

Investing for a better life

AEVIS VICTORIA SA Annual Report 2015



Oh!  I do.
 I do.  I do!
 I do!

SHEFFIELD
UNIQUELY BEAUTIFUL

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semarie

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Escapade
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**LES
MOMENTS**
ALLIAN
Nos conseils p
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IDEE !
UNE CEREMONIE
LAISSE POUR
LE JOUR J
**INSPIRATION
DECO**
Toutes les tendances
DIY

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PROFILE OF THE GROUP

AEVIS VICTORIA SA – Investing for a better life

AEVIS VICTORIA SA invests in services to people, healthcare, hospitality, life sciences and lifestyle. AEVIS's main shareholdings are Swiss Medical Network SA, the second largest group of private hospitals in Switzerland, Victoria-Jungfrau Collection AG, a hotel group managing four luxury hotels in Switzerland, a hospitals and hospitality real estate division comprising 40 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).

www.aevis.com

Highlights 2015

- Total revenue reaches CHF 578 million for the first time
- One new hospital acquired in 2015
- Merger with Victoria-Jungfrau Collection AG and increase of the participation in the luxury hotel group to 100%
- Real estate portfolio grows to CHF 932 million

Key Figures 2015

(In thousands of CHF unless otherwise stated)	FY2015	FY2015 Normalised*	FY2014 Restated
Revenue	577'666	582'566	542'372
Net revenue**	510'215	515'115	484'887
EBITDAR	78'452	83'352	76'483
<i>EBITDAR margin</i>	15.4%	16.2%	15.8%
EBITDA***	64'513	69'413	65'039
<i>EBITDA margin</i>	12.6%	13.5%	13.4%
EBIT	23'862	28'762	27'727
<i>EBIT margin</i>	4.7%	5.6%	5.7%
Profit for the period	3'770	8'670	5'754
Number of FTE at year-end	2'587		2'513
Market price per share at 31.12. in CHF	40.95		45.00
Number of outstanding shares	15'010'091		14'390'416
Market capitalisation	614'663		647'569

*Factoring-out lower reimbursement tariffs in hospital segment

**Medical fees excluded

***see Letter to shareholders page 16



Hospitals Swiss Medical Network

Swiss Medical Network SA, founded in 2002, is the 2nd largest network of private hospitals in Switzerland, present in the three main linguistic regions. Swiss Medical Network's growth strategy focuses on the creation of a national network through the acquisition of hospitals and the restructuring of their operations. Swiss Medical Network's main objective is to offer first class hospital care to Swiss and foreign patients. Its distinctive features include high quality services, an excellent medical and hotel infrastructure and a pleasant environment. Equipped with the latest medical technologies, Swiss Medical Network stands for reliability, competence and well-being. Swiss Medical Network today operates 15 private hospitals in Switzerland, with around 1'200 admitting physicians and 2'400 employees. Swiss Medical Network is also affiliated to Pyramide am See, which manages a hospital in the canton of Zurich. The medical competences of the Swiss Medical Network hospitals are recognised beyond the Swiss borders with, for example, the first Breast Centre of a group of private hospitals to be certified in French speaking Switzerland, a pain clinic in Basel, expertise and high-tech oncology equipment and recognised maternity wards. Swiss Medical Network is a 100% subsidiary of AEVIS VICTORIA.

www.gsmn.ch



Hospitality Victoria-Jungfrau Collection

Victoria-Jungfrau Collection AG comprises 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. AEVIS VICTORIA owns 100% of the Interlaken based luxury hotel group.

www.vjc.ch



Hospital and Hospitality Real Estate

AEVIS VICTORIA's real estate is composed of healthcare and hospitality real estate and organised in two dedicated entities. The real estate portfolio is comprised of 40 properties on 16 sites, representing a rental surface of approx. 172'000 sqm and a market value of CHF 932 million.

Swiss Healthcare Properties AG (SHP), founded in 1997, is a unique healthcare-related real estate company in Switzerland. The portfolio of SHP, with a market value of CHF 768 million and a rental surface of 132'246 sqm consists of 32 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 15'000 to 20'000 sqm. SHP 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. SHP is a 100% subsidiary of AEVIS VICTORIA.

www.shp.net

Park Résidence in Interlaken AG (PRI) 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 CHF 41'000 sqm and a market value of CHF 164 million. PRI is a 100% subsidiary of AEVIS VICTORIA.



Telemedicine Medgate

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, which will be consolidated into the Group as of 1 January 2016.

www.medgate.ch



Other – Nescens and Ambulances Services Odier SA

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

www.nescens.com

Ambulances Services Odier SA is an ambulance company specialised in the transportation of patients and injured. With 15 ambulances and approximately 80 employees, Ambulances Services Odier 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 Ambulances Services Odier SA.

www.asgge.ch

Share and bond information

Number of shares

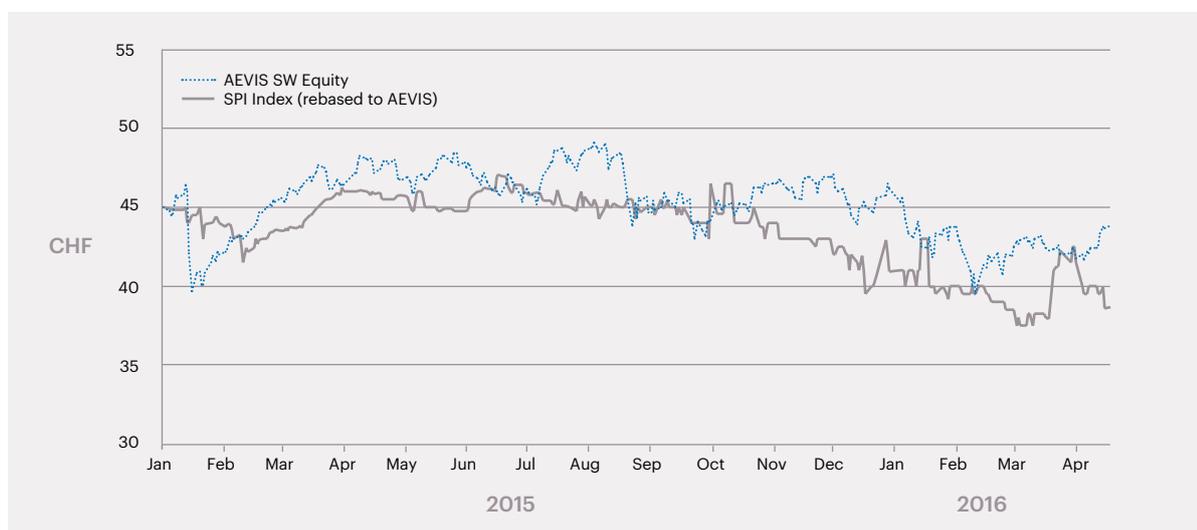
	31.12.2015	31.12.2014
Share capital	75'176'035	71'981'475
No of registered shares issued	15'035'207	14'396'295
Nominal value per registered shares	5	5
Treasury shares	25'116	5'879
No. of registered shares outstanding	15'010'091	14'390'416

Data per share

	2015	2014 Restated
Earnings per share*	0.26	0.40
High	47.10	45.00
Low	39.50	30.00
End price	40.95	45.00
Average volume per day	1'517	4'324
Market capitalisation	614'663'226	647'568'720

*Profit divided by the weighted average number of shares outstanding, excluding treasury shares.

Share price performance

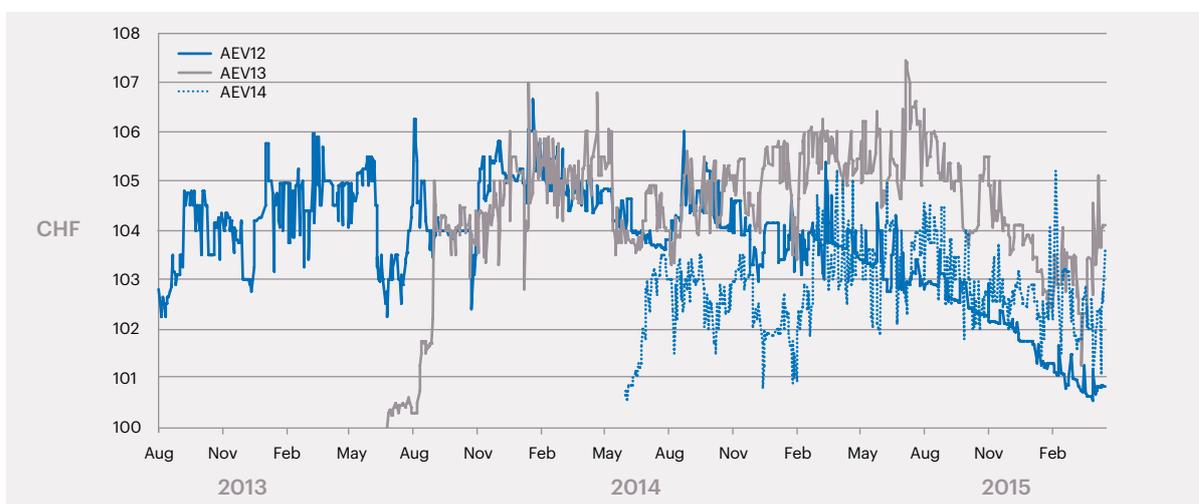


The registered shares of AEVIS VICTORIA SA are traded on the Swiss Reporting Standard of SIX Swiss Exchange.

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

AEVIS VICTORIA SA Bonds

- In August 2012, AEVIS has successfully issued a 4-year bond in the amount of CHF 80 million maturing on 3 August 2016. The coupon was set at 4.25%. The AEVIS VICTORIA SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV12 / ISIN CH0187896698).
- In July/August 2013, AEVIS has successfully issued a 5-year bond in the amount of CHF 100 million maturing on 2 July 2018. The coupon was set at 3.5%. The AEVIS VICTORIA SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV13 / ISIN CH0214926096).
- In July/December 2014, AEVIS has successfully issued a 5-year bond in the amount of CHF 145 million maturing on 4 June 2019. The coupon was set at 2.75%. The AEVIS VICTORIA SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV14 / ISIN CH0240109592).
- AEVIS VICTORIA plans to issue a new bond in the second quarter of 2016 in order to repay the bond AEV12 maturing in August 2016.



Major shareholders

The following shareholders held more than 3% on 31 December 2015:

Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA	77.38%
Kuwait Investment Office as agent for the Government of the State of Kuwait	3.55%
Total shareholders (31 December 2015)	1'613

Financial reporting

14 June 2016	Ordinary general shareholders meeting for the year 2015
27 September 2016	Publication of the 2016 Half-Year Results
November 2016	Publication of 3Q 2016 Revenue
March 2017	Publication of 2016 Revenue
28 April 2017	Publication of the 2016 Annual Results

Share Register

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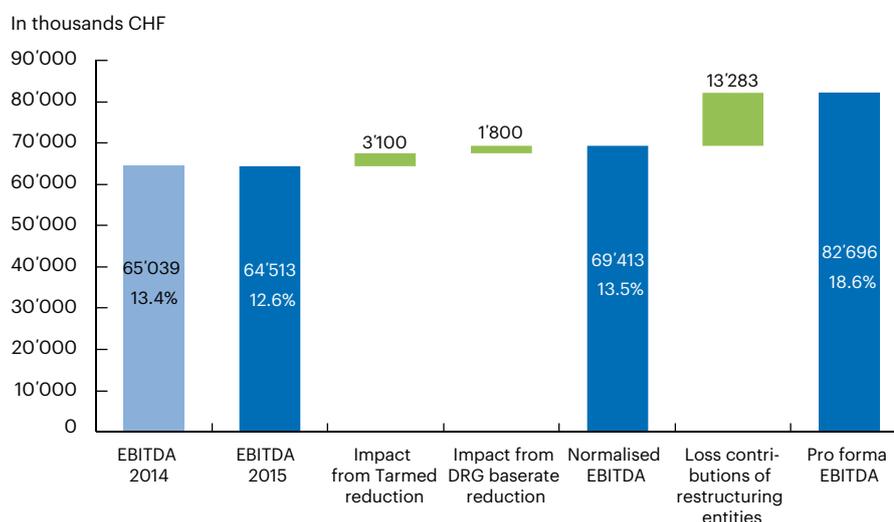
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LETTER TO THE SHAREHOLDERS

Dear Shareholder,

In 2015, AEVIS VICTORIA SA was able to further shape and grow its operations. It made important progress in the positioning of Swiss Medical Network's hospitals, successfully completed the structural integration of Victoria-Jungfrau Collection into the Group, leading to the name change from AEVIS Holding SA to AEVIS VICTORIA SA, grew its real estate portfolio and expanded its activities to the field of telemedicine with a participation in Medgate that was completed in January 2016.

Total revenues grew by 6.5% to CHF 577.7 million (2014: CHF 542.4 million) and net revenues (medical fees excluded) increased to CHF 510.2 million (2014: CHF 484.9 million) in the year under review. Despite lower reimbursement tariffs in the hospital segment, which reduced the operating profit by approximately CHF 4.9 million, EBITDA amounted to CHF 64.5 million, corresponding to an EBITDA margin of 12.6% (2014: 13.4%). The normalised EBITDA, factoring out the lower reimbursement tariffs in the hospital segment, reached CHF 69.4 million, representing a normalised EBITDA margin of 13.5%. Due to higher depreciation and financial expenses, the profit for the period fell to CHF 3.8 million compared to CHF 5.8 million in the previous year. The Board of Directors proposes to the Annual General Meeting a distribution from capital contribution reserves of CHF 0.55 per share, in line with its long-term distribution policy.



The foregoing bridge analysis is to show the progress of AEVIS VICTORIA in optimising processes and repositioning its participations normalised for the negative effects of the reduced TARMED and DRG baserates of 2015. Also, the loss contributions of the entities still being restructured have been excluded to provide a picture of the profitability of the Group's mature activities.

Solutions for a better life

AEVIS VICTORIA SA is focused on services, products and solutions for a better life. Currently, the four main pillars of activity are hospitals, hotels, healthcare- and hospitality-related real estate and telemedicine. The Group's divisions are managed independently by experienced management teams and equipped with autonomous organisations. As such, the portfolio companies also continue to profit from their well-established brand names and reputations. The holding company provides governance, finance and development support to its Group companies. It further identifies opportunities for both future growth and additional diversification to optimise value and reduce risks for its investors. AEVIS VICTORIA SA disposes of the necessary operating flexibility and financing reserves to provide the basis for further investments and expansion.

Hospitals of Swiss Medical Network account for largest share in Group portfolio

Genolier Swiss Medical Network was renamed Swiss Medical Network during the reporting period to better reflect the national status of the hospital group. Swiss Medical Network realised a net turnover of CHF 416.9 million, up by 1.1% (2014: CHF 412.2 million), despite lower DRG and TARMED rates for the domestic activity as well as a decrease in the number of foreign patients. Pressure on revenues was absorbed by an overall increase in the number of patients treated in the network's hospitals, by the recruiting of new admitting physicians as well as by the integration of Clinique Montbrillant in La-Chaux-de-Fonds, acquired on 30 March 2015. EBITDAR amounted to CHF 70.9 million (2014: CHF 71.6 million), corresponding to an EBITDAR margin of 17.0% (2014: 17.4%). On a normalised level, factoring out the adverse effect of the lower DRG and TARMED rates, 2015 EBITDAR amounted to CHF 75.8 million.

Further investments in infrastructure of nearly CHF 23 million secured the high quality of healthcare provided to the Group's patients. Extensive renovation works were completed at Privatklinik Lindberg in Winterthur and the maternity wards of Privatklinik Bethanien and Privatklinik Lindberg as well as Privatklinik Obach and Privatklinik Villa im Park have been consolidated.

In early March 2016, Swiss Medical Network made an important contribution to help contain healthcare costs in Switzerland, introducing a common flat rate payment system for all its listed hospitals. On average, the lump sum compensation is 5% lower than the tariffs of public hospitals.

Hotels of Victoria-Jungfrau Collection grow and thrive in challenging market conditions

The 2015 turnover of Victoria-Jungfrau Collection AG amounted to CHF 77.0 million (2014: CHF 74.7 million, turnover consolidated into AEVIS CHF 60.6 million). In a challenging market environment, the number of overnight stays increased by 4.1% to nearly 170'000 and the average room rate increased to CHF 377 (2014: CHF 371) thanks to a well-diversified client portfolio and additional cost savings along the Group's value chain. Surging guest numbers materialised especially with travellers from the USA, China, the Middle East and Southeast Asia while the number of European guests declined. The hotels generated an EBITDAR of CHF 15.9 million (2014: CHF 12.7 million) corresponding to an EBITDAR margin of 20.7% (2014: 21.0%). Further investments in infrastructure and services will ensure high quality and enable the repositioning of the hotel group over time.

Healthcare- and hotel-related real estate provides stability

In the real estate division, rental income amounted to CHF 36.4 million (2014: CHF 32.2 million), to which Swiss Healthcare Properties contributed CHF 32.3 million and the hospitality-related real estate CHF 4.1 million. EBITDAR surged to CHF 32.5 million (2014: CHF 28.0 million).

Healthcare-related real estate in Switzerland remains more resilient to market challenges and Swiss Healthcare Properties' portfolio was again fully let in 2015. Stable tenants and sustainable rents are the basis for Swiss Healthcare Properties' role as an important contributor to the Group's operating profits. Investments to increase the standard of patient rooms and create attractive hospitality spaces were made in various hospitals of Swiss Medical Network, which remained the major tenant of Swiss Healthcare Properties. During the reporting period, Swiss Healthcare Properties acquired two buildings of Clinique Montbrillant, a property adjacent to Clinique de Valère in Sion as well as a sizeable plot adjacent to Privatklinik Bethanien in Zurich in order to further align and consolidate the operational value of the portfolio holdings. Furthermore, in January 2016 an office building in Echandens was acquired. The 32 properties of SHP reached a market value of CHF 768.1 million as of 31 December 2015.

The hospitality real estate portfolio is composed of the hotel buildings of Eden au Lac in Zurich and the Victoria-Jungfrau Grand Hotel & Spa in Interlaken as well as of six smaller annex properties in Interlaken. The market value of the hospitality portfolio amounted to CHF 164 million as of 31 December 2015 as estimated by Wüest & Partner.

