



Quarterly Report
June 2017

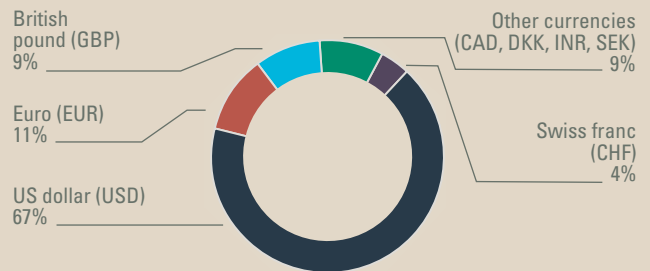
HBM Healthcare
Investments

HBM Healthcare Investments invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and actively manages an international portfolio of promising companies.

Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

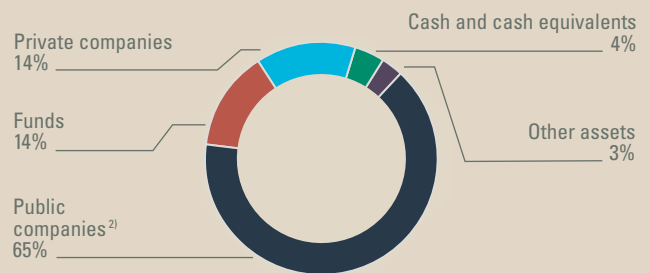
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



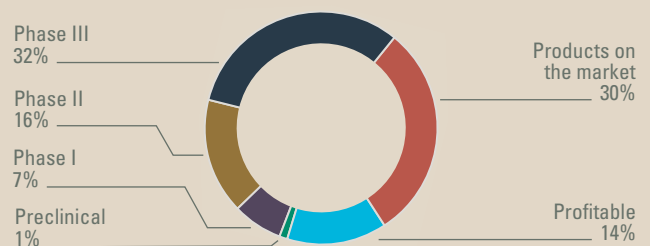
Allocation of assets¹⁾

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

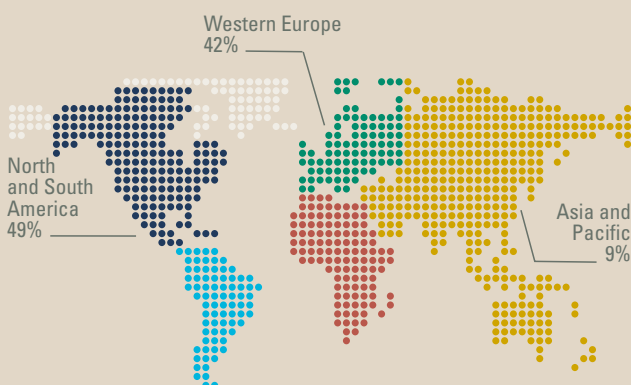


Development phase of portfolio companies³⁾

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

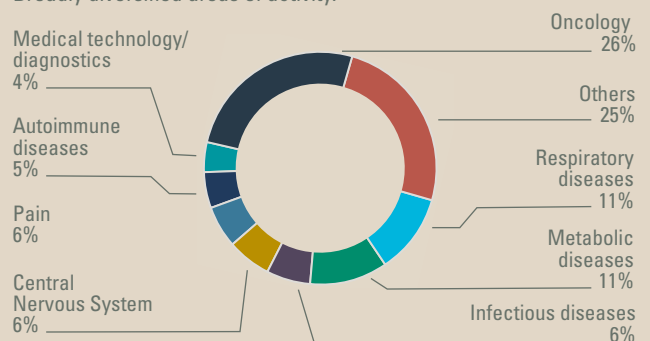


Investments by continents³⁾



Therapeutic area of the lead product of portfolio companies³⁾

Broadly diversified areas of activity.



1) Total assets as at 30.6.2017: CHF 1082 million.

