Mittelständische Pharma Holding AG

ANNUAL REPORT 2014

MISSION STATEMENT

The strategic focus of the Berlin based MPH Mittelständische Pharma Holding AG is on the growth segments of the healthcare market.

In the market areas, which are highly regulated by the legislation, the corporate Group makes a contribution towards cutting costs in the healthcare system with medicines manufactured on the basis of patent-free or patent-protected active substances for the therapies of chronic diseases.

As a result of the rising life expectation within the population, the demand for inexpensive medicines is also rising, supplied in top quality and meeting the demands for a reliable and comprehensive medical care.

The unstoppably ascending medical advances are leading to the market maturity of new innovative medicines that are marketed at high prices as a consequence of the patent protection.

We have made it our target to participate in the shaping of this development. Because medicines may not develop into luxury goods. By means of our commitment, we make a contribution to the target that pharmaceutical products will remain affordable for everybody in the future.

Furthermore, the MPH Group offers beauty-lifestyle services. This is a high-margin business, which is, with regard to the reimbursement, not highly regulated by legal conditions.

An increasing body and healthcare awareness and a removal of taboos of the aesthetic medicine argues for a rise of demand. By offering favourable prices, the MPH Group achieves that beauty treatments for the enhancement of one‘s well-being are no longer luxury goods.

The healthcare market will continue to grow in the coming years as a result of the long-term demographic trend. This will open up opportunities for the growth of our business. Moreover, the optimisation of the entire value-added chain and the strongly growing segment of special medicines offer further opportunities of growth which we want to exploit.

Outstanding quality, reliability and partner-based collaboration with our customers, pharmacists, physicians, patients and cooperation partners are essential values for the achievement of our targets.

We also want to make a contribution towards affordable healthcare and well-being in the future by means of our expertise and our strengths.

MPH Group in numbers
Overview

(Reporting according to IFRS):

	01.01. - 31.12.2014		Effective date 31.12.2014	
	Sales in EUR	Net income in EUR	Balance sheet sum in EUR	Equity in EUR
MPH Group	219,248,638.54	8,452,738.90	150,201,368.66	94,729,980.76

Effective date 31.12.2013
Equity in EUR
79,193,859.00

	in EUR
Increase in equity 2014	15,536,121.76
› Profit and loss-neutral increase of equity 2014	7,083,382.86
› Net income 2014	8,452,738.90

Content

Dear shareholders,
Ladies and gentlemen

In the year 2014 Group sales declined for the first time. With a total turnover of 219.25 million Euro in the year 2014 sales decrease was 3.4 % compared to the previous year (226.84 million Euro).

In the first half of the year the turnover of 117.58 million Euro was 4.6 % above the previous year's period (112.38 million Euro). In the time period from July 2014 to April 2015 tightenings in the pharmaceutical supervision of EU pharmaceuticals led to a considerable reduction of the stock turn rate and thus of the turnover. Sales in the first quarter 2015 will be lower than in the previous year. At the end of April 2015 the tightenings in the pharmaceutical supervision were lifted. For the business performance from the second to the fourth quarter we are confident.

The net income in 2014 reached 8.45 million Euro (previous year: 7.49 million Euro). Cash and cash equivalents achieved a level of 10.12 million Euro as of December 31, 2014, as a positive cash flow of 4.26 million Euro was realised.

Group equity rose from 79.19 million Euro by 15.54 million Euro to 94.73 million Euro.

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

With its products and services in the healthcare market the MPH Group aims at making a contribution towards maintaining healthcare affordable.

With patent-free and patent-protected medicines as well as the production of medicines for the therapy of cancer, HIV and other chronic diseases, we are active in the health insurance reimbursed market.

Private-pay patients appreciate the beauty-lifestyle products and services. Macroeconomically, the Hamburgisches Weltwirtschaftinstitut (HWWI) still anticipates the strongest growth in the „second healthcare market". We will further expand our capacities in this area. This results in an ascending use of operating rooms. In the long-term, the rent of third parties' premises is less attractive than the establishment of own operating rooms.

In Berlin we have already established a location owned by us. For further growth, we consider the establishment of additional locations and thus the development of the area of healthcare properties.

We thank our employees for their great commitment in the year 2014. Their performance enables the steady development of the MPH Group. We thank the supervisory board for the constructive cooperation in the year 2014.

We are overall confident for the further development in the year 2015.

Patrick Brenske
Member of the
Management Board

Dr. Christian Pahl
Member of the
Management Board

Report of the supervisory board

1. Supervision of management and cooperation with the management board

In the financial year 2014, the supervisory board of MPH Mittelständische Pharma Holding AG fulfilled its duties according to the law and the statutes with great care. The management of the company has been supervised by the supervisory board. The management board was consulted, in its activity, by the supervisory board. The supervisory board has been involved in all decisions with fundamental importance for the company by the management board directly and on time. The management board regularly informed the supervisory board orally, by telephone and in writing, on time and comprehensively, about business operations, the economic situation of the company and the Group, important business events, the company's plans including matters of business policy and risk management, the development of costs and results, the liquidity and investment measures. The supervisory board was able to convince itself of the proper governance of the company. No topic-related committees have been formed within the supervisory board.

2. Meetings, consultations and resolutions

In the financial year 2014, the supervisory board held six ordinary meetings, four of which in the first half-year and two in the second half-year. All sessions reached quorum.

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

- the implementation of the capital increase
- the situation of the company
- the strategic development and its operative realisation
- the current competitive, organisational and staff situation
- the short and medium-term investment planning
- the annual and interim reports of the Group before their respective publication

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

3. Annual financial statements

The supervisory board convinced itself of the proper management of the company. The annual financial statements established by the management board, the consolidated financial statements and the Group management report of MPH Mittelständische Pharma Holding AG for the financial year ending on December 31, 2014, accounting included, have been audited by the auditor nominated by the general shareholders' meeting, Harry Haseloff, Berlin, and confirmed with an unqualified audit opinion.

The annual financial statements, the Group financial statements, the Group management report, the proposal for the appropriation of the balance sheet profit and the audit reports of the auditor have been handed out to each member of the supervisory board in good time before the balance sheet meeting on April 21, 2015. In the balance sheet meeting on April 21, 2015, the auditor reported on the essential results of his audit and was available for questions of the members of the supervisory board. We have ourselves reviewed the annual financial statements established by the management board and the Group financial statements. We have approved and taken note of the result of the auditor's audit and, after having conducted our own review of the annual financial statements, the Group financial statements and the proposal for the appropriation of the balance sheet profit, we have no objections. In the supervisory board meeting on April 21, 2015, we approved the annual financial statements prepared by the management board and the Group financial statements. The annual financial statements are thus adopted.

4. Dependency report

For its financial year ending on December 31, 2014, MPH Mittelständische Pharma Holding AG prepared a dependency report according to § 312 AktG.

The dependency report has been audited by the auditor nominated by the general shareholders' meeting, Harry Haseloff, Berlin, according to § 313 par. 1 AktG. The auditor, Harry Haseloff, Berlin, has prepared a separate written report on the results of the audit. Since no objection was to be made against the report of the management board, the audit opinion has been issued as of April 14, 2015, according to § 313 par. 3 AktG.

In the balance sheet meeting on April 21, 2015, the auditor reported on the results of his audit and confirmed that the actual information of the dependency report is correct, that the consideration granted by the company in the legal transactions listed in the report were not too high or compensation for disadvantages was given and that with respect to the measures mentioned in the report, no circumstances could support any judgment substantially different from that of the management board.

The dependency report has been submitted to the supervisory board according to § 314 AktG in good time before the balance sheet meeting on April 21, 2015. In its sessions on April 21, 2015, the supervisory board has comprehensively checked the dependency report for completeness and correctness. As a result, the supervisory board has concluded that no objections are to be made against the statement of the management board at the end of the report about the relations with associated companies and has approved the dependency report.

5. Composition of the supervisory board

In the period from January 1, 2014, to December 31, 2014, the supervisory board was composed in collaboration of the supervisory board members Andrea Grosse (chairwoman), Prof. Dr. Dr. Sabine Meck (deputy chairwoman) and Dr. Marion Braun (member).

