M1 Beauty

ANNUAL REPORT 2015

Key Figures M1-Group

Consolidated profit and loss statement according to IFRS (in EUR)

	Fiscal year 2015	Fiscal year 2014
Sales	34,926,334.71	23,016, 549.01
EBIT	7,015,602.91	5,016,308.53
Net profit	6,630,755.14	4,585,405.67

Consolidated balance sheet according to IFRS (in EUR)

	Fiscal year 2015	Fiscal year 2014
Assets		
Short-term assets	19,604,915.81	7,535,404.07
Long-term assets	13,582,397.18	31,168,709.86
Total assets	33,187,312.99	38,704,113.93
Liabilities		
Short-term liabilities	3,424,830.70	10,111,881.59
Long-term liabilities	12,571.42	3,198,640,36
Equity	29,749,910.87	25,393,591.98
Total liabilities and equity	33,187,312.99	38,704,113.93

The share

Classes of shares	Bearer shares
Number of shares	15,000,000
WKN / ISIN	A0STSQ / DE000A0STSQ8

Content

Dear shareholders,
Ladies and gentlemen,

In the year 2015 the M1-Group reached growth in trade with pharmaceuticals, medical products as well as with services in the range of plastic surgery and aesthetic beauty treatments.

Our subsidiary company, M1 Med Beauty Berlin GmbH, received a concession as from 01 June 2015 to operate a clinic for plastic and aesthetic beauty treatments. We have the opportunity to use our experience from last years as a service provider for other doctors in our own clinical operation. With the help of our team consisting of a medical director, the surgeons and nurses we aim to become the leading provider for beauty treatments in Germany.

Next to our hospital business, we also expand further our services business with cooperating doctors. New branches have been opened in Munich, Essen, Cologne and Dusseldorf in 2015.

The group sales were 34.93 million Euro in 2015 (previous year: 23.02 million Euro). The EBIT (earnings before interest and taxes) rose from 5.02 million Euro in 2014 to 7.02 million Euro in 2015.

In the fourth quarter the company went public at the stock exchange of Frankfurt. Since then the price development of the share is good.

The business development of M1-Group and the perspectives of the market for products and services from the beauty sector are assessed by shareholders, customers and employees as positive and trend-setting.

At this point I would like to thank our employees for their great commitment in 2015.

Yours,

Patrick Brenske
CEO

Report of the supervisory board

1. Supervision of management and cooperation with the management board

In the financial year 2015, the supervisory board of M1 Beauty AG fulfilled its duties according to the law and the statutes with great care. The management of the company has been supervised by the supervisory board. The management board was consulted in its activity by the supervisory board. The supervisory board has been involved in all decisions with fundamental importance for the company by the management board immediately and at an early stage. The management board regularly informed the supervisory board orally, by telephone and in writing, on time and comprehensively about the business performance, the economic situation of the company and the Group, significant events of business operations, the company‘s plans including issues of the business policy and risk management, the development of cost and earnings, liquidity as well as investment measures. The management board was able to convince itself of the proper governance of the company. Topic-related committees within the supervisory board were not formed.

2. Meetings, consultations and resolutions

In the financial year 2015, the supervisory board held seven ordinary meetings, five of which in the first half-year and two in the second half-year. All sessions reached quorum.

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

- the situation of the company
- the strategic development and its operative realization
- the current competitive, organizational and staff situation
- the short and medium term investment planning

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

3. Annual financial statements

The supervisory board convinced itself of the proper management of the company. The annual financial statements established by the management board, the consolidated financial statements and the consolidated management report of M1 Beauty AG for the financial year ending on December 31, 2015, accounting included, have been audited by the auditor nominated by the general shareholders‘ meeting, Harry Haseloff, Berlin, and confirmed with an unqualified audit opinion.

The annual financial statements, the consolidated financial statements, the consolidated management report of M1 Beauty AG and the proposal for the appropriation of the balance sheet profit have been handed out to each member of the supervisory board in good time for the balance sheet meeting on April 19, 2016. In the balance sheet meeting on April 19, 2016, the auditor reported on the essential results of his audit and was available for questions of the members of the supervisory board. We have ourselves reviewed the annual financial statements established by the management report as well as the consolidated financial statements. In the supervisory board meeting on April 19, 2016, we approved the annual financial statements prepared by the management board and the Group financial statements. The annual financial statements are thus adopted.

4. Dependency report

For its financial year ending on December 31, 2015, M1 Beauty AG prepared a dependency report according to § 312 AktG.

The dependency report has been audited by the auditor nominated by the general shareholders‘ meeting, auditor Harry Haseloff, Berlin, according to § 313 Abs. 1. The auditor, Harry Haseloff, has prepared a separate written report on the results of the audit. Since no objections were to be made against the report of the management board, the audit opinion has been issued as of April 15, 2016, according to § 313 par. 3 AktG.