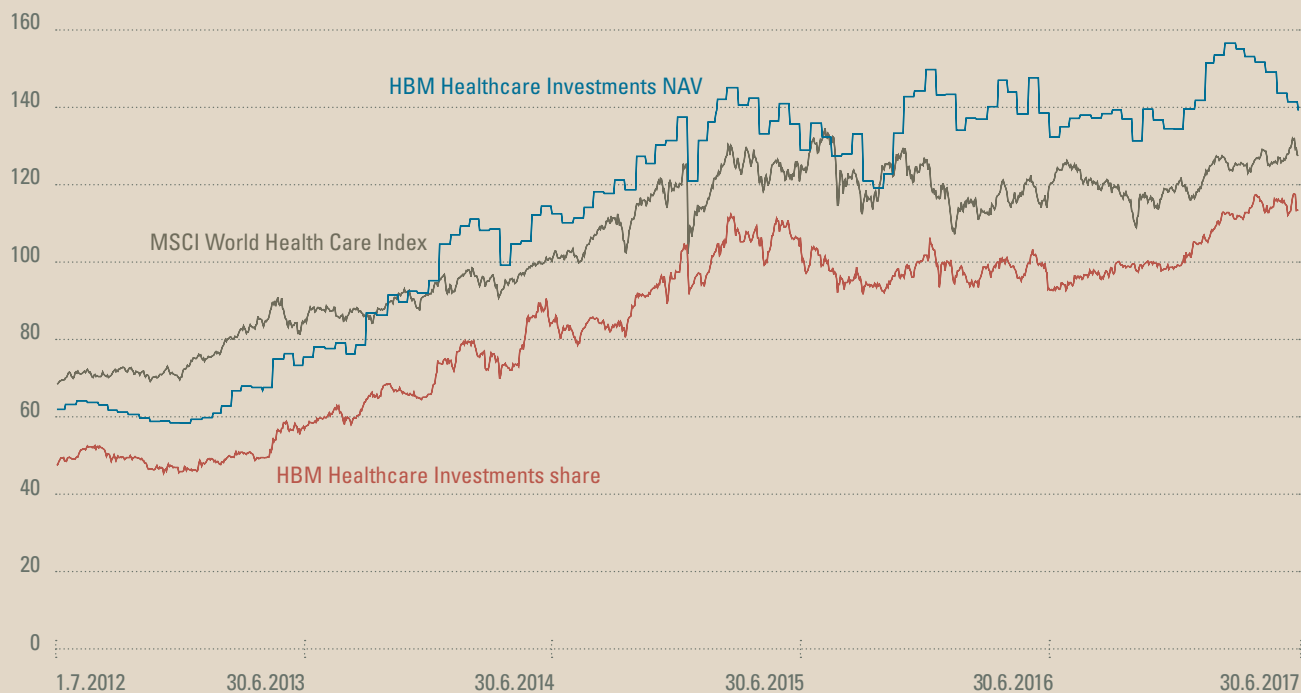
2) Thereof about a fifth is hedged.

3) Total investments as at 30.6.2017: CHF 1002 million.

Key Figures		30.6.2017	31.3.2017	restated 31.3.2016	restated 31.3.2015	31.3.2014
Net assets	CHF million	979.1	1 095.8	1 034.8	1 086.6	920.3
Investments in private companies and funds		301.5	274.3	299.5	273.4	218.8
Investments in public companies		700.1	813.6	677.0	748.1	630.5
Cash and cash equivalents		203.8	210.0	104.8	140.4	46.5
Net result for the period	CHF million	-72.0	136.8	23.8	257.5	353.5
Basic earnings per share	CHF	-10.22	18.96	3.11	32.47	40.98
Net asset value (NAV) per share	CHF	139.25	155.09	139.41	140.12	108.76
Share price	CHF	113.70	111.40	99.45	108.00	75.50
Discount	%	-18.3	-28.2	-28.7	-22.9	-30.6
Distribution per share	CHF		5.80	5.50	5.50	3.00
Distribution yield	%		5.2	5.1	5.1	4.0
Shares issued	Registered shares (m)	7.3	7.3	7.7	8.0	8.9
Shares outstanding	Registered shares (m)	7.0	7.1	7.4	7.8	8.5

Performance (including distributions)		2017/2018 (3 months)	2016/2017	2015/2016	2014/2015	2013/2014
Net asset value (NAV)	%	-6.5	15.2	3.4	31.6	61.3
Registered share HBMN	%	7.3	17.5	-2.8	47.0	50.0

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



The depreciation of the US dollar against the Swiss franc, as well as the fall in the share price of our portfolio company Vectura, resulted in a loss of CHF 72 million for the first quarter of the 2017/2018 financial year. The decline in our net asset value was offset by a rising share price, thus significantly reducing the discount. The highlight of portfolio activity was the successful takeover of True North Therapeutics less than one year after we invested in the company. Four new investments in private companies were completed during the quarter under review, and four more will follow shortly.