Other activities

AEVIS VICTORIA SA invests in various other activities along the value chain of its main segments. These activities can range from early-stage start-up companies (such as AEVIS's participation in the field of stem cells) to mature companies under restructuring (such as AEVIS's rescue entity). Generally, the other activities are being developed by AEVIS in the sense of an incubator segment that may in the future become one of the Group's main pillars.

Further development in 2016

AEVIS VICTORIA SA started to build up a fourth pillar of activities in the field of telemedicine with the acquisition of a 40% participation in the Medgate Group, the leading provider of telemedical services in Switzerland, which was completed in January 2016. Industry experts expect growth rates of 18% to 20% for telemedicine services in the coming years, and Medgate is well positioned to profit from this expected growth.

Medgate is managed independently and no operational synergies or patient referrals will be made across companies. AEVIS VICTORIA and Medgate have established formal guidelines to create Chinese walls around any relevant patient information. AEVIS VICTORIA believes that telemedicine and eHealth solutions will shape the future of medicine and the investment in Medgate provides the perfect platform for this development.

Authorised capital for potential acquisitions

In June 2015, the Annual General Meeting of AEVIS VICTORIA SA approved an extension and increase in the authorised capital. This enables the Board of Directors to increase the share capital by a nominal value of maximum CHF 35.5 million through the issuance of 7.1 million new shares until 28 June 2017, with the objective of financing potential acquisitions. The assembly also approved an increase in the share capital by a maximum of CHF 8.5 million for the exercising of option rights.

Outlook

In the first quarter of 2016, AEVIS VICTORIA realised a net revenue of CHF 125.5 million (2015: CHF 123.2 million) and an EBITDAR of CHF 21.2 million (2015: CHF 16.0 million), corresponding to a margin of 16.9% (2015: 13.0%). The first quarter EBITDA amounted to CHF 18.2 million (2015: CHF 12.6 million), corresponding to an EBITDA margin of 14.5% (2015: 10.2%). AEVIS VICTORIA plans to issue a new bond in the second quarter of 2016 in order to repay the bond AEV12 which matures in August 2016.

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 payout ratio of 30% would be applied.

Christian Wenger
Chairman of the Board

Antoine Hubert
Delegate of the Board



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OPERATING REPORT

Key Figures 2015 – Hospital Segment



HOSPITALS*/CLINICS

14/1

*plus one affiliated hospital

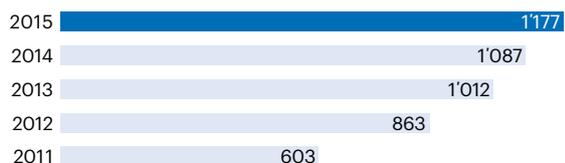
EMPLOYEES

2'339

BEDS

869

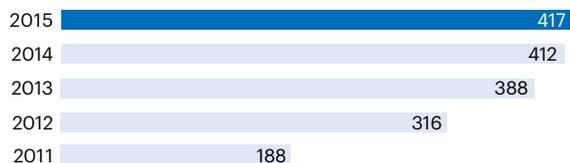
PHYSICIANS



INTERVENTIONS

39'000

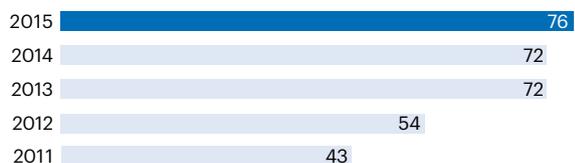
NET REVENUE



DELIVERIES

2'600

EBITDAR*



*Normalised EBITDAR for 2015

Swiss Medical Network achieves record turnover

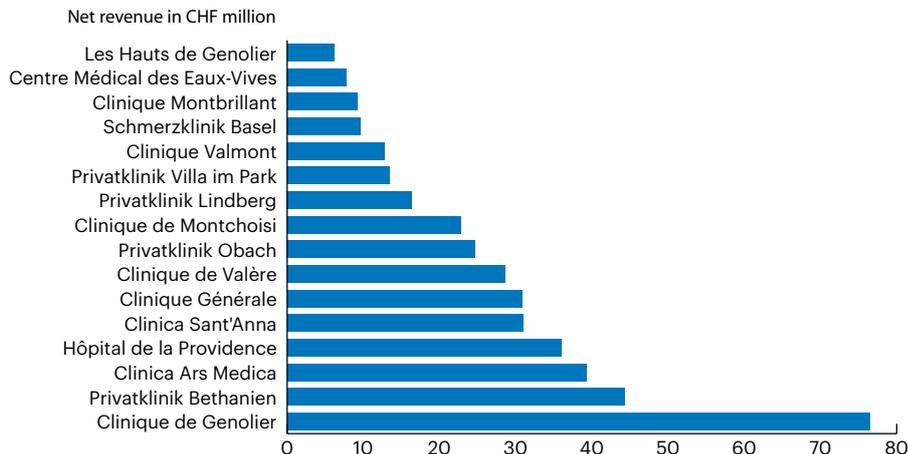
Swiss Medical Network continued to advocate for a more efficient healthcare system and has introduced a flat rate payment system for all its listed hospitals in 2016 to help contain costs. The portfolio has been enlarged with a 15th member, Clinique Montbrillant in La Chaux-de-Fonds, in the second quarter of 2015. Preparatory works from previous years paid off as anticipated TARMED price reductions have been contained by cost cutting, efficiency gains as well as new admitting physicians. Turnover in 2015 surged to CHF 416.9 million, resulting in a normalised EBITDAR of CHF 75.8 million, which corresponds to a normalised EBITDAR margin of 18.0%.

Name change reflecting maturity of the network

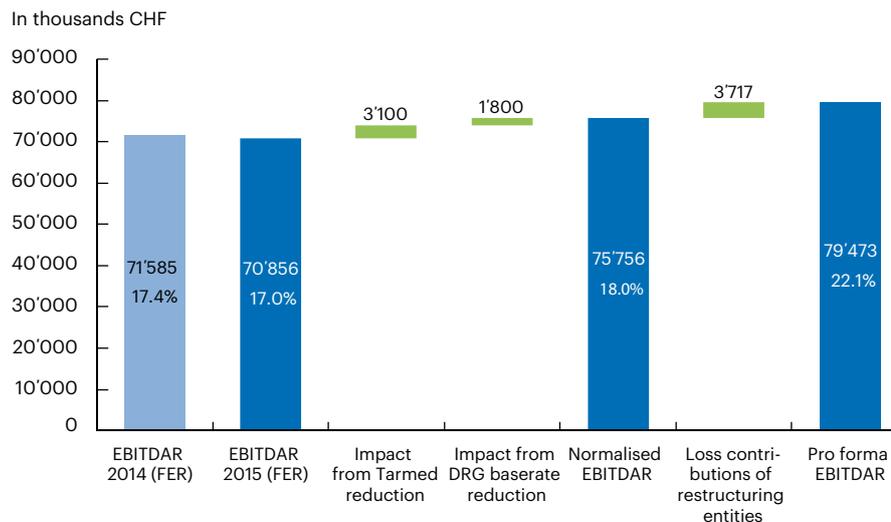
The company name was changed from Genolier Swiss Medical Network to Swiss Medical Network. By changing its name, the Group affirms its maturity and better reflects its national status as well as its federating role for its 15 entities. Swiss Medical Network has the intention to pursue its original vision of creating a strong national player, with hospitals dedicated to offering the best service to their patients and a first class infrastructure to their independent admitting physicians.

Lower reimbursements counteracted with cost cutting

Increasing activity with Swiss patients contributed to total revenues for the 15 entities and the residence Les Hauts de Genolier of CHF 416.9 million in the reporting period, 1.1% above the previous year (CHF 412.2 million). The number of foreign patients decreased, mainly due to sanctions against Russia and intensified competition in the field of medical tourism, and led to a loss of sales in the amount of CHF 7 million.



Anticipated TARMED (the ambulatory tariff structure) price reductions of 8.5% for 2015 had a negative impact on the reimbursements in the amount of CHF 3.1 million. In addition, DRG system changes together with reduced baserates in the combined amount of CHF 1.8 million further impacted profitability. To counteract these developments, Swiss Medical Network initiated measures to increase cost-effectiveness, resulting in savings of CHF 3 million in the period under review. EBITDAR reached CHF 70.9 million (2014: 71.6 million), corresponding to an EBITDAR margin of 17.0% (2014: 17.4%). The normalised EBITDAR, factoring out the lower reimbursement tariffs, reached CHF 75.8 million, representing a normalised EBITDAR margin of 18.0%.



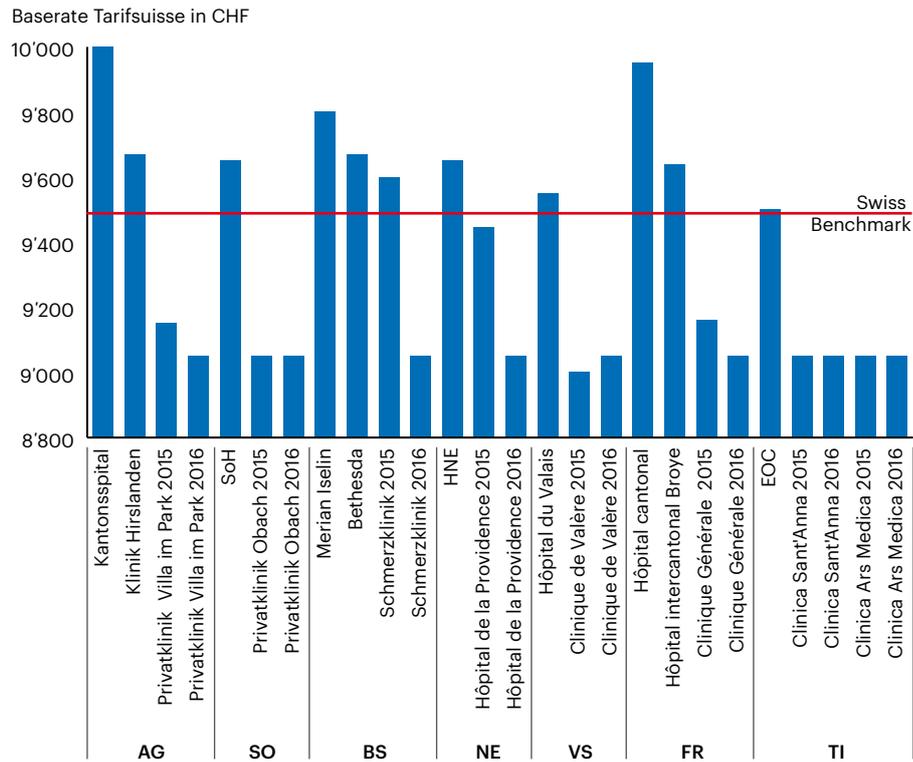
Contributing to an efficient healthcare system

Represented in the most relevant national and cantonal health organisations, Swiss Medical Network actively advocated for a more efficient healthcare system in the year under review. The Group will continue to promote a system that supports unbiased competition in a sector where private actors are essential to maintain the basic values of a liberal society but also contribute to cost control and the quality level of a world class health system.

In order to help contain healthcare costs in Switzerland, Swiss Medical Network announced in early March 2016 that it will introduce a common flat rate payment system for all its listed hospitals. On average, the new lump sum compensation of CHF 9'050 is 5% below the DRG tariffs of public hospitals. Furthermore, it is important to note that the hospitals do not receive any public service payments like some competitors, which receive subsidies of up to 24% of their turnover from the respective cantonal government.

Swiss Medical Network's baserates very competitive

Private hospitals account for about one quarter of Swiss hospital revenues. This share is expected to increase in the years to come, as private suppliers are more cost-effective than public hospitals. In the case of Swiss Medical Network, each private hospital is cheaper than the next public or cantonal hospital in any given canton. This situation will accentuate with the recently announced reduction of reimbursement rates applied at Swiss Medical Network.



Network grows to 14 hospitals and one clinic

Swiss Medical Network continued its development with the integration of Clinique Montbrillant in La Chaux-de-Fonds. The hospital, listed since the beginning of 2016, is specialised in orthopaedics, ophthalmology, gynaecology and general surgery. Clinique Montbrillant was formally integrated into GSMN Neuchatel SA, allowing it to offer medical services together with Hôpital de la Providence, which was successfully repositioned in the last few months, to the entire canton of Neuchatel. The current acquisition pipeline looks promising, and it is expected that Swiss Medical Network will continue to expand its unique network of medical excellence in the months to come.

CANTON	HOSPITAL	AVAILABLE BEDS	ADMITTING PHYSICIANS	EMPLOYEES
Clinics				
Geneva	Centre Médical des Eaux-Vives	-	21	33
Contracted hospitals				
Vaud	Clinique de Genolier	112	136	365
Vaud	Clinique de Montchoisi	22	111	103
Vaud	Clinique Valmont	59	6	116
Zurich	Privatklinik Bethanien	96	224	232
Zurich	Privatklinik Lindberg	73	90	132
Zurich	Pyramide am See*	56	125	127
Listed hospitals				
Neuchâtel	Clinique Montbrillant	26	57	59
Fribourg	Clinique Générale	60	85	135
Neuchâtel	Hôpital de la Providence	59	55	232
Valais	Clinique de Valère	40	52	154
Solothurn	Privatklinik Obach	57	40	116
Aargau	Privatklinik Villa im Park	39	35	89
Basel	Schmerzklinik Basel	15	27	86
Ticino	Clinica Sant'Anna	80	72	184
Ticino	Clinica Ars Medica	75	41	176
Total		869	1'177	2'339

*affiliated hospital

Efficiency gains

Special focus is given to patient satisfaction, quality control and operational efficiency within the hospitals. Important medical, human resources and financial improvement projects have therefore been initiated. In the long term, Swiss Medical Network strives to achieve an EBITDA margin of around 22%. Most of the more mature hospitals in the network are above this level, demonstrating the ability of Swiss Medical Network to integrate, restructure and optimise the operational performance of single hospitals over time.

Les Hauts de Genolier

Les Hauts de Genolier is a unique concept, offering an alliance between premier hotel services and medical care supplied by the adjacent Clinique de Genolier. The facility is designed for residents of all ages who wish to remain independent while benefitting from tailor-made services, during long- or short-term stays and within a secure medical environment. Les Hauts de Genolier achieved good occupancy rates in its 45 prestigious apartments despite reduced hospital tourism in Switzerland.

Physicians drive reputation

One of the key elements to sustaining the growth and visibility of a hospital is the recruitment of additional physicians. The attractiveness of Swiss Medical Network was once again confirmed in the reporting period as 97 new doctors joined the hospitals. The inflow was spread among all three linguistic regions, proving that the Group offers the opportunity to practise state-of-the-art medicine in well-equipped hospitals, based on an entrepreneurial approach. During the past year, approximately 1'200 admitting physicians conducted around 39'000 interventions and accounted for 2'600 deliveries.

Regular investments ensure high quality

Swiss Medical Network progressed in terms of quality and further invested in its infrastructure, spending nearly CHF 23 million. Renovation work has been completed at Privatklinik Lindberg in Winterthur, which is now a state-of-the-art private hospital after investments of more than CHF 11 million. To offer patients the best possible treatment, the maternity units of Privatklinik Lindberg and Privatklinik Bethanien have been merged and concentrated at the Zurich location. The same bundling of core competencies has been carried out with the maternity units of Privatklinik Obach and Privatklinik Villa im Park, which are now centralised in Rothrist.

Reinforced organisation

In order to manage the ongoing regulatory challenges and unequal treatment of contracted hospitals, internal and organisational adaptations have been put in place. All contracted hospitals of the Group, focusing on patients with supplementary insurance, have been bundled into a new entity called GSMN Suisse SA. At the same time, the hospitals in canton Ticino are now combined in a subsidiary named GSMN Ticino SA. Furthermore, SLH (Swiss Leading Hospitals) certification was obtained for three hospitals, demonstrating that a quality certification is of the highest importance to the Group. The cooperative relationship with most insurance companies continued while the cantonal hospital planning process advanced.

Outlook 2016

The development of Swiss Medical Network and the further integrations of hospitals will continue, as the pipeline looks promising. Recruitment of additional physicians will be carried out in order to bolster the network's leading market position. The focus on cost cutting, the exploitation of synergies and efficiency gains will have a positive effect on profitability. Swiss Medical Network will continue to be active on a federal and cantonal level to promote unbiased competition, for the benefit of patients and a more efficient healthcare system. As such, Swiss Medical Network has the ambition to become the preferred partner for public institutions, the insurance sector and all stakeholders of the medical sector in Switzerland.

Raymond Loretan
Executive Chairman

Beat Röthlisberger
CEO



Key Figures 2015 – Hospitality Segment



OVERNIGHT STAYS

169'585

EBITDAR

20.7%

ROOMS

531

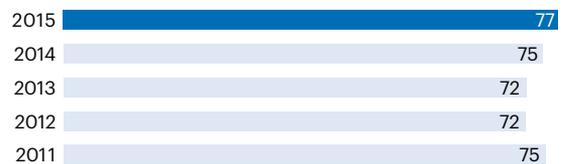
EMPLOYEES

515

AVERAGE ROOM RATE (in CHF)

377

REVENUE (in CHF million)*



*Revenues of hospitality real estate (Park Résidence AG in Interlaken) excluded since 2015.

Victoria-Jungfrau Collection successfully meets challenges

Victoria-Jungfrau Collection AG improved its results in 2015. Despite a challenging environment, the four luxury hotels of the Group achieved a turnover of CHF 77.0 million. Gross operating profit (GOP) further increased and reached CHF 13.0 million, up by 5.7%. The well-diversified client portfolio enabled market share gains while additional cost savings contributed to the improved profitability.

Focus on hotel management

Victoria-Jungfrau Collection (VJC) is a pure operator of luxury hotels in Switzerland: the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the Palace in Lucerne, the Eden au Lac in Zurich and the Bellevue Palace in Berne. The team is responsible for the management of the hotels and two properties (Victoria-Jungfrau and Eden au Lac). Third-party owners manage the real estate in Lucerne and Berne.

Further operational improvements

After a difficult start into 2015 as the tourism industry faced headwinds from more conservative traveller behaviour and the impact of the Swiss National Bank's decision to float the exchange rate against the Euro, the market situation normalised to some extent since the spring. Corporate clients remained cautious throughout the year and the size of events or congresses was below record years. VJC was able to regain ground in the summer months as business expanded at an above-average rate, especially with private foreign clients. Overall, VJC was able to improve its market position and achieved a turnover of CHF 77.0 million in 2015. The number of overnight stays surged by 4.1% to 169'585 and the average room rate increased from CHF 371 a year ago to CHF 377 in the reporting period.