In the balance sheet meeting on April 19, 2016, the auditor reported on the results of his audit and confirmed that the actual information of the dependency report is correct, that the consideration granted by the company in the legal transactions listed in the report were not too high or compensation for disadvantages was given and that with respect to the measures mentioned in the report, no circumstances could support any judgement substantially different from that of the management board.

The dependency report has been submitted in time to the supervisory board before the balance sheet meeting on April 19, 2016, according to § 314 AktG. In its session on April 19, 2016, the supervisory board has comprehensively checked the dependency report for completeness and correctness. As a result, the supervisory board has concluded that no objections are to be made against the statement of the management board at the end of the report about the relations with associated companies and has approved the dependency report.

5. Composition of the supervisory board

In the period from January 1, 2015 to June 23, 2015, the supervisory board was composed in collaboration of the supervisory board members Dr. Christian Pahl (chairman), Dr. Volker Voigtsberger (vice chairman) and Dr. Detlef Fichtner (member). Dr. Volker Voigtsberger and Dr. Detlef Fichtner resigned from their mandates on June 23, 2015.
Dr. Albert Wahl and Prof. Dr. Dr. Sabine Meck took on their mandate on the same day.
In the period from June 24, 2015 to December 31, 2015 the supervisory board was composed in collaboration of the supervisory board members Dr. Christian Pahl (chairman), Dr. Albert Wahl (vice chairman) und Prof. Dr. Dr. Sabine Meck (member).

6. Other

In February 2016 the supervisory board decided the dismissal of the board member Stefan Mattner. The supervisory board thanks Mr. Patrick Brenske for the outstanding achievements in the expansion of the group. The supervisory board is looking forward to continuing the successful cooperation.

Berlin, April 19, 2016

Dr. Christian Pahl
(Chairman of the supervisory board)

Consolidated Management Report

1 Company profile

M1 Beauty AG is with its subsidiaries focussed on the medical beauty sector, which provides with its products and services „Made in Germany“ an affordable access to aesthetic medicine.

Next to a comprehensive range of medical-aesthetic treatments, the group is developing and marketing pharmaceutical, medical and medical technology products for the aesthetic surgery and cosmetic dermatology.

More than
4,400
used ampoules of hyaluronic acid

More than
237,000
injected units Botulinum toxin

2 Organisation and business segments

Over

90 %

of our customers return

More than

600 kg

silicon were consumed in 2015

The M1 Med Beauty Berlin GmbH operates medical centres of expertise for aesthetic and plastic surgery at locations throughout Germany. In this area the company covers a broad range of beauty medical treatments, which are carried out by experienced doctors in high quality and at very moderate prices. The amount of customers, who appreciate this attractive range of services in Germany, is rising steadily.

Our services in connection with aesthetic-medical treatments provide continuously comprehensive product experiences. The M1 Aesthetics GmbH uses these product experiences for product selection and product development. As an innovative healthcare company it is specialised on the development and marketing of pharmaceutical, medical and medical technology products for the aesthetic medicine, plastic surgery and cosmetic dermatology. In the focus of the corporate strategy is the marketing of branded products to doctors, pharmacies and wholesalers.

3 Economic report

3.1 General economic and industry-related situation

3.1.1 Economic conditions

In 2015, the development of the world economy fell short of expectations. Especially, the growth in the developing and emerging markets, which make up for more than 70 % of the global growth, slowed down for the fifth year in a row. In contrast, the recovery of the industrial nations continued moderately. In total, the international monetary fund predicted a growth of 3,1 %[1] for 2015.

On the one hand, negative impulses within the emerging countries emanated from China, where the speed of expansion decreased noticeably. Weak investment and production activities led to a stronger decline of imports and exports as assumed.[2] On the other hand, the strongly sunk resource prices burdened Russia as well as the emerging countries in Latin America. In Russia, furthermore persisting trade sanctions, the depreciation of the Rubel and the high inflation impede the economic development.[3]

In 2015 the advanced economies developed robustly in contrast to the emerging markets. Growth driver of the world economy remained thereby the USA. But also the economic situation in the Euro area was able to improve at large. The expansive oriented monetary policy, the low crude prices as well as the exchange rate development support the economic recovery. Thus, the economy in the Euro area took up the in 2014 adopted course of recovery in the past year.[4]

Overall, the Institute of World Economy estimates for 2016 and 2017 a gradual upturn of the world economy. According to forecasts the global gross domestic product is to rise by 3.4 % in 2016 and by 3.8 % in 2018. The economy in the emerging markets thereby remain curbed furthermore, whereas the growth in the industrial nations will increase its speed.[5]

