



Investing for a better life

AEVIS VICTORIA SA Half-year Report 2016

AEVIS VICTORIA SA – Investing for a better life

AEVIS VICTORIA invests in services to people, healthcare, hospitality, life sciences and lifestyle. AEVIS's main shareholdings are Swiss Medical Network SA, one of Switzerland's two leading private hospitals groups, Victoria-Jungfrau Collection AG, a hotel group operating four luxury hotels in Switzerland, a hospitals and hospitality real estate division comprising 41 properties, Medgate, the leading telemedicine provider in Switzerland, and NESSENS SA, a brand dedicated to better aging. AEVIS is listed on the Swiss Reporting Standard of the SIX Swiss Exchange (AEVS.SW) and included in the Swiss Performance Index (SPI), the SXI Life Sciences Index (SLIFE) and the SXI Bio+Medtech Index (SBIOM).

www.aevis.com

Highlights

- Total revenue increased by 1.2% to CHF 293.5 million
- EBITDA increased by 27.9% to CHF 42.2 million
- Acquisition of a 40% stake in the telemedicine group Medgate
- Issuance of a new 5-year CHF 150 million straight bond

Key Figures

(In thousands of CHF unless otherwise stated)	HY 2016	HY 2016 Normalised	HY 2015 Restated	FY 2015 Restated
Total revenue	293'488	297'279	289'906	576'057
Net revenue	256'068	259'859	254'903	508'606
EBITDAR	48'366	52'956	39'917	78'452
<i>EBITDAR margin</i>	18.9%	20.4%	15.7%	15.4%
EBITDA	42'175	46'931	32'987	64'513
<i>EBITDA margin</i>	16.5%	18.1%	12.9%	12.7%
EBIT	20'582	25'338	12'993	23'862
<i>EBIT margin</i>	8.0%	9.8%	5.1%	4.7%
Profit for the period	4'196	8'952	71	3'770
Market price per share at end of period (in CHF)	44.50		46.40	40.95
Number of outstanding shares	14'951'369		15'029'954	15'010'091
Market capitalisation	665'336		697'390	614'663



Hospitals Swiss Medical Network

Swiss Medical Network is one of Switzerland's two leading private hospitals groups. Its hospitals, which are located in all three of the country's main language regions, provide first-class hospital treatment, care and assistance to patients from Switzerland and abroad.

All Swiss Medical Network hospitals are renowned for the quality of their services, their excellent medical facilities, their top-notch hotellerie and their pleasant ambience. With their state-of-the-art medical technology and their comprehensive specialist expertise, the hospitals of Swiss Medical Network offer reliable medical care of the very highest calibre, which puts the patient's comfort and well-being firmly centre stage.

Swiss Medical Network today operates 14 hospitals and one ambulatory clinic. The group counts 1'230 doctors and 2'490 employees. Swiss Medical Network is also affiliated with Klinik Pyramide am See AG, which operates a hospital in the canton of Zurich. Swiss Medical Network's objective is to continue expanding its Swiss-wide network by acquiring and restructuring further hospital facilities.

Swiss Medical Network SA is a fully-owned subsidiary of AEVIS VICTORIA.

www.gsmn.ch



Hospitality Victoria-Jungfrau Collection

Victoria-Jungfrau Collection operates four leading five-star hotels situated in the most sought-after locations in Switzerland: Victoria-Jungfrau Grand Hotel & Spa in Interlaken, Palace Luzern, Eden au Lac in Zurich and Bellevue Palace in Bern. The four hotels are individually managed but all share a commitment to personal hospitality and top-quality service. The historic establishments with Swiss tradition offer luxurious accommodation, gourmet cuisine, wellness and contemporary infrastructure to their guests. The Victoria-Jungfrau Collection yearly counts around 170'000 overnight bookings.

The Interlaken based luxury hotel group is a 100% subsidiary of AEVIS VICTORIA, which owns the hotels in Interlaken and Zürich and holds long-term Management contracts for the properties in Berne and Lucerne.

www.vjc.ch



Hospital and Hospitality Real Estate

AEVIS VICTORIA's real estate portfolio is composed of healthcare and hospitality real estate and organised in two dedicated entities. The total real estate portfolio counts 41 properties on 17 sites, representing a rental surface of approx. 175'000 sqm and a market value of CHF 940 million.

Swiss Healthcare Properties AG, founded in 1997, is a unique healthcare-related real estate company in Switzerland. The portfolio, with a market value of CHF 776 million and a rental surface of 133'400 sqm, consists of 33 quality entities situated in premium locations. All properties are fully let, mainly to the various Swiss Medical Network hospitals, and have been bought or constructed in the context of the development of the group. SHP's properties present a development potential of 30'000 to 35'000 sqm. Swiss Healthcare Properties has a buy/build & hold strategy with a long-term perspective of ongoing renovation and maintenance programs. The real estate company is committed over the long-term to the hospital's operations growth but also aims to realise healthcare-related real estate acquisitions with reliable operators outside the Swiss Medical Network.