6. Other

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

Berlin, April 21, 2015

A. Grosse

Andrea Grosse
(Chairwoman of the supervisory board)

Consolidated management report

Consolidated management report

I. Basis of the Group

1. Business model of the Group

The business activities of the MPH Group are focused on products and services in the growth segments of the healthcare market. This concerns areas, that are highly regulated by the legislation, like patent-free and patent-protected medicines as well as the production of medicines for the therapy of cancer, HIV and other chronic diseases, and beauty-lifestyle services for private patients, that are, with regard to the reimbursement, not highly regulated by legal framework conditions.

2. Research and development report

We still do not conduct any research and development.

II. Economic report

1. General economic and industry-specific situation

a. Global economy

The development of the global economy remained below expectations in 2014. Especially the Euro region and important threshold countries developed weaker than forecasted.[1] In the first half of 2014 the global gross domestic product grew only slightly. In the second half the growth rate increased more strongly, but in comparison to the medium-term average the increase was still moderate. According to projections of the Institute for World Economy in 2014 world production expanded at a rate of 3.4 % and therefore less strongly than in 2013.[2]

Within the developed nations the economic dynamic continued to be very heterogeneous. The economy in the Euro region expanded only marginally. Although the stage of the European debt crisis has been overcome and the social situation has slowly improved, the economic recovery in Europe remained subdued. In contrast, the USA has taken the role of a world economic growth engine. Unemployment declined significantly and the number of employees increased steeply. However, the national debt in the USA persists at a high level.[3]

In the emerging countries the general economic trend continued to be restrained. After a pronounced weakness in the first half of the year, the economy expanded somewhat stronger. Nevertheless, growth remained less dynamic.[4]

For the next two years the Institute for World Economy predicts a gradual increase of the world economic dynamic. The world production will rise by 3.7 % in 2015 and by 3.9 % in 2016. Supported by the highly expansive monetary policy and the decline in oil prices, a stronger expansion than in the previous years is expected for the industrial nations.[5]

The Federal government assumes a consolidation of the path of recovery in the euro area. However, the single nations will develop very differently. Whereas a moderate growth is expected in most countries, the economic development in France and Italy will be rather weak. Thereby the situation on the labour market will remain tense.[6]

b. Economic environment in Germany

In 2014 the German economy proved robust. But after a strong first quarter, the weak growth in the Euro region dampened the German economy too. In addition geopolitical crises and lower growth rates in the emerging countries had a negative impact on the German economy.[7] However, due to the positive labour market and the resulting private consumption, the economic situation could recover in the last six months of 2014. Overall, the gross domestic product increased by 1.5 % in 2014.[8]

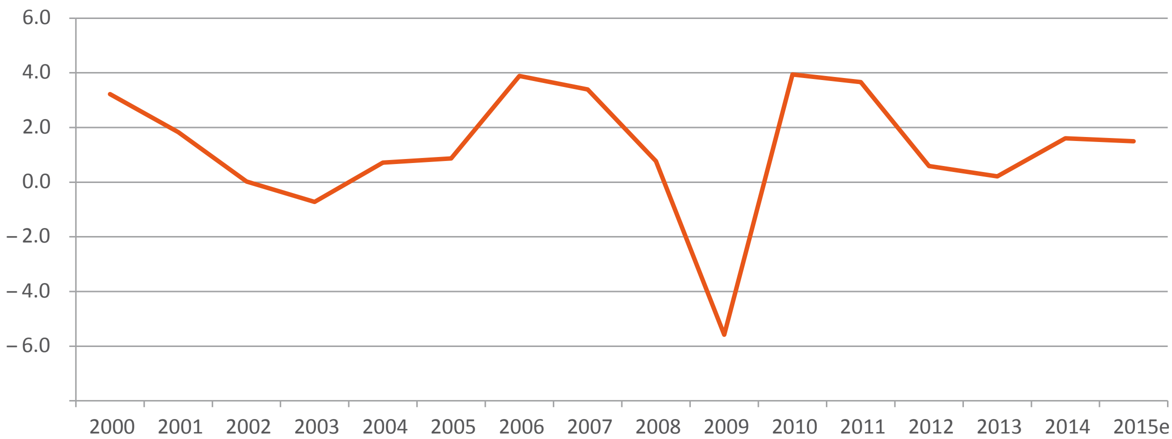
In nearly all economic sectors the employment rate has risen in the previous year and reached a new employment record for the eighth time in a row. With an increase of 0.9 % the number of people employed grew to 42.7 million persons.[9] In 2014 the unemployment rate reached a historical low. At 4.7 %, the rate of unemployment was lower than ever before in the reunited Germany. The positive employment trend as well as the positive income trend and declining energy prices boosted domestic consumption. Thus, in 2014 private consumer spending adjusted for price increased by 1.0 %.[10]

Furthermore, the growth of the gross domestic product in Germany was driven by the gross asset investments. Investments in plant and equipment rose by 3.7 %. Construction investments grew significantly by 3.4 %. All in all, following two declines, gross asset investments recorded an increase of 3.1 % in 2014. Aside, positive impacts were provided by foreign trade. After a negative contribution in 2013, foreign trade grew moderately by 0.4 %. Despite a continuing tight external environment, exports augmented by 3.7 %. Imports increased by 3.3 % due to the strong domestic economy.[11]

Under the assumption that renewed intensifications of the external environment will not arise, the Federal government expects a continuation of the positive trend in 2015. Boosted by strong income increases, the sustained high level of employment as well as by a more dynamic world economic growth and the resultant investment activity, the gross domestic product will increase at an annual average of 1.5 %.[12]

Development of the gross domestic product in Germany

Annual change in %



Source: Federal Statistical Office

c. The global healthcare market

The global healthcare market is a growth market with a considerable employment potential. Till this day, many diseases are untreatable and life expectancy of the population is rising. In addition, a changed consumer interest and the need for more quality of life accelerate demand for health-related products and services.[13]

In 2013, global healthcare expenditures rose by 2.8 %. The Economist Intelligence Unit (EIU) assumes increasing expansion rates for the next years, as the global economy continues to recover. Thus, global healthcare expenditures are expected to grow by an annual average of 5.2 % between 2014 and 2018.[14]

In 2013 sales of the global pharmaceutical market, as a part of the healthcare market, increased by 2.4 % to 720 billion Euro. According to a study by the IMS Institute for Healthcare Informatics, the global pharmaceutical expenditures will rise by up to 30 % to 1.3 trillion Euro until 2018. The developed markets are key drivers of the stronger growth.[15] Whereas the emerging countries will mainly expand the primary health coverage, especially innovation and individualisation of primary health care will predominate in the developed countries.[16]

In the advanced economies people, however, no longer define health as an absence of illness. Health is rather associated with well-being, more quality of life, physical performance and external beauty.[17] As a consequence, the beauty market has experienced a strong growth. According to the projection of IMCAS Industry Tribune[18] the global aesthetic medicinal and surgical market amounted to 4.9 billion Euro in 2014, representing an increase of 7.2 % compared to the previous year. The market displays a strong dynamic, despite a difficult economic environment in many parts of the world. Until 2018 the global aesthetic medicinal and surgical market is expected to increase at an annual growth rate of 7.2 % to 6.6 billion Euro.[19]

In the developed countries, the health expenditures per capita have almost doubled in the last three decades. In a joint study the Hamburgische Weltwirtschafts Institut (HWWI) and the Berenberg Bank assume, that this trend will continue.[20] Whereas the expenditures of the healthcare systems are cut back due to cost containment measures, the majority of the growth is driven by private consumer spending, favoured by rising incomes and an increasing body and healthcare awareness.[21]

d. The German healthcare market

According to futurologists, the healthcare market is one of the future mega markets,[22] as the growth perspectives of the healthcare market are favourable. The world population is growing, the industrial nations are increasingly market by an ageing population, incomes are rising and consequently healthcare expenditures increase disproportionately. Medical advances will improve healthcare considerably. Thereby the global demand for health services and health-related products will increase.[23]

In comparison to the OECD countries, health expenditures in Germany are 2 % above the average of the member states.[24] The pharmaceutical market and private households account for 14 % each of the total expenditures.[25]