Regardless the difficult foreign trade environment, also Germany continued its solid course of growth. In the second half of 2015, the speed of expansion however decreased slightly, since the bad situation in the emerging markets affected the German exports. At the end of the year the demand however increased again.[6]

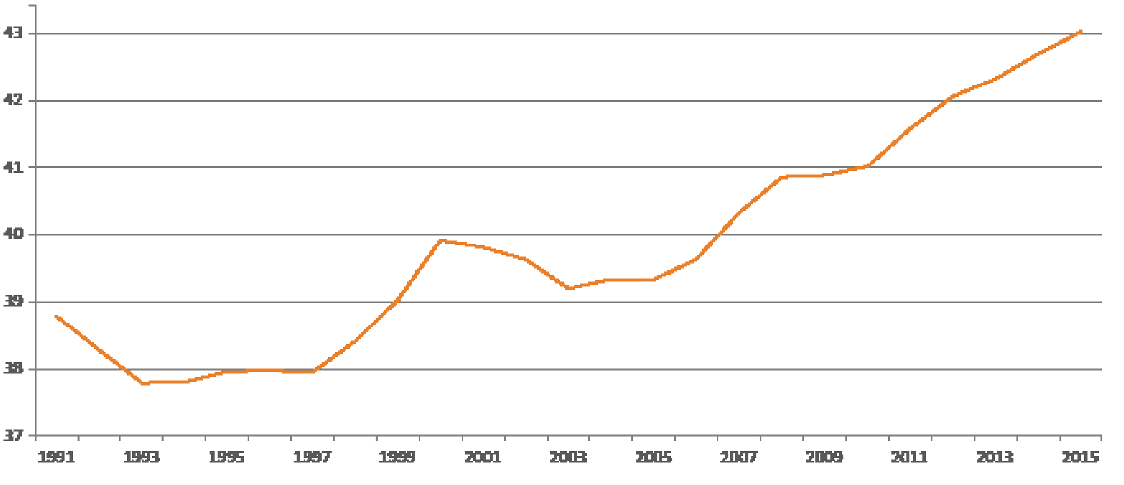
Driven by the positive developments on the labour market, from a rise of the gross wages by 2.5 % and the resulting high private consumption expenditures, the gross domestic product of Germany rose by 1.7 % in 2015.[7] Within the European Union, Germany has one of the lowest unemployment rates and counts with Sweden to the countries with the highest share of employment.[8]

Next to the labour market, positive impulses emanated furthermore from the low oil price and the depreciation of the Euro, which supports the exports.[9] Moreover, investments also contributed to the upswing. In the past year companies and the state invested in Germany 3.6 % more in equipment such as machines, appliances and vehicles.[10]

On the basis of the continuing employment rise, the noticeable income increases as well as growing consumption expenditures, the Federal Government forecasts a rise of the gross domestic product by 1.7 % for the current year 2016.[11]

Number of employed persons in Germany from 1991 to 2015

in million



Source: Statistisches Bundesamt

3.1.2 Industry-related conditions

Worldwide the beauty sector is a growth market with above-average increase rates. Technological progress, an increased body awareness, strong economies and evanescent taboos in relation to beauty treatments are the growth drivers of aesthetic medicine.[12]

In 2014, about 56 million medical-aesthetic treatments were carried out worldwide. Thus 25.1 billion Dollar were earned in 2014. The turnover with aesthetic products (inclusive single-use components) reached a value of 6.8 billion Dollar.[13]

The USA and Brazil lead the global market with 20.1 % respectively 10.1 %. With market shares in the single-digit range Japan, South Korea and Mexico follow. In the range of surgical interventions still breast augmentations, liposuctions and upper eye lifts dominate in close-to-equal shares. Regarding the non-surgical interventions, furthermore injections with botulinum toxin and hyaluronic acid top the first two places at great distance.[14]

However, Germany is with a market share of 2.6 % only on the sixth rank worldwide. But in an European comparison Germany leads the ranking. More than 500,000 medical aesthetic treatments were carried out in 2014. Thereby, more than half of the treatments were carried out surgically.[15]