Besides increased sales, productivity gains and the exploitation of synergies within the Group were the main drivers that led to an improved EBITDAR of CHF 15.9 million, up from CHF 12.7 million in the previous year. The management team will continue to exploit synergies in IT, sales and marketing, procurement and human resources. The cooperation with Michel Reybier Hospitality is expected to lead to further efficiency gains and support both partners as they strive for excellence and authenticity.

Another success factor that is applicable to all VJC hotels is the competence to manage inter-cultural relationships and to meet the specific needs of new traveller segments. VJC puts great efforts into the training of its team and strives to cover as many languages as possible.

KEY FACTS	TOTAL NUMBER OF ROOMS	SUITES AND JUNIOR SUITES	TOTAL SURFACE (IN SQM)	EMPLOYEES
Victoria-Jungfrau Grand Hotel and Spa*	224	102	44'269	227
Eden au Lac*	50	5	1'419	54
Palace Luzern	129	31	3'337	106
Bellevue Palace	128	24	3'296	128

*Buildings fully-owned by Victoria-Jungfrau Collection AG

Diversification strategy pays-off

Since many years, VJC relies on an international marketing strategy to diversify its customer portfolio. This focus allows it to withstand the strength of the Swiss Franc, the negative impact of the Euro and the constantly changing impacts of political or economic disruptions in other regions of the world. In the reporting period, the crises in Russia and the devaluation of the Ruble led to a decline in the number of Russian clients. Swiss guests also remained cautious during the entire year. But these developments were, in line with the diversification strategy, more than compensated by customers from China, USA and the Middle East, each growing at a solid rate of more than 20% compared to a year earlier.

	2015	2014
Switzerland	30'630	37'921
Germany	5'425	6'246
UK	4'284	4'564
USA	13'208	10'879
Middle East	12'013	9'200
India	3'280	3'475
China	6'800	5'683
Russia	2'012	2'579
Southeast Asia	3'629	1'944

150 years Victoria-Jungfrau Grand Hotel & Spa

The flagship of the luxury hotel group celebrated its 150th anniversary in 2015. Special events and increased public and corporate attention led to a surge in demand, a higher number of overnight stays and increased operational profitability. The hotel achieved one of its best results this year.

New management contracts

The hotels in Berne and Lucerne are third-party owned but fully managed by the VJC team. The contract with the Bellevue Palace in Berne has been extended until 2021. The Palace in Lucerne was sold by Credit Suisse to a Chinese investor, Mr Yunfeng Gao, who also operates other hotels in Switzerland such as the Frutt Lodge. VJC was able to successfully negotiate a management contract with the new owners of the Palace Lucerne, and the existing team will continue to take care of the operations of the iconic hotel.

Modernisation projects

After the anniversary year in Interlaken, the reopening of the renovated restaurant La Terrasse in the spring of 2016 was one of the important steps to upgrade the guest experience at the Victoria-Jungfrau Grand Hotel & Spa. Furthermore, renovation and modernisation plans are being evaluated especially for the Eden au Lac in Zurich in order to provide a facelift to the existing facilities and turn the hotel into an outstanding reference for luxury hotels.

Full integration into AEVIS

AEVIS was the major shareholder of Victoria-Jungfrau Collection AG since 2014, with a stake of 71.2%. In order to reinforce synergies, support the long-term development of VJC and eliminate the double trading on SIX Swiss Exchange and OTC-X, the two companies have been merged, with the result that AEVIS's participation was increased to 100%. The Annual General Meeting of VJC on 29 June 2015 approved the transaction with a huge majority. Subsequently, the hotel activities have been grouped into a fully-owned AEVIS subsidiary, again called Victoria-Jungfrau Collection. In light of the transaction and the importance of the VJC brand, the holding company's name was changed from AEVIS Holding SA to AEVIS VICTORIA SA.

Outlook 2016

Regular improvements in the offering are necessary to counteract the demanding tourism environment, even though Switzerland remains a safe haven destination. With its diversified customer base, Victoria-Jungfrau Collection is well positioned to defend its market position. Renovation and development plans for the four hotels are being evaluated, as investments in infrastructure and services are key to ensuring a high level of quality. The successful repositioning of the hotel group will take time and require substantial investments.

Christian Seiler
Chairman

Beat Sigg,
CEO



Key Figures 2015 – Real Estate Sub-Segment



NUMBER OF PROPERTIES

40

RENTAL INCOME (in CHF million)

36.4

RENTAL SPACE (in sqm)

172'050

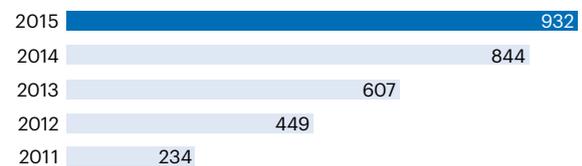
VACANCY RATE

0%

LOAN TO VALUE

42.9%

PORTFOLIO VALUE (in CHF million)



Real estate portfolio value surges to CHF 932.1 million

AEVIS VICTORIA's real estate segment is composed of healthcare- and hospitality-related real estate and is organised in two dedicated entities: Swiss Healthcare Properties SA (SHP) and Park Résidence AG in Interlaken (PRI). SHP owns most of the hospital buildings of Swiss Medical Network and PRI owns the Zurich and Interlaken hotels of Victoria-Jungfrau Collection (VJC). Rental income amounted to CHF 36.4 million (2014: CHF 32.2 million), and EBITDAR surged to CHF 32.5 million (2014: CHF 28.0 million), which mostly corresponds to intercompany payments with AEVIS VICTORIA's hospital and hotel segments. As of 31 December 2015, the real estate portfolio consisted of 40 properties on 16 sites, representing a total rentable surface of more than 172'000 sqm with a market value of CHF 932.1 million. All properties are fully let (no vacancies). The loan to value of the real estate segment reached a solid 42.9%.

Growth of SHP's healthcare real estate portfolio to 32 well-maintained premises

SHP focuses on hospital and healthcare infrastructure properties, most of which are rented and operated by Swiss Medical Network. All of them are fully let and not expected to show any vacancies in the near future. Overall, healthcare real estate proves to be more resilient to market challenges thanks to a demographically strong demand outlook. The average interest on mortgages was 1.8% at the end of 2015.

Two buildings of Clinique Montbrillant, one with patient rooms and the other with three latest-generation operating theatres, were integrated into SHP in June of the reporting year. In November 2015, SHP proceeded with the acquisition of a building in Sion, located in the city centre near the train station, close to Clinique de Valère. The property has a total rental surface of 5'960 sqm. Thanks to this acquisition, Clinique de Valère will be able to develop its activities, including the creation of a medical centre. In December 2015, the acquisition of a plot of 4'623 sqm adjacent to Privatklinik Bethanien in Zurich, which is owned by SHP since 2013, was completed. This transaction allows SHP a more optimised development of the site, consolidating its position in the expanding healthcare cluster around the University Hospital of Zurich. In January 2016, SHP acquired an office building on a plot area of 2'881 sqm located in Echandens, between Lausanne and Morges. The property offers rental space of 1'768 sqm with 53 parking spaces. The two-level building is located in immediate proximity to the EPFL and will be partly used by the administration of Swiss Medical Network.

The SHP portfolio reached a market value of CHF 768.1 million at the end of December 2015, as estimated by Wüest & Partner, compared to CHF 683.9 million a year earlier.

NAME	MAIN USE	PLACE (CANTON)	RENTAL AREA (SQM)	PARKING SPACES
Clinique de Genolier	Multi-specialty hospital	Genolier (VD / 4)	32'903.7	388
Clinique de Montchoisi	Multi-specialty hospital	Lausanne (VD)	3'441.0	43
Clinique Valmont	Rehabilitation hospital	Glion-sur-Montreux (VD)	6'733.0	22
Clinique Générale	Multi-specialty hospital	Fribourg (FR)	6'540.1	
Clinica Ars Medica	Multi-specialty hospital	Gravesano (TI)	7'397.1	123
Clinica Sant'Anna	Multi-specialty hospital	Sorengo / Lugano (TI / 6)	14'508.7	188
Privatklinik Lindberg	Multi-specialty hospital	Winterthur (ZH / 4)	13'078.6	117
Privatklinik Obach	Multi-specialty hospital	Solothurn (SO / 2)	5'838.9	92
Clinique de Valère	Multi-specialty hospital	Sion (VS)	3'605.0	
Privatklinik Bethanien	Multi-specialty hospital	Zürich (ZH / 5)	18'152.0	210
Klinik Villa im Park	Multi-specialty hospital	Rothrist (AG / 2)	4'320.0	77
Hangar Air-Glacières	Garage /repair shop	Sion (VS)	2'284.9	14
Clinique Montbrillant	Multi-specialty hospital	La Chaux-de-Fonds (NE / 2)	5'715.0	59
Gare 27	Offices	Sion (VS)	5'960.0	110
Chocolatière 21*	Offices	Echandens (VD)	1'768.0	53
TOTAL			132'246.0	1'496

*Acquired in 2016

Substantial investments

In order to improve the standard of the patient rooms and to create new hospitality spaces (reception, restaurant), targeted investments have been made in Privatklinik Lindberg in Winterthur, Privatklinik Obach in Solothurn, Clinica Ars Medica in Lugano as well as Clinique de Valère (where the investment program will continue in 2016).

Development plans in Genolier, Winterthur and Rothrist

The current portfolio has a further development potential of approximately 15'000 to 20'000 rentable sqm, up to 35'000 sqm with new zoning plans. With targeted developments or the enlargement of existing premises, SHP plans to further improve the quality of its real estate portfolio. Several hospitals of Swiss Medical Network require additional floor space to grow their business. Various actions are being carried out to meet this need: seeking to increase the ground area ratio, changing area plans, and searching for buildings near the current hospitals. Tight project and cost management will be key to unlocking profit opportunities associated with these developments.

The construction of an additional building in Rothrist for Privatklinik Villa im Park has started and should, by 2018, result in additional rental floor space of 2'300 sqm, 28 new rooms, 4 new operating blocks and an underground parking. The development of Clinique de Genolier depends on the implementation of a new land use plan, subject to communal and cantonal approval. Furthermore, a new development area plan will be developed to secure the long-term future of Privatklinik Lindberg in Winterthur.

Portfolio of landmark hotel real estate in Zurich and Interlaken

The hospitality real estate portfolio is composed of the hotel buildings of the Eden au Lac in Zurich and the Victoria-Jungfrau Grand Hotel and Spa in Interlaken, as well as six smaller annex properties in Interlaken. The eight properties comprise a rentable surface of more than 41'000 sqm and 188 parking spaces. The market value of the hospitality portfolio amounted to CHF 164.0 million as of 31 December 2015 as estimated by Wüest & Partner.

In 2014, the hotel real estate of VJC was distributed over three legal entities. With the full integration of VJC into AEVIS VICTORIA in 2015, all hospitality real estate was combined in PRI, which was already a dedicated real estate company.

Hotel development project in Crans-Montana

End of 2015, AEVIS acquired 100% of Prolival SA, a company that owns a constructible plot of land of 15'673 sqm in Crans-Montana. AEVIS plans to develop an innovative hotel concept.

Antoine Hubert
Chairman

Christoph Syz
CEO

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nescens⁺
swiss anti-aging science

| SPA

Other participations

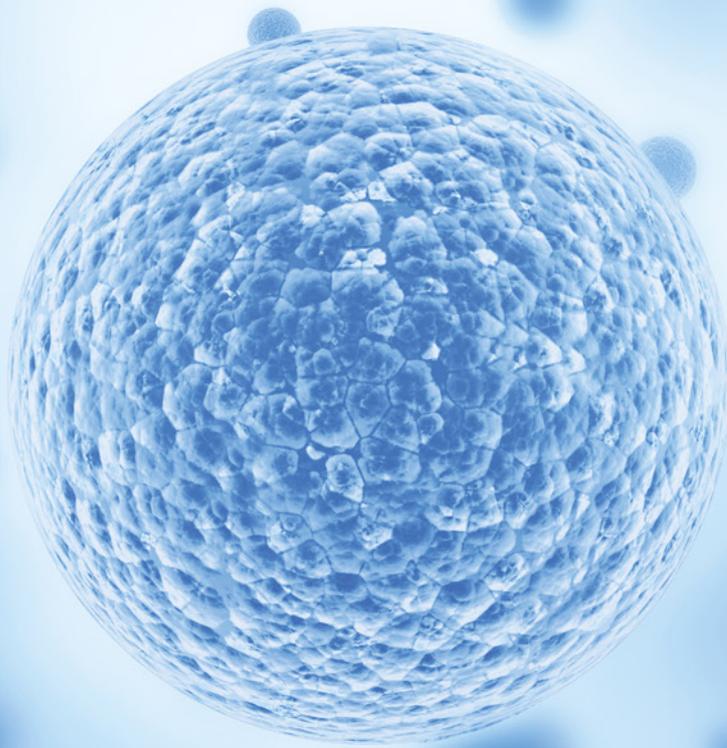
AEVIS VICTORIA SA invests in various other activities along the value chain of its main divisions of activity. AEVIS's investment rationale for these other activities is normally to incubate new, innovative ideas and ventures, with the goal to turn them into one of the Group's main pillars once they are mature.

Ambulances Services Odier SA

With Swiss Ambulance Rescue, AEVIS intends to contribute to a potential consolidation of the Swiss rescue sector, which is locally highly fragmented. AEVIS VICTORIA SA holds a 93.4% stake in Ambulances Services Odier, which is a leading private ambulance operator in Geneva. The company is specialised in repatriations, urgent patient transport and hospital transfers in the Geneva area. Ambulances Services Odier operates 15 vehicles, employs 80 people and achieved sales of CHF 10.6 million in 2015.

Nescens SA

To lever and link selected points of excellence within both the hospital and hotel segments, AEVIS VICTORIA SA has developed the umbrella brand Nescens focused on products and services aimed at helping people to live and age better. Nescens is built on four pillars: Nescens Check-up Centres (linked with selected hospitals of Swiss Medical Network), Nescens better-aging therapies (linked with Victoria-Jungfrau Collection as well as La Reserve Hotel & Spa), Nescens aesthetic surgery and medicine (Clinique Nescens – Paris Spontini) and Nescens cosmeceuticals (Laboratoires Genolier).



4

CORPORATE GOVERNANCE

Corporate Governance report of AEVIS VICTORIA SA

The AEVIS VICTORIA Corporate Governance Report has been prepared in compliance with the requirements of the Directive on Information relating to Corporate Governance, prepared by SIX Swiss Exchange. Cross-references are made to other sections of the Annual Report in order to avoid duplication. The complete Articles of Association of AEVIS VICTORIA SA are available online at www.aevis.com in the section “The Company”.

1. Group structure and shareholders

1.1. Group structure

1.1.1. Operational group structure

The Group's operational structure is divided into the following main business segments: hospitals, hospitality, real estate and other activities. The other smaller subsidiaries are active in life sciences (better aging) and in the ambulance sector. Each business segment is managed by an Executive Committee, reporting to their respective Board of Directors.

1.1.2. All listed companies belonging to the issuer's group

AEVIS VICTORIA SA, the Group's parent company (hereinafter “AEVIS” or “the Company”), is a listed corporation headquartered rue Georges-Jordil 4 at 1700 Fribourg (Switzerland). The company's shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2015, its market capitalisation stood at CHF 614.7 million. The AEVIS Group (hereinafter “the Group”) is active in services to people, healthcare, hospitality, life sciences and lifestyle.

1.1.3. All unlisted companies belonging to the issuer's group

As at 31 December 2015, AEVIS had the following subsidiaries, none of which are listed:

NAME	REGISTERED OFFICE	ACTIVITY	SHARE CAPITAL	%
Swiss Medical Network SA	Genolier (VD)	Holding company of private hospitals	100'000	100.0
Swiss Healthcare Properties SA	Fribourg (FR)	Medical real estate	10'000'000	100.0
Swiss Hospitality Properties AG	Interlaken (BE)	Real estate	100'000	100.0
Park Résidence AG in Interlaken	Interlaken (BE)	Real estate	200'000	100.0
Société Clinique Spontini SAS	Paris (France)	Aesthetic hospital in Paris (France)	2'000'000 EUR	100.0
Les Hauts de Genolier SA	Genolier (VD)	Patient hotel	200'000	100.0
Victoria-Jungfrau Collection AG	Interlaken (BE)	Holding company of hotels	200'000	100.0
Prolival SA	Sierre (VS)	Real estate	100'000	100.0
Ambulances Services Odier SA	Geneva (GE)	Ambulance services	500'000	93.4
Laboratoires Genolier SA	Genolier (VD)	Cosmetics	866'700	84.0
Patrimonium Healthcare Property Advisors AG	Baar (ZG)	Real estate management	100'000	50.0
NESCENS SA	Genolier (VD)	Better aging	300'000	36.17
Swiss Stem Cell Science SA	Fribourg (FR)	Stem Cells	100'000	70.0
AGEFI, Société de l'Agence Economique et Financière S.A.	Lausanne (VD)	Publishing	665'000	49.0
Agefi Com SA	Geneva (GE)	Publishing (dormant)	200'000	49.0
Academy & Finances SA	Geneva (GE)	Organisation of seminars	250'000	22.5
Publications Financières LSI SA	Geneva (GE)	Publishing (dormant)	100'000	100.0

More information can be found in Note 31 (List of group companies) from the Swiss GAAP FER consolidated financial statements.

Full consolidation is applied if AEVIS controls operations of the subsidiary. The equity method is used if AEVIS owns, directly or indirectly, between 20% and 50% of the subsidiary's voting rights.