Swiss Hospitality Properties AG owns the buildings of the hotels Eden au Lac in Zurich and Victoria-Jungfrau Grand Hotel & Spa in Interlaken, as well as six smaller annex properties in Interlaken. The 8 properties represent a rental surface of 41'600 sqm and a market value of CHF 164 million.

Both companies are 100% subsidiaries of AEVIS.

www.shp.net



Telemedicine Medgate and LifeWatch

Medgate was founded in 1999 by flying doctor and surgeon Andy Fischer, economist Lorenz Fitzi, and IT specialist André Moeri. Today it is one of the leading providers of integrated ambulant healthcare in Switzerland. The Medgate Telemedicine Center and Medgate Health Center business units, and the Medgate Partner Network foundation integrate their work closely. If a physical consultation is needed following a teleconsultation, patients from the Medgate Telemedicine Center can be referred to a Medgate Health Center or to a specialist from the Medgate Partner Network. At the same time, physicians in the Health Center can involve specialists from the Telemedicine Center or Partner Network quickly and easily in the care of their patients. This guarantees comprehensive, high-quality care for our patients. Thanks to Medgate International – the newest business unit – the successful concept is also being exported beyond Switzerland. AEVIS VICTORIA holds a participation of 40% in the Medgate Group.

www.medgate.ch

LifeWatch AG, is a leading healthcare technology and solution company, specialising in advanced digital health systems and wireless remote diagnostic patient monitoring services. LifeWatch's services provide physicians with critical information to determine appropriate treatment and thereby improve patient outcomes. LifeWatch is listed on the International Reporting Standard of the SIX Swiss Exchange (LIFE). AEVIS VICTORIA holds a participation of 10.64% in LifeWatch AG.

www.lifewatch.com



Business incubator

Nescens is the result of a unique blend of medical and scientific expertise, born out of the vision of Professor Jacques Proust, a pioneer in the field of the biology of aging who created the Centre for the Prevention of Aging at Clinique de Genolier.

Nescens is the first brand that developed a comprehensive and personalized medical accompaniment for successful aging. In its Preventive Medicine Centres, health Spas and Clinics, Nescens offers medical check-ups, better-aging programmes, plastic surgery and aesthetic medicine and also anti-aging cosmeceuticals. Nescens also created a centre of excellence in regenerative medicine in the form of Nescens Swiss Stem Cell Science. Its main activity is to promote, manage and organise the collection, treatment, cryopreservation and autologous use of stem cells for therapies or aesthetic enhancements.

AEVIS VICTORIA owns 36.2% of Nescens SA, 84% of Laboratoires Genolier SA, the company developing high-end cosmeceuticals, 70% of Swiss Stem Cell Science SA and 100% of Clinique Nescens Paris Spontini, its first hospital dedicated to plastic surgery.
www.nescens.com

Swiss Ambulance Rescue is an ambulance company specialised in the transportation of patients and injured. With 15 ambulances and 65 employees, Swiss Ambulance Rescue is the most important private player in Geneva. The company is specialised in repatriations, urgent patient transports, hospital transfers and assistance for insurance companies.

AEVIS VICTORIA owns 93.4% of Swiss Ambulance Rescue Genève SA.