Dear Shareholders

With the start of the new financial year, we are changing the way in which we report to our shareholders. Our quarterly reports will no longer be printed, but will be available electronically, in their familiar format, on our website. However, we will continue to send you the printed quarterly management report on HBM Healthcare Investments' performance, as well as the printed annual report as at the end of March.

The new 2017/2018 financial year got off to a soft start. Net asset value (NAV) per share declined by 6.5 percent to CHF 139.25 during the quarter ending on 30 June 2017. By contrast, the share price rose by 7.3 percent to CHF 113.70, resulting in a pleasing contraction in the discount between the share price and NAV.

Overall, HBM Healthcare Investments recorded a loss of CHF 72 million for the reporting period. Around half of this figure was due to the negative trend in the Swiss franc against the US dollar, with the latter down by approximately 4.5 percent.

Portfolio

The quarter just ended saw private portfolio company True North Therapeutics acquired by the listed US company Bioverativ. The deal was closed at the beginning of July 2017, and comprises an upfront payment of USD 400 million, plus further milestone payments of up to USD 425 million. HBM Healthcare Investments invested USD 10 million in True North in October 2016, and held around three percent of the company. The upfront payment results in a multiple of 1.5 on the capital invested by HBM Healthcare Investments, and represents an annualised return (IRR) of roughly 66 percent. We expect milestone payments to generate further cash flows in the future.

In the portfolio of public companies, Vectura (CHF –35 million) was the main contributor to the quarterly loss. Vectura stock lost ground following the US Food and Drug Administration's decision to refuse approval for the time being for a generic version of asthma drug Advair. Vectura will now work with the FDA to determine what further steps are required for the drug to be approved.

Work proceeded on a number of new investments in private companies during the quarter under review. Four of these have already been completed, and a further four are at an advanced stage and expected to go ahead shortly.

HBM Healthcare Investments made a capital commitment of EUR 20 million to Swiss company Amicus, EUR 15 million of which has been paid to date. The company specialises in the distribution of pharmaceutical products, medical equipment and branded OTC products in Central and Eastern Europe. Amicus was set up by the former founders of PharmaSwiss, in which HBM Healthcare Investments was a major shareholder from 2007 up to when the company was sold in 2011.

Canadian company Formation Biologics, which is based in Montreal, received CAD 5 million. The company conducts research into rare diseases, and is developing two compounds – one to treat scleroderma, and the other for use in oncology.

A further direct investment of the equivalent of USD 3 million was made in Shriji Polymers, which operates in the fast-growing Indian healthcare market. Shriji is the second-largest Indian manufacturer of packaging for the pharmaceutical industry. The company is profitable, expanding rapidly, and has a broad base of local and international customers.

Finally, HBM Healthcare Investments put USD 1.5 million into US company ConnectRN, which develops and distributes an innovative application which helps hospitals to recruit nursing staff and to plan their shifts.

Outlook

In the portfolio of private companies, Chinese company Cathay Industrial Biotech is performing well. Its core business – the manufacture of dicarboxylic acids – is growing profitably, while the second business unit, green nylon, has the potential to raise Cathay's revenues significantly if market development is managed successfully. A new plant will be commissioned in Xinjiang, north-western China, in the fourth quarter of 2017, with Cathay investing a total of over USD 250 million in this new production facility this year. In doing so, Cathay will further consolidate its position as an innovative and successful leader in the industrial biotechnology market. The company has the potential to contribute considerable value to our portfolio over the coming years.

A number of firms in the portfolio of public companies are expecting study data and approval decisions in the second half of 2017. These include Pacira Pharmaceuticals, due to publish phase III data on peripheral nerve blocks, and Nabriva, which will present phase III data on its lefamulin antibiotic for the treatment of pneumonia. We also expect the share price of our holding in Advance Accelerator Applications to rise on the strength of possible approval for its Lutathera® cancer drug in Europe and the USA over the next six to nine months.

Our broadly diversified portfolio of high-quality companies at different stages of development and in different therapeutic fields is well positioned and should also benefit from further M&A activity in the healthcare sector.