1.2. Significant shareholders

According to the information received by the Company, the shareholders holding directly or indirectly 3% or more of the share capital are:

	31.12.2015 NUMBER OF SHARES	31.12.2015 %	31.12.2014 NUMBER OF SHARES	31.12.2014 %
Group Hubert/Reyber/M.R.S.I. Medical Research, Services and Investments SA*	11'634'382	77.38	11'880'039	82.52
Kuwait Investment Office as agent for the Government of the State of Kuwait	533'312	3.55	-	-

*Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reyber holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reyber holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

The following table reports the disclosures of shareholdings for the year under review:

PUBLICATION DATE	SHAREHOLDERS/GROUP	NUMBER OF REGISTERED SHARES	SHAREHOLDING (IN %)
02.07.2015	Kuwait Investment Office as agent for the Government of the State of Kuwait	533'312	3.54709

1.3. Cross-shareholdings

There are no cross-shareholdings exceeding 5% of capital shareholdings or voting rights on both sides.

2. Capital structure

2.1. Capital

The structure of the issued capital, conditional capital and authorised capital is as follows:

31.12.2015	NUMBER OF SHARES	NOMINAL VALUE PER SHARE (in CHF)	TOTAL CAPITAL (in CHF)
Share capital	15'035'207	5	75'176'035
Conditional capital	6'700'000	5	33'500'000
Authorised capital	7'100'000	5	35'500'000

2.2. Authorised and conditional capital in particular

Authorised capital (article 10 of the Articles of Association)

The Board of Directors is authorised to increase the share capital of a maximum of CHF 35'500'000 through the issuance of a maximum of 7'100'000 fully paid-up registered shares with a nominal value of CHF 5 each until 28.06.2017. The issue price, type of payment, timing, the beginning date for dividend entitlement and the conditions for the exercise of subscription rights attached to such shares would have to be determined by the Board of Directors. Preferred subscription rights which have been granted but not exercised are at the disposal of the Board of Directors, which can use them in the interest of the Company.

The Board of Directors is authorised to set the preferred subscription rights of existing shareholders aside and issue new shares by means of a firm underwriting through a bank or another institution with a subsequent offer of such shares to the existing shareholders. The Board of Directors may also withdraw the preferred subscription rights of shareholders in case of the acquisition of an enterprise, parts of an enterprise or participations in a company or any similar transaction.

Conditional capital

(articles 10bis and 10ter of the Articles of Association)

The share capital may be increased, through the exercise of conversion rights by a maximum of CHF 25'000'000 through the issuance of a maximum of 5'000'000 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10bis of the Articles of Association, conversion rights can be granted to holders of convertible bonds.

The share capital may be increased, through the exercise of option rights by a maximum of CHF 8'500'000 divided into a maximum of 1'700'000 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries and in accordance with a stock-option plan as defined by the Board of Directors. The preferred subscription rights of shareholders are withdrawn. Shares acquired through exercise of option rights have the same limitations of transferability as described under 2.6 below.

2.3. Changes in capital

	NUMBER OF SHARES	SHARE CAPITAL (IN CHF)
Balance at 01.01.2013	12'746'529	63'732'645
Authorised capital increase	1'593'316	7'966'580
Balance at 01.01.2014	14'339'845	71'699'225
Conditional capital increase	56'450	282'250
Balance at 01.01.2015	14'396'295	71'981'475
Ordinary capital increase (merger by absorption of Victoria-Jungfrau Collection AG)	638'912	3'194'560
Balance at 31.12.2015	15'035'207	75'176'035

On 29 June 2015, AEVIS registered an ordinary capital increase resulting from the merger by absorption of Victoria-Jungfrau Collection AG. The share capital was increased by CHF 3'194'560, divided into 638'912 new registered shares.

2.4. Shares and participation certificates

AEVIS' capital is composed of registered shares only. At 31 December 2015, the number of fully paid-up registered shares with a nominal value of CHF 5 each was 15'035'207. According to article 16 of the Articles of Association, each share recorded in the share register as a share with voting rights confers the right to one vote to its holder. Shareholders have the right to receive dividends. There are no participation certificates.

2.5. Dividend-right certificates

There are no dividend-right certificates.

2.6. Limitations on transferability and nominee registration

Article 7 of the Articles of Association defines the restrictions on transferability. Registered shares of the Company can be transferred without restriction, save that the Company requires the holder to declare that the shares have been acquired on own account and own benefit to register the holder in the share register with voting rights. There are no further registration restrictions (e.g. percentage limitation).

The registration of nominees with voting rights is permitted but is subject to the consent of the Board of Directors and is conditional upon the signature by the nominees of an agreement specifying their status.

2.7. Convertible bonds and options

As at 31 December 2015, AEVIS had no convertible bonds outstanding. During 2015, no option rights were granted.

A detailed overview of the option plans can be found in the Compensation Report under Section 3.4 – Share based payment plans. The only options issued by AEVIS are for its management and employees' compensation plans.

3. Board of Directors

3.1. Members of the Board of Directors

The Board of Directors of AEVIS VICTORIA SA is adapted to the optimal management of its holdings and relations with its shareholders. Its members cover the necessary financial, legal and political skills to address the challenges of AEVIS' scope of business.

As at 31 December 2015, the Board of Directors of AEVIS was composed of the following members.

	FUNCTION	YEAR OF BIRTH	NATIONALITY
Christian Wenger	Chairman	1964	Swiss
Raymond Loretan	Vice-chairman	1955	Swiss
Antoine Hubert	Delegate of the Board	1966	Swiss
Michel Reybier	Member	1945	French
Antoine Kohler	Member	1956	Swiss
Cédric A. George	Member	1952	Swiss

With the exception of Antoine Hubert, all Board members are Non-executive Members.

With the exception of Michel Reybier, all Non-executive Board members are independent, were not part of the AEVIS management and have no important business connections with AEVIS.

There are no cross-involvements on Boards of Directors of listed companies.

3.2. Professional background and other activities and vested interests

Christian Wenger, Chairman

Member of the Audit and Compliance Committee

Member of the Strategy and Investment Committee

With a doctor in law degree from the University of Zurich and following post-graduate studies at Duke University Law School in North Carolina, Dr Christian Wenger is a partner of the law firm Wenger & Vieli in Zurich and specializes in venture capital and private equity. He serves as Board Member of several listed and non-listed companies such as Looser Holding AG, Falcon Private Bank AG, Pavatex Holding AG, UCC Holding AG, Chemolio Holding AG, Hempel Special Metals AG, Trisport AG and Xeltis AG. He is Chairman of the Foundation BlueLion and Member of the Foundation Zoo Zürich. Furthermore, he is a member of the Executive Committee SECA (Swiss Private Equity & Corporate Finance Association) and a member of the Swiss-American Chamber of Commerce. In 2003, he founded CTI Invest, a private investor platform (association) linked to the Commission for Technology and Innovation (CTI), which he has chaired since its establishment. In 2015 he acted as co-founder of the initiative Digital Zurich 2025.

Dr Christian Wenger represents the shareholdings of CHH FINANCIERE SA.

Raymond Loretan, Vice-Chairman

Member of the Strategy and Investment Committee

Raymond Loretan holds a law degree from the University of Fribourg and a diploma in European Organizations from the University of Strasbourg. Before joining the Group in January 2007, Raymond Loretan held several positions within and outside the Swiss administration for more than 20 years, serving as diplomatic Assistant to the Secretary of State at the Federal Department of Foreign Affairs (1984–1987), personal adviser to Federal Councillor Arnold Koller (1987–1990), Counsellor for European Affairs of the Canton of Valais (1991–1992) and Secretary general of the Swiss Christian Democratic Party (1993–1997). In 1997, Raymond Loretan was appointed by the Swiss government as Swiss Ambassador to the Republic of Singapore and to the Sultanate of Brunei Darussalam and in 2002 as Consul General of Switzerland in New York with ambassadorial ranking. From 2012 to 2015, he was Chairman of the Swiss Public Broadcasting Corporation.

Within the Group, Raymond Loretan is executive Chairman of the Board of Directors of Swiss Medical Network SA. He is Chairman of GSMN Suisse SA, Centre Médico-Chirurgical des Eaux-Vives SA and Les Hauts de Genolier SA. He is Vice-chairman of the Board of Directors of Clinique Générale Ste-Anne SA, GSMN Ticino SA, Privatklinik Obach AG, Clinique Médico-Chirurgicale de Valère SA, Klinik Villa im Park AG and Schmerzlinik Basel AG. Raymond Loretan is also Board Member of GSMN Neuchâtel SA, Klinik Pyramide am See AG and Victoria-Jungfrau Collection AG. Raymond Loretan is Chairman of the Fondation de Prévoyance Genolier Swiss Medical Network and the Genolier Foundation for medical solidarity.

In addition, he is founding associate of the consultancy practice FBL associés (www.fbla.ch), in Geneva, Chairman of the board of the "Société Suisse des Explosifs", Vice-chairman of the Cave "Vins des Chevaliers" and Member of the Board of the Center for Humanitarian Dialogue.

Antoine Hubert, Delegate of the Board

Member of the Strategy and Investment Committee

Prior to acquiring a stake in Clinique de Genolier in 2002 and founding Swiss Medical Network in 2004, Antoine Hubert was mainly active in the property and real estate industry and has set up businesses and served as a director to several companies in various industries.

Within the Group, Antoine Hubert is Chairman of the Board of Swiss Healthcare Properties SA and Société Clinique Spontini SAS. He is Vice-chairman of the Board of Directors of Centre Médico-Chirurgical des Eaux-Vives SA and Les Hauts de Genolier SA. He is a Board Member of Swiss Medical Network SA, GSMN Suisse SA, Clinique Générale Ste-Anne SA, Privatklinik Obach AG, GSMN Ticino SA, GSMN Neuchâtel SA, Clinique Médico-Chirurgicale de Valère SA, Klinik Villa im Park AG, Schmerzlinik Basel, Victoria-Jungfrau Collection AG, VJC-Management AG, Grand Hotel Victoria Jungfrau AG, Hotel Eden au Lac AG, Hotel Bellevue Palace AG, Park Résidence AG, Swiss Hospitality Properties AG, NESSENS SA, Laboratoires Genolier SA, Swiss Stem Cell Science SA, Patrimonium Healthcare Property Advisors AG and Agefi, société de l'agence économique et financière SA. Antoine Hubert is Member of the Fondation de Prévoyance Genolier Swiss Medical Network and the Genolier Foundation for medical solidarity.

Antoine Hubert was re-elected as a Board Member of LifeWatch AG on 15 April 2016.

Michel Reybier, Non-Executive Member

Chairman of the Strategy and Investment Committee

Member of the Audit and Compliance Committee

Michel Reybier has held several senior management positions within the nutrition industry. In particular he has managed a group of supermarket stores in the Lyon area, a company producing chocolate and biscuits sold under the trade name Cemoi as well as a company producing meat products, amongst others, under the trade names Aoste, Justin Bridou and Cochonou. Michel Reybier is currently active in the hotel industry. He is founder and owner with his family of the La Réserve hotel Group and a co-founder and shareholder of the Mama Shelter hotels. Furthermore, he is a shareholder of Seiler Hotels Zermatt AG.

Within the Group, Michel Reybier is Vice-chairman of Victoria-Jungfrau Collection AG and Board Member of Swiss Medical Network SA, GSMN Suisse SA, Swiss Healthcare Properties SA, Les Hauts de Genolier SA, NESSENS SA, Swiss Stem Cell Science SA, Patrimonium Healthcare Property Advisors AG, VJC-Management AG, Grand Hotel Victoria Jungfrau AG, Hotel Eden au Lac AG, Hotel Bellevue Palace AG, Park Résidence AG and Swiss Hospitality Properties AG.

In addition, Michel Reybier is Board Member of Seiler Hotels Zermatt AG.

Antoine Kohler, Non-Executive Member

Chairman of the Audit and Compliance Committee

Member of the Nomination and Compensation Committee

With a law degree from the University of Geneva and following postgraduate studies at the Graduate Institute of International Studies, Geneva, Antoine Kohler has been practicing law as a qualified attorney in Geneva since 1983. He is a senior partner of the law firm Perréard de Boccard SA, with offices in Geneva and Zurich.

Within the Group, Antoine Kohler is Board Member of Swiss Medical Network SA, Victoria-Jungfrau Collection AG, GSMN Suisse SA, Centre Médico-Chirurgical des Eaux-Vives SA and Les Hauts de Genolier SA.

In addition, Antoine Kohler is, amongst others, Chairman of Airopack Technology Group AG, Baar, Vice-Chairman of Mitsubishi UFJ Wealth Management Bank (Switzerland) Ltd., Geneva and a Board Member of Sixt rent-a-car AG, Basel and Sixt Leasing (Schweiz) AG in Urdorf. Antoine Kohler was elected as a Board Member of LifeWatch AG on 15 April 2016.

Dr Cédric A. George, Non-Executive Member

Chairman of the Nominations and Compensation Committee

Dr Cédric A. George obtained a Medical degree and doctor's diploma at the Medical Faculty of Zurich University. Specialized in Plastic, Reconstructive and Aesthetic Surgery (Swiss Board Certified), he is the Head physician and Delegate of the Board of Klinik Pyramide am See AG which he founded in 1993. Dr George also founded a private Centre for Plastic Surgery in Zurich where he runs a private medical practice.

Within the Group, Dr Cédric A. George is a Board Member of Swiss Medical Network SA and GSMN Suisse SA.

3.3. Number of permitted activities

No Board Members may hold more than five additional mandates in listed companies and 25 mandates in non-listed companies. The following mandates are not subject to these limitations:

- Mandates in companies that are controlled by AEVIS
- Mandates which a Board Member holds at the request of AEVIS or companies controlled by it. No Board Member should hold more than ten such mandates.
- Mandates in associations, charitable organisations, foundations, trusts and employee welfare foundations. No Board Member should hold more than ten such mandates.

3.4. Elections and terms of office

The Board of Directors consists of three or more Members. The Chairman and the Board Members are elected individually by the Annual General Meeting for a period of one year till the end of the next Annual General Meeting. Re-election of the Chairman and the Board Members is permitted. If the office of the Chairman becomes vacant, the Board of Directors appoints a Chairman for the remaining term of office. The Board of Directors elects one Vice-chairman and the members of the committees other than the Nomination and Compensation Committee. The Board of Directors currently has six members. In 2015, the Annual General Meeting confirmed Christian Wenger as the Chairman of the Board of Directors. The Board of Directors appointed Raymond Loretan as Vice-chairman.

MEMBER	ELECTION	EXPIRES
Christian Wenger	July 2012	2016
Raymond Loretan*	November 2006	2016
Antoine Hubert*	June 2009	2016
Michel Reybier	June 2011	2016
Antoine Kohler*	June 2008	2016
Cédric A. George	September 2010	2016

*Raymond Loretan, Antoine Hubert and Antoine Kohler were not member of the Board between 09.06.2010 and 06.09.2010.

The Nomination and Compensation Committee Members are elected individually by the Annual General Meeting for a period of one year till the end of the next Annual General Meeting. Only independent Board Members may be elected to the Committee. The Board of Directors elects the Chairman of the Nomination and Remuneration Committee amongst the elected Nomination and Remuneration Committee Members. If the Nomination and Compensation Committee is no longer complete, the Board of Directors designates substitutes amongst its Members for the remaining term of office. The Nomination and Compensation Committee currently has two members.

MEMBER	ELECTION	EXPIRES
Cédric A. George	June 2015	2016
Antoine Kohler	June 2015	2016

The independent proxy is elected by the Annual General Meeting for a period of one year till the end of the next Annual General Meeting. Re-election of the independent proxy is permitted. If the function of independent proxy is vacant, the Board of Directors appoints the independent proxy for the next Annual General Meeting.

3.5. Internal organisation structure

3.5.1. Allocation of tasks within the Board of Directors

	AUDIT AND COMPLIANCE COMMITTEE	NOMINATION AND COMPENSATION COMMITTEE	STRATEGY AND INVESTMENT COMMITTEE
Christian Wenger	Member		Member
Raymond Loretan			Member
Antoine Hubert			Member
Michel Reybier	Member		Chairman
Antoine Kohler	Chairman	Member	
Cédric A. George		Chairman	Member
Dr Philippe Glasson*			Member

*Vice-chairman of the Board of Directors of Swiss Medical Network SA

3.5.2. Tasks and area of responsibility for each Committee of the Board of Directors

The Nomination and Compensation Committee is chaired by an independent and Non-executive Board Member and is composed of at least two independent Board Members. The Nomination and Compensation Committee Members are elected individually by the Annual General Meeting for a term of office until completion of the next Annual General Meeting. Members of the Nomination and Compensation Committee whose term of office has expired are immediately eligible for re-election.

The Nomination and Compensation Committee assists the Board of Directors in the establishment and the periodic revision of the compensation strategy and directives. The Committee prepares the proposals of the Board of Directors to the Annual General Meeting regarding the compensation of the Chairman of the Board, the Board Members and the Senior Management. It determines the principles for remuneration of the Board Members and the Senior Management and submits them to the Board of Directors for approval. It oversees and discusses the overall remuneration policy and the remuneration principles of the company and the Group and keeps the Board updated. The Committee also determines the employee participation schemes, including an allocation of shares, share options or other financial instruments to the Board Members, the Senior Management and other beneficiaries and submits them to the Board for approval. The Nomination and Compensation Committee also establishes the principles for the selection of candidates to the Board, selects candidates for election or re-election and submits them to the Board. The Board of Directors may assign additional tasks to the Nomination and Compensation Committee.

In 2015, the Nomination and Compensation Committee met once. The average length of meeting is 1.5 hours.

The Audit and Compliance Committee is chaired by an independent Non-executive Board Member and is composed of at least three Board Members, of which one has to be independent. The members are elected by the Board of Directors. The Audit and Compliance Committee supports the Board in ensuring the accuracy of the financial statements, the quality of the Internal Control System and the information provided to the shareholders and third parties. Its main duties include the preliminary examination of the financial statements, the discussion of the accounting principles, the supervision of the Internal Control System, the review of the Group's risk assessment, the relation with the external auditors and the assessment of the quality of their audit.

In 2015 the Audit and Compliance Committee met twice times. The average length of meeting is 2.5 hours.

The Strategy and Investment Committee is composed of at least two Board Members, elected by the Board of Directors. The Committee reviews the Group's strategic development in its core business as well as other businesses closely related thereto. It also coordinates the significant investment projects.

In 2015, the Strategy and Investment Committee met once.

3.5.3. Working methods of the Board of Directors and its Committees

According to its organisational rules, the Board of Directors of AEVIS meets at least four times a year. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. In 2015, the Board of Directors met four times and three times by means of telephone conferencing. The average attendance at the Board meetings was 100%. The average length of meeting is three to six hours. During its meetings, the Board reviews the activities of the Group with reference to operating reports. Once a year at least, the auditor is invited to take part in a Board meeting, in the course of which the results of the auditor's work are presented. Meetings are prepared by the Chairman and the Delegate of the Board.