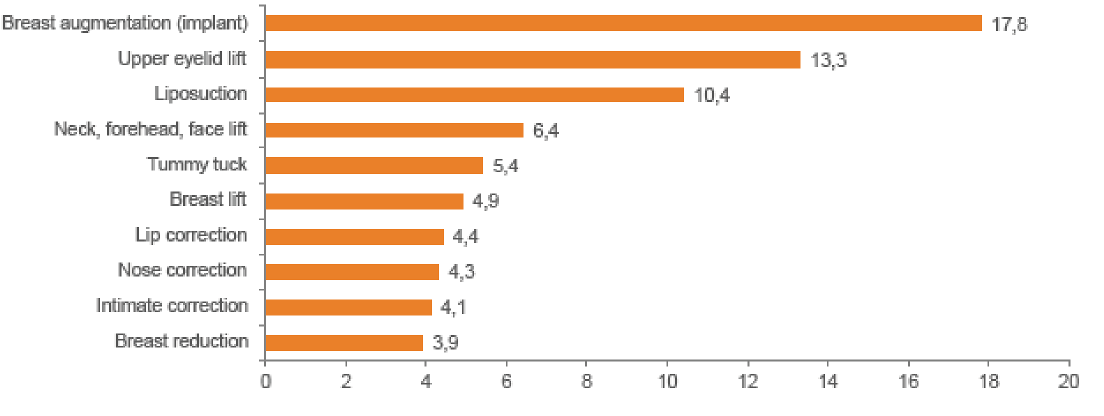
As already in 2013, also in 2014 breast augmentations with about 48,000 surgeries were the most popular interventions. In this range, Germany even ranks third with a market share of 3.6 % in an international comparison after the USA and Brazil.[16] According to the patient survey of the German Society for Aesthetic-Plastic Surgery (DGÄPC), the breast augmentation with implant was again one of the most popular aesthetic surgeries in Germany in 2015. With 17.8 % the share even grew by 2.4 % in comparison to 2014. The places two and three were furthermore the upper eye lift with 13.3 % and the liposuction with 10.4 %.[17]

Still the importance of non-invasive interventions in the aesthetic-plastic surgery is rising as well. In 2014 as well as in 2015 wrinkle treatments with botulinum toxin and dermal fillers such as hyaluronic acid are the most popular non-surgical medical beauty treatments.[18]

Although valid forecasts for the German beauty sector do currently not exist, the trend furthermore points upwards worldwide. According to the most recent market survey from Medical Insight the number of treatments is to rise globally by an annual average rate of 5.2 % until 2019. For the turnover with aesthetic products an annual rise of 11.8 % is forecasted. This corresponds to a growth from 5.1 billion Dollar to 11.9 billion Dollar until 2019.[19]

Since inter alia according to the demographic change and the medical and technological progress the German population „stays longer young“, many would like to adopt their appearance to their felt age. This shows also the last survey of the German Society for Aesthetic-Plastic Surgery. Hereby a trend to an increasingly ageing patient was determined. In 2015, patients were on the average approximately 2 years older than in 2014.[20] Due to this development, increased social acceptance of aesthetic medicine as well as rising real income, high rates of increases can also be assumed for the German market.

Most popular aesthetic-plastic surgeries in 2015



Source: DGÄPC

3.2 Development and performance

About

8,000

inpatient and ambulant surgeries in 2015

The M1-Group is operating in a growing market of aesthetic medicine. The turnover rose to 34.94 million Euro in 2015 (previous year: 23.02 million Euro). The growth of turnover was 51.74 %. Sales were driven by growth in the product and services range.

The net profit was 6.63 million Euro in 2015 (previous year 4.59 million Euro). The M1-Group and all employees orientate themselves in their daily work on needs of the customers. Service, quality and reliability are essential contents of our customer orientation and driver of further growth at the same time.

3.3 Situation

CAGR QIV15 vs. QIV 14 of

123 %

for the turnover with plastic surgeries

3.3.1 Earnings situation of M1-Group (IFRS)

The situation of the company is still characterised by the growth of our operating business.

Sales of M1-Group were basically generated in the range of aesthetic medicine. The turnover rose from 23.02 million Euro in 2014 to 34.93 million Euro in 2015.

The net profit increased from 4.59 million Euro in 2014 to 6.63 million Euro in 2015.

CAGR QIV15 vs. QIV 14 of

192 %

for the turnover with medical treatments

3.3.2 Financial situation of the M1-Group (IFRS)

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

Our capital structure is good. Equity increased from kEUR 25,394 in 2014 to kEUR 29,750 in 2015. Equity ratio increased from 65.6 % in 2014 to 89.6 % in 2015.

Long-term assets are covered by 219 % through our equity (previous year: 81.2 %).

The liquidity position is with kEUR 412 good. The cash flow led to a reduction of liquidity of kEUR 1,985 (previous year: increase in liquidity kEUR 1,788).

3.3.3 Asset situation of M1-Group (IFRS)

The financial position of M1-Group is good. The financial position of M1-Group is characterised by risen stocks (from kEUR 974 in 2014 to kEUR 3,181 in 2015), by increased receivables (from kEUR 1,927 in 2014 to kEUR 15,665 in 2015), by decreased other financial assets (from kEUR 2,031 in 2014 to kEUR 6 in 2015) and by sunk liquidity (from kEUR 2,398 in 2014 to kEUR 412 in 2015).