We continue to believe that volatility on the equity markets will persist. In addition to our efforts to increase the share of the portfolio accounted for by private companies, we will take opportunities that this volatility presents to add high-quality public companies trading at attractive valuations to our portfolio.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.6.2017	31.3.2017
Assets			
Current assets			
Cash and cash equivalents		11 979	6 115
Receivables		85	51
Total current assets		12 064	6 166
Non-current assets			
Investment in subsidiary	(3)	1 121 822	1 192 834
Total non-current assets		1 121 822	1 192 834
Total assets		1 133 886	1 199 000
Liabilities			
Current liabilities			
Liability to subsidiary		53 000	0
Liability from performance fee		0	1 413
Other liabilities		2 666	2 754
Total current liabilities		55 666	4 167
Non-current liabilities			
Financial liabilities	(4)	99 113	99 072
Total non-current liabilities		99 113	99 072
Shareholders' equity			
Share capital	(5.1)	427 050	427 050
Treasury shares	(5.2)	- 27 455	- 23 563
Capital reserve	(5.1)	196 579	237 362
Retained earnings		382 933	454 912
Total shareholders' equity		979 107	1 095 761
Total liabilities and shareholders' equity		1 133 886	1 199 000
Number of outstanding shares (in 000)		7 032	7 066
Net asset value (NAV) per share (CHF)		139.25	155.09

	Notes	Quarter ended 30.6.2017	Quarter ended 30.6.2016
Statement of comprehensive income for the period 1 April to 30 June (CHF 000)			
Net change in value of investment in subsidiary	(3)	-71 012	-22 045
Result from investment activities		-71 012	-22 045
Personnel expenses		-173	-199
Other operating expenses		-170	-127
Result before interest and taxes		-71 355	-22 371
Financial expenses	(4)	-624	-608
Income taxes		0	0
Net result for the period		-71 979	-22 979
Comprehensive result		-71 979	-22 979
Number of outstanding shares, time-weighted (in 000)		7 045	7 334
Basic earnings per share (CHF)		-10.22	-3.13

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

	Quarter ended 30.6.2017	Quarter ended 30.6.2016
Statement of cash flows for the period 1 April to 30 June (CHF 000)		
Other expenses paid (personnel and other operating expenses)	-2 110	-701
Net cash flow from operating activities	-2 110	-701
Interest payments paid	-20	-4
Loan from subsidiary	53 000	55 000
Cash distribution from capital reserve	-40 783	-40 040
Purchase of treasury shares	-4 223	-15 424
Net cash flow from financing activities	7 974	-468
Currency translation differences	0	0
Net change in cash and cash equivalents	5 864	-1 169
Cash and cash equivalents at beginning of period	6 115	6 606
Cash and cash equivalents at end of period	11 979	5 437

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2016 (restated)	450 450	-27 298	293 535	318 140	1 034 827
Comprehensive result				-22 979	-22 979
Purchase of treasury shares		-14 663			-14 663
Distribution from capital reserve (30.6.2016)			-40 040		-40 040
Balance 30 June 2016 (restated)	450 450	-41 961	253 495	295 161	957 145
Comprehensive result				159 751	159 751
Purchase of treasury shares		-21 135			-21 135
Capital reduction (2.9.2016)	-23 400	39 533	-16 133		0
Balance 31 March 2017	427 050	-23 563	237 362	454 912	1 095 761
Comprehensive result				-71 979	-71 979
Purchase of treasury shares		-3 892			-3 892
Distribution from capital reserve (30.6.2017)			-40 783		-40 783
Balance 30 June 2017	427 050	-27 455	196 579	382 933	979 107

General Statements

1. Information about the Company and its business

HBM Healthcare Investments Ltd (HBM Healthcare or Company) is a SIX Swiss Exchange-listed holding company domiciled at Bundesplatz 1, Zug (Switzerland). The purpose of the Company is the acquisition, holding and sale of positions in other companies as well as the management and financing of such positions in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

2. Accounting policies

The condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting, and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the Group Financial Statements for the financial year ended 31 March 2017, as they provide an update to the latest full financial report.

In preparing the interim financial statements, the same accounting policies and methods of computation have been applied as in the preparation of the annual financial statements. A summary of the new and revised IFRS/IAS standards and interpretations effective in the year under review is provided on page 64 and 65 of the Group Financial Statements of the 2016/2017 Annual Report.

The Board of Directors evaluated the implications of the amended standards for the Company and its subsidiaries, in particular with regard to IFRS 10, IFRS 12 and IAS 28. This assessment also included the conclusions reached by the IFRS Interpretations Committee at its meetings in November 2016 and March 2017.