The Board can decide when more than half of its members are present. It decides by majority of votes. In case of a tie, the vote of the Chairman decides. No quorum is necessary to complete formalities regarding share-capital increases, subsequent paying-up of capital or the issuing of participation certificates.

The Senior Management and members of the Executive Committees of AEVIS' subsidiaries may take part in Board of Directors meetings.

AEVIS' main subsidiaries hold separate Board meetings. The Chairman of the Board of AEVIS attends the Board meetings of Swiss Medical Network SA.

3.6. Definition of areas of responsibility

The Board of Directors is the ultimate governing body of the Company. It fulfils the function of defining the Group strategy, monitoring and directly controlling management.

Pursuant to Swiss Code of Obligations, the Articles of Association and the organisation rules of the Company, the Board of Directors of AEVIS has in particular the following non-transferable and inalienable duties:

- Provide the ultimate governance of the Company and issue the necessary instructions;
- Determine the Company's organisation;
- Set the principles of accounting, financial control and financial planning as far as required for the Company's management;

- Appoint and revoke the persons entrusted with the management and representation of the Company;
- Provide the ultimate supervision of the persons entrusted with the management of the company, especially in view of their compliance with the law, the Articles of Association, regulations and instructions given;
- Establish the annual report, prepare the Annual General Meeting and carry out its resolutions;
- Notify the judge in the event of over-indebtedness.

According to the organisational rules, the Board has delegated the day-to-day management, the controlling of ongoing operations as well as the risk analysis follow-up to the Delegate of the Board, who can sub-delegate to members of the Senior Management of AEVIS and to the Executive Committee of each subsidiary. The Delegate of the Board is responsible for the implementation of the decisions taken by the Board of Directors.

3.7. Information and control instruments with regard to the Senior Management

The Delegate of the Board of AEVIS VICTORIA SA conducts the operational management of the Company pursuant to the organisational rules and reports to the Board of Directors of AEVIS on a regular basis. The Chairman of the Board also holds regular coordination and information meetings with the Delegate of the Board.

The Senior Management of AEVIS and the Executive Committees of its subsidiaries, of which the Delegate of the Board is a member, convene regularly to report on operational business issues.

The Group's Financial Department compiles monthly data regarding all its subsidiaries and a condensed report with the most important key figures of all operational units. This information is transmitted to Senior Management and analysed during the regular coordinating meetings. The Board of Directors meets regularly and receives prior to the Board meetings all relevant key data, including the condensed report. The data is analysed in detail during each Board meeting and Board Members are informed on the operational business.

The company has implemented an Internal Control System (ICS), which is coordinated by the ICS Manager on group level and implemented in its subsidiaries. The risk management was introduced in 2009 and is reviewed yearly by the Senior Management and the Audit and Compliance Committee. The Board of Directors yearly discusses and approves the identified risks.

4. Senior Management

4.1. Senior Management

AEVIS VICTORIA wants the Senior Management to be focused on the long-term, with steady growth in turnover and profitability, allowing regular investments that will guarantee its sustainability. As at 31 December 2015, the Senior Management of AEVIS VICTORIA SA was composed of the following persons:

	FUNCTION	YEAR OF BIRTH	NATIONALITY
Antoine Hubert	Delegate of the Board	1966	Swiss
Gilles Frachon	CFO	1950	French

4.2. Other activities and vested interests

Antoine Hubert

See point 3.2.

Gilles Frachon

Chief Financial Officer

Gilles Frachon is Chief Financial Officer of AEVIS VICTORIA SA and member of the Senior Management. He is also Board Member of HMC Gestion SA, the holding company of Director Michel Reybier, since 1997, and Chairman of the Executive Committee of Domaines Reybier SA. Previously, he has been Chief Financial Officer of Aoste, European leader in charcuterie, and General Manager of the holding company Fournier, owned by the founders of the hypermarkets Carrefour. Gilles Frachon graduated from the EM Lyon business school and was a Professor in Finance & Controlling at this business school from 1976 till 1980.

Within the Group, Gilles Frachon is Board Member of Clinique Générale Ste-Anne SA, GSMN Ticino SA, Swiss Healthcare Properties AG and Société Clinique Spontini SAS.

In addition, Gilles Frachon is Chairman of MJ France SAS and Foncière PLM. He is Board Member of RDC SA, Reybier Développement SA and Embassair Holding.

4.3. Number of permitted activities

No member of the Senior Management may hold more than three additional mandates in listed companies and ten mandates in non-listed companies. The following mandates are not subject to these limitations:

- Mandates in companies that are controlled by AEVIS
- Mandates which a Member of the Senior Management holds at the request of AEVIS or companies controlled by it. No Member of the Senior Management should hold more than ten such mandates.
- Mandates in associations, charitable organisations, foundations, trusts and employee welfare foundations. No Member of the Senior Management should hold more than ten such mandates.

4.4. Management contracts

The Company has signed no management contracts with third parties.

5. Compensation, shareholdings and loans

All information on the compensation of AEVIS' Board of Directors and the Senior Management is provided in the separate Compensation Report.

6. Shareholders' participation

6.1 Voting rights and representation restrictions

All shareholders recorded in the share register with voting rights are entitled to attend and vote at the Annual General Meetings. Each share recorded in the share register with a right to vote entitles the holder to one vote at Annual General Meetings.

In accordance with article 16 of the Articles of Association, any shareholder recorded in the share register may be represented at the Annual General Meeting by the independent proxy, another shareholder or a third party.

No exceptions on voting right restrictions were granted in the year under review.

The Board of Directors specifies the process and conditions for issuing authorisations and instructions to the independent proxy.

Shareholders may issue voting instructions both for proposals relating to agenda items set out in the invitation to the Annual General Meeting and for undisclosed new proposals. Shareholders have the option to receive their documents for the Annual General Meeting or issue proxies and instructions to the independent proxy electronically via the Sherpany online platform.

6.2. Quorums required by the articles of association

The Annual General Meeting passes resolutions and makes elections, if not otherwise required by law (article 704 Swiss Code of Obligations), with an absolute majority of the votes represented at the meeting (as per article 703 Swiss Code of Obligations).

6.3. Convocation of the Annual General Meeting of Shareholders

In accordance with articles 13 and 14 of the Articles of Association, the Annual General Meeting is convened once a year within six months of the end of the financial year. The Board of Director, the auditor, the liquidator or one or a number of shareholders together representing at least 10% of the share capital may request that an Extraordinary General Meeting be convened.

Invitations to the Annual General Meeting are issued at least twenty days before the date set for the meeting, by being published in the Swiss Official Gazette of Commerce or by means of a letter sent by priority mail to all shareholders, if these are known in the share register. The invitation must set out all agenda items together with the proposals of the Board of Directors and any shareholders who have requested that an Annual General Meeting be convened.

6.4. Inclusion of items on the agenda

The invitation to the meeting must indicate the items on the agenda and the motions of the Board of Directors and of those shareholders who have requested that the meeting be convened or that an item be included in the agenda. In compliance with article 699 paragraph 3 Swiss Code of Obligations, shareholders representing shares amounting to a nominal value of CHF 1 million may submit a written request for an item to be included in the agenda.

6.5. Entries in the share register

As common practice, the share register is closed approximately one week after the publication date. The closing date is mentioned in the notice. For organisational reasons, subsequent to closing the share register, no further registrations can be executed, except that shares that have been declared sold are withdrawn and cannot be voted.

7. Changes of control and defense measures

7.1. Duty to make an offer

The Company does not have a provision on opting out or opting up in the Articles of Association. Thus, according to article 9 of the Articles of Association, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover set out in article 32 of the Stock Exchange Act are applicable.

7.2. Clauses on changes of control

There are no such agreements.

8. Auditing body

8.1. Duration of the mandate and term of office of the lead auditor

Berney & Associés SA Société Fiduciaire, Geneva was first appointed on 09.06.2010 as auditor of AEVIS and of the Consolidated Financial Statements of the Group. The term of office is renewable each year for a period of one year by the Annual General Meeting.

Gregor Wrzosowski is the auditor in charge for supervising the auditing of the statutory annual accounts and consolidated accounts of AEVIS VICTORIA SA since 31.12.2012.

The Group's audit firms have no "business consultancy" mandates.

8.2. Auditing fees

Auditing fees of Berney & Associés SA Société Fiduciaire for the Group amounted to CHF 500'000 for the business year 2015.

8.3. Additional fees

During 2015, Berney & Associés SA Société Fiduciaire charged additional fees of CHF 113'500.

8.4. Informational instruments pertaining to an external audit

The Audit and Compliance Committee is responsible for the evaluation of the external auditors and examines the mission, independence and planning and conduct of the work of the external auditors on an annual basis.

At least once a year, the auditor is invited to take part in an Audit and Compliance Committee meeting in the course of which the results of the auditor's work are presented. At the beginning of the each interim and final audit, the Delegate of the Board and the Chief Financial Officer of the Group meet with the auditor in charge. A report is regularly made to the Board of Directors.

The Audit and Compliance Committee reviews the remuneration for the services provided by the external auditors on an annual basis. The external auditors submit a detailed report of their main findings, which are analysed and discussed with the Audit and Compliance Committee before being drawn up for the Board of Directors prior to the approval of the annual financial statements by the Board of Directors.

During 2015, the auditor participated to one meeting of the Audit and Compliance Committee. The auditor was also invited to participate in conference calls with the Board of Directors when deemed necessary.

9. Information policy

The Group has an open and up-to-date information policy that treats all target groups of the capital investment market equally. The most important information tools are the Annual and Half-yearly Reports, the website (www.aevis.com), the press releases, the presentation of the financial statements for media and financial analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter.

The Annual General Meeting of shareholders for the 2015 fiscal year will take place in Interlaken on Tuesday 14.06.2016. A full corporate calendar is available on the company's website.

Contact

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Compensation Report 2015

The AEVIS VICTORIA Compensation Report has been prepared in compliance with the requirements of the Ordinance against Excessive Compensation (OaEC) and will be submitted to the advisory vote of the shareholders at the Annual General Meeting of 2016.

1. Governance

The Board of Directors has the overall responsibility of defining the compensation principles used within the Group, based on a proposal of the Nomination and Compensation Committee.

The Board of Directors approves the compensation of its Chairman, its Members and the Senior Management. The compensation of Board members and Senior Management is subject to approval by the Annual General Meeting.

The Nomination and Compensation Committee is chaired by an independent and Non-executive Board Member and is composed of at least two independent Board members. The Nomination and Compensation Committee Members are elected individually by the Annual General Meeting for a term of office until completion of the next Annual General Meeting. Members of the Nomination and Compensation Committee whose term of office has expired are immediately eligible for re-election.

On 31 December 2015, the Nomination and Compensation Committee was composed of Cédric George (Chairman) and Antoine Kohler. The Nomination and Compensation Committee assists the Board of Directors in the establishment and the periodic revision of the compensation strategy and directives. The Committee prepares the proposals of the Board of Directors to the Annual General Meeting regarding the compensation of the Chairman of the Board, the Board Members and the Senior Management. It determines the principles for remuneration of the Board Members and the Senior Management and submits them to the Board of Directors for approval. It oversees and discusses the overall remuneration policy and the remuneration principles of the company and the Group and keeps the Board updated. The Committee also determines the employee participation schemes, including an allocation of shares, share options or other financial instruments to the Board Members, the Senior Management and other beneficiaries and submits them to the Board for approval. The Nomination and Compensation Committee also establishes the principles for the selection of candidates to the Board, selects candidates for election or re-election and submits them to the Board. The Board of Directors may assign additional tasks to the Nomination and Compensation Committee.

A Nomination and Compensation Committee Charter governs the Nomination and Compensation Committee.

2. Board of Directors

2.1. Principles of compensation

According to article 23 quinquies of the Articles of Association, non-executive Board Members receive a fixed compensation, which takes into account the position and level of responsibility of the beneficiary. At least 20% and up to 50% of their compensation must be converted in AEVIS shares, with a two-year blocking period. The number of AEVIS shares is determined by taking the closing price of the share on the SIX Swiss Exchange over a period of 30 days. The payment in cash and the conversion in shares are executed yearly before the end of the term of office. From the date of allocation, the shares have both voting and dividend rights. The remuneration is accounted for using the accrual principle.

The Annual General Meeting approves the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Board of Directors for the period until the next Annual General Meeting. The Board of Directors can submit to the approval of the Annual General Meeting different or additional proposals covering the same period or different periods.

In the event the Annual General Meeting does not approve a proposal of the Board, the Board determines, taking into account all pertinent criteria, the total (maximum) amount or the partial respective (maximum) amounts and submits the(se) amount(s) thus determined to the approval of an Annual General Meeting.

Notwithstanding the previously stated information, the company or companies controlled by it can pay remunerations prior to the approval of the Annual General Meeting, subject to the approval by the Annual General Meeting.

2.2. Compensation in 2015

NAME	POSITION	TOTAL	OF WHICH CASH	OF WHICH BLOCKED SHARES	PREVIOUS PERIOD
		(in thousands CHF)			
Christian Wenger	Chairman	100.0	75.0	25.0	100.0
Raymond Loretan	Vice-chairman	-	-	-	-
Antoine Hubert	Delegate of the Board	-	-	-	-
Cédric A. George	Member	68.0	54.4	13.6	50.0
Antoine Kohler	Member	93.0	46.5	46.5	50.0
Michel Reybier	Member	50.0	25.0	25.0	50.0

These are net amounts. Social insurance and pension contributions are paid by the company. Antoine Hubert and Raymond Loretan are employed by a Group's subsidiary and do not receive any Board Member compensation.

2.3. Shareholding in 2015

NAME	POSITION	2015	2015	2014	2014
		NUMBER OF SHARES HELD*	NUMBER OF OPTIONS HELD	NUMBER OF SHARES HELD*	NUMBER OF OPTIONS HELD
Christian Wenger**	Chairman	405'827	-	405'541	-
Raymond Loretan	Vice-chairman	44'050	20'000	44'050	20'000
Antoine Hubert and Michel Reybier	Delegate and Member of the Board	11'634'382	277'500****	11'880'039	267'500****
Cédric A. George	Member	16'129	-	15'776	-
Antoine Kohler	Member	2'777	-	1'712	-

*Including the blocked shares received as Board Member compensation

**Representing the shareholding of CHH Financière S.A. – SPF

***Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reybier holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

****Attributed to Antoine Hubert

2.4. Other audited information regarding the Board of Directors

2.4.1. Loans

There are no loans to any Board Members, except for the current account of Antoine Hubert classified in accounts receivable from shareholders and related parties (2015: CHF 2'508'607.57; 2014: CHF 1'579'131.18). See also Note 11 Other Receivables from the Swiss GAAP FER consolidated financial statements. Loans to Board Members can be granted at market conditions and cannot exceed CHF 20 million in total.

2.4.2. Additional fees

During 2015, CHF 9'000 was paid to Cédric George for his terms as Board Member of GSMN Zurich AG for the first half year of 2014.

There were no other additional fees or remuneration paid by AEVIS or any of its group companies to Board Members in 2015, with the exception of Antoine Hubert and Raymond Loretan, who are employed by a group company.

2.4.3. Compensation and loans for former Board Members

There is no compensation conferred during 2015 neither loan outstanding to former Board Members.

3. Senior Management

3.1. Principles of compensation

According to article 23 quinquies of the Articles of Association, the compensation of Senior Management is based on fixed and/or variable elements. Total compensation takes into account the position and level of responsibility of the beneficiary and their achievement of objectives. The fixed compensation includes the base salary and can include other elements of remuneration. The variable remuneration is linked to performance measures (business success and personal objectives) and to the level of responsibility of the beneficiary. The Board of Directors or, if this competence has been delegated, the Nomination and Compensation Committee, determines the performance measures and the target levels of the elements of variable remuneration, as well as their fulfilment. The Compensation can be paid in cash, in shares and/or other types of benefits. It can also be paid in the form of financial instruments or share based units. The Board of Directors or, if this competence has been delegated, the Nomination and Compensation Committee, determines the grant conditions, the vesting conditions and the revoking of rights. Remuneration can be paid by the company or companies controlled by it.

The variable compensation is always paid in the following year, after the publication of the full year results.

The Annual General Meeting approves the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Senior Management of the previous fiscal year.

The Board of Directors can submit to the approval of the Annual General Meeting different or additional proposals covering the same period or different periods.

In the event the Annual General Meeting does not approve a proposal of the Board, the Board determines, taking into account all pertinent criteria, the total (maximum) amount or the partial respective (maximum) amounts and submits the(se) amount(s) thus determined to the approval of an Annual General Meeting.

Notwithstanding the previously stated information, the company or companies controlled by it, can pay remunerations prior to the approval of the Annual General Meeting, subject to the approval by the Annual General Meeting.

According to article 23 quater of the Articles of Association, an additional amount of 40% of the total amount of compensation payable to the Senior Management that was last approved by the Annual General Meeting for the relevant period is available for the member(s) of the Senior Management appointed after the Annual General Meeting that voted on the total amount of compensation.

3.2. Compensation in 2015

The total remuneration of the Senior Management (including social insurance and pension contributions) amounts to CHF 0.50 million (2014: CHF 0.83 million). No stock options were granted in 2015 (2014: CHF 0.3 million).

The highest compensation in 2015 was conferred to Antoine Hubert, Delegate of the Board.

In thousands of CHF	2015 HIGHEST COMPEN- SATION	2015 OTHER MEMBERS	2015 TOTAL SENIOR MANAGE- MENT	2014 HIGHEST COMPEN- SATION	2014 OTHER MEMBERS	2014 TOTAL SENIOR MANAGE- MENT
Annual Base Salary	396	-	396	396	-	396
Variable cash compensation	-	-	-	-	-	-
Stock options	-	-	-	316*	-	316
Pension Scheme Contribution	108	-	108	119	-	119
Total	504	-	504	831	-	831

*Black-Scholes model

3.3. Shareholding in 2015

NAME	POSITION	2015 NUMBER OF SHARES HELD	2015 NUMBER OF OPTIONS HELD	2014 NUMBER OF SHARES HELD*	2014 NUMBER OF OPTIONS HELD
Antoine Hubert	Delegate of the Board	3'003'570	277'500	3'190'218	267'500
Gilles Frachon	CFO	36'360	40'000	46'993	40'000

3.4. Share based payment plans

In 2011, a stock option plan in favour of management and employees was implemented. 59'950 options were granted, each giving rights to subscribe for one share at a unit price of CHF 19.