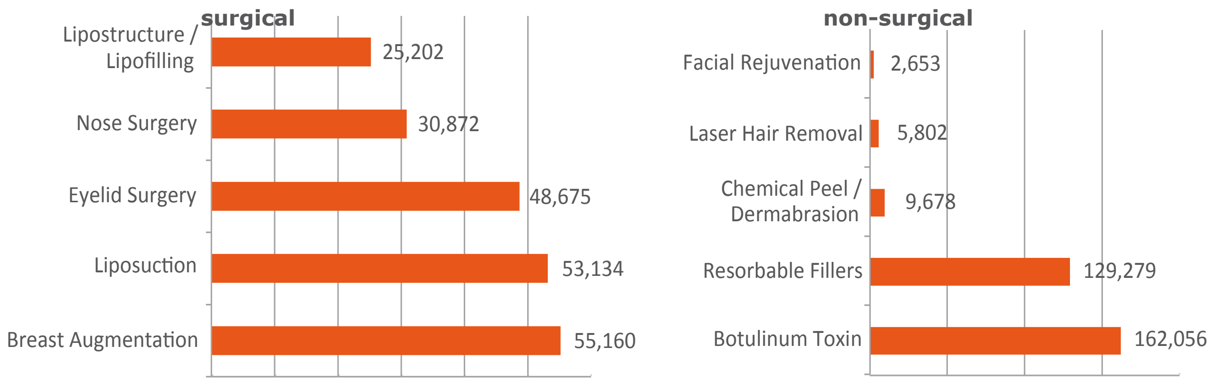
For years, sales of the total pharmaceutical market is characterised by growth.[26] Recently, the market increased from 34.2 billion Euro by 5.7 % to 36.2 billion Euro (ex-manufacturer prices not including any rebate).[27] Boosted by a rise of patent-protected specialty medicines and an increased use of generics, the pharmaceutical market will record moderate growth rates in the next years.[28]

Due to saving efforts and rationing of health services as well as an increasing preference for health and a resulting growing willingness of the population to pay, the "second healthcare market" is increasingly developing into the growth driver of healthcare expenditures according to a study of the HWWI and the Berenberg Bank. This market includes all services that are not financed by public or private health insurances and that are with regard to the reimbursement less regulated.[29]

Futurologists consider that people turn their attention more and more to their own bodies.[30] This is reflected in an increasing number of treatments in the area of aesthetic medicine. According to the ISAPS (International Society of Aesthetic Plastic Surgery) a total of 654,115 surgical and non-surgical procedures were performed in Germany in 2013. However, as only procedures, performed by plastic surgeons are included in these figure, the real number of interventions might be much higher.[31] Within surgical procedures, breast augmentations are on the first place with 55,160 interventions, followed by liposuctions. Within the non-invasive procedures botulinum toxin with 160,000 injections and resorbable fillers (mainly hyaluronic acid) with almost 130,000 treatments are dominating the market.[32]

At present Germany is number 4 in the worldwide ranking of aesthetic medical and surgical procedures. But the market share only amounts to 2.8 %. Especially in comparison to the USA there is some catching up potential, of which the MPH Mittelständische Pharma Holding AG and its subsidiaries want to make use.[33]

Most common aesthetical procedures in Germany 2013



Source: ISAPS

2. Development and performance

The MPH Mittelständische Pharma Holding AG is a healthcare group.

The spectrum of the offered products and services is concentrated on the areas oncology, HIV, rheumatism, neurological and cardiovascular diseases as well as beauty-lifestyle services.

These competences and the strategic positioning enable the Group to respond flexibly to changes in the healthcare market, which can for example result through legislative regulatory measures.

The turnover decreased by 3.4 % from 226.84 million Euro in 2013 to 219.25 million Euro in 2014.

In the year 2014 the annual net income amounted to 8.45 million Euro (previous year 7.49 million Euro).

The compulsory manufacturer discount, which was reduced from 16 % to 6 % in January 2014 and increased to 7 % in April 2014, positively impacted the earnings situation of pharmaceutical manufacturers for the whole year.

Service, quality and reliability are significant components of our customer orientation and at the same time driving factors for the further growth. The MPH Mittelständische Pharma Holding AG regards itself as being a partner in cost conscious healthcare provisioning and makes a valuable contribution so that healthcare remains affordable.

3. Situation

a. Earnings situation of MPH Group (IFRS)

Revenues of the Group are mainly realised by parallel imports.

The material cost share compared to the turnover of the corporate Group improved from 92.6 % in 2013 to 90.0 % in the year 2014.

Due to insourcing, the payroll portion has increased from 2.6 % in 2013 to 3.0 % in 2014 compared to the previous year. Our employment position can be designated as being good.

b. Financial situation of MPH Group (IFRS)

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

Our capital structure is good. Equity increased from 79,194 kEUR in 2013 to 94,730 kEUR in 2014. Equity ratio rose from 62.1 % in 2013 to 63.1 % in 2014.

Liabilities to financial institutions made up 21.6 % of the balance sheet total. For the purpose of financing our sales business, we make use of the credit limits made available by our banks. Our credit limits are on average higher than we utilise.

Participation certificates make up 3.5 % of the balance sheet sum. Within the MPH Group HAEMATO AG holds own participation certificates with a total nominal value of 103.0 kEUR (1,030 x 100 EUR) as of the record date. All participation certificate holders receive a payout of 9 % per annum of the nominal value of their participation certificates prior to the profit share for HAEMATO AG shareholders. As of the record date emitted participation certificates totalled 5.3 million Euro.

Trade payables accounted for 4.8 % of the balance sheet sum. All liabilities could always be settled within the payment deadlines.

Long-term investments are covered by our equity. The short-term receivables and bank assets exceed the sum of the short-term trade payables and other liabilities.

The liquidity position is satisfactory. Due to the expansion of our product portfolio, our stocks of finished products and goods have been developed.

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

Cash flow from	2014 kEUR	2013 kEUR
operating activities	-491	-4,450
investment activities	3,474	-1,524
financing activities	1,279	-3,235
change in the basis of consolidation	0	492
	4,262	-8,717

c. Assets situation of MPH Group (IFRS)

The financial position of the MPH Group is good. The financial position of MPH Group is characterised by increased stocks (from 31,305 kEUR in 2013 to 35,401 kEUR in 2014), by risen trade receivables (from 7,914 kEUR in 2013 to 11,523 kEUR in 2014) and by increased cash funds (from 5,854 kEUR in 2013 to 10,117 kEUR in 2014).

The fixed assets rose from 58,548 kEUR in 2013 to 68,423 kEUR in 2014. In 2014 investment properties were recognised to the amount of 13,436 kEUR.

Our economic situation can overall be termed as being good.

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

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

EBIT amounts to 10,916.7 kEUR (previous year 12,501.6 kEUR), EBITDA is 12,745.5 kEUR (previous year 14,223.1 kEUR).

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

III. Subsequent report

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

IV. Outlook

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

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

In the following financial year 2015 we expect an increase of the sales volume.

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

V. Risk report

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

We will continue to encounter the competition in the market by service, reliability and a high level of quality.

On the procurement side we can access a wide range of supply possibilities. To minimize business risks we diversify our sources of supply Europe wide. We secure our high quality demands through careful supplier qualification and selection as well as active supplier management.

1. Risk report

a. Industry-specific risks

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

b. Profit-related risks

Due to new competitors in the sector, the competitive risks have increased. As our products offer real cost and competition advantages, we assume that our economic performance risks have remained stable in comparison to the previous year. We assume that we will over the medium term be able to further expand our market shares. However, during the course of further organisational optimisation there may be associated extraordinary additional costs

c. Financial risks

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

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

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

d. Risk management system

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

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

2. Opportunities report

The healthcare market is and remains a growth market. Due to our specialisation in the therapy areas oncology, HIV and other chronic diseases we will participate in this growth.

On the procurement side we can access a wide range of supply possibilities. For the minimisation of the business risks we diversify our sources of supply Europe wide. We secure our high quality demands through careful supplier qualification and selection as well as active supplier management.

We will continue to take on the competition in the market, above all through the increasing competition of the providers in our segment, by experience, innovation, reliability and a high level of quality.