Fixed assets were kEUR 11,029 (previous year: kEUR 18,028). Investment properties were not accounted (previous year: kEUR 13,100) in 2015. Our financial position can overall be termed as being good.

More than
16,600
consultation-, treatment- and after-treatment appointments in 2015

3.4 Financial key performance indicators of M1-Group (IFRS)

For our internal corporate management we utilise the key performance figure EBIT. The EBIT amounts to 7,016 kEUR (previous year: 5,016 kEUR), EBITDA is 7,235 kEUR (previous year: 5,127 kEUR).

M1-Group operates overall profitable, and the economic situation can overall be described as being good.

About
50 %
more treatment capacities in 2015 through own clinic

4 Subsequent report

In the first quarter of 2016, M1 Med Beauty Berlin received concession for the extension of the clinic at the location Grünauer Str. 5, Berlin. Thereby, capacities were increased significantly. Furthermore, treatment centres were opened in Hannover, Stuttgart, Hamburg and Bremen. Further locations are planned.

New openings in
Dusseldorf, Essen, Cologne, Munich

5 Outlook

We assess the foreseeable development of M1-Group as being positive.

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

Growth with
lifestyle medicine and medical products

6 Risk report

There are no significant currency risks that could influence the assets, financial and earnings position of the company.
We will continue to encounter the competition in the market by service, reliability and a high level of quality.

6.1 Risk report

6.1.1 Industry-related risks

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

In the range of beauty treatments the risk exists, that the perception of beauty changes in the society. Should a different beauty ideal develop, which conflicts with the beauty treatments performed by our cooperation partners, this could present a significant entrepreneurial risk.

Furthermore, new market participants could enter into competition with us, whose concept is oriented to ours. Should these new market participants develop own „Unique Selling Points“, which are superior to our corporate strategy, this could also present a significant entrepreneurial risk.

Within the scope of provision of our services to doctors, medical practices or medical associations, we depend on sustainability of the cooperations entered. We can influence this by high quality and customer orientation. Should our cooperation partners decide to finish the cooperation, this could have a significant influence on our business development.

6.1.2 Proft-related risks

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

6.1.3 Financial risks

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

There are no significant currency risks that could influence the assets, financial and earnings position.

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

6.1.4 Risk management system

The M1-Group utilises a risk management system for the systematic identification of significant risks concerning the survival of the company, to assess their effects and to develop suitable measures.

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

6.2 Opportunities report

The medical beauty market is and remains a growth market. Through our specialisation in the aesthetic medicine as well as the development and marketing of pharmaceutical, medical and medical-technological products for the aesthetic surgery and cosmetic dermatology we will participate from this growth.

We secure our high quality demands through our internal quality management.

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

6.3 General statements

We still see the risks for the future development in a difficult competition environment, increasing purchase prices and the stagnating selling price level. On the background of our financial stability we however see ourselves as being well-equipped for managing the future risks.

7 Risk report on the use of financial instruments

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

The company has a solvent customer base. Losses of receivables are the absolute exception.

Liabilities are settled within the agreed payment deadlines.

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

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

8 Report on branches

M1 Beauty AG does not have any branches.

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

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

Berlin, 31 March 2016

M1 Beauty AG

Patrick Brenske
(CEO)

Consolidated Financial Statements

Consolidated profit and loss summary account

for the period from 1 January to 31 December 2015*

	2015	2014
	EUR	kEUR
Sales	34,926,334.71	23,017
Change in inventories	13,288.01	-947
Other operating income	445,500.16	3,568
Cost of materials		
Cost of purchased goods and services	-24,602,321.52	-18,793
Labour costs		
Salaries	-1,336,468.11	-745
Social insurance contribution	-233,927.02	-129
	-1,570,395.13	-873
Depreciation / Amortisation	-218.965.16	-111
Other operational expenses	-1,977,838.16	-844
EBIT (earnings before interest and tax)	7,015,602.91	5,016
Interest income	24,390.02	17
Depreciation on financial assets	0.00	-1
Interest expense	-269,618.91	-202
Financial result	-245,228.89	-18
EBT (earnings before tax)	6,770,374.02	4,830
Income tax	-137,532.12	-243
Other tax	-2,086.76	-2
Net profit	6,630,755.14	4,585