In 2012, a stock option plan in favour of management and employees was implemented. 630'500 options were granted, each giving rights to subscribe for one share at a unit price of CHF 28. In case of resignation, non-vested options are forfeited.

In 2014, a stock option plan in favour of the Delegate of the Board was implemented. 100'000 options were granted, each giving rights to subscribe for one share at a unit price of CHF 34.

The details of the share-based payment plans at the beginning of the schemes are as follows:

PLAN	BENEFICIARY / GRANT DATE	NUMBER OF INSTRUMENTS / EXERCISE DATE	VESTING CONDITIONS	EXERCISE DATE	EXPIRY DATE
10/11-A	Group Senior Management and Group Management September 2011	59'950 CHF 19	Service condition	31.12.2014	31.12.2014
12-A	Group Senior Management, Group Management and Consultants December 2012	630'500 CHF 28	Service condition	31.12.2016	31.12.2016
14-A	Delegate of the Board February 2014	100'000 CHF 34	Service condition	31.12.2017	31.12.2017

The movements of share-based plans during 2014 and 2015 are the following:

	PLAN 10/11-A	PLAN 12-A	PLAN 14-A
Outstanding options at 01.01.2014	59'950	630'500	-
Exercised during the year	56'450	-	-
Expired during the year	-	-	-
Granted during the year	-	-	100'000
Forfeited options during the year	3'500	30'000	-
Outstanding options at 01.01.2015	-	600'500	100'000
Expired during the year	-	-	-
Exercised during the year	-	2'500	-
Granted during the year	-	-	-
Forfeited options during the year	-	-	-
Outstanding options at 31.12.2015	-	598'000	100'000

3.5. Other audited information regarding the Senior Management

3.5.1. Loans

There are no loans to any member of the Senior Management, except for the current account of Antoine Hubert classified in accounts receivable from shareholders and related parties (2015: CHF 2'508'607.57; 2014: CHF 1'579'131.18). See also Note 11 Other Receivables from the Swiss GAAP FER consolidated financial statements. Loans to members of the Senior Management can be granted at market conditions and cannot exceed CHF 20 million in total.

3.5.2. Additional fees

During 2015, CHF 45'000 was paid to Gilles Frachon for his terms as Board Member of GSMN Ticino SA and Clinique Générale Ste-Anne SA (2014: CHF 32'500).

During 2015, GCC Global Consulting et Communication S.à r.l., a company related to Antoine Hubert, has perceived honoraria of CHF 109'283 from Patrimonium Healthcare Property Advisors AG, a company owned for 50% by AEVIS.

There were no other additional fees or remuneration paid by AEVIS or any of its group companies to the Senior Management.

3.5.3. Compensation and loans for former members of the Senior Management

There is no compensation conferred during 2015 neither loan outstanding to former members of the Senior Management.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF AEVIS VICTORIA SA, FRIBOURG

We have audited the compensation report of AEVIS VICTORIA SA for the year ended December 31, 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections 2.2 to 2.4 and sections 3.2 to 3.5 of the compensation report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the compensation report for the year ended December 31, 2015 of AEVIS VICTORIA SA complies with Swiss law and articles 14–16 of the Ordinance.

BERNEY & ASSOCIES SA
Société Fiduciaire



Gregor WRZOSOWSKI
Licensed Audit Expert
Auditor in charge



Gregory GRIEB
Licensed Audit Expert

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CONSOLIDATED
FINANCIAL
STATEMENTS OF
AEVIS VICTORIA SA

Consolidated Income Statement

(In thousands of CHF)	NOTES	2015	2014 Restated
Revenue from operations		569'971	538'705
Other revenue		7'695	3'667
External services		(67'451)	(57'485)
Net revenue		510'215	484'887
Production expenses		(112'527)	(108'122)
Personnel expenses	5	(236'996)	(219'544)
Other operating expenses	6	(82'240)	(80'738)
EBITDAR		78'452	76'483
Rental expenses		(13'939)	(11'444)
EBITDA		64'513	65'039
Depreciation on tangible assets	13	(36'514)	(33'733)
Amortisation on intangible assets	14	(4'137)	(3'579)
EBIT		23'862	27'727
Financial result	7	(22'949)	(20'502)
Share of profit / (loss) of associates		(107)	214
Ordinary result		806	7'439
Extraordinary result	8	(326)	(1'416)
Profit before taxes		480	6'023
Income taxes	9	3'267	(138)
Profit for the period before minority interests		3'747	5'885
Minority interests		23	(131)
Profit for the period		3'770	5'754
Weighted average number of outstanding shares		14'641'359	14'224'030
Earnings per share (in CHF)		0.26	0.40
Potential dilutive effect of share-based payment plans		(0.01)	(0.01)
Diluted earnings per share (in CHF)		0.25	0.39

Consolidated Balance Sheet

(In thousands of CHF)	NOTES	31.12.2015	31.12.2014 Restated
Assets			
Cash and cash equivalents		13'068	48'574
Trade receivables	10	113'150	98'922
Other receivables	11	49'848	41'232
Inventories	12	17'514	16'489
Accrued income and prepaid expenses		23'308	22'057
Total current assets		216'888	227'274
Fixed assets	13	1'126'161	1'015'238
Intangible assets	14	25'491	23'345
Financial assets	15	17'518	22'747
Total non-current assets		1'169'170	1'061'330
Total assets		1'386'058	1'288'604
Liabilities and equity			
Trade payables	16	88'972	66'565
Other current liabilities	17	20'243	20'390
Short-term financial liabilities	18	100'197	17'687
Other borrowings		800	2'394
Accrued expenses and deferred income	19	47'181	32'242
Short-term provisions	20	482	375
Total current liabilities		257'875	139'653
Long-term financial liabilities	18	703'621	698'921
Other borrowings		16'755	15'527
Other non-current liabilities	17	11'791	12'192
Deferred income		2'621	3'708
Long-term provisions	20	92'844	99'401
Total non-current liabilities		827'632	829'749
Total liabilities		1'085'507	969'402
Equity			
Share capital	21	75'176	71'981
Capital reserves		251'075	232'991
Treasury shares	21.1	(1'075)	(248)
Offset goodwill		(47'480)	(44'626)
Currency translation differences		(990)	(151)
Retained earnings		24'021	10'509
Shareholder's equity excl. minority interests		300'727	270'456
Minority interests		(176)	48'746
Shareholders's equity incl. minority interests		300'551	319'202
Total liabilities and equity		1'386'058	1'288'604

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 2014 (before restatement)	71'699	239'591	(344)	(85'899)	10	5'171	230'228	2'691	232'919
Changes in accounting principles	-	378	-	-	-	(378)	-	-	-
Balance at 1 January 2014 (restated)	71'699	239'969	(344)	(85'899)	10	4'793	230'228	2'691	232'919
Profit for the period (restated)	-	-	-	-	-	5'754	5'754	131	5'885
Capital contribution distribution	-	(7'826)	-	-	-	-	(7'826)	-	(7'826)
Capital increase	282	762	-	-	-	-	1'044	-	1'044
Acquisition of subsidiaries	-	-	-	41'273	-	-	41'273	45'971	87'244
Purchase of minority interests	-	-	-	-	-	(38)	(38)	(47)	(85)
Purchase of treasury shares	-	-	(12'105)	-	-	-	(12'105)	-	(12'105)
Sale of treasury shares	-	(278)	12'201	-	-	-	11'923	-	11'923
Share-based payments (restated)	-	364	-	-	-	-	364	-	364
Currency translation differences	-	-	-	-	(161)	-	(161)	-	(161)
Balance at 31 December 2014 (restated)	71'981	232'991	(248)	(44'626)	(151)	10'509	270'456	48'746	319'202
Profit for the period	-	-	-	-	-	3'770	3'770	(23)	3'747
Capital contribution distribution	-	(7'670)	-	-	-	-	(7'670)	-	(7'670)
Capital increase	3'195	-	-	-	-	-	3'195	-	3'195
Acquisition of subsidiaries	-	-	-	(2'854)	-	-	(2'854)	(162)	(3'016)
Purchase of minority interests	-	25'493	-	-	-	9'742	35'235	(48'737)	(13'502)
Purchase of treasury shares	-	-	(18'959)	-	-	-	(18'959)	-	(18'959)
Sale of treasury shares	-	(85)	18'132	-	-	-	18'047	-	18'047
Share-based payments	-	346	-	-	-	-	346	-	346
Currency translation differences	-	-	-	-	(839)	-	(839)	-	(839)
Balance at 31 December 2015	75'176	251'075	(1'075)	(47'480)	(990)	24'021	300'727	(176)	300'551

Consolidated Cash Flow Statement

(In thousands of CHF)	2015	2014 Restated
Profit for the period	3'770	5'754
Minority interests	(23)	131
Changes in provisions (incl. deferred taxes)	(10'139)	(2'997)
Depreciation and amortisation	40'651	37'312
(Gain)/loss from sale of fixed assets	(514)	(35)
Share of (profit)/loss from associates	107	(214)
Share based payments	346	364
Change in contribution reserve and other non-cash items	3'115	(209)
Cash flow from operating activities before changes in working capital	37'313	40'106
Change in trade receivables	(10'850)	7'766
Change in inventories	(215)	(194)
Change in other receivables and prepaid expenses	(9'037)	(15'558)
Change in trade payables	13'069	(10'757)
Change in other liabilities and accrued expenses	6'295	(2'732)
Cash flow from operating activities	36'575	18'631
Purchase of fixed assets	(124'389)	(56'134)
Proceeds from disposal of fixed assets	28'461	1'509
Purchase of intangible assets	(6'302)	(2'867)
Acquisition of subsidiaries, net of cash acquired	(17'820)	(43'235)
Change in financial assets and loans to associates	7'468	65
Cash flow from investing activities	(112'582)	(100'661)
Distribution to shareholders	(7'670)	(7'826)
Proceeds from issuance of share capital, net of costs	-	1'044
Proceeds from issuance of bond	-	145'000
Sale/(purchase) of treasury shares	(912)	(4'058)
Change in minority interests	(10'308)	(85)
Change in short-term financial liabilities	1'030	(58'410)
Change in long-term financial liabilities	60'609	26'196
Change in other long-term liabilities and borrowings	(2'172)	(310)
Cash flow from financing activities	40'577	101'552
Currency translation effect on cash and cash equivalents	(76)	(13)
Change in cash and cash equivalents	(35'506)	19'509
Cash and cash equivalents at beginning of the period	48'574	29'065
Cash and cash equivalents at the end of the period	13'068	48'574

Notes to the Consolidated Financial Statements

1. General information

AEVIS VICTORIA SA (hereafter “The Company”) has its registered offices at 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

The consolidated financial statements have been prepared on the historical cost basis in accordance with Swiss GAAP FER. They comply with the requirements of the Swiss law and with the listing rules of the SIX Swiss Exchange. The Swiss GAAP FER apply to all companies included in the scope of consolidation. The principle of individual valuation has been applied to assets and liabilities.

The impacts of the first-time adoption of Swiss GAAP FER 31 “Supplementary recommendation for listed companies” are explained in chapter 3.5.1 “Change in accounting method”.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 April 2016. Final approval is subject to acceptance by the Annual General Meeting of shareholders on 14 June 2016.

3. Accounting policies

3.1 Consolidation

The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (“the Group”) and interests in associates.

The assets and liabilities of newly acquired companies are recognised at fair value at the date of acquisition. Entities controlled by the Group are consolidated by applying the purchase method.

3.1.1 Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control effectively commences until the date control ceases. The net assets of a newly acquired company are meas-

ured at fair values at the date of acquisition. Any difference between purchase price and net assets is offset with equity. In an acquisition achieved in stages (step acquisition), the difference between purchase price and net assets is determined on each separate transaction at the corresponding acquisition date. The full consolidation method is used, whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements.

3.1.2. Joint ventures

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control means that the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The Group's share of each of the assets, liabilities, income and expense is shown on each item of the consolidated financial statements on a pro rata basis in accordance with the share in capital the Group holds in the joint venture.

3.1.3. Associates

Associates are those entities in which the Group has significant influence, but no control (between 20% and 50% of voting rights) over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.1.4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, have been eliminated in the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are only eliminated to the extent that there is no evidence of impairment.

3.2 Foreign currency

The consolidated financial statements are presented in Swiss francs (CHF). Transactions in foreign currencies are translated to the respective functional currency of Group companies at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in the income statement. Financial statements of subsidiaries reporting in foreign currencies are translated into Swiss francs

(CHF) during consolidation process using year-end rates for balance sheet items, historical rates for equity and average rates of the year for income and cash flow statements. The translation differences are recognised in equity. Exchange differences arising from long-term intercompany loans with an equity character are booked to equity.

3.3. Income statement

3.3.1. Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. 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.

3.3.2. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3.3. Income taxes

Income taxes comprise current and deferred taxes. Current taxes are the expected tax payables on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payables in respect of previous years.

Deferred taxes are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4. Balance sheet

3.4.1. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

3.4.2. Trade and other receivables

Receivables are carried at nominal value less allowance for doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience.

3.4.3. Inventories

Inventories are measured at the lower of acquisition costs and net realisable value. The cost of inventories is based on the weighted average cost principle. Inventories are regularly adjusted to their net realisable value by the systematic elimination of out-of-date items. Cash discounts are accounted for as reduction of the acquisition value.

3.4.4. Fixed assets

Building position includes the building structure (roof, building facade, structure and basic installation such as heating) while all interior elements are included in leasehold improvements. Lands are not depreciated. Fixed assets are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of fixed assets. The estimated useful lives are as follows:

- Buildings 67–100 years
- Machinery and equipment 5–10 years
- Furniture 5–10 years
- Vehicles 4–8 years
- Leasehold improvements are depreciated over the shorter of useful life or lease term: 10–30 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.4.5. Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified at inception as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets under finance leases are depreciated over their estimated useful lives (4 to 10 years).

Leases where substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.

3.4.6. Intangible assets

Intangible assets include IT software, internet websites, trademarks and other intangible assets issued from acquisitions. Intangible assets are amortised over their estimated useful lives (3 to 15 years). Amortisation is recognised in income statement on a straight-line basis.

3.4.7. Financial assets

The Group has investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These securities are initially recognised at cost and subsequently measured at cost less accumulated impairment losses. The related long-term loans are recognised at nominal value less impairment losses.

3.4.8. Impairment of assets

Assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

3.4.9. Trade and other payables

Trade and other payables are recognised at nominal value.

3.4.10. Financial liabilities and other borrowings

Financial liabilities and other borrowings are recognised at nominal value. Transaction costs are recognised in the income statement over the fixed period of the loans or borrowings. Financial liabilities and other borrowings are classified as short-term liabilities when payable or renewable within 12 months.

3.4.11. Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle the obligation.

3.4.12. Contingent liabilities

Contingent liabilities are valued on the balance sheet date based on the agreements in place and other supporting documents. If an outflow of funds is likely, a provision is created.

3.5. Accounting estimates and assumptions

The preparation of financial information requires Group management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. If in future, such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change.

3.5.1. Change in accounting method (Swiss GAAP FER 31)

The first-time adoption of Swiss GAAP FER 31 impacts the following areas of corporate accounting of the Group:

Share-based payments

According to Swiss GAAP FER 31, share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel expenses and as equity (for instruments with equity compensation) or liabilities (for instruments with cash compensation).

The implementation of Swiss GAAP FER 31 resulted in a restatement of the financial statements of 2014. The following adjustments were made to the income statement of 2014:

(In thousands of CHF)	31.12.2014
Profit for the period before adjustment	6'118
Share based payments (personnel expenses)	(364)
Profit for the period after adjustment	5'754

Other adjustments for Swiss GAAP FER 31

No other additional provisions of Swiss GAAP FER 31 have an influence on the consolidated balance sheet and income statement of the Group. However, in order to comply with Swiss GAAP FER 31, additional disclosures have been included in the consolidated financial statements and the notes to the consolidated financial statements.

3.5.2. Other changes in the accounting policies

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.

During 2014, the Group has re-evaluated the useful life of certain intangible assets. Based on the results the Group decided to increase the useful economic life of the re-evaluated intangible asset categories. The calculations for the evaluation of the intangible assets were made by an independent third party using the discounted cash flow method. The change has an impact in the consolidated income statement 2014 of CHF 3.3 million.

3.6 Changes in scope of consolidation

The following changes to the scope of consolidation took place in 2015:

ENTITY	EVENT / DATE	CAPITAL SHARE 31.12.2015	CAPITAL SHARE 31.12.2014
Ambulances Odier SA	Acquired on 13.01.2015	100.00%	-
GSMN Zürich AG	Increase in participation on 18.02.2015	100.00%	80.00%
Montbrillant SA	Acquired on 30.03.2015	100.00%	-
Victoria-Jungfrau Collection AG	Increase in participation on 29.06.2015	100.00%	71.17%
Prolival SA	Acquired on 22.12.2015	100.00%	-

Victoria-Jungfrau Collection AG is a holding company with several subsidiaries. All group companies are listed in note 31.