www.swissambulancerescue.ch

Share and bond information

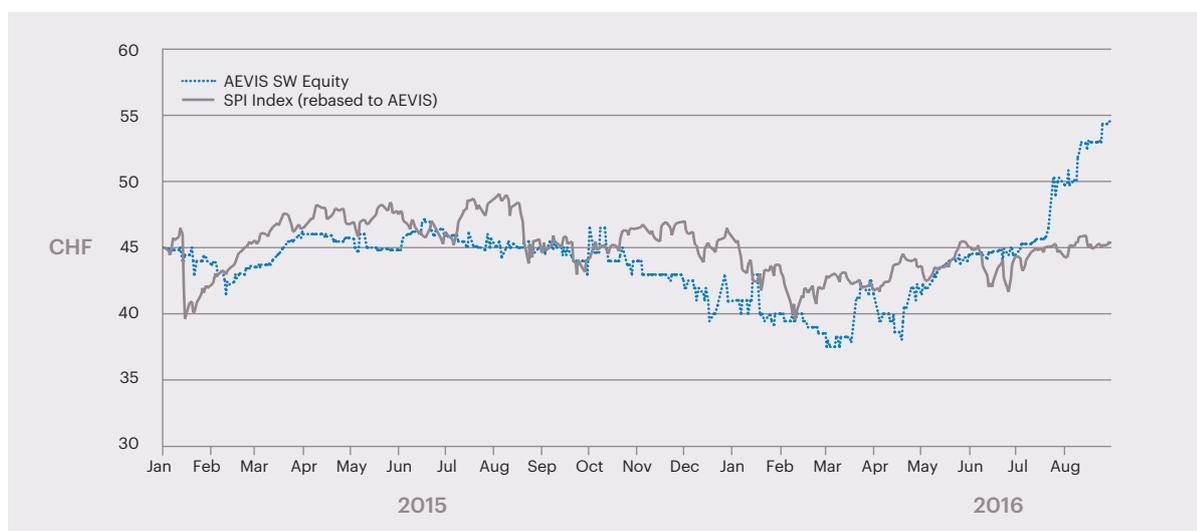
Number of shares

	30.06.2016	31.12.2015
Share capital (in CHF)	75'176'035	75'176'035
Number of registered shares issued	15'035'207	15'035'207
Nominal value per registered shares (in CHF)	5	5
Number of treasury shares	83'838	25'116
Number of registered shares outstanding	14'951'369	15'010'091

Data per share

(In CHF unless otherwise stated)	30.06.2016	31.12.2015
High	45.10	47.10
Low	37.05	39.50
End price	44.50	40.95
Average volume per day (in units)	1'172	1'517
Market capitalisation	665'335'921	614'663'226

Share price performance



The registered shares of AEVIS VICTORIA SA are traded on the Swiss Reporting Standard of SIX Swiss Exchange. The shares of AEVIS VICTORIA are included in the Swiss Performance Index (SPI) and are also part of the SXI Life Sciences Index (SLIFE) and SXI Bio+Medtech Index (SBIOM).

Valor symbol:	AEVS	Bloomberg:	AEVS SW Equity
Valor no.:	1248819	Reuters:	AEVS.S.
ISIN:	CH0012488190		

AEVIS VICTORIA SA Bonds

AEVIS VICTORIA SA has issued four fixed rate bonds, of which one arrived at maturity on 3 August 2016.

	AEV12	AEV13	AEV14	AEV16
Bond type	Fixed rate	Fixed rate	Fixed rate	Fixed rate
Nominal amount	CHF 80.0 million	CHF 100.0 million	CHF 145.0 million	CHF 150.0 million
Securities number	CH0187896698	CH0214926096	CH0240109592	CH0325429162
Interest rate	4.25%	3.50%	2.75%	2.50%
Term	03.08.2012 to 03.08.2016	02.07.2013 to 02.07.2018	04.06.2014 to 04.06.2019	07.06.2016 to 07.06.2021
Maturity	03.08.2016 at par value	02.07.2018 at par value	04.06.2019 at par value	07.06.2021 at par value

On 20 September 2016, AEVIS VICTORIA has successfully issued a 6-year bond in the amount of CHF 130 million, maturing on 19 October 2022. The coupon was set at 2.00%. Listing will be applied in accordance with the standard for bonds of the SIX Swiss Exchange.

Major shareholders

The following shareholders held more than 3% on 30 June 2016:

Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA	78.06%
Kuwait Investment Office	3.55%
Total shareholders (30 June 2016)	1'629

Financial reporting

November 2016	Publication of 3Q 2016 Revenue
March 2017	Publication of 2016 Revenue
28 April 2017	Publication of the 2016 Annual Results
May 2017	Publication of 1Q 2017 turnover
13 June 2017	Ordinary general shareholders meeting for the year 2016
22 September 2017	Publication of the 2017 half-year results
November 2017	Publication of 3Q 2017 turnover

Share Register

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Dear Shareholder,

AEVIS VICTORIA SA (AEVIS) continued to expand its activities in the first half-year 2016. The real estate portfolio was slightly enlarged and the build-up of a fourth pillar of business in the field of telemedicine was successfully started with the acquisition of a participation in both Medgate Group and listed LifeWatch AG. The hospitals of Swiss Medical Network made further progress, highlighted by turnover growth and better utilization of infrastructure resulting in substantially improved margins. Total revenues grew by 1.2% to CHF 293.5 million (HY 2015: CHF 289.9 million) and net revenues (medical fees excluded) increased to CHF 256.1 million (HY 2015: CHF 254.9 million) in the first six months of 2016. At constant perimeter (without Palace Lucerne in 2015) revenue growth reached 3.6%. Consolidated EBITDA surged by 27.9% to CHF 42.2 million, corresponding to an EBITDA margin of 16.5%, up from CHF 12.9% a year ago. The normalised EBITDA, mainly factoring out seasonality effects in the hospitality segment, reached CHF 46.9 million, corresponding to a normalised EBITDA margin of 18.1%. As a result, the profit for the period increased from CHF 0.07 million in 2015 to CHF 4.2 million in the reporting period.

Successful bond issuance

AEVIS VICTORIA was once again active on the capital markets. It successfully issued a new 5-year CHF 150 million straight bond with a coupon of 2.5%. The net proceeds of the bond were partially used to refinance the CHF 80 million, 4.25% bond AEV12 that matured on 3 August 2016.