The outcome was that, while the wholly-owned HBM Healthcare Investments (Cayman) Ltd subsidiary provides investment management services to the parent company, despite the absence of some of the typical characteristics of an investment entity (such as more than one investor, and investors that are not related parties of the entity) it still fulfils the general definition laid down in the IFRS 10 standard, and must therefore be classified as such. The Subsidiary will thus no longer be consolidated, but instead carried at fair value through profit and loss.

HBM Healthcare as the parent company fulfils the typical criteria as well, thus qualifying as an investment entity as defined in IFRS 10. As a result, the scope of the Group Financial Statements will be limited to those of HBM Healthcare as the parent company.

The other newly applied standards and interpretations had no material impact on the Group's accounting policies, overall results or financial position.

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

Exchange rates (CHF)	30.6.2017	31.3.2017
CAD	0.7528	0.7389
DKK	0.1472	0.1436
EUR	1.0945	1.0680
GBP	1.2477	1.2583
INR	0.0148	0.0155
SEK	0.1136	0.1118
USD	0.9579	1.0026

Notes to the Balance Sheet and Statement of Income

3. Investment in Subsidiary

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

	Quarter ended 30.6.2017	Quarter ended 30.6.2016
Development fair value investment (CHF 000)		
Fair value at the beginning of period	1 192 834	1 130 421
Change in value, gross	-71 012	-22 045
Fair value at the end of period	1 121 822	1 108 376

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

Composition net assets (CHF 000)	30.6.2017	31.3.2017	30.6.2016
Cash and cash equivalents	191 828	203 890	85 573
Receivables	380	363	292
Loan to parent company	53 000	0	55 000
Investments			
Private companies	155 055	122 491	146 800
Funds	146 407	151 762	145 677
Public companies	700 125	813 569	621 336
Shares of parent company	1 567	8 879	14 442
Financial instruments	5 766	9 001	10 005
Other financial assets	26 240	39 002	29 699
Total assets	1 280 368	1 348 957	1 108 824
Financial instruments	-157 838	-132 991	-39
Liability from performance fee	0	-22 135	0
Other current liabilities	-708	-997	-409
Total net assets at fair value	1 121 822	1 192 834	1 108 376

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

	Quarter ended 30.6.2017	Quarter ended 30.6.2016
Change in net assets at fair value (CHF 000)		
Net result on investments	-48 340	-24 012
Dividend income	9	13
Net result from financial instruments	-15 346	4 459
Net result from other financial assets	-3 536	1 364
Net result from shares of parent company	176	-212
Result from investing activities	-67 037	-18 388
Management fee	-3 530	-3 325
Personnel and other operating expenses	-423	-311
Financial result	-22	-21
Change in value, gross	-71 012	-22 045
Net change in value of investment	-71 012	-22 045

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

3.1 Investments

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

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value 31 March 2017	122 491	151 762	813 569	1 087 822
Purchases	25 737	1 311	70 413	97 461
Sales	14	-2 785	-132 585	-135 356
Realised gains	208	1 671	37 272	39 151
Realised losses	-6	-201	-3 056	-3 263
Changes in unrealised gains/losses	6 611	-5 351	-85 488	-84 228
Net result on investments	6 813	-3 881	-51 272	-48 340
Fair value 30 June 2017	155 055	146 407	700 125	1 001 587

Details on investments can be found on pages 13 and 14.

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2017	Changes in reporting period	Amount disbursed 30.6.2017	Fair value 30.6.2017	Ownership 30.6.2017	Fair value 30.6.2017	Fair value 31.3.2017
			IC m	IC m	IC m	IC m	%	CHF 000	CHF 000
Cathay Industrial Biotech	CN	USD	28.0		28.0	43.9	9.3	42 004	43 964
True North Therapeutics ¹⁾	US	USD	10.0		10.0	20.3	3.2	19 445	10 026
Amicus	CH	EUR	0.0	15.0	15.0	15.0	29.0	16 417	0
Westmed Holding	US	USD	7.0		7.0	12.4	22.4	11 911	12 467
ARMO BioSciences	US	USD	10.0		10.0	10.0	4.4	9 579	10 026
Vascular Dynamics	US	USD	9.0		9.0	9.0	15.8	8 604	9 005
FarmaLatam	PA	USD	4.3	1.5	5.8	5.8	64.6	5 529	4 317
Neurelis	US	USD	5.5		5.5	5.5	11.0	5 268	5 514
SAI Life Sciences	IN	INR	256.4		256.4	352.7	6.1	5 232	5 453
Vitaeris	CA	USD	3.0		3.0	4.0	20.0	3 832	4 010
Formation Biologics	CA	CAD	0.0	5.0	5.0	5.0	10.1	3 694	0
Iconic Therapeutics	US	USD	7.5		7.5	3.8	7.1	3 592	3 760
Cardiac Assist	US	USD	4.4		4.4	3.1	17.8	3 005	3 145
Shriji Polymers	IN	INR	0.0	201.0	201.0	201.0	2.8	2 981	0
1mg	IN	INR	136.0		136.0	136.0	5.0	2 017	2 103
Others								11 945	8 701
Total private companies								155 055	122 491

1) The position was sold during the reporting period. The valuation corresponds to the upfront payment plus the risk-adjusted future claims based on milestones. The transaction was closed in July 2017.

Funds	Invest- ment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.6.2017	Cumulative repayments 30.6.2017	Fair value 30.6.2017	Fair value 30.6.2017	Fair value 31.3.2017
			IC m	IC m	IC m	IC m	IC m	IC m	CHF 000
Nordic Biotech	DKK	31.0			31.0	11.8	195.9	28 813	31 634
HBM BioCapital II ¹⁾	EUR	42.0			31.6	0.0	24.1	26 420	27 383
MedFocus Fund II	USD	16.0			16.0	15.0	19.4	18 560	19 497
WuXi Healthcare Ventures II	USD	20.0		0.2	11.0	0.4	12.1	11 636	11 891
BioMedInvest I	CHF	26.0			26.0	21.5	10.3	10 270	10 400
Galen Partners V	USD	10.0	0.2		9.8	1.5	10.3	9 897	9 085
Hatteras Venture Partners III	USD	10.0			10.0	2.0	9.7	9 332	9 997
BioMedInvest II	CHF	10.0			10.0	1.8	9.1	9 140	8 360
Tata Capital HBM Fund I	USD	10.0			8.9	0.5	8.4	8 010	7 989
HBM Genomics	USD	15.0	1.2		7.4	0.0	7.3	6 958	5 368
BioVeda China	USD	8.5		1.4	8.5	28.6	4.0	3 839	5 398
Others								3 532	4 760
Total funds								146 407	151 762