4. Segment information

2015 (In thousands of CHF)	HOSPITALS	HOSPITALITY	REAL ESTATE	OTHERS	CORPORATE	ELIMINATIONS	TOTAL
Net revenue	416'924	76'685	2'933	13'672	-	-	510'215
Net revenue Interco	-	342	33'477	237	157	(34'212)	-
Net revenue	416'924	77'028	36'410	13'909	157	(34'212)	510'215
Production expenses	(99'634)	(11'152)	(88)	(1'808)	-	155	(112'527)
Personnel expenses	(185'831)	(37'459)	(323)	(10'671)	(2'712)	-	(236'996)
Other operating expenses	(60'603)	(12'495)	(3'546)	(4'745)	(1'432)	581	(82'240)
EBITDAR	70'856	15'922	32'453	(3'315)	(3'987)	(33'477)	78'452
<i>EBITDAR margin</i>	<i>17.0%</i>	<i>20.7%</i>	<i>89.1%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15.4%</i>

2014 (In thousands of CHF)	HOSPITALS	HOSPITALITY*	REAL ESTATE	OTHERS**	CORPORATE	ELIMINATIONS	TOTAL**
Net revenue	412'190	60'612	1'270	11'195	(379)	-	484'887
Net revenue Interco	-	6	30'929	-	171	(31'106)	-
Net revenue	412'190	60'618	32'199	11'195	(208)	(31'106)	484'887
Production expenses	(97'676)	(8'936)	(3)	(1'548)	41	-	(108'122)
Personnel expenses	(181'239)	(28'562)	-	(6'740)	(3'003)	-	(219'544)
Other operating expenses	(61'690)	(10'385)	(4'153)	(3'422)	(1'265)	177	(80'738)
EBITDAR	71'585	12'735	28'043	(516)	(4'435)	(30'929)	76'483
<i>EBITDAR margin</i>	<i>17.4%</i>	<i>21.0%</i>	<i>87.1%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15.8%</i>

*The hotels segment was included in the scope of consolidation on 1 April 2014. Therefore only nine months are included in the 2014 figures.

**2014 restated

5. Personnel expenses

(In thousands of CHF)	2015	2014 Restated
Salaries and wages	200'896	187'072
Social security expenses	20'443	18'951
Pension expenses	11'779	10'341
Other personnel expenses	3'878	3'180
Total personnel expenses	236'996	219'544
Number of employees		
Full Time Equivalents at year-end	2'587	2'513

The other personnel expenses include expenses for share-based payments at an amount of CHF 0.3 million (2014: 0.4 million). Further information regarding the active share-based payment plans is mentioned under section 3.4 of the Compensation Report 2015.

6. Other operating expenses

(In thousands of CHF)	2015	2014
Administrative expenses	21'620	20'751
Marketing expenses	12'052	13'085
Maintenance expenses	31'015	29'539
Energy expenses	8'006	6'950
Other expenses	9'547	10'413
Other operating expenses	82'240	80'738

7. Financial result

(In thousands of CHF)	2015	2014
Interest income	646	816
Other financial income	325	177
Total financial income	971	993
Interest expenses	(21'878)	(20'042)
Other financial expenses	(2'042)	(1'453)
Total financial expenses	(23'920)	(21'495)
Financial result	(22'949)	(20'502)

8. Extraordinary result

(In thousands of CHF)	2015	2014
Legal cases related to previous years	(326)	(861)
Others	-	(555)
Extraordinary result	(326)	(1'416)

During 2015, the Group received additional invoices for an amount of CHF 0.3 million (2014: CHF 0.3 million) related to the legal case of 2010. No other extraordinary expense was booked in 2015 related to the legal case of 2010 (2014: 0.6 million). Several court decisions have been rendered in 2014. The Group has filed countersuits in order to obtain indemnity and to cover the occurred costs.

The other items in the extraordinary result of 2014 mainly consist of a loss from phishing which occurred in one of the groups subsidiaries. As a result, the Group has reassessed its internal control system and implemented new controls to prevent such an event in the future.

9. Income taxes

(In thousands of CHF)	2015	2014
Current taxes	(2'774)	(2'711)
Deferred taxes	6'041	2'573
Income taxes	3'267	(138)

(In thousands of CHF unless otherwise stated)	2015			2014		
	RESULT	TAX RATE IN %	INCOME TAXES	RESULT	TAX RATE IN %	INCOME TAXES
Average applicable tax rate and income taxes as a proportion of ordinary earnings (before consideration of tax loss carryforwards)	806	21.01	169	7'439	21.39	1'591
Use of not recognised tax loss carryforwards			(95)			(1'021)
Tax losses not recognised from current period			1'544			1'684
Changes in recognition of tax loss carryforwards from prior years			243			(1'993)
Average applicable tax rate and income taxes as a proportion of ordinary earnings (after consideration of tax loss carryforwards)	806	n/a	1'861	7'439	3.51	261
Effects from extraordinary result	(326)	21.13	(69)	(1'416)	21.48	(304)
Expenses disregarded for tax purposes			5'434			4'690
Non-taxable income			(3'270)			(3'061)
Effects from changes in tax rate			(7'312)			(271)
Other effects			89			(1'177)
Effective tax rate and income taxes according to income statement	480	n/a	(3'267)	6'023	2.29	138

The effects from tax rate changes mainly represent the change in deferred tax liabilities on assets and liabilities based in the canton of Vaud, which are consumed after the expected adoption of the new tax rate for legal entities accepted by public vote in March 2016.

10. Trade receivables

(In thousands of CHF)	2015	2014
Third parties	120'662	103'842
Associates	5	-
Other related parties	10	3
Allowances for doubtful accounts	(7'527)	(4'923)
Total trade receivables	113'150	98'922

11. Other receivables

(In thousands of CHF)	2015	2014
Third parties	27'678	21'406
Associates	2'504	1'717
Shareholders	18'239	16'729
Other related parties	1'427	1'380
Total other receivables	49'848	41'232

12. Inventories

(In thousands of CHF)	2015	2014
Medical supplies	11'517	10'424
Pharmaceutical products	3'089	2'907
Hotel and restaurant goods	1'690	1'899
Other inventories	1'218	1'259
Total inventories	17'514	16'489

13. Fixed assets

(In thousands of CHF)	LANDS AND BUILDINGS	MACHINERY AND EQUIPMENT	LEASE-HOLD IMPROVEMENTS	UNDER CONSTRUCTION	OTHERS	TOTAL
Cost						
Balance at 1 January 2014	586'975	127'706	211'596	4'793	3'567	934'637
Increase in scope of consolidation	176'215	14'584	114'768	735	16	306'318
Additions	24'754	18'823	6'088	13'966	956	64'587
Disposals	(740)	(8'323)	-	-	(508)	(9'571)
Reclassifications	17'841	252	(6'947)	(9'105)	516	2'557
Translation adjustments	-	(27)	(138)	(1)	-	(166)
Balance at 31 December 2014	805'045	153'015	325'367	10'388	4'547	1'298'362
Increase in scope of consolidation	41'162	4'405	42	-	984	46'593
Additions	77'569	19'769	2'645	31'868	971	132'822
Disposals	(27'071)	(5'371)	(1'532)	-	(286)	(34'260)
Reclassifications	(6'571)	2'188	37'173	(32'784)	-	6
Translation adjustments	-	(144)	(752)	-	-	(896)
Balance at 31 December 2015	890'134	173'862	362'943	9'472	6'216	1'442'627
Accumulated depreciation						
Balance at 1 January 2014	7'337	87'953	55'128	-	1'896	152'314
Increase in scope of consolidation	15'961	10'612	75'554	-	16	102'143
Depreciation of the year	7'050	12'341	13'549	-	793	33'733
Disposals	(12)	(7'303)	-	-	(375)	(7'690)
Reclassifications	1'739	(121)	978	-	51	2'647
Translation adjustments	-	(12)	(11)	-	-	(23)
Balance at 31 December 2014	32'075	103'470	145'198	-	2'381	283'124
Increase in scope of consolidation	-	2'814	42	-	431	3'287
Depreciation of the year	7'470	12'870	15'262	-	912	36'514
Disposals	-	(5'148)	(974)	-	(191)	(6'313)
Reclassifications	-	(332)	332	-	-	-
Translation adjustments	-	(74)	(72)	-	-	(146)
Balance at 31 December 2015	39'545	113'600	159'788	-	3'533	316'467
Carrying amounts						
At 31 December 2014	772'970	49'545	180'169	10'388	2'166	1'015'238
At 31 December 2015	850'589	60'262	203'155	9'472	2'683	1'126'161
Net book value of leased equipment						
At 31 December 2014		18'003			1'954	19'957
At 31 December 2015		23'482			687	24'169

14. Intangible assets

(In thousands of CHF)	TRADEMARKS	SOFTWARE AND OTHER INTANGIBLE ASSETS	TOTAL
Cost			
Balance at 1 January 2014	14'836	11'384	26'220
Increase in scope of consolidation	1'434	5'338	6'772
Additions	-	2'867	2'867
Disposals	-	(59)	(59)
Reclassifications	-	1'472	1'472
Translation adjustments	-	(15)	(15)
Balance at 31 December 2014	16'270	20'987	37'257
Increase in scope of consolidation	-	70	70
Additions	40	6'262	6'302
Disposals	-	(1'655)	(1'655)
Reclassifications	-	766	766
Translation adjustments	-	(77)	(77)
Balance at 31 December 2015	16'310	26'353	42'663
Accumulated amortisation			
Balance at 1 January 2014	5'128	3'287	8'415
Increase in scope of consolidation	47	548	595
Amortisation of the year	821	2'758	3'579
Disposals	-	(59)	(59)
Reclassifications	-	1'382	1'382
Translation adjustments	-	(1)	(1)
Balance at 31 December 2014	5'996	7'915	13'911
Increase in scope of consolidation	-	10	10
Amortisation of the year	841	3'296	4'137
Disposals	-	(1'655)	(1'655)
Reclassifications	-	772	772
Translation adjustments	-	(3)	(3)
Balance at 31 December 2015	6'837	10'335	17'172
Carrying amounts			
At 31 December 2014	10'274	13'072	23'345
At 31 December 2015	9'473	16'018	25'491

15. Financial assets

(In thousands of CHF)	2015	2014
Equity accounted investees ¹⁾	2'661	3'170
Loans to associates ²⁾	-	-
Employer contribution reserves	1'400	1'396
Other financial assets	3'966	4'190
Deferred tax assets ³⁾	9'491	13'991
Total financial assets	17'518	22'747

¹⁾ Equity accounted investees are disclosed net of share losses of CHF 1.0 million (2014: CHF 1.0 million) for which the Group has no obligation. Additionally goodwill has been directly offset with equity at the amount of CHF 1.9 million (2014: CHF 2.2 million).

²⁾ Loans to associates are fully depreciated. The gross value of the loans amounts to CHF 2.7 million (2014: CHF 2.2 million).

³⁾ The Group did not recognise deferred tax assets of CHF 6.4 million (2014: CHF 3.9 million) relating to unused tax losses amounting to CHF 23.3 million (2014: CHF 17.1 million), as it is not likely that future taxable profits will be available against which the Group can offset tax losses.

16. Trade payables

(In thousands of CHF)	2015	2014
Third parties	88'603	66'121
Associates	369	419
Other related parties	-	25
Total trade payables	88'972	66'565

17. Other liabilities

(In thousands of CHF)	2015	2014
Third parties	32'034	32'214
Associates	-	368
Total other liabilities	32'034	32'582
of which short-term	20'243	20'390
of which long-term	11'791	12'192

18. Financial liabilities

	BOOK VALUE in thousands of CHF	AMOUNT IN FOREIGN CURRENCY		INTEREST RATE in %
		Currency	Value in thousands	
Bank overdrafts	212			3.00 – 5.55
Current portion of bank loans	80			5.00
Current portion of bank loans	598	EUR	497	2.75
Current financial leases	6'675			1.63 – 5.96
Current portion of mortgage loans	10'122			1.01 – 4.27
Short-term financial liabilities at 31 December 2014	17'687			
Bank loans	29'325			1.25 – 5.00
Bank loans	2'071	EUR	1'722	2.75
Non-current financial leases	6'360			1.63 – 5.96
Mortgage loans	336'165			1.01 – 4.27
Bonds issued by the company	325'000			2.75 – 4.25
Long-term financial liabilities at 31 December 2014	698'921			
Total financial liabilities at 31 December 2014	716'608			
Bank overdrafts	1'014			3.00 – 5.00
Current portion of bank loans	27			3.00
Current portion of bank loans	547	EUR	505	2.75
Current financial leases	5'784			1.63 – 5.96
Current portion of mortgage loans	12'825			1.10 – 4.27
Bonds (repayment within one year)	80'000			4.25
Short-term financial liabilities at 31 December 2015	100'197			
Bank loans	59'720			1.75 – 5.00
Bank loans	1'326	EUR	1'224	2.75
Non-current financial leases	10'168			1.63 – 5.96
Mortgage loans	387'407			1.10 – 4.27
Bonds issued by the company	245'000			2.75 – 3.50
Long-term financial liabilities at 31 December 2015	703'621			
Total financial liabilities at 31 December 2015	803'818			

Mortgage loans and bank loans are classified as short-term when payable or redeemed within 12 months. The prior year has been adjusted accordingly.

As a guarantee for bank overdrafts, the Group pledged trade receivables for an amount of CHF 51.5 million as at 31 December 2015 (2014: CHF 53.4 million). Mortgage loans are secured by real estate, pledged for an amount of CHF 827.8 million (2014: CHF 763.5 million). The information about the bonds issued by AEVIS VICTORIA SA is detailed in the following table:

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

19. Accrued expenses and deferred income

(In thousands of CHF)	2015	2014
Accrued personnel expenses	10'899	9'214
Accrued tax expenses	3'212	3'514
Deferred income	1'447	1'592
Other accrued expenses	31'623	17'922
Accrued expenses and deferred income	47'181	32'242

The accrued personnel expenses include pension plan liabilities (contributions) at the amount of CHF 3.2 million (2014: CHF 1.5 million).

20. Provisions

(In thousands of CHF)	DEFERRED TAX	LEGAL OBLIGATIONS	NEGATIVE GOODWILL	OTHERS PROVISIONS	TOTAL
Balance at 1 January 2014	64'721	1'956	1'000	273	67'950
Increase in scope of consolidation	34'831	-	-	-	34'831
Additions	1'664	46	-	-	1'710
Utilisation	-	(1'419)	-	(60)	(1'479)
Reversals	(2'189)	(21)	(1'000)	(18)	(3'228)
Translation adjustments	(8)	-	-	-	(8)
Balance at 31 December 2014	99'019	562	-	195	99'776
<i>Of which short-term</i>	-	180	-	195	375
<i>Of which long-term</i>	99'019	382	-	-	99'401
Increase in scope of consolidation	3'730	-	-	-	3'730
Additions	2'282	142	-	-	2'424
Utilisation	-	-	-	(19)	(19)
Reversals	(12'545)	-	-	-	(12'545)
Translation adjustments	(40)	-	-	-	(40)
Balance at 31 December 2015	92'446	704	-	176	93'326
<i>Of which short-term</i>	-	306	-	176	482
<i>Of which long-term</i>	92'446	398	-	-	92'844

The provisions for the legal obligations were discounted at an interest rate of 2.5%.

21. Equity

At 31 December 2015, the share capital of CHF 75.2 million (2014: 72.0 million) consists of 15'035'207 fully paid-up registered shares (2014: 14'396'295) at a par value of CHF 5 each. The legally non-distributable reserves of the Company amount to CHF 43.2 million (2014: CHF 27.9 million).

Information regarding authorised and conditional capital is mentioned under section 2.2 of the Corporate Governance Report. The significant shareholders are mentioned under section 1.2 of the Corporate Governance Report.

21.1 Treasury shares

	NUMBER OF SHARES		IN THOUSANDS OF CHF	
	2015	2014	2015	2014
Balance at 1 January	5'879	10'267	248	344
Purchase of treasury shares	470'061	347'004	18'959	12'105
Sale of treasury shares	(450'824)	(351'392)	(18'132)	(12'201)
Balance at 31 December	25'116	5'879	1'075	248

In 2015, the group purchased 470'061 treasury shares at an average price of CHF 40.33 per share (2014: 347'004 at CHF 34.88) and sold 450'824 shares at an average price of CHF 40.14 (2014: 351'392 at CHF 34.57).

22. Non-cancellable operating leases

(In thousands of CHF)	2015	2014
Less than one year	8'966	10'585
Between one and three years	17'603	15'884
More than three years	66'097	72'986
Total inventories	92'666	99'455

The non-cancellable lease rentals are mainly related to the third party buildings in which some group entities are operating.

23. Capital commitments

The Group has commitments to complete leasehold improvements and to purchase equipment for a total amount of CHF 20.3 million as at 31 December 2015 (2014: CHF 24.1 million). The Company is also committed to purchase 444'912 of its own shares in the first half of 2016, for partial purchase considerations to be paid with treasury shares.

24. Contingent liabilities

As part of the introduction on 1 January 2012 of the new Swiss Health Insurance Act, providers and insurers have to negotiate a baserate and submit it to the state (canton) authority for confirmation. For now, some states did not yet confirm the definitive baserate. Therefore, in some of the listed hospitals of the Group, part of the invoices are based on provisional baserates published by the state or on non-confirmed baserates. Due to these uncertainties, the Group is not able to assess with sufficient reliability the impact on its financial statements of such final decisions regarding the DRGs' prices but, based on its experience in those cantons where baserates are definitive, is confident that the provisional rates used in 2012 will not materially differ from the final baserates to be applied. Therefore no provisions were set up.

25. Transactions with related parties

Business transactions with related parties are based on arm's length conditions. All transactions are reported in the consolidated financial statements for 2015 and 2014.

The corresponding receivables and payables are reported separately in the respective notes to the consolidated financial statements (see notes 10, 11, 16 and 17).

(In thousands of CHF)	2015	2014
Transactions with associates		
Net revenue	1'369	1'118
Production expenses	112	-
Personnel expenses	9	-
Other operating expenses	625	1'762
Transactions with shareholders		
Net revenue	5	-
Financial income	583	561
Acquisition of subsidiary (purchase price)	14'300	-
Transactions with other related parties		
Net revenue	40	66
Other operating expenses	514	493
Rental expenses	697	721
Financial income	45	45

Patrimonium Healthcare Property Advisors AG (PHPA) became an associated company in 2014 and the company was consolidated using the equity method. In 2014 transactions with PHPA are thus reported as transactions with associates. As mentioned in the accounting policies, the Group decided to use the proportional consolidation method for joint-venture companies from 2015 on. Therefore, transactions with PHPA are integrated and partially eliminated in the consolidated financial statements for 2015 and are no longer shown as transactions with associates in the table above.

26. Acquisition of subsidiaries

The acquisitions made in 2015 were accounted for using the purchase method. The following amounts of assets and liabilities acquired were included in the consolidated financial statements at the date of acquisition (see note 3.6).