* Accounting under IFRS

Consolidated balance sheet - Assets

as of 31 December 2015*

	2015 EUR	2014 kEUR
Cash	412,454.09	2,398
Trade receivables	15,655,461.99	1,927
Inventory	3,180,565.09	974
Other short-term financial assets	5,593.00	2,031
Other short-term assets	325,897.17	143
Income tax receivables	24,944.47	63
Short-term assets	19,604,915.81	7,535
Intangible assets	13,179.00	66
Company value	8,028,736.90	14,001
Tangible assets	447,396.00	634
Financial assets	1,310,042.06	3,326
Investment properties	0.00	13,100
Shares of associated companies	1,230,000.00	0
Other long-term financial assets	2,523,888.89	0
Other long-term assets	29,154.33	41
Long-term assets	13,582,397.18	31,169
TOTAL Assets	33,187,312.99	38,704

* Accounting under IFRS

Consolidated balance sheet - Liabilities and Equity

as of 31 December 2015*

	2015 EUR	2014 kEUR
Accruals	137,642.46	1,080
Trade payables	2,763,748.81	991
Bank loans	16.250,74	1.184
Other short-term financial liabilities	160.759,84	6.294
Other short-term liabilities	346.428,85	563
Short-term liabilites	3,424,830.70	10,112
Accruals	9,973.39	6
Bank loans	0,00	837
Deferred tax	2,598.03	2,356
Long-term liabilities	12,571.42	3,199
Share capital	15,000,000.00	15,000
Legal reserve	635,110.07	285
Revenue reserve	13,755.41	28
Balance sheet profit	14,101,045.39	10,081
Equity	29,749,910.87	25,394
TOTAL Liabilities and Equity	33,187,312.99	38,704

* Accounting under IFRS

Consolidated cash flow statement

	2015 EUR
Operating activities	
1. Annual result before income tax less other taxes	6,630,755.14
2. Depreciation on fixed assets	218,965.16
3. Change in long-term accruals	3,710.14
4. Change in short-term accruals	-874,337.02
5. Other non-payable expenses and income	-352,010.72
6. Profit / loss from time valuation	226,739.44
7. Change in inventory	-2,206,266.89
8. Change in trade receivables and other assets	3,084,753.49
9. Change in trade payables and other liabilities	-4,326,718.21
10. Profit / loss from the disposal of fixed assets	-2,573,951.96
11. Interest expense / income	245,228.89
12. Tax expense / income	137,532.12
13. Income tax payments	-140,966.89
14. Cash Flow from operating activities	**73,432.69**
Investment activities	
1. Payments for the acquisition of fixed assets	-677,556.34
2. Proceeds from the disposal of financial assets	2,323,595.35
3. Payments for acquisitions of financial assets	-1,040,000.00
4. Interest income	24,390.02
5. Cash Flow from investment activities	**630,429.03**
Financing activities	
1. Change of bank liabilities	-2.013.833,99
2. Interest expenses	-269,618.91
3. Cash Flow from financing activities	**-2,283,452.90**
Changes of the financing fund due to change in the basis of consolidation	**-405,604.80**
Cash Flow	**-1,985,231.98**
1. Cash and cash equivalents on 01 January 2015 / previous year	2,397,688.07
2. Cash and cash equivalents on 31 December 2015 / previous year	412,454.09
Change in cash and cash equivalents	**-1,985,231.98**

Consolidated equity change account

as of 31 December 2015*

	Share capital EUR	Outstanding contributions, not claimed EUR	Legal reserve EUR	Revenue reserve EUR	Balance sheet profit EUR	Total equity EUR
As of 1 January 2014	15,000,000.00	-5,690,000.00	180,890.28	4,449,155.63	1,178,140.40	15,118,186.31
Period result	0.00	0.00	0.00	0.00	4,585,405.67	4,585,405.67
Capital increase / -reduction	0.00	5,690,000.00	0.00	0.00	0.00	5,690,000.00
Allocation / dissolution reserves	0.00	0.00	103,663.34	-4,421,580.26	4,317,916.92	0.00
As of 1 January 2015	15,000,000.00	0.00	284,553.62	27,575.37	10,081,462.99	25,393,591.98
Period result	0.00	0.00	0.00	0.00	6,630,755.14	6,630,755.14
Allocation / dissolution reserves	0.00	0.00	350,556.45	-13,819.96	-336,736.49	0.00
Change basis of consolidation	0.00	0.00	0.00	0.00	-2,274,436.25	-2,274,436.25
As of 31 December 2015	15,000,000.00	0.00	635,110.07	13,755.41	14,101,045.39	29,749,910.87