Inclusion in Swiss Performance Index

As the free-float soared above the 20% threshold following the full integration of Victoria-Jungfrau Collection, the nominal shares of AEVIS VICTORIA were included in the Swiss Performance Index (SPI) in late July 2016. They are also part of the indices SXI Life Sciences Index (SLIFE) and SXI Bio+Medtech Index (SBIOM) since 19 September 2016.

Hospitals of Swiss Medical Network achieve turnover and profitability growth

Swiss Medical Network reached a turnover of CHF 222.2 million, up from CHF 213.7 in the previous year. This solid result was mainly based on an overall increase of the number of patients treated in the network's hospitals while lower DRG and TARMED rates for the domestic activity remained a challenge. Medical tourism recovered and the turnover with foreign patients surged by around 10%, partially offsetting last year's decline. In addition, the exploitation of synergies and efficiency gains also contributed to the improved EBITDAR of CHF 50.3 million, corresponding to an EBITDAR margin of 22.6%, in comparison to an EBITDAR of CHF 40.6 million and an EBITDAR margin of 19.0% a year ago.

Swiss Medical Network has an outstanding track record in acquiring and restructuring private hospitals. This buy-and-build strategy paid off in the first half-year 2016. 14 out of 15 hospitals achieved a positive EBITDAR, as all of them are now in the optimisation phase of the business cycle. Privatklinik Lindberg is the only entity of the network that remains in the repositioning phase. The inflow of admitting physicians continued. This is a confirmation of the underlying attractiveness of the network and its hospitals. In early March, Swiss Medical Network introduced a common flat rate payment system for all its listed hospitals, with tariffs that are,

on average, 5% lower than those of public hospitals. In early July, a new tariff agreement was signed with insurer KPT lasting for the next 5 years that also includes an equitable compromise for services provided back in 2015. Both these measures will help to dampen rising healthcare costs in Switzerland.

After the reporting period, on 14 September 2016, Swiss Medical Network submitted a takeover offer to all shareholders of GENERALE BEAULIEU Holding SA allowing Clinique Générale-Beaulieu in Geneva to join Swiss Medical Network. Clinique Générale-Beaulieu is a multi-disciplinary private hospital that accounts for around 5'700 hospitalisations per year, and it has approximately 400 employees and 600 admitting physicians.

Hotels of Victoria-Jungfrau Collection reach EBITDAR margin of more than 11%

Seasonality effects had the usual impact on the performance of the city hotels. Furthermore, tourism in Switzerland was also affected by the terrorist attacks in Europe as travellers became more cautious. With its solid and diversified guest portfolio, Victoria-Jungfrau Collection was able to absorb these influences and nearly match the results from the previous year in the consolidated hotels. Total turnover declined to CHF 26.7 million (HY 2015: CHF 32.6 million) but this decrease is mainly attributed to the deconsolidation of the Palace Hotel in Lucerne (turnover of CHF 6.5 million in HY 2015) due to the new management contract structure in place since 1 January 2016. The number of overnight stays reached 34'145 (HY 2015: 45'265), while occupancy rate reached 46.6% (HY 2015: 47.0%) also in light of the deconsolidation of Palace Lucerne. The average room rate was nearly unchanged and reached CHF 340 (HY 2015: CHF 344). Lower personnel expenses and efficiency gains contributed to an improved EBITDAR of CHF 3.0 million, representing an EBITDAR margin of 11.2%.

Clients at the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the flagship house of the group, are served even better since the successful re-opening of the renovated "La Terrasse" restaurant in spring, the opening of the new outlet "The Garden" during summer months and the planned launch of a new spa concept in autumn 2016. Nevertheless, the management team has further intensified its national and international sales activities in order to respond to the challenging market environment. At the same time, it continues with its diversification strategy to avoid a cluster risk from certain markets. Additional synergies in IT, marketing, procurement and human resources were identified.

Healthcare- and hotel-related real estate perform well

In the real estate segment, net revenue amounted to CHF 25.6 million (HY 2015: CHF 18.6 million), to which Swiss Healthcare Properties contributed CHF 21.8 million and Swiss Hospitality Properties, the hospitality-related real estate, CHF 3.8 million. EBITDAR increased to CHF 23.8 million compared to CHF 16.8 million in the previous year. The market value of the 33 properties of Swiss Healthcare Properties reached CHF 775.8 million and the value of the hospitality properties amounted to CHF 164.0 million. All properties were fully let at the end of the reporting period.

Swiss Healthcare Properties finalized one acquisition in the reporting period and bought an office building in Echandens in January 2016. The property offers rental space of 1'768 sqm with 53 parking spaces and is mainly rented to Swiss Medical Network and Patrimonium Asset Management. Furthermore, investments are planned in various hospitals of Swiss Medical Network, including a new building for Privatklinik Villa im Park in Rothrist and an extensive refurbishment program at Clinique de Valère in Sion. The current portfolio has a further development potential of nearly 30'000 to 35'000 sqm rentable space. Considering the development of the hospital's activities in the next years, that create a need for additional surfaces on various sites, actions are being taken in anticipation to meet this demand. These can include the increase of ground area ratios, the change of area plans or the acquisition of buildings near to current hospitals.