(In thousands of CHF)	2015	2014
Cash and cash equivalents	701	33'546
Trade receivables	3'232	5'873
Other current assets	1'169	6'734
Fixed assets	43'306	204'175
Intangible assets	60	6'177
Other non-current assets	2	4'481
Assets	48'470	260'986
Short-term financial liabilities	1'539	17'947
Other current liabilities	9'538	13'250
Long-term financial liabilities	14'181	22'385
Other non-current liabilities	1'404	3'737
Long-term provisions	3'730	34'831
Liabilities	30'392	92'150
Total net assets acquired	18'078	168'836

27. Goodwill

The impact of a theoretical capitalisation of goodwill on balance sheet and net earnings is presented in the tables below:

(In thousands of CHF)	2015	2014
Cost		
Balance at 1 January	125'013	117'190
Additions through business combinations	5'179	7'823
Disposals	-	-
Balance at 31 December	130'192	125'013
Accumulated amortisation		
Balance at 1 January	108'312	102'092
Amortisation for the year (5 years)	6'466	6'220
Impairment	-	-
Disposals	-	-
Balance at 31 December	114'778	108'312
Carrying amounts		
At 31 December	15'414	16'701

Impact on net earnings and balance sheet:

(In thousands of CHF)	2015	2014 Restated
Profit for the period	3'770	5'754
Amortisation goodwill	(6'466)	(6'220)
Impairment goodwill	-	-
Net earnings with capitalised goodwill	(2'696)	(466)
Equity including minority interests	300'551	319'202
Capitalised goodwill	15'414	16'701
Equity with capitalised goodwill	315'965	335'903

28. Pension plan institutions

There exist various pension schemes within the Group, which are based on regulations in accordance with Swiss pension fund law, except for the foreign subsidiary.

EMPLOYER CONTRIBUTION RESERVE – ECR (in thousands of CHF)	NOMINAL VALUE ECR	WAIVER OF USAGE	BALANCE SHEET	CHANGE IN 2015	BALANCE SHEET	RESULT FROM ECR IN PERSONNEL EXPENSES		CHANGE IN SCOPE OF CONSOLIDATION
	31.12.2015	31.12.2015	31.12.2015		31.12.2014	2015	2014	2015
Pension institutions	890	-	890	-	886	4	3	-
Pension institutions without surplus / deficit	510	-	510	-	510	-	5	-
Total	1'400	-	1'400	-	1'396	4	8	-

ECONOMICAL BENEFIT / OBLIGATION AND PENSION BENEFIT EXPENSES (IN THOUSANDS OF CHF)	SURPLUS / DEFICIT	ECONOMICAL PART OF THE ORGANISATION		CHANGE TO PRIOR YEAR OR RECOGNISED IN THE CURRENT RESULT OF THE PERIOD	CONTRIBUTIONS CONCERNING THE BUSINESS PERIOD*	PENSION BENEFIT EXPENSES WITHIN PERSONNEL EXPENSES	
	31.12.2015	31.12.2015	31.12.2014			2015	2014
Pension institutions	-	-	-	-	-	11'356	9'276
Pension institutions without surplus / deficit	-	-	-	-	-	423	1'065
Total	-	-	-	-	-	11'779	10'341

*Including result from employer contribution reserves

29. Subsequent events

There are no subsequent events.

30. Risk assessment disclosure

The Senior management proceeds to an annual review of the risks and protection measures. Risk assessment is reviewed by the Executive Committee, discussed in the audit committee and approved by the Board of Directors.

31. List of Group companies

SEGMENT / COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL	
				31.12.2015	31.12.2014
Corporate					
AEVIS VICTORIA SA (formerly AEVIS HOLDING SA) ¹⁾	Fribourg	Holding company	a)	100.0%	100.0%
Victoria-Jungfrau Collection AG (merged) ¹⁾	Interlaken	Holding company	a)	-	71.2%
Hospitals					
Swiss Medical Network SA (formerly Genolier Swiss Medical Network SA)	Genolier	Holding company	a)	100.0%	100.0%
GSMN Suisse SA (formerly GSMN Vaud SA) ²⁾	Genolier	Hospitals	a)	100.0%	100.0%
GSMN Zürich AG (merged) ²⁾	Zürich	Hospitals	a)	-	-
GSMN Ticino SA (formerly Salus Medica Clinic SA) ³⁾	Sorengo	Hospitals	a)	100.0%	100.0%
Ars Medica Clinic SA (merged) ³⁾	Gravesano	Hospital	a)	-	100.0%
GSMN Neuchâtel SA ⁴⁾	Neuchâtel	Hospitals	a)	100.0%	100.0%
Montbrillant SA (merged) ⁴⁾	La Chaux-de-Fonds	Hospital	a)	-	-
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%
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%
Les Hauts de Genolier SA ⁵⁾	Genolier	Patient hotel	a)	100.0%	100.0%
Privatklinik Obach AG	Solothurn	Hospital	a)	100.0%	100.0%
Schmerzklinik Basel AG	Basel	Hospital	a)	100.0%	100.0%
Hospitality					
Victoria-Jungfrau Collection AG (formerly SHI Swiss Hotels Investments S.A.)	Interlaken	Holding company	a)	100.0%	100.0%
Grand Hotel Victoria-Jungfrau AG ⁶⁾	Interlaken	Hotel	a)	100.0%	71.2%
Palace Hotel Luzern AG (merged) ⁶⁾	Luzern	Hotel	a)	-	71.2%
Hotel Bellevue Palace AG	Bern	Hotel	a)	100.0%	71.2%
Hotel Eden au Lac AG	Zurich	Hotel	a)	100.0%	71.2%
VJC-Management AG	Interlaken	Management	a)	100.0%	71.2%
Real estate					
Park Résidence AG in Interlaken	Interlaken	Real estate	a)	100.0%	71.2%
Patrimonium Healthcare Property Advisors AG	Baar	Real estate management	b)	50.0%	50.0%
Prolival SA	Sierre	Real estate	a)	100.0%	-
Swiss Healthcare Properties SA	Fribourg	Healthcare real estate	a)	100.0%	100.0%
Swiss Hospitality Properties AG	Interlaken	Real estate	a)	100.0%	71.2%

SEGMENT / COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL	
				31.12.2015	31.12.2014
Others					
Healthcare incubator					
Ambulances Services Odier SA (formerly AS Ambulances Services SA) ⁷⁾	Geneva	Ambulance services	a)	93.4%	93.4%
Ambulances Odier SA (merged) ⁷⁾	Geneva	Ambulance services	a)	-	-
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 hospital in France	a)	100.0%	100.0%
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

- ¹⁾ Victoria-Jungfrau Collection AG was merged in June 2015 into AEVIS Holding SA which was then renamed to AEVIS VICTORIA SA with retroactive effect from 01.01.2015.
²⁾ GSMN Zürich AG was merged in March 2015 into GSMN Vaud SA which was then renamed to GSMN Suisse SA with retroactive effect from 30.09.2014.
³⁾ Ars Medica Clinic SA was merged in June 2015 into Salus Medica Clinic SA which was then renamed to GSMN Ticino SA with retroactive effect from 01.01.2015.
⁴⁾ Montbrillant SA was merged in June 2015 into GSMN Neuchâtel SA with retroactive effect from 01.01.2015.
⁵⁾ The patient hotel Les Hauts de Genolier SA has been reported under the segment "Other healthcare and wellness activities" in the former segment information and was reclassified to the "Hospitals" segment in the new segment information under Swiss GAAP FER 31. The previous year figures are presented accordingly.
⁶⁾ Palace Hotel Luzern AG was merged in March 2016 into Grand Hotel Victoria-Jungfrau AG with retroactive effect from 31.12.2015.
⁷⁾ Ambulances Odier SA was merged in June 2015 into AS Ambulances Services SA which was then renamed to Ambulances Services Odier SA with retroactive effect from 01.01.2015.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF AEVIS VICTORIA SA, FRIBOURG

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of AEVIS VICTORIA SA, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements presented on pages 70 to 95 for the year ended December 31, 2015.

Board of Directors' Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

BERNEY & ASSOCIES SA

Société Fiduciaire



Gregor WRZOSOWSKI
Licensed Audit Expert
Auditor in charge



Gregory GRIEB
Licensed Audit Expert

Geneva, 29 April 2016

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STATUTORY
FINANCIAL
STATEMENTS OF
AEVIS VICTORIA SA

Statutory Balance Sheet

IN CHF	NOTES	31.12.2015	31.12.2014
Assets			
Cash and cash equivalents		62'733	1'796'249
Short-term receivables	2.1	82'711'183	88'428'469
Prepaid expenses and accrued income		4'097'507	5'226'493
Current assets		86'871'423	95'451'211
Financial assets	2.2	304'185'680	284'745'612
Investments	4	75'825'693	108'039'741
Equipment		21'070	32'110
Intangible assets	2.3	30'587'000	7'391
Non-current assets		410'619'443	392'824'854
Assets		497'490'865	488'276'064
Liabilities and shareholders' equity			
Trade accounts payable		1'359'340	683'989
Short-term interest bearing liabilities	2.4	21'935'030	12'500'000
Other short-term liabilities		41'083	13'663
Accrued expenses and deferred income		15'235'768	6'142'404
Bond issued by the company	5	80'000'000	-
Short-term liabilities		118'571'221	19'340'056
Bonds issued by the company	5	245'000'000	325'000'000
Long-term liabilities		245'000'000	325'000'000
Liabilities		363'571'221	344'340'056
Share capital		75'176'035	71'981'475
Reserves from capital contributions		84'642'172	85'359'958
Other capital reserves		2'194'691	-
Legal capital reserves		86'836'863	85'359'958
General legal retained earnings		83'000	83'000
Legal retained earnings		83'000	83'000
Loss carried forward		(13'240'187)	(16'043'944)
Loss / profit for the year		(13'860'682)	2'803'757
Balance sheet loss		(27'100'869)	(13'240'187)
Treasury shares	6	(1'075'385)	(248'238)
Shareholders' equity		133'919'644	143'936'008
Liabilities and shareholders' equity		497'490'865	488'276'064

Statutory Income Statement

IN CHF	NOTES	2015	2014
Dividend income		5'000'000	6'380'000
Other operating income		156'645	185'463
Net revenue from services		5'156'645	6'565'463
Administrative expenses		(1'366'408)	(1'564'900)
Operating expenses		(1'366'408)	(1'564'900)
EBITDA		3'790'237	5'000'563
Depreciation and amortisation on non-current assets		(3'417'302)	(10'252)
Impairment losses (net) on non-current assets		(7'498'855)	(739'600)
EBIT		(7'125'920)	4'250'711
Financial expenses		(15'736'538)	(11'200'741)
Financial income		9'066'919	9'791'861
EBT		(13'795'540)	2'841'831
Direct taxes		(65'142)	(38'074)
Loss / profit for the year		(13'860'682)	2'803'757

Notes to the Statutory Financial Statements

1. Principles

These financial statements were prepared for the first time according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). To ensure comparability the previous year figures in the balance sheet and the income statement have been adjusted accordingly.

When not legally prescribed, the significant accounting and valuation principles applied are described below.

Investments and intangible assets

Investments and intangible assets are valued at acquisition costs less accumulated depreciation and impairment losses.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition.

2. Information on balance sheet and income statement items

IN CHF	31.12.2015	31.12.2014
2.1 Short-term receivables		
From third parties	18'258'639	8'052'845
From shareholders and governing bodies	17'840'400	15'626'748
From companies in which the entity holds an investment	46'612'144	64'748'876
Total short-term receivables	82'711'183	88'428'469
2.2 Financial assets		
From companies in which the entity holds an investment	310'078'287	288'598'701
<i>Thereof as subordinated claim</i>	298'309'948	286'495'948
Valuation adjustments	(5'892'608)	(3'853'089)
Total Financial assets	304'185'680	284'745'612
2.3 Intangible assets		
Software	-	7'391
Goodwill	30'587'000	-
Total intangible assets	30'587'000	7'391
2.4 Short-term interest bearing liabilities		
Short-term bank loans	16'169	500'000
Due to companies in which the entity holds an investment	21'918'861	12'000'000
Total short-term interest bearing liabilities	21'935'030	12'500'000

3. Full-time equivalents

AEVIS VICTORIA SA does not have any employees.

4. Investments

COMPANY, LEGAL FORM AND DOMICILE	31.12.2015 SHARE IN CAPITAL	VOTING RIGHTS	31.12.2014 SHARE IN CAPITAL	VOTING RIGHTS
Swiss Medical Network SA, Genolier (formerly Genolier Swiss Medical Network SA)	100.0%	100.0%	100.0%	100.0%
Victoria-Jungfrau Collection AG, Interlaken (formerly SHI Swiss Hotels Investments S.A., Fribourg)	100.0%	100.0%	100.0%	100.0%
Victoria-Jungfrau Collection AG, Interlaken (merged) ¹⁾	-	-	71.2%	71.2%
Palace Hotel Luzern AG, Luzern ^{2) 3)} (merged)	-	-	-	-
Swiss Healthcare Properties SA, Fribourg	100.0%	100.0%	100.0%	100.0%
Swiss Hospitality Properties AG, Interlaken ²⁾	100.0%	100.0%	-	-
Park Résidence AG in Interlaken ²⁾	100.0%	100.0%	-	-
Prolival SA, Sion	100.0%	100.0%	-	-
Les Hauts de Genolier SA, Genolier	100.0%	100.0%	100.0%	100.0%
Patrimonium Healthcare Property Advisers AG, Baar	50.0%	50.0%	50.0%	50.0%
Ambulances Services Odier SA (formerly AS Ambulances Services SA), Geneva	93.4%	93.4%	93.4%	93.4%
Société Clinique Spontini SAS, Paris	100.0%	100.0%	100.0%	100.0%
Laboratoires Genolier SA, Genolier	84.0%	84.0%	84.0%	84.0%
NESCENS SA, Genolier	36.2%	36.2%	36.2%	36.2%
Swiss Stem Cell Science SA, Fribourg	70.0%	70.0%	70.0%	70.0%
Publications Financières LSI SA, Geneva	100.0%	100.0%	100.0%	100.0%
AGEFI, Société de l'Agence Economique et Financière S.A., Lausanne	49.0%	49.0%	49.0%	49.0%
Agefi Com SA, Geneva	49.0%	49.0%	49.0%	49.0%
Academy & Finance SA, Geneva	22.5%	22.5%	22.5%	22.5%

¹⁾ Victoria-Jungfrau Collection AG was merged in June 2015 into AEVIS HOLDING SA which was then renamed to AEVIS VICTORIA SA with retroactive effect from 01.01.2015

²⁾ As a consequence of the merger with Victoria-Jungfrau Collection AG the investments in subsidiaries have been transferred to AEVIS VICTORIA SA.

³⁾ Palace Hotel Luzern AG was merged in March 2016 into Grand Hotel Victoria-Jungfrau AG, a subsidiary of Victoria-Jungfrau Collection AG, with retroactive effect from 31.12.2015.

5. Bonds issued by the company

Information regarding Bonds issued by the company is mentioned in note 18 of the Swiss GAAP FER consolidated financial statements.

6. Treasury shares

Information regarding treasury shares is mentioned in note 21.1 of the Swiss GAAP FER consolidated financial statements.

7. Contingent liabilities

	31.12.2015 CHF	31.12.2014 CHF
The Company is committed to provide certain subsidiaries with sufficient funds to cover potential lack of liquidity	7'747'500	8'258'100
The Company pledged the shares of Swiss Medical Network SA for a total amount of CHF 100'000 as a guarantee for bank loans of	27'000'000	25'000'000

8. Shares or options on shares for members of the board and employees

	31.12.2015		31.12.2014	
	QUANTITY	VALUE IN CHF	QUANTITY	VALUE IN CHF
Options allocated to members of the board	-	-	100'000	316'190

9. Additional information requested by the Swiss Code of Obligations

9.1 Share and stock options ownership

NAME, (POSITION)	31.12.2015 NUMBER OF SHARES HELD*	31.12.2015 NUMBER OF OPTIONS HELD	31.12.2014 NUMBER OF SHARES HELD*	31.12.2014 NUMBER OF OPTIONS HELD
Board of Directors				
Christian Wenger (Chairman)**	405'827	-	405'541	-
Raymond Loretan (Vice-chairman)	44'050	20'000	44'050	20'000
Antoine Hubert (Delegate of the Board) and Michel Reybier (Member)	11'634'382***	277'500****	11'880'039	267'500****
Cédric A. George (Member)	16'129	-	15'776	-
Antoine Kohler (Member)	2'777	-	1'712	-
Senior Management				
Antoine Hubert (Delegate of the Board)	3'003'570	277'500	3'190'218	267'500
Gilles Frachon (CFO)	36'360	40'000	46'993	40'000

*Including the blocked shares received as Board Member compensation

**Representing the shareholding of CHH Financière S.A. – SPF

***Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reybier holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

****Attributed to Antoine Hubert

9.2 Significant shareholders

NAME, (POSITION)	31.12.2015 NUMBER OF SHARES HELD	31.12.2015 %	31.12.2014 NUMBER OF SHARES HELD	31.12.2014 %
Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA*	11'634'382	77.38	11'880'039	82.52%
Kuwait Investment Office as agent for the Government of the State of Kuwait	533'312	3.55%	-	

*Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reybier holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

Proposed distribution from capital contribution reserve

The Board of Directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 0.55 (2014: CHF 0.55) per share from capital contribution reserve.

	2015	2014
Account carried forward	77'689'587	85'359'958
Increase of capital contribution reserve due to the merger with Victoria-Jungfrau Collection AG	6'952'584	-
Capital contribution reserve before proposed distribution	84'642'172	85'359'958
Proposed distribution from capital contribution reserve	(8'255'550)	(7'670'372)
Capital contribution reserve after proposed distribution	76'386'622	77'689'587

Based on distribution of CHF 0.55 per share on 15'010'091 eligible issued shares as at 31 December 2015 (2014: CHF 0.55 per share on 14'390'416 eligible issued shares). The distribution from capital contribution reserve is not subject to withholding tax. Treasury shares are not entitled to distribution.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS TO THE GENERAL MEETING OF AEVIS VICTORIA SA, FRIBOURG

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of AEVIS VICTORIA SA, which comprise the balance sheet, the income statement and notes presented on pages 100 to 106 for the year ended December 31, 2015.

Board of Directors' Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

BERNEY & ASSOCIES SA

Société Fiduciaire



Gregor WRZOSOWSKI
Licensed Audit Expert
Auditor in charge



Gregory GRIEB
Licensed Audit Expert

Geneva, 29 April 2016