3. General statement

We still see the risks for the future development in a difficult competition environment, increasing purchase prices and the stagnating selling price level. On the background of our financial stability, we, however, see ourselves as being well-equipped for managing the future risks. Risks that could endanger the survival of the company are currently not able to be identified.

VI. Risk report on the use of financial instruments

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

The companies of the corporate Group have a solvent customer base. Losses of receivables are the absolute exception. In addition there is credit insurance in place for potential failure of receivables.

Liabilities are settled within the agreed payment deadlines.

In the short term the company largely finances itself by supplier credits and credit lines with different banks.

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

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

VII. Report on branches

The company does not have any branches.

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

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

Berlin, 24.03.2015

MPH Mittelständische Pharma Holding AG

Patrick Brenske
Member of the
Management Board

Dr. Christian Pahl
Member of the
Management Board

Consolidated financial statements

Consolidated balance sheet - Assets

as of December 31, 2014*

	Notes	2014 EUR	2013 kEUR
Cash	5.1	10,117,008.53	5,854
Trade receivables	5.2	11,523,452.39	7,914
Inventory	5.3	35,401,089.35	31,305
Other short-term financial assets	5.4	7,581,214.07	9,524
Other short-term assets	5.4	1,568,418.95	249
Income tax receivables	5.4	1,958,698.95	1,120
Short-term assets		68,149,882.24	55,966
Intangible assets	5.5	5,364,868.01	6,158
Company value	5.5	48,197,075.90	48,197
Tangible assets	5.5	2,405,541.00	1,706
Prepayment on intangible and tangible assets	5.5	84,356.25	133
Financial assets	5.6	12,371,265.30	2,355
Investment properties	5.7	13,435,807.19	12,800
Other long-term assets	5.8	192,572.77	165
Deferred tax assets	5.9	0.00	1
Long-term assets		82,051,486.42	71,514
TOTAL Assets		150,201,368.66	127,481

* Accounting under IFRS

Consolidated balance sheet - Liabilities and Equity

as of December 31, 2014*

	Notes	2014 EUR	2013 kEUR
Accruals	5.10	3,820,064.15	2,293
Bank loans	5.11	14,358,983.96	14,776
Trade payables	5.11	7,210,367.52	7,441
Other short-term financial liabilities	5.11	509,759.97	1,361
Other short-term liabilities	5.11	2,745,531.96	1,754
Short-term liabilities		28,644,707.56	27,624
Accruals	5.12	27,198.66	83
Bond loan (participation certificate)	5.13	5,209,300.00	5,209
Bank loans	5.14	18,146,811.90	11,850
Deferred tax	5.15	3,443,369.78	3,520
Long-term liabilities		26,826,680.34	20,663
Share capital	5.16	42,813,842.00	41,167
Acquired own shares	5.16	-8,190.00	-2,070
		42,805,652.00	39,097
Capital reserve	5.16	2,686,476.99	4,333
Capital reserve for own shares	5.16	-10,422.27	-3,181
Other revenue reserves	5.16	2,567,738.07	1,678
Revenue reserves	5.16	20,721,345.24	19,644
Equity attributable to equity holders of MPH		68,770,790.03	61,571
Non-controlling shareholders		25,959,190.73	17,623
Equity		94,729,980.76	79,194
TOTAL Liabilities and Equity		150,201,368.66	127,481

* Accounting under IFRS

Consolidated profit and loss summary account

for the period January 1 to December 31, 2014*

	Notes	2014 EUR	2013 kEUR
Sales	8.1	219,248,638.54	226,844
Changes in inventories	8.2	-26,698.98	27
Other operational income	8.3	5,441,718.63	10,751
Cost of materials			
> Cost of purchased goods, services and properties	8.4	-197,432,859.85	-210,025
Labour cost			
> Salaries		-5,514,009.78	-4,993
> Social insurance contribution		-965,007.21	-825
		-6,479,016.99	-5,819
Depreciation / Amortisation	8.5	-1,828,820.66	-1,722
Other operational expenses	8.6	-8,006,247.99	-7,556
EBIT (earnings before interest and tax)		10,916,712.70	12,502
Interest Income	8.7	205,087.16	477
Financial investment depreciations	8.8	0.00	-2
Interest expense	8.9	-1,809,248.45	-1,699
Financial result		-1,604,161.29	-1,224
EBT (earnings before tax)		9,312,551.41	11,277
Income tax	8.10	-855,741.54	-3,769
Other tax	8.11	-4,070.97	-18
Net profit / period income		8,452,738.90	7,491
thereof, attributed to:			
Shareholders of MPH		4,949,868.97	6,446
Non-controlling shareholders		3,502,869.93	1,046
		8,452,738.90	7,491

* Accounting under IFRS

Consolidated cash flow statement

for the period January 1 to December 31, 2014*

	2014	2013
	EUR	kEUR
Operating activities		
1. Earnings before taxes on income and profit minus other taxes	9,308,480.44	11,260
2. Depreciation / Amortisation	1,828,820.66	1,724
3. Change in long-term accruals	-55,565.81	-79
4. Change in financial asset valuation	-4,952,675.01	-9,582
5. Profit / loss from the disposal of fixed assets and from the purchase or sale of shares in subsidiaries	-5,055,111.16	-263
6. Interest and investment income	-205,087.16	-477
7. Interest expense	1,809,248.45	1,699
8. Change in trade receivables and other assets	2,073,751.64	5,903
9. Change in inventory	-4,096,129.60	-6,687
10. Change in trade payables, other liabilities and accruals	2,069,905.14	-4,514
11. Cash Flow from company activities	2,725,637.59	-1,015
12. Interest income and dividends received	157,007.40	27
13. Interest expense paid	-1,779,080.85	-1,699
14. Income tax paid	-1,594,409.30	-1,762
15. Cash Flow from operating activities	**-490,845.16**	**-4,450**
Investment activities		
1. Payments for the acquisition of fixed assets and acquisition of subsidiaries	13,387,455.76	7,620
2. Proceeds from the disposal of fixed assets and the disposal of subsidiaries	-9,913,046.45	-3,100
3. Cash Flow from investment activities	**3,474,409.31**	**-1,524**
Financing activities		
1. Incoming and outgoing payments from the purchase and sale of own shares	2,485,485.21	7,980
2. Dividends paid	-7,085,783.10	-9,787
3. Change in bank loans	5,879,581.07	-1,429
4. Cash Flow from financing activities	**1,279,283.18**	**-3,236**
Change in cash and cash equivalents due to change in companies consolidated	**0.00**	**492**
Cash Flow	**4,262,847.33**	**-8,717**
Cash and cash equivalents		
1. 31. December 2014 / 31. December 2013	10,117,008.53	5,854
2. 31. December 2013 / 31. December 2012	5,854,161.20	14,571
	4,262,847.33	**-8,717**

* Accounting under IFRS

Consolidated equity change account

as of December 31, 2014*

	Share capital EUR	Acquired own shares EUR	Capital reserve EUR	Capital reserve for own shares EUR	Other revenue reserves EUR	Revenue reserve EUR	Sub-total EUR	Equity of shareholders of MPH AG EUR	Non-controlling shareholders EUR	Total equity EUR
1. As of 31. December 2012 / 1. January 2013	41,167,155.00	-4,584,626.00	4,332,845.00	-7,047,342.05	78,820.27	20,184,720.52	54,131,572.74	54,131,572.74	13,228,003.53	67,359,576.27
2. Dividends	0.00	0.00	0.00	0.00	0.00	-7,937,191.73	-7,937,191.73	-7,937,191.73	-1,849,700.00	-9,786,891.73
3. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	6,445,556.71	6,445,556.71	6,445,556.71	1,045,706.21	7,491,262.92
4. Reclassifications / Initial consolidation	0.00	2,515,000.00	0.00	3,865,978.43	1,599,354.73	950,914.10	8,931,247.26	8,931,247.26	5,198,664.28	14,129,911.54
5. As of 31. December 2013 / 1. January 2014	41,167,155.00	-2,069,626.00	4,332,845.00	-3,181,363.62	1,678,175.00	19,643,999.60	61,571,184.98	61,571,184.98	17,622,674.02	79,193,859.00
6. Dividends	0.00	0.00	0.00	0.00	0.00	-4,306,965.50	-4,306,965.50	-4,306,965.50	-2,778,817.60	-7,085,783.10
7. Net profit / Period income	0.00	0.00	0.00	0.00	0.00	4,949,868.97	4,949,868.97	4,949,868.97	3,502,869.93	8,452,738.90
8. Reclassifications / Initial consolidation	1,646,687.00	2,061,436.00	-1,646,368.01	3,170,941.35	889,563.07	434,442.17	6,556,701.58	6,556,701.58	7,612,464.38	14,169,165.96
9. As of 31. December 2014	42,813,842.00	-8,190.00	2,686,476.99	-10,422.27	2,567,738.07	20,721,345.24	68,770,790.03	68,770,790.03	25,959,190.73	94,729,980.76

* Accounting under IFRS

Consolidated assets development

as of December 31, 2014*

	Acquisition cost				Cumulative depreciation / amortisation				Book values	
	As of 01.01.2014 EUR	Addition/ Recl. EUR	Disposal/ Recl. EUR	As of 31.12.2014 EUR	As of 01.01.2014 EUR	Addition EUR	Disposal EUR	As of 31.12.2014 EUR	As of 31.12.2014 EUR	As of 31.12.2013 EUR
I. Intangible assets										
1. Intangible assets	11,558,483.06	726,633.07	520.00	12,284,596.13	5,400,921.05	1,518,807.07	0.00	6,919,728.12	5,364,868.01	6,157,562.01
2. Company value	48,197,075.90	0.00	0.00	48,197,075.90	0.00	0.00	0.00	0.00	48,197,075.90	48,197,075.90
	59,755,558.96	726,633.07	520.00	60,481,672.03	5,400,921.05	1,518,807.07	0.00	6,919,728.12	53,561,943.91	54,354,637.91
II. Fixed assets	2,394,805.16	1,076,109.24	97,139.37	3,373,775.03	688,711.81	310,013.59	30,491.37	968,234.03	2,405,541.00	1,706,093.35
III. Prepayments	133,199.68	865,238.96	914,082.39	84,356.25	0.00	0.00	0.00	0.00	84,356.25	133,199.68
IV. Financial assets	1,858,801.80	6,781,399.29	1,417,738.46	7,222,462.63	-496,127.66	0.00	4,652,675.01	-5,148,802.67[1)]	12,371,265.30	2,354,929.46
TOTAL	64,142,365.60	9,449,380.56	2,429,480.22	71,162,265.94	5,593,505.20	1,828,820.66	4,683,166.38	2,739,159.48	68,423,106.46	58,548,860.40

* Accounting under IFRS

1) Appreciation of existing financial assets. A minus sign shows the appreciation above acquisition costs.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

for the period from January 1 to December 31, 2014

1. General information

The MPH Mittelständische Pharma Holding AG was founded in the business year 2008. The company is registered in the commercial register of the local court Berlin-Charlottenburg under HRB 116425 and has its domicile in Fasanenstraße 77, 10623 Berlin. The MPH Group is a healthcare group.

The consolidated financial statements for the time period from January 1 to December 31, 2014 of the MPH Mittelständische Pharma Holding AG, domicile Berlin, was prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. The values for the financial year 2014 are stated in EUR and for the previous year stated in kEUR. The new standards adopted by the IASB have been observed since the time they came into force.

The following standards and interpretations as well as modifications of existing standards must initially be applied in the financial year 2014, whereby this did not result in any significant impacts for the MPH Mittelständische Pharma Holding AG:

- **IFRS 10** – Consolidated financial statements (Applicable for financial years commencing on or after the January 1, 2014.),
- **IFRS 11** – Common agreements (Applicable for financial years, commencing on or after the January 1, 2014.),
- **IFRS 12** – Information on stakes in other companies (Applicable for financial years, commencing on or after the January 1, 2014.),
- **IAS 27 (2011)** – Separate financial statements (Applicable for financial years, commencing on or after the January 1, 2014.),
- **IAS 28 (2011)** – Shareholdings in associated companies and joint ventures (Applicable for financial years, commencing on or after the January 1, 2014.),
- Modification to **IFRS 10, IFRS 12** and **IAS 27** investment companies,
- Modification to **IAS 32** – Balancing of financial assets and debts,
- Modification to **IAS 36** – Information on recoverable amount for non-financial assets,
- Modification to **IAS 39** – Novation of derivatives and continuation of hedge accounting.

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

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

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

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

2. Basis of consolidation

In the consolidated financial statements of December 31, 2014, of the MPH Mittelständische Pharma Holding AG, Berlin, the following affiliated companies were included beside the MPH Mittelständische Pharma Holding AG:

Name and office of the company	Date of initial consolidation
› HAEMATO AG, Schönefeld	May 07, 2012
› HAEMATO MED GmbH (formerly: Sanago GmbH), Schönefeld	May 22, 2013
› HAEMATO PHARM GmbH, Schönefeld	March 06, 2009
› Sanate GmbH, Schönefeld	September 24, 2013
› MPH Ventures GmbH, Schönefeld	August 31, 2011
› HAEMATO-Vet GmbH, Schönefeld	April 08, 2010
› Nutri Care GmbH, Schönefeld	April 05, 2012
› M1 Med Beauty AG, Berlin	May 07, 2012
› M1 Med Beauty Berlin GmbH, Berlin	August 01, 2013
› Saname GmbH, Schönefeld	May 22, 2013
› Dr. Fischer Medical Care GmbH, Schönefeld	July 06, 2013
› Windsor Grundbesitz AG, Berlin	May 07, 2012
› Healthcare Solutions GmbH, Schönefeld	February 21, 2012
› HCS Compound GmbH, Schönefeld	October 10, 2013
› HCS Managed Care GmbH, Schönefeld	October 31, 2013
› Pharmigon GmbH, Berlin	May 07, 2012
› Zytotrade GmbH, Schönefeld	May 07, 2012

The reported consolidated financial assets are inter alia equity instruments of companies listed on the stock exchange.

In the financial year 2014 M1 Med Beauty AG acquired the Windsor Grundbesitz AG. The transaction was settled at customary market terms.

The participation quota in the consolidated subsidiaries at the balance sheet date are as follows:

Name and office of the company	Share %
› HAEMATO AG, Schönefeld	59.01
› HAEMATO PHARM GmbH[1)], Schönefeld	59.01
› HAEMATO MED GmbH[1)] (formerly: Sanago GmbH), Schönefeld	59.01
› Castell Pharma B.V.[1)], Venray (Netherlands)	59.01
› Sanate GmbH[2)], Schönefeld	59.01
› HAEMATO ASIA Co. Ltd.[2)], Pathumthani (Thailand)	23.60
› M1 Med Beauty AG, Berlin	100.00
› M1 Med Beauty Berlin GmbH[3)], Berlin	100.00
› Dr. Fischer Medical Care GmbH[3)], Schönefeld	100.00
› Saname GmbH[3)], Berlin	100.00
› Windsor Grundbesitz AG[3)], Berlin	100.00
› Healthcare Solutions GmbH[3)], Schönefeld	100.00
› HCS Compound GmbH[4)], Schönefeld	100.00
› HCS Managed Care GmbH[4)], Schönefeld	100.00
› MPH Ventures GmbH, Schönefeld	100.00
› HAEMATO-Vet GmbH[5)], Schönefeld	100.00
› Nutri Care GmbH[5)], Schönefeld	100.00
› Pharmigon GmbH, Berlin	50.00
› Zytotrade GmbH[6)], Schönefeld	50.00

1) Indirectly through HAEMATO AG.
2) Indirectly through HAEMATO PHARM GmbH.
3) Indirectly through M1 Med Beauty AG.
4) Indirectly through Healthcare Solutions GmbH.
5) Indirectly through MPH Ventures GmbH.
6) Indirectly through Pharmigon GmbH.

3. Consolidation principles

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

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

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

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

4. Estimates and assumptions

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

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

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

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

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

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

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

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

▸ **5.2 Trade receivables** amounting to a total of kEUR 11,523 (previous year: kEUR 7.914) are recognised with application of the effective interest method minus any impairments. Impairment losses are recognised, if, as a result of one or more events, that occurred after the initial recognition of the asset, there is an objective indication of an impact on the expected future cash flows. The criteria, that leads to an impairment of trade receivables, relates to the default probability of receivables and to the estimated creditworthiness of customers.

▸ **5.3** Under the **inventory** finished products are shown, which are evaluated at the lower value from acquisition or production costs and the net disposal value. In accordance with IAS 2, all costs are included that incur in connection with the procurement of the respective inventories. There were no borrowing costs to be capitalised.

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

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

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

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

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

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

The business or company values reported in the consolidated balance sheet, which were allocated to the respective companies as a cash-generating unit, comprises as follows:

	kEUR
HAEMATO PHARM GmbH (Initial consolidation as of March 6, 2009)	37,321
Business units of Simgen GmbH, which were merged into HAEMATO PHARM GmbH	2,847
Dr. Fischer Medical Care GmbH (Initial consolidation as of July 6, 2013)	7,913
M1 Med Beauty Berlin GmbH	116

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

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

On acquisition investment properties are accounted with their acquisition or construction costs, including transaction costs. The construction costs comprise all accrued costs that can be assigned to the construction of the real estate object. The subsequent assessment of all investment properties is performed according to the current market value. Profits and losses that result from changes of the current market value are accounted for in the period in which they result. A real estate object that is held as financial investment is derecognised, when sold or when it is no longer intended to be used and a future economic benefit from the sale is no longer to be expected. The profit or loss that results from the sale is determined as the difference between the net selling profit and the book value of the real estate asset and is accounted as profit or loss in the period of the sale.

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

▸ **5.9 Deferred tax assets** are activated on tax deductible temporary differences and on benefits of unused tax loss carry forwards as long as future taxable income can be anticipated with sufficient certainty.

In the case of tax deductible temporary differences in association with shares in subsidiaries, however, a deferred tax claim is recognised only if it is probable that the reversal of the temporary difference will occur in the foreseeable future and corresponding taxable income can be anticipated.

The book value of the deferred tax claim is reviewed on every accounting balance sheet date and reduced if it is no longer probable that adequate taxable income will be available to utilise these claims.

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

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

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

	31.12.2013 kEUR	Recognised in profit and loss kEUR	Not recognised in profit and loss kEUR	31.12.2014 kEUR
Deferred tax assets	1	-1	0	0
Deferred tax liabilities	3,520	-77	0	3,443
Total temporal differences	3,521	-78	0	3,443

5.10 Other provisions comprise deferrals which are created if the Group has a current, legal or actual obligation resulting from an occurrence in the past if the outflow of economically useful resources in fulfilment of this obligation is probable and a reliable estimation of the amount of the obligation is possible. Provisions are rated with the value that is the best possible estimate of financial expenditure required for the fulfilment of the current obligation on the balance sheet date.

The short-term provisions concern mainly tax accruals, year-end closing and auditing costs of the companies included as well as other provisions.

concerned. At the moment we are engaged in a lawsuit, if necessary, we will pursue all legal channels. As a result of changed legal verdicts, the tax authority took a portion of the previously not accepted losses into consideration in March 2009. The maximum risk now stands at kEUR 154.

5.11 The **short-term liabilities to credit institutions** as well as the **trade payables**, the **other financial liabilities** and the **other short-term liabilities** are measured at amortisation cost under application of the effective interest method.

Provisions	1.1.2014 kEUR	Used kEUR	Released kEUR	Added kEUR	31.12.2014 kEUR
Taxes	383	199	0	357	541
Costs of auditing and annual financial statements	244	220	36	130	118
Rental guarantees	69	29	0	6	46
Personnel / vacation entitlements	131	104	1	96	122
Supervisory board remuneration	52	42	10	47	47
Other	1,414	285	25	1,842	2,946
	2,293	879	72	2,478	3,820

As a result of a current tax audit for the years 2001 to 2005, the fiscal authority is refusing to recognise the tax losses carry forward up to August 2, 2005 of HAEMATO AG due to a loss in commercial identity at this time in accordance with § 8 section 4 KStG/§ 10a GewStG. We do not agree with the legal opinion that has been communicated by the fiscal authority and even the Bundesfinanzhof (Federal Fiscal Court) decided otherwise in a similar case. For this reason, we have not created any tax accruals or provisions for the financial years

The other short-term financial liabilities amount to kEUR 510 (previous year: kEUR 1,361). These are mainly interest liabilities resulting from participation certificates in circulation on the balance sheet date that are not held by HAEMATO AG.

The other short-term liabilities amount to kEUR 2,746 (previous year: kEUR 1,754). These are mainly liabilities for salaries and turnover tax.

5.12 Long-term provisions

The long-term provisions relate mainly to the long-term part of the document safekeeping provisions.

Provisions	1.1.2014 kEUR	Used kEUR	Released kEUR	Added kEUR	31.12.2014 kEUR
Rental guarantees	69	69	0	0	0
Others	14	0	0	13	27
	83	69	0	13	27

5.13 Bond loan (Participation Certificates of HAEMATO AG)

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

5.14 The **long-term liabilities to credit institutes** are balanced on application of the effective interest method.

5.15 Deferred tax liabilities

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

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

5.16 Equity

In the financial year 2014 the equity of the company of EUR 41,167,155.00 was increased from company funds according to § 207 par 1 AktG from EUR 41,167,155.00 by EUR 1,646,687.00 to EUR 42,813,842.00 by converting a portion of EUR 1,646,687.00 of the capital reserves into share capital. The capital increase was implemented by the issue of 1,646,687 new, no-par bearer shares to the shareholders in a ratio of 25:1, meaning that one new bearer share was allocated additionally for every twenty five existing shares. The new no-par-value shares are entitled to profit participation from January 1, 2014.

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

By resolution of the annual general meeting of June 29, 2012, the executive board is authorised, until June 28, 2017 on one or more occasions to issue bearer or registered options or convertible bonds, participation certificates or participating bonds respectively combinations of these instruments to a total nominal value of up to EUR 100,000,000.00 with or without maturity restrictions and to grant or impose the debenture bonds on the bearers or creditors of the respective bonds, equal partial debentures, option or conversion rights to the no-par bearer shares and/or non-voting preference shares of the company, which rank prior or equal to the preference shares issued previously with respect to the distribution of the profit and/or of the corporate assets, with a proportional amount of the equity amounting to EUR 20,583,577.00 in accordance with the details of the bond terms. For this purpose, the equity will be conditionally increased up to EUR 20,583,577.00 by the issue of a total of 20,583,577 new no-par value bearer shares and/or non-voting preference shares, which rank prior or equal to preference shares that were issued previously with regard to the distribution of the profit and/or of the corporate assets (conditional capital 2012/I).

In connection with the initial consolidation of the HAEMATO Group, treasury shares were acquired in 2012, meaning that it was necessary to reduce the existing equity. The stock of the treasury shares in the Group on December 31, 2014, amounted to 8,190 shares.

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

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

6. Statement of fixed assets

The composition and development of the fixed assets is presented in the table “Consolidated assets development” of the Group as of December 31, 2014” (page 27).

7. Contingent liabilities and other financial obligations

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

Together with HAEMATO PHARM GmbH, the MPH Mittelständische Pharma Holding AG is jointly and severally liable to the apoBank as debtor to the amount of the loan granted and the current account line up to a maximum of million EUR 8.

Together with HAEMATO PHARM GmbH, the MPH Mittelständische Pharma Holding AG is jointly and severally liable to the Hypovereinsbank as debtor to the amount of the loan granted and the current account line up to a maximum of million EUR 12.

Furthermore, MPH Mittelständische Pharma Holding AG is severally and jointly liable together with HAEMATO PHARM GmbH to the IKB Deutsche Industriebank AG as debtor to the amount of the loan granted and the current account line up to a maximum of million EUR 5.5.

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

8. Information on the consolidated profit and loss summary account

Principles of the revenue recognition

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

Segment reporting in accordance with IFRS 8

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

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

a. Products and services (IFRS 8.32): All products (diverse pharmaceutical products) were summarised to a group of comparable products. Due to the large number of available pharmaceutical products the representation of product related turnover revenue is not expedient and due to lacking information also not possible. All turnover represented in the profit and loss calculation is largely related to the above described product group.

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

c. Key customers (IFRS 8.34): Of the direct sales achieved in the healthcare segment amounting to kEUR 219,249 (previous year: kEUR 226,844), kEUR 9,837 (previous year: kEUR 18,670) relate to sales with the Group's largest customer. In the financial year 2014 no single customer accounted for more than 5 % of the total Group revenues.

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

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

▸ **8.2** The **changes in inventories** amounting to a total of kEUR -27 (previous year: kEUR 27).

▸ **8.3** The **other operating income** amounts to kEUR 5,442 (previous year: kEUR 10,751).

▸ **8.4** The item **cost of materials**, amounting to a total of kEUR 197,433 (previous year: kEUR 210,025), includes all the expenditure incurred in association with the purchase of pharmaceuticals.

▸ **8.5** The **amortisations** include scheduled amortisations on tangible assets and intangible assets amounting to kEUR 1.829 (previous year: kEUR 1,722). The tangible assets and the intangible assets are amortised on a straight-line basis over their different useful lives (three to 15 years).

8.6 The **other operating expenses**, amounting to a total of kEUR 8.006 (previous year: kEUR 7,556), are distributed among a variety of single items, for example, rent, advertising costs and travel expenses, packaging material, freight costs, insurance contributions, contracted work, legal and advisory costs as well as costs for the annual financial statement and auditing.

8.7 Other interest and similar revenues

This is interest income amounting to a total of kEUR 205 (previous year: kEUR 477). The interest results from the granting of loans or from the investment of liquid assets at German credit institutions.

8.8 Financial investment depreciations

Amortisations amounting to kEUR 0 (previous year: kEUR -2) were undertaken on existing equity instruments of companies listed on the stock exchange.

8.9 Interest expenses

The interest amounting to a total of kEUR 1,809 (previous year: kEUR 1,699) is mainly the interest that was invoiced for loans granted. Besides this was interest expense payable for the return of the participation certificate capital of HAEMATO AG in 2005 res. 2006.

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

	Interest income + Dividends 2014 kEUR	Interest income + Dividends 2013 kEUR	Interest expenses 2014 kEUR	Interest expenses 2013 kEUR	Fair Value 2014 kEUR	Fair Value 2013 kEUR
Cash equivalents (other financial assets)	0	24	0	0	0	0
Credits and receivables (other financial assets)	205	453	0	0	0	0
Equity instruments (financial assets at fair value through profit and loss)	0	0	0	0	4,652	729
Liabilities recognised at amortised acquisition costs (other financial liabilities)	0	0	-1,809	-1,699	0	0
Total net result	205	477	-1,809	-1,699	4,652	729
through profit and loss	205	477	-1,809	-1,699	4,652	729

▶ 8.10 Income tax

The position is categorised as follows:

	2014	2013
	kEUR	kEUR
Tax expenditures of the current period	-932	-1,339
Deferred tax expenditures		
from valuation differences	-184	-2,639
Deferred tax revenues		
from valuation differences	260	209
	-856	-3,769

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

	2014	2013
Legal effective tax rate of the companies, which are resident in	%	%
Berlin	30.175	30.175
Schönefeld	24.225	22.825

The statutory effective tax rate includes the corporation tax and the solidarity surcharge (effective rate: 15.825 %) as well as the business tax (effective rate: Berlin 14.350 % / Schönefeld 8.400 % / previous year: 7.000 %).

▶ **8.11** The **other taxes** are inter alia comprised of vehicle tax.

9. Earnings per share

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

	2014	2013
	EUR	EUR
Profit for the financial year attributable to the equity holders of the parent company	4,954,868.97	6,445,556.71
Number of shares (weighted average)	41,275,077	38,596,598
Earnings per share	0.12	0.17

10. Information on members of the corporate bodies

Management board

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

The total remuneration of the management board in 2014 was kEUR 714.6 (previous year: kEUR 665.9).

Supervisory board

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

The total remuneration of the management board in 2014 was kEUR 45.0 (previous year: kEUR 45.0). There are no claims against members of the supervisory board

11. Number of employees

An average staff of 164 were employed by MPH Group in the reporting period (previous year: 149).

12. Information on financial instruments according to IFRS 7

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

	2014 kEUR	**2013** kEUR
Category assets		
Cash and equivalents	0	24
Receivables	205	453
Financial assets at fair value	4,652	731

The yields from credits and receivables are included in the interest returns. The yields from financial assets measured at fair value relate at kEUR 4,652 (previous year: kEUR 731) on income from appreciation of financial assets.

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

	2014 kEUR	2013 kEUR
Category expenses		
Liabilities recognised at amortised acquisition cost	1,809	1,699
Financial assets at fair value	0	2

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

Risk management policy and securing measures

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

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

The risk management policy is covered mainly by the executive board of the MPH Mittelständische Pharma Holding AG. The controlling departments of HAEMATO AG and HAEMATO PHARM GmbH, which provide support, also monitor the operative successes and can therefore detect deviations from plans in good time. If necessary, the relevant responsible persons of the specialised departments decide in collaboration with the executive board on the appropriate strategy to be taken for the control of risks.

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

Capital risk management, debt and interest risk

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

	31.12.2014 kEUR	31.12.2013 kEUR
Equity	94,730	79,194
Balance sheet sum	150,201	127,481
Equity ratio	63.07 %	62.12 %

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

The bank liabilities have increased from kEUR 26,626 to a total of kEUR 32,506 during the reporting period. Due to the low rate of interest, we currently see the risk of changing interests to a limited extent.

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

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

Liabilities to credit institutions kEUR	Utilisation 31.12.2014	Utilisation 31.12.2013	Interest risk 31.12.2014	Interest risk 31.12.2013
thereof at fixed rates	5,406	936	-	-
thereof at variable rates	27,100	25,690	271	257
Total	32,506	26,626	271	257

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

Fair values of financial instruments

Assets

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

31.12.2013 kEUR	short-term Trade receivables	Other short-term financial assets	Cash and equivalents	Total book values	Fair value
Financial assets measured at amortised cost	7,914	9,524	5,854	23,292	23,292

The total sum of the book values res. of the fair values of the evaluated (through profit and loss statement) financial investments amounted to a total of kEUR 12,371 at the balance sheet date (previous year: kEUR 2,355).

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

Liabilities

31.12.2014 kEUR	short-term: Liabilities to credit institutions	short-term: Trade payables	short-term: Other financial liabilities	long-term: Liabilities to credit institutions and bonds	Total book values	Fair value
Financial liabilities measured at amortised cost	14,359	7,210	510	23,356	45,435	45,435

31.12.2013 kEUR	short-term: Liabilities to credit institutions	short-term: Trade payables	short-term: Other financial liabilities	long-term: Liabilities to credit institutions and bonds	Total book values	Fair value
Financial liabilities measured at amortised cost	14,776	7,441	1,361	17,059	40,637	40,637

Exchange rate risk

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

	Assets		Liabilities	
Foreign currency	31.12.2014 kEUR	31.12.2013 kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Norway (NOK)	0.1	20.2	2.0	0.0
Great Britain (GBP)	0.5	2.0	328.3	0.0
Czech Republic (CZK)	0.0	0.1	0.0	0.0
Poland (PLN)	0.2	0.8	0.0	0.0
Romania (RON)	0.2	1.1	0.0	0.0
Denmark (DKK)	521.2	263.3	3.7	5.4

Other price risk

Other price risks could result from increasing purchase prices. Long-term delivery agreements and similar measures that could limit these risks do not exist at the moment. The conclusion of such agreements would have a negative impact on the necessary flexibility of the management in the compilation of the pharmaceuticals to be sold, which are ordered according to demand.

Risk from payment defaults

The risk of the non-payment of claims resulting from the sale of pharmaceuticals is taken into account by means of corresponding individual and collective value adjustment. Moreover, a merchandise credit insurance has been concluded, serving the protection against the non-payment of claims. The maximum default risk of the financial assets is limited by the amount of the book values.

Liquidity risk

The Group controls liquidity risks by continuous monitoring of the forecast and actual cash flow and coordination of the payability profiles of financial assets and liabilities.

The expected cash flows of the financial liabilities (undiscounted redemption and interest payments) as of December 31, 2014, and December 31, 2013, are demonstrated in the following tables:

Financial liabilities valued at amortised acquisition costs	Book value 31.12.2014 kEUR	Cash Flow up to 1 year kEUR	Cash Flow > 1 year to 5 years kEUR	Cash Flow > 5 years kEUR
Provisions	3,842	3,820	27	0
Interest-bearing financial liabilities	37,715	14,359	16,617	6,739
Non-interest-bearing financial liabilities	7,720	7,720	0	0

Financial liabilities valued at amortised acquisition costs	Book value 31.12.2013 kEUR	Cash Flow up to 1 year kEUR	Cash Flow > 1 year to 5 years kEUR	Cash Flow > 5 years kEUR
Provisions	2,376	2,293	83	0
Interest-bearing financial liabilities	31,836	14,777	11,850	5,209
Non-interest-bearing financial liabilities	8,802	8,802	0	0

The financial liabilities bearing no interest relate at kEUR 7,210 (previous year: kEUR 7,441) to the liabilities resulting from deliveries and services as well as at kEUR 510 (previous year: kEUR 1,361) to the other short-term financial liabilities.

Consolidated cash flow statement

The consolidated cash flow statement shows how the funds of the MPH AG have changed in the course of the reporting year due to cash inflow and outflow. In this consolidated cash flow statement, see p. 25, the cash flows are structured according to operating, investment and financing activities. The cash and cash equivalents include short-term available liquid assets amounting to kEUR 10,117 (previous year: kEUR 5,854).

13. Information on relationships with related companies and persons

Regarding management board and supervisory board we refer to section 10. The following business transactions were performed with closely associated companies and individuals:

Dr. Fischer Medical Care GmbH has acquired financial assets to the amount of EUR 1,493,765.00 from the Magnum AG. The transactions were settled at customary market terms.

As of December 31, 2014, a receivable due from Magnum AG was recorded to the amount of kEUR 3,672. This receivable bore interest at rates comparable to average market interests.

No further business relationships were maintained to closely associated companies and individuals in the financial year 2014.

14. Events after the financial statement date

No essential events have occurred after the financial statement date until March 15, 2015.

15. Release of the consolidated financial statements 2014 by the management board for publication according to IAS 10.17

The present consolidated financial statements consider all events known to the management board until March 15, 2015.

Berlin, March 15, 2015

Patrick Brenske
Member of the
Management board

Dr. Christian Pahl
Member of the
Management board

16. Audit's opinion

„I have audited the consolidated financial statements established by MPH Mittelständische Pharma Holding AG – consisting of consolidated balance sheet, consolidated income statement, notes to the consolidated financial statements, consolidated cash flow statement and statement of changes in consolidated equity as well as the Group management report for the financial year from January 1, 2014 to December 31, 2014. The establishment of the consolidated financial statements and the Group management report according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and the complementary applicable regulations of trade law according to § 315a par. 3 in connection with par. 1 HGB lies within the responsibility of the legal representatives of the company. My task is to provide a judgment on the consolidated financial statements on the basis of the examination conducted by me.

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

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

My audit has led to no objections.

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

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

Berlin, April 15, 2015

Dipl.-Kfm. Harry Haseloff
Auditor

DIPL.-KFM. HARRY HASELOFF * BERLIN *
WIRTSCHAFTSPRÜFER
SIEGEL

Further information

1. The share

Classes of Shares	Ordinary bearer shares
Number of shares	42,813,842
WKN / ISIN	A0L1H3 / DE000A0L1H32
Stock symbol	93M
Trading floor	Xetra, Frankfurt
Market segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	ODDO SEYDLER BANK AG
Market Capitalisation	110.89 million (as of 15.04.2015)
Coverage	GBC AG, First Berlin GmbH

2. Glossary

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

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

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

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

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

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

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

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

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

Oncology
Oncology is the science dealing with cancer.

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

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

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

3. Sources

1 cf. Bundesministerium für Wirtschaft und Energie: Jahreswirtschaftsbericht 2015. Investieren in Deutschlands und Europas Zukunft. January 2015, p. 61.
2 cf. Institut für Weltwirtschaft: Kieler Konjunkturberichte 2014 / Q4. Weltkonjunktur im Winter 2014. Kiel, 17.12.2014, p. 1
3 cf. Bundesministerium für Wirtschaft und Energie: Jahreswirtschaftsbericht 2015. Investieren in Deutschlands und Europas Zukunft. January 2015, p. 61.
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5 cf. id., p. 4.
6 cf. Bundesministerium für Wirtschaft und Energie: Jahreswirtschaftsbericht 2015. Investieren in Deutschlands und Europas Zukunft. January 2015, p. 61.
7 cf. id., p. 14.
8 cf. id., p. 56f.
9 cf. id., p. 63.
10 cf. Egeler, Roderich: Bruttoinlandsprodukt 2014 in Deutschland. Pressekonferenz des Statistischen Bundesamtes am 15. January 2015, Berlin, p. 3ff.
11 cf. Bundesministerium für Wirtschaft und Energie: Jahreswirtschaftsbericht 2015. Investieren in Deutschlands und Europas Zukunft. January 2015, p. 60ff.
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15 cf. IMS Institute for Healthcare Informatics: Global Outlook for Medicines Through 2018, November 2014, p. 1, 4, 8.
16 cf. Hamburgisches WeltWirtschafts Institut; Berenberg Bank: Strategie 2030 – Gesundheit. Hamburg, 2012, p. 39.
17 cf. id., p. 62; Bauer Media Group: Risiko: Patientenkunde. „Vom Healthstyle zum Selbstoptimierer". In: Pharma Relations. Special zum 13. Pharma-Symposium der Bauer Media Group, Bonn 2014, p. VI.
18 cf. IMCAS divides the aesthetic medicinal and surgical market into four segments: 1. Botulinum toxin and dermal fillers 2. Cosmeceuticals (active cosmetics) 3. Energy based devices and dedicated to body contouring 4. Breast implants.
19 cf. IMCAS Industry Tribune: Analysis, Outlook and Trends of the Aesthetic Medical & Surgical Market 2013-2018. Press Release p. 2ff.
20 cf. Hamburgisches WeltWirtschafts Institut; Berenberg Bank: Strategie 2030 – Gesundheit. Hamburg, 2012, p. 15.
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22 cf. Hamburgisches WeltWirtschafts Institut; Berenberg Bank: Strategie 2030 – Gesundheit. Hamburg, 2012, p. 62; Bauer Media Group: Risiko: Patientenkunde. „Vom Healthstyle zum Selbstoptimierer". In: Pharma Relations. Special zum 13. Pharma-Symposium der Bauer Media Group, Bonn 2014, p. VI.
23 cf. Hamburgisches WeltWirtschafts Institut; Berenberg Bank: Strategie 2030 – Gesundheit. Hamburg, 2012, p. 39.
24 cf. OECD: HEALTH AT A GLANCE: Europe 2014, p. 123.
25 cf. Statistisches Bundesamt.
26 cf. id.
27 cf. IMS HEALTH GmbH: IMS Marktbericht. Entwicklung des deutschen Pharmamarktes im Dezember und in Jahr 2014. February 2015, Frankfurt am Main, p. 8ff.
28 cf. IMS Health Inc.: IMS Health Market Prognosis, March 2014; IMS Institute for Healthcare Informatics: Global Outlook for Medicines Through 2018, November 2014, S 11.
29 cf. Hamburgisches WeltWirtschafts Institut; Berenberg Bank: Strategie 2030 – Gesundheit. Hamburg, 2012, p. 27f.
30 cf. id.
31 cf. ISAPS: ISAPS International Survey on Aesthetic/Cosmetic. 2013, p. 1f.
32 cf. id., p. 12.
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4. Imprint

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Member of the supervisory board: Dr. Marion Braun

Management board:
Patrick Brenske
Dr. Christian Pahl

Register court: district court Charlottenburg
Register number: HRB 116425 B

Conception, design and realisation:
MPH Mittelständische Pharma Holding AG
Investor Relations

Photos:
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