Telemedicine activities expanded

AEVIS VICTORIA is building up a fourth pillar of activities in the field of telemedicine. Two participations have been made so far. In January 2016 the acquisition of 40% of Medgate Group, the leading provider of telemedical services in Switzerland, was completed. Since July 2016, AEVIS holds a participation in listed LifeWatch AG, a leading developer and provider of medical solutions and remote diagnostic monitoring services in the digital health market. After the purchase of a 4.6% stake within the context of LifeWatch's rights offering, the shareholding was further increased to 10.6% in August 2016. AEVIS VICTORIA believes that telemedicine and eHealth solutions will shape the future of medicine and that investments in leading companies in that field usefully complement its portfolio of solutions for a better life.

NESCENS online distribution

AEVIS VICTORIA SA invests in various other activities along the value chain of its main pillars of activity. The rescue entity based in Geneva will be re-branded into Swiss Ambulance Rescue in late September 2016. NESCENS preventive medical check-up centres are now operative in Genolier, Lausanne, Lugano and soon in Zurich, while NESCENS better-aging med-spa programs are available in Interlaken and Geneva. For the first time, the anti-aging cosmetics of NESCENS are also sold in a dedicated e-shop targeting international buyers. Les Hauts de Genolier has been rebranded into Nescens Clinique de Genolier.

Outlook

For the entire business year 2016, AEVIS VICTORIA SA expects to realise a turnover of approximately CHF 600 million, based on an unchanged portfolio consolidated over a 12-month period. AEVIS VICTORIA SA continues to target an EBITDA margin of more than 20% in the mid-term, based on optimised processes and higher utilisation of its infrastructure. This will imply a free cash flow margin of around 10%, on which a pay-out ratio of 30% would be applied.

Christian Wenger
Chairman of the Board

Antoine Hubert
Delegate of the Board

**Consolidated financial statements
of AEVIS VICTORIA SA**

Consolidated Income Statement

(In thousands of CHF)	NOTE	HY 2016	HY 2015 Restated
Revenue from operations		289'086	286'384
Other revenue		4'402	3'522
External services		(37'420)	(35'003)
Net revenue		256'068	254'903
Production expenses		(57'081)	(57'152)
Personnel expenses		(114'970)	(118'672)
Other operating expenses		(35'651)	(39'162)
EBITDAR		48'366	39'917
Rental expenses		(6'191)	(6'930)
EBITDA		42'175	32'987
Depreciation on tangible assets		(19'333)	(18'019)
Amortisation on intangible assets		(2'260)	(1'975)
EBIT		20'582	12'993
Financial result		(12'005)	(11'122)
Share of profit / (loss) of associates		(325)	39
Ordinary result		8'252	1'910
Extraordinary result	6	(27)	(75)
Profit before taxes		8'225	1'835
Income taxes		(3'682)	(1'849)
Profit/(loss) for the period before minority interests		4'543	(14)
Minority interests		(347)	85
Profit for the period		4'196	71
Weighted average number of outstanding shares		14'998'240	14'256'059
Earnings per share (in CHF)		0.28	0.00
Potential dilutive effect of share-based payment plans		(0.01)	(0.00)
Diluted earnings per share (in CHF)		0.27	0.00

Consolidated Balance Sheet

(In thousands of CHF)	30.06.2016	31.12.2015 Restated
Assets		
Cash and cash equivalents	8'177	13'068
Trade receivables	116'734	113'150
Other receivables	36'033	49'848
Inventories	16'792	17'514
Accrued income and prepaid expenses	30'835	23'308
Total current assets	208'571	216'888
Fixed assets	1'137'934	1'126'161
Intangible assets	25'245	25'491
Financial assets	45'931	19'450
Total non-current assets	1'209'110	1'171'102
Total assets	1'417'681	1'387'990
Liabilities and equity		
Trade payables	74'334	88'972
Other current liabilities	26'967	20'243
Short-term financial liabilities	95'113	100'197
Other short-term borrowings	800	800
Accrued expenses and deferred income	50'468	47'181
Short-term provisions	482	482
Total current liabilities	248'164	257'875
Long-term financial liabilities	742'155	703'621
Other long-term borrowings	16'991	16'755
Other non-current liabilities	13'666	14'412
Long-term provisions	91'801	92'844
Total non-current liabilities	864'613	827'632
Total liabilities	1'112'777	1'085'507
Equity		
Share capital	75'176	75'176
Capital reserves	251'418	251'075
Treasury shares	(3'538)	(1'075)
Offset goodwill	(45'548)	(45'548)
Currency translation differences	(992)	(990)
Retained earnings	28'217	24'021
Shareholder's equity excl. minority interests	304'733	302'659
Minority interests	171	(176)
Shareholders' equity incl. minority interests	304'904	302'483
Total liabilities and equity	1'417'681	1'387'990