* Accounting under IFRS

Consolidated assets development

as of 31 December 2015*

	Acquisition and manufacturing costs						Cumulative depreciation					Book values	
	As of 01.01.2015	Addition/Recl. EUR	Disposal/ transfers EUR	Transfers	Change basis of consoli-dation	As of 31.12.2015 EUR	As of 01.01.2015 EUR	Depreciation	Amortisation EUR	Disposal EUR	Change basis of consoli-dation	As of 31.12.2015 EUR	As of 01.01.2015 EUR
Intangible assets	104,932.18	0.00	0.00	0.00	-64,732.26	40,559.92	-39,121.18	-26,311.00	0.00	0.00	38,051.26	-27,380.92	65,811.00
Company value	14,001,010.14	0.00	0.00	0.00	-5,972,273.24	8,028,736.90	0.00	0.00	0.00	0.00	0.00	0.00	14,001,010.14
	14,105,942.32	0.00	0.00	0.00	-6,036,645.50	8,069,296.82	-39,121.18	-26,311.00	0.00	0.00	38,051.26	-27,380.92	14,066,821.14
Fixed assets	771,333.00	361,184.16	0.00	2,012,160.00	-2,650,550.83	494,126.33	-136,921.00	-192,654.16	0.00	0.00	282,844.83	46,730.33	634,412.00
Financial assets	1,992,813.80	1,040,000.00	-8,908,606.60	-1,230,000.00	8,200,000.00	1,094,207.20	1,333,611.09	-228,082.95	6,531.21	-896,224.49	0.00	215,834.86	3,326,424.89
Shares in associa-ted companies	0.00	0.00	0.00	1,230,000.00	1,230,000.00	1,230,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	16,870,089.12	1,401,184.16	-8,908,606.60	2,012,160.00	-487,196.33	10,887,630.35	1,157,568.91	-447,048.11	6,531.21	-896,224.49	320,896.09	141,723.61	18,027,658.03

* Accounting under IFRS

Notes to the consolidated financial statements

1 General information

The parent company is M1 Beauty AG, which was founded in the financial year 2007. The company is registered in the commercial register of the local court Berlin-Charlottenburg under HRB 107637 B and has its domicile in Grünauer Straße 5, 12557 Berlin. The M1-Group operates in the aesthetic medicine. The business of the group focusses essentially on the provision of services for in plastic surgery and aesthetic treatment employed doctors, medical practices and medical associations, trade of medical import goods and acquisition, development and operation or sale of properties, especially from the healthcare sector.

The consolidated financial statements for the time period from January 1 to December 31, 2015, of M1 Beauty AG, Berlin, were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied in the European Union. The values for the financial year 2015 are stated in EUR / kEUR and for the previous year in kEUR, unless otherwise indicated. The new standards adopted by the IASB have been observed since the time they came into force.

The following standards and interpretations as well as modifications of exisiting standards must initially be applied in the financial year 2015, whereby this did not result in any significant impacts for M1 Beauty AG:

- IFRIC 21 – Levies (applicable for financial years commencing on or after the January 1, 2014.),
- Annual improvements (cycle 2011 - 2013) – diverse (applicable for financial years commencing on or after the January 1, 2015.)

The company has considered and will consider the application of new standards and interpretations, at the respective time, when this is obligatory in the EU. There were not any significant impacts on the balance sheet and profit- and loss account and will not be expected.

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

The balance sheet of M1-Group has been prepared according to maturity aspects whereby assets and debts, with realisation or redemption anticipated within twelve months after the balance sheet date, were classified as short-term in accordance with IAS 1. Deferred tax claims and deferred tax liabilities are each fully recognised in the long-term assets or long-term debts in accordance with IAS 1.56.

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

The applied accounting and valuation methods fundamentally correspond to the applied methods in the previous year.

For reasons of clarity of the presentation, individual positions in the balance sheet and consolidated profit and loss summary account have been grouped. The classification of these positions is shown in the notes. In the presentation rounding differences to the mathematically exact resulting values may occur.

2 Basis of consolidation

In the consolidated financial statements as of December 31, 2015, the following dominated subsidiaries next to M1 Beauty AG have been included.

The domination results from the fact, that M1 Beauty AG holds directly or indirectly more than 50 percent of the voting rights of the share capital of a company and/or is able to steer the financial- und business policy of a company in such a way, that it profits from those activities.

Name of the company	Domicile of the company	Date of initial consolidation
› M1 Med Beauty Berlin GmbH	Berlin	01 August 2013
› Beauty Now GmbH	Berlin	16 December 2015
› Saname GmbH	Schönefeld	22 May 2013
› M1 Aesthetics GmbH	Schönefeld	06 July 2013
› M1 Grundbesitz GmbH[1)]	Berlin	07 May 2012
› Healthcare Solutions GmbH[2)]	Schönefeld	21 February 2012
› Schlossblick GmbH[1)]	Schönefeld	10 October 2013
› M1 Projekt GmbH[1)]	Schönefeld	31 October 2013

1) Deconsolidation on December 31, 2015

2) Due to a merger agreement on February 28, 2015 merged, to M1 Grundbesitz GmbH

M1 Med Beauty Berlin GmbH has been consolidated since August 01, 2013. The business purpose of M1 Med Beauty Berlin GmbH is the provision of services in the aesthetic medicine. The equity capital amounts to EUR 25,000.00. M1 Med Beauty Berlin GmbH has its own business operations as defined by IFRS 3. After the deduction of identifiable net assets (assets less liabilities), a business or company value in the amount of TEUR 116 resulted. The transferring consideration contains inter alia benefits from sales growth and future market developments. These benefits, which are not accounted separately from the business or company value, result in their sum to the above-named business or company value.