1) The fair value of EUR 24.1 million takes into account the fund's cumulative management fees of EUR 4.4 million. This amount has been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Domicile	Investment currency	Balance 31.3.2017	Changes in reporting period	Balance 30.6.2017	Ownership 30.6.2017	Fair value 30.6.2017	Fair value 31.3.2017
				Number of shares				
Advanced Accelerator Applications	P ¹⁾ FR	USD	3 300 000	-280 109	3 019 891	7.0	112 933	131 880
Vectura Group	GB	GBP	67 991 719	-1 867 651	66 124 068	9.7	92 318	130 637
Pacira Pharmaceuticals	P ¹⁾ US	USD	1 100 000	0	1 100 000	2.7	50 261	50 290
Genmab	DK	DKK	182 800	-22 800	160 000	0.3	32 714	35 248
Ultragenyx Pharmaceutical	US	USD	384 257	88 243	472 500	1.1	28 111	26 113
Nabriwa Therapeutics	P ¹⁾ IE	USD	2 968 980	-178 047	2 790 933	10.3	28 018	35 720
Esperion Therapeutics	US	USD	634 407	-43 648	590 759	2.6	26 189	22 459
Incyte	US	USD	205 000	-25 000	180 000	0.1	21 710	27 474
AnaptysBio	P ¹⁾ US	USD	942 835	0	942 835	4.7	21 612	26 232
Paratek Pharmaceuticals	P ¹⁾ US	USD	1 200 000	-300 000	900 000	3.3	20 777	23 160
Neurocrine Biosciences	US	USD	529 500	-79 500	450 000	0.5	19 829	22 987
ObsEva	P ¹⁾ CH	USD	2 319 780	0	2 319 780	7.8	18 999	24 212
Tesaro	US	USD	152 750	-12 650	140 100	0.3	18 769	23 565
Eagle Pharmaceuticals	US	USD	198 279	44 092	242 371	1.6	18 316	16 488
Nicox	FR	EUR	1 184 941	75 059	1 260 000	4.9	16 397	12 418
Galapagos	BE	EUR	156 000	8 000	164 000	0.3	12 001	13 591
Avexis	US	USD	62 000	73 000	135 000	0.4	10 625	4 726
Biomarin	US	USD	206 000	-84 794	121 206	0.1	10 544	18 130
Erytech Pharma	FR	EUR	200 000	140 000	340 000	2.9	10 048	6 002
Ascendis Pharma	DK	USD	235 000	100 000	335 000	1.0	8 908	6 597
Probiodrug	P ¹⁾ DE	EUR	497 910	-41 495	456 415	5.6	8 342	8 391
Antares Pharma	US	USD	3 740 732	-1 101 033	2 639 699	1.7	8 142	10 651
Coherus Biosciences	US	USD	582 442	-5 000	577 442	1.1	7 937	12 351
Immunomedics	US	USD	0	924 400	924 400	0.8	7 819	0
Prothena	IE	USD	151 900	-2 500	149 400	0.4	7 745	8 497
Regenxbio	US	USD	546 000	-186 699	359 301	1.2	6 797	10 565
Divis Laboratories	IN	INR	608 000	0	608 000	0.2	5 837	5 864
Claris Lifesciences	IN	INR	1 076 025	16 333	1 092 358	2.0	5 774	5 332
RA Pharmaceuticals	US	USD	255 000	45 000	300 000	1.3	5 385	5 443
Vicore Pharma	SE	SEK	1 200 000	0	1 200 000	7.6	5 003	2 723
Argenx	NL	EUR	255 000	-5 000	250 000	0.9	4 953	4 507
Albireo Pharma	US	USD	0	238 219	238 219	2.8	4 701	0
Laurus Labs	IN	INR	501 698	0	501 698	0.5	4 578	4 004
Eiger BioPharmaceuticals	P ¹⁾ US	USD	603 819	0	603 819	7.2	4 569	6 932
Alimera Sciences	US	USD	3 250 000	0	3 250 000	5.0	4 327	4 562
Acadia Pharmaceuticals	US	USD	144 990	5 010	150 000	0.1	4 007	4 998
Sarepta Therapeutics	US	USD	120 000	0	120 000	0.2	3 875	3 561
Accelerate Diagnostics	US	USD	0	125 000	125 000	0.2	3 275	0
Karyopharm Therapeutics	US	USD	0	359 700	359 700	0.8	3 118	0
Others							14 862	57 261
Total public companies							700 125	813 569
Total investments							1 001 587	1 087 822

P¹⁾ The position originates from the private companies portfolio.

3.2 Financial instruments

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

Holdings of financial instruments (CHF 000)	30.6.2017	31.3.2017
Currency hedging		
Forward contracts for currency hedging purposes	0	157
Other financial instruments		
Purchased call and put options	5 766	8 844
Total long financial instruments	5 766	9 001
Market hedging		
Sale of ETFs	157 693	132 991
Other financial instruments		
Purchased call and put options	145	0
Total short financial instruments	157 838	132 991

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 157.7 million, it consisted of the short sale of 2.1 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

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

Income from financial instruments (CHF 000)	Quarter ended 30.6.2017	Quarter ended 30.6.2016
Gains from currency hedging transactions	0	4 367
Gains from other financial instruments	33	92
Total gains from financial instruments	33	4 459
Losses from currency hedging transactions	-1 973	0
Losses from market hedging transactions	-9 272	0
Losses from other financial instruments	-4 134	0
Total losses from financial instruments	-15 379	0
Net result from financial instruments	-15 346	4 459

3.3 Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recognised at fair value through profit and loss by applying a probability-weighted valuation approach based on the assessment of the likelihood of attaining the underlying targets. These claims are discounted over time at a discount rate of 11.0 percent (previous year: 11.0 percent) in the Group Financial Statements. The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates.

Of the total book value as at 30 June 2017, CHF 26.2 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 5.6 million are reported under "Investments - Other private companies" (claims from investments held indirectly via HBM BioCapital I).

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

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

Balance sheet value and potential cash flows (CHF million)	Book value 30.6.2017	Cash flows minimum	Cash flows maximum	Expected period of payment
Nereus ¹⁾	13.1	0.0	26.2	2018–2020
mtm laboratories	12.4	0.8	25.2	2017–2019
Interventional Spine	3.5	2.3	6.2	2017–2019
Kolltan ¹⁾	1.5	0.0	0.0	from 2017 onwards
Tripex (former Mpex) ²⁾	1.3	0.6	31.1	from 2018 onwards
Total	31.8	3.7	>88.7	

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

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

3.4 Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the 3-month period up to the end of June 2017, HBM Partners was paid CHF 3.5 million (previous year: CHF 3.3 million).

No provision for a performance fee was made during the reporting period (previous year: none) because net assets as at the balance sheet date did not exceed the highest net assets (high water mark) used as the calculation basis for the last performance fee payment. The high water mark for all outstanding shares is CHF 152.62 (adjusted for any dividends and capital repayments to shareholders). The cut-off date for the payment of any performance fee is 31 March of a financial year.

3.5 Off-balance-sheet commitments

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

Investment commitments (CHF 000)	30.6.2017	31.3.2017
HBM BioCapital I+II	11 649	11 367
Other funds	17 426	19 596
Private companies	12 987	5 246
Total investment commitments	42 062	36 209

4. Non-current financial liabilities

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

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

The straight bonds are carried at amortised cost, subject to the effective interest method. The difference between the net proceeds (after the deduction of CHF 1.2 million in transaction costs) and the amount repayable when the bond falls due for redemption is amortised over the term of the bonds and charged to financial expenses along with the interest that has been paid. The effective interest rates are 2.22 and 2.67 percent, respectively.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 427.05 million, divided into 7300000 registered shares at a par value of

CHF 58.50 each. At the Ordinary Shareholders' Meeting of 26 June 2017, the decision was made to cancel 260 000 treasury shares. This capital reduction will be entered in the Commercial Register in the course of the third quarter of 2017 in consideration of legal deadlines.

In addition to this capital reduction, the Ordinary Shareholders' Meeting also approved a withholding tax exempt distribution to shareholders of CHF 5.80 per registered share drawn from capital reserve. The payment was made on 30 June 2017.

5.2 Treasury shares

The Ordinary Shareholders' Meeting of 24 June 2016 authorised the Board of Directors to repurchase a maximum of 730 000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 23 June 2019 ("2016 share buy-back programme"). The programme started on 6 October 2016. Under this share buy-back programme a total of 169 500 of the Company's own shares have been repurchased up to the balance sheet date.

The Company holds 268 500 of its own shares (as at 31 March 2017: 234 500) as at the balance sheet date of 30 June 2017. In the 3-month period of the current financial year, a total of 34 000 of the Company's own shares were acquired at an average price of CHF 114.47 per share (previous year: 147 500 own shares at an average price of CHF 99.41).

Holdings from second trading line (Number of own shares)	30.6.2017
Beginning of period	234 500
Acquired via second trading line under share buy-back programme	34 000
End of period	268 500

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd holds 13 782 treasury shares (as at 31 March 2017: 79 699), acquired via the regular trading line. During the 3-month period up to the end of June 2017, the Subsidiary acquired a total of 206 925 treasury shares via the regular trading line at an average price of CHF 114.82 per share (previous year: 119 522 shares at CHF 99.30) and sold 272 842 treasury shares at an average price of CHF 114.47 (previous year: 114 159 shares at CHF 98.74).

6. Transactions with related parties

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as General Partner. For details on the investment commitment, paid-in capital and valuation of this investment, please refer to the overview of funds on page 13.

hbmhealthcare.com

HBMN

SIX Swiss Exchange Ticker

Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 30 June 2017:

Shareholding

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

Information on shares

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

Board of Directors and Management

Hans Peter Hasler, Chairman
Prof. Dr Dr h.c. mult. Heinz Riesenhuber,
Vice Chairman
Mario G. Giuliani, Member
Dr Eduard E. Holdener, Member
Robert A. Ingram, Member
Dr Rudolf Lanz, Member
Dr Benedikt Suter, Secretary

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

Investment Advisor

HBM Partners Ltd, Zug www.hbmpartners.com

Fees

Management fee (paid quarterly):
0.75% p.a. of Company assets plus
0.75% p.a. of the Company's market capitalisation
Performance fee (paid annually):
15% on increase in value above the high water mark
High water mark (per share for all outstanding shares):
NAV of CHF 152.62

Credits

Editorial HBM Healthcare Investments Ltd
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