Consolidated Statement of Changes in Equity

(In thousands of CHF)	Share capital	Capital reserves	Treasury shares	Offset goodwill	Currency translation differences	Retained earnings / (accumulated deficit)	Total excl. minority interests	Minority interests	Total incl. minority interests
Balance at 1 January 2015 (before restatement)	71'981	232'991	(248)	(44'626)	(151)	10'509	270'456	48'746	319'202
Changes in accounting principles	-	-	-	1'932	-	-	1'932	-	1'932
Balance at 1 January 2015 (restated)	71'981	232'991	(248)	(42'694)	(151)	10'509	272'388	48'746	321'134
Profit for the period	-	-	-	-	-	71	71	(85)	(14)
Capital increase	3'195	(2)	-	-	-	-	3'193	-	3'193
Acquisition of subsidiaries	-	-	-	(211)	-	-	(211)	(162)	(373)
Purchase of minority interests	-	25'493	-	-	-	9'739	35'232	(48'737)	(13'505)
Purchase of treasury shares	-	-	(18'095)	-	-	-	(18'095)	-	(18'095)
Sale of treasury shares	-	(85)	18'132	-	-	-	18'047	-	18'047
Share-based payments	-	174	-	-	-	-	174	-	174
Currency translation differences	-	-	-	-	(1'072)	-	(1'072)	-	(1'072)
Balance at 30 June 2015 (restated)	75'176	258'571	(211)	(42'905)	(1'223)	20'319	309'727	(238)	309'489
Balance at 1 January 2016 (restated)	75'176	251'075	(1'075)	(45'548)	(990)	24'021	302'659	(176)	302'483
Profit for the period	-	-	-	-	-	4'196	4'196	347	4'543
Purchase of treasury shares	-	-	(13'611)	-	-	-	(13'611)	-	(13'611)
Sale of treasury shares	-	78	11'148	-	-	-	11'226	-	11'226
Share-based payments	-	265	-	-	-	-	265	-	265
Currency translation differences	-	-	-	-	(2)	-	(2)	-	(2)
Balance at 30 June 2016	75'176	251'418	(3'538)	(45'548)	(992)	28'217	304'733	171	304'904

Consolidated Cash Flow Statement

(In thousands of CHF)	HY 2016	HY 2015
Profit for the period	4'196	71
Minority interests	347	(85)
Changes in provisions (incl. deferred taxes)	(1'043)	(712)
Depreciation and amortisation	21'593	19'994
(Gain)/loss from sale of fixed assets	16	(154)
(Gain)/loss from sale of subsidiaries	(4)	-
Share of (profit)/loss from associates	325	(39)
Dividends received from associates	252	-
Share-based payments	265	174
Change in contribution reserve and other non-cash items	(189)	(1'077)
Cash flow from operating activities before changes in working capital	25'758	18'172
Change in trade receivables	(3'584)	(16'221)
Change in inventories	722	(600)
Change in other receivables and prepaid expenses	2'151	(14'150)
Change in trade payables	(14'639)	10'829
Change in other liabilities and accrued expenses	18'566	12'022
Cash flow from operating activities	28'974	10'052
Purchase of fixed assets	(25'018)	(49'059)
Proceeds from disposal of fixed assets	27	392
Purchase of intangible assets	(2'012)	(1'415)
Acquisition of subsidiaries, net of cash acquired	(2'300)	(13'526)
Divestment of subsidiaries, net of cash disposed	3	-
Investments in financial assets and loans to associates	(22'084)	(174)
Divestments of financial assets and loans to associates	25	759
Cash flow from investing activities	(51'359)	(63'023)
Proceeds from issuance of bond	150'000	-
Sale/(purchase) of treasury shares	(9'386)	(47)
Change in minority interests	-	(10'311)
Change in short-term financial liabilities	(5'087)	25'715
Change in long-term financial liabilities	(118'069)	13'005
Change in other long-term liabilities and borrowings	34	(1'256)
Cash flow from financing activities	17'492	27'106
Currency translation effect on cash and cash equivalents	2	(87)
Change in cash and cash equivalents	(4'891)	(25'952)
Cash and cash equivalents at beginning of the period	13'068	48'574
Cash and cash equivalents at the end of the period	8'177	22'622

Notes to the Consolidated Financial Statements

1. General information

AEVIS VICTORIA SA (hereafter “The Company”) has its registered offices at rue Georges-Jordil 4, 1700 Fribourg, Switzerland. The Company’s purpose consists of holding interests in financial, commercial and industrial enterprises in Switzerland and abroad, in areas such as medical treatment, healthcare and hotels.

2. Basis of preparation and accounting policies

These consolidated financial statements cover the unaudited interim results for the six months ended 30 June 2016. They have been prepared in accordance with Swiss GAAP FER 31 “Supplementary recommendation for listed companies”.