Beauty Now GmbH was founded on December 16, 2015, by M1 Beauty AG. Within the scope of initial consolidation there were no differences. The business purpose is the possession, operation and management of beauty institutes, procurement and the provision of services within the range of beauty and healthcare as well as preventive beauty and health medical care, the permission-free advice of alternative practitioners, medical staff and cosmetics staff in the range of cosmetics and aesthetic medicine, the acquisition, the management and the sale of properties, especially of properties in healthcare and the acquisition, management and sale of investments. The share capital amounts to EUR 100,000.00.

Saname GmbH was founded on May 22, 2013, by M1 Beauty AG. Within the scope of initial consolidation there were no differences. The business purpose is the acquisition, management and sale of own and third-party properties, especially of properties in healthcare as well as the management and sale of investments. The share capital amounts to EUR 25,000.00. The M1 Aesthetics GmbH, which has been consolidated since July 6, 2013, is operating in the range of medical products and medical technology. The share capital amounts to EUR 25,000.00. The M1 Aesthetics GmbH has an own business operation according to IFRS 3. After deduction of the identifiable net assets (assets less liabilities), a business or company value in the amount of kEUR 7,913 resulted. The transferred return contains inter alia benefits from expected synergies, sales growth and future market developments. These benefits, which can not be accounted separately from the business or company value, result in their sum in the business or company value.

M1 Grundbesitz GmbH resulted from form-changing conversion of Windsor Grundbesitz AG with domicile in Berlin (Amtsgericht Charlottenburg, HRB 107796) due to the transformation resolution of June 23, 2015. Windsor Grundbesitz AG was acquired on July 2, 2014, by M1 Beauty AG. The business purpose is a) the management, the acquisition and sale of own properties and property companies; b) investment in other companies and also including such, whose business purpose is not identical with under a) and c) named; the formation, management and utilisation of own property; d) brokerage of contracts or proof of the opportunity about property, leasehold rights, commercial premises and residential premises; e) preparation or execution of construction projects as owner on its own name for own and third-party accounts under the use of net assets from acquirers, tenants, lessees or other beneficial owners or from applicants for purchase rights or rights of use. With effect as of December 31, 2015, 85 % of the shares in M1 Grundbesitz GmbH were sold with a nominal amount of EUR 850,000.00. On this record date a deconsolidation of the investment in M1 Grundbesitz GmbH as well as its two subsidiaries (Schlossblick GmbH and M1 Projekt GmbH) took place.

Healthcare Solutions GmbH was founded on February 21, 2012; within the scope of initial consolidations there was a difference in the amount of kEUR 5,972. The transferred return contains inter alia benefits from expected synergies, sales growth and future market developments. These benefits, which can not be accounted separately from the business or company value, result in their sum in the business or company value. The business purpose of Healthcare Solutions GmbH is the permission-free provision of consulting services and other services in the pharmaceutical and medical area. The share capital amounts to EUR 50,000.00. Due to a merger contract of February 02, 2015, and the approval resolution from the same day, Healthcare Solutions GmbH, with domicile in Schönefeld, merged to Windsor Grundbesitz AG, with domicile in Berlin (Amtsgericht Charlottenburg, HRB 107796B), by transferring its assets as a whole by dissolution without liquidation. Thus, all rights and obligations have passed to Windsor Grundbesitz AG since March 01, 2015.

Schlossblick GmbH and M1 Projekt GmbH were founded on October 10, respectively October 31, 2013, by Healthcare Solutions GmbH. There were not any differences within the scope of initial consolidations. The business purpose of the Schlossblick GmbH is the leasing of commercially used appartments temporarily as well as the operation of an accommodation site. The business purpose of M1 Projekt GmbH is consulting in healthcare. Thereby, the share capital of both companies amounts to EUR 25,000.00 each.

Regarding the openly stated financial assets, these are inter alia equity instruments of listed companies.

The participation rates of consolidated subsidiaries are as follows until the record date:

Name and domicile of the company	Quota in %
› M1 Med Beauty Berlin GmbH, Berlin	100,00
› Beauty Now GmbH, Berlin	100,00
› M1 Aesthetics GmbH, