via buy-back through the issue of put-options	564,897	0
Share capital reduction by means of cancellation of own shares	-899,497	-300,000 ¹⁾
Purchase of shares via buy-back within the "2014 share buy-back programme"	245,500	0
Own shares (second trading line) at the end of financial year	245,500	304,000

1) Thereof 110,000 of its own shares were acquired as part of the "2009 share buy-back programme".

In addition, as at the balance sheet date, the Company holds via its HBM Healthcare Investments (Cayman) Ltd subsidiary 114,896 treasury shares (previous year: 133,665 treasury shares), acquired via the regular trading line. During the financial year, a total of 160,646 treasury shares were acquired via the regular trading line at an average price of CHF 90.97 per share (previous year: 112,079 shares at CHF 62.01), while 179,415 treasury shares were sold at an average price of CHF 96.97 (previous year: 122,776 shares at CHF 64.65).

3. Significant shareholders

Based on information received by the Company, the following shareholders report equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2015.

Shareholding	Shareholder	Latest notification
10 – 15 %	Alpine Select Ltd, Zug	14.1.2014
5 – 10 %	Astellas Pharma Inc, Tokyo	25.1.2014
3 – 5 %	Red Rocks Capital LLC, Golden	5.6.2014
	HBM Healthcare Investments Ltd, Zug (treasury shares)	8.12.2014

4. Information about the completion of a risk assessment

The Board of Directors conducts an annual assessment of business risks. The basis for the analysis is a risk matrix that identifies and evaluates significant risks and defines the necessary measures to monitor and mitigate these risks.

5. Major subsidiaries

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

	Capital as at 31.3.2015	Capital as at 31.3.2014
(CHF 000)		
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 holding 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. As a result, changes in the valuations of the subsidiary's underlying investments have an impact on the book value of this holding in the HBM Healthcare Investments Ltd balance sheet.

6. Shares held by the Board of Directors and Management

Board of Directors

	Registered shares as at 31.3.2015	Registered shares as at 31.3.2014
Hans Peter Hasler, Chairman	13,000	13,000
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	3,500	3,500
Mario G. Giuliani, Member	233,514	91,790
Dr Eduard E. Holdener, Member	2,100	2,000
Robert A. Ingram, Member	1,000	1,000
Dr Rudolf Lanz, Member	3,300	3,300

Management

Dr Andreas Wicki, CEO	39,700	33,290
Erwin Troxler, CFO	3,000	2,500

7. Events after the balance sheet date

The Board of Directors of the Company authorised these Statutory Annual Financial Statements on 12 May 2015. 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.

Proposal of the Board of Directors concerning the appropriation of results

1. Appropriation of results

The Board of Directors proposes to the Ordinary Shareholders' Meeting to use the accumulated income of CHF 81,814,076 as follows:

(CHF)

Accumulated income/loss at the beginning of financial year	11,937,741
Net result for the year	69,876,335
Accumulated income/loss at the end of financial year	81,814,076
Allocation to general legal reserves	80,000,000
Accumulated income/loss to be carried forward	1,814,076

2014/2015

2. Cash distribution from the reserves from capital brought in

The Board of Directors is also proposing to the Ordinary Shareholders' Meeting that a cash dividend of CHF 5.50 per share eligible for dividend (up to a maximum of CHF 42.7 million) be paid from reserves from capital brought in.

To the General Meeting of

HBM Healthcare Investments Ltd, Zug

Zurich, 12 May 2015

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 80 to 84), for the year ended 31 March 2015.

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 2015 comply with Swiss law and the company's articles of incorporation.

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 paragraph 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)



Jörg Schmidt
Licensed audit expert

Significant shareholders

Based on the notifications received by the Company, the following shareholders report equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2015:

Shareholding	Shareholder	Latest notification
10–15%	Alpine Select Ltd, Zug	14.1.2014
5–10%	Astellas Pharma Inc., Tokyo	25.1.2014
3–5%	Red Rocks Capital LLC, Golden	5.6.2014
	HBM Healthcare Investments Ltd, Zug (treasury shares)	8.12.2014

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

Fees

Management fees (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 (per share for all outstanding shares):
NAV of CHF 147.20

Board of Directors and Management

Hans Peter Hasler, Chairman ¹⁾
Prof. Dr Dr h.c. mult. Heinz Riesenhuber ²⁾ , Vice Chairman
Mario G. Giuliani ¹⁾
Dr Eduard E. Holdener
Robert A. Ingram ¹⁾³⁾
Dr Rudolf Lanz ²⁾³⁾
Dr Benedikt Suter, Secretary to the Board of Directors
Dr Andreas Wicki, Chief Executive Officer
Erwin Troxler, Chief Financial Officer

1) Member of the Compensation Committee

2) Member of the Audit Committee

3) Member of the Nominating Committee

Investment Advisor

Europe

HBM Partners Ltd, Zug, Switzerland	
Dr. Andreas Wicki, Chief Executive Officer	
Erwin Troxler, Chief Financial Officer	
Dr. Ulrich Geilinger, Head Private Equity	
Dr Alexander Asam	Nina Good
Dr Priyanka Belawat	Thomas Heimann
Nafida Bendali	Dr Chandra Leo
Axel Bolte, MBA	Dr Erich Platzer
Dr Emil Bujak	Dr Ivo Stajen, CFA
Dr Silvano Cominelli	Dr Thomas Thaler
Dr Matthias Fehr, CFA	

USA

Michael Jasulavic, JMJ Advisors LLC, New York

China

William Keller, Keller Pharma Consultancy Ltd, Shanghai

India

Jagdish V. Doré, Sidvim Life Sciences Private Ltd, Mumbai



Credits

Editorial HBM Healthcare Investments Ltd

Photography iStockphoto, Luftbild24 and Stephan Rappo

Concept and realisation Weber-Thedy, Corporate & Financial Communications

Design Küng Art Direction

Layout and print 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.