An Abstract of the consolidated financial statements was authorised for issue by the Board of Directors on 15 September 2016. The full consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2016 and include the Company, its subsidiaries and its interests in associates (together “The Group”).

Changes in revenue recognition

(Swiss GAAP FER Framework Concept – Swiss GAAP FER 3 – Swiss GAAP FER 6)

The first time adoption of the changes in Swiss GAAP FER related to the revenue recognition impacts the following areas of corporate accounting of the Group:

Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts, losses on accounts receivables and changes in allowances for doubtful accounts. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the services at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Other revenue does include gain from disposal of assets and the profit resulting from the sale of subsidiaries.

The implementation of the revised revenue recognition resulted in a re-statement of the financial statements of 2015. The following adjustments were made to the income statement for the first six months of 2015:

(In thousands of CHF)	2015
Profit for the period before adjustment	71
Effects from change in revenue recognition	
Revenue from operations	(2'174)
Other revenue	1'111
External services	(2'445)
Production expenses	2'448
Other operating expenses	1'060
Profit for the period after adjustment	71

Other changes in the accounting policies

As from 2016, the Group recognises goodwill from investments in associates as a part of the investment, instead of offsetting the goodwill with equity. The prior year figures have been adjusted accordingly. The change has an impact of CHF 1.9 million on both the financial assets and the shareholders' equity of the 2015 consolidated financial statements.

As from 2015, the Group uses the proportional consolidation method instead of the equity method to include joint venture companies in the scope of consolidation.

Except for the above mentioned changes, the Group has applied the same accounting policies as described in the 2015 Annual Report.

3. Changes in scope of consolidation

The following changes to the scope of consolidation took place in the first half of 2016:

ENTITY	EVENT / DATE	CAPITAL SHARE 30.06.2016	CAPITAL SHARE 31.12.2015
Medgate Holding AG	Acquired on 22.01.2016	40.0%	-
Medgate Integrated Care AG	Acquired on 22.01.2016	40.0%	-
Swiss Hospitality Properties AG	Sold on 01.01.2016	-	100.0%

Medgate Holding AG and Medgate Integrated Care AG are holding companies with several subsidiaries. All group companies are listed in note 8.

4. Seasonality effect

As a result of higher activity levels in the Hospitality segment during the second half year, the Hospitality segment could generate higher revenues and margins than in the first half year. This seasonality effect has an impact on the revenues and operating result of the Group. For the other segments, the seasonality effect is more equally spread over the entire year.

5. Segment information

HY 2016 (In thousands of CHF)	HOSPITALS	HOSPITALITY	REAL ESTATE	OTHERS	CORPORATE	ELIMINATIONS	TOTAL
Net revenue	222'204	26'649	1'731	5'480	4	-	256'068
Net revenue Interco	6	21	23'884	120	128	(24'160)	-
Net revenue	222'210	26'670	25'615	5'600	132	(24'160)	256'068
Production expenses	(52'018)	(4'252)	-	(847)	-	36	(57'081)
Personnel expenses	(92'663)	(14'928)	(152)	(5'040)	(2'187)	-	(114'970)
Other operating expenses	(27'202)	(4'513)	(1'615)	(1'633)	(928)	240	(35'651)
EBITDAR	50'327	2'977	23'848	(1'920)	(2'983)	(23'884)	48'366
<i>EBITDAR margin</i>	<i>22.6%</i>	<i>11.2%</i>	<i>93.1%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>18.9%</i>

HY 2015 (Restated) (In thousands of CHF)	HOSPITALS	HOSPITALITY	REAL ESTATE	OTHERS	CORPORATE	ELIMINATIONS	TOTAL
Net revenue	213'723	32'595	1'264	7'528	(206)	-	254'903
Net revenue Interco	-	4	17'380	-	102	(17'486)	-
Net revenue	213'723	32'599	18'644	7'528	(104)	(17'486)	254'903
Production expenses	(51'032)	(5'117)	(2)	(1'172)	170	-	(57'152)
Personnel expenses	(93'357)	(18'519)	(114)	(5'429)	(1'253)	-	(118'672)
Other operating expenses	(28'771)	(6'367)	(1'756)	(1'964)	(48)	(256)	(39'162)
EBITDAR	40'563	2'596	16'772	(1'037)	(1'235)	(17'742)	39'917
<i>EBITDAR margin</i>	<i>19.0%</i>	<i>8.0%</i>	<i>90.0%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15.7%</i>

6. Extraordinary result

The extraordinary result is only related to the legal case of 2010 (2015: CHF 0.1 million).

7. Subsequent events

On 3 July 2016, Swiss Medical Network and KPT concluded a new tariff agreement and found an equitable compromise for services provided in 2015. The latter has a negative impact of CHF 1.2 million on the P&L.

On 13 September 2016, AEVIS VICTORIA, through its subsidiary Swiss Medical Network SA, announced an acquisition offer to all shareholders of Générale Beaulieu Holding SA (GBH) for all registered shares of GBH at a price of CHF 25'000 per share. Swiss Medical Network SA also signed an agreement with Albin Kistler AG regarding the acquisition of a participation of 29.36% of GBH at the price of CHF 25'000 per share.

On 20 September 2016, AEVIS VICTORIA has successfully issued a 6-year bond in the amount of CHF 130 million, maturing on 19 October 2022. The coupon was set at 2.00%. Listing will be applied in accordance with the standard for bonds of the SIX Swiss Exchange.

8. List of Group companies

COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL	
				30.06.2016	31.12.2015
Corporate					
AEVIS VICTORIA SA	Fribourg	Holding company	a)	100.0%	100.0%
Hospitals					
Swiss Medical Network SA	Genolier	Holding company	a)	100.0%	100.0%
Centre Médico-Chirurgical des Eaux-Vives SA	Geneva	Day clinic	a)	100.0%	100.0%
Clinique Générale – Ste-Anne SA	Fribourg	Hospital	a)	100.0%	100.0%
Clinique Médico-Chirurgicale de Valère SA	Sion	Hospital	a)	92.3%	92.3%
Genolier Swiss Visio Network SA	Genolier	Ophthalmology	a)	80.0%	80.0%
GSMN Neuchâtel SA	Neuchâtel	Hospitals	a)	100.0%	100.0%
GSMN Suisse SA	Genolier	Hospitals	a)	100.0%	100.0%
GSMN Ticino SA	Sorengo	Hospitals	a)	100.0%	100.0%
IRJB Institut de Radiologie du Jura Bernois SA	Saint-Imier	Radiology institute	a)	51.0%	51.0%
IRP Institut de Radiologie Providence SA	Neuchâtel	Radiology institute	a)	51.0%	51.0%
Klinik Pyramide am See AG	Zurich	Hospital	c)	20.0%	20.0%
Klinik Villa im Park AG	Rothrist	Hospital	a)	100.0%	100.0%
Nescens Genolier SA (formerly Les Hauts de Genolier SA)	Genolier	Patient hotel	a)	100.0%	100.0%
Privatklinik Obach AG	Solothurn	Hospital	a)	100.0%	100.0%
Schmerzlinik Basel AG	Basel	Hospital	a)	100.0%	100.0%
Hospitality					
Victoria-Jungfrau Collection AG	Interlaken	Holding company	a)	100.0%	100.0%
Grand Hotel Victoria-Jungfrau AG	Interlaken	Hotel	a)	100.0%	100.0%
Hotel Bellevue Palace AG	Bern	Hotel	a)	100.0%	100.0%
Hotel Eden au Lac AG	Zurich	Hotel	a)	100.0%	100.0%
VJC-Management AG	Interlaken	Management	a)	100.0%	100.0%

COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL	
				30.06.2016	31.12.2015
Real estate					
Patrimonium Healthcare Property Advisors AG	Baar	Real estate management	b)	50.0%	50.0%
Prolival SA	Sierre	Real estate	a)	100.0%	100.0%
Swiss Healthcare Properties AG	Fribourg	Healthcare real estate	a)	100.0%	100.0%
Swiss Hospitality Properties AG (formerly Park Résidence AG in Interlaken)	Interlaken	Hospitality real estate	a)	100.0%	100.0%
Swiss Hospitality Properties AG (sold)	Interlaken	Real estate	a)	-	100.0%
Telemedicine					
Medgate Holding AG	Zug	Holding company	c)	40.00%	-
Medgate International AG	Zug	Telemedicine	c)	40.00%	-
Medgate Asia-Pacific AG	Zug	Telemedicine	c)	40.00%	-
Medgate Integrated Care AG	Zug	Holding company	c)	40.00%	-
Medgate AG	Basel	Telemedicine	c)	24.00%	-
Medgate Technologies AG	Zug	IT service company	c)	24.00%	-
Medgate Health Centers AG	Basel	Health centers	c)	40.00%	-
Others					
Healthcare incubator					
Laboratoires Genolier SA	Genolier	Cosmetics	a)	84.0%	84.0%
NESCENS SA	Genolier	Better-aging	c)	36.2%	36.2%
Société Clinique Spontini SAS	Paris	Aesthetic clinic	a)	100.0%	100.0%
Swiss Ambulance Rescue Genève SA (formerly Ambulances Services Odier SA)	Geneva	Rescue services	a)	93.4%	93.4%
Swiss Stem Cell Science SA	Fribourg	Stem Cells	a)	70.0%	70.0%
Non-core participations					
Academy & Finance SA	Geneva	Organisation of seminars	c)	22.5%	22.5%
Agefi Com SA	Geneva	Publishing	c)	49.0%	49.0%
AGEFI, Société de l'Agence Economique et Financière SA	Lausanne	Publishing	c)	49.0%	49.0%
Publications Financières LSI SA	Geneva	Publishing (dormant)	a)	100.0%	100.0%

- a) Fully consolidated
b) Proportional method
c) Equity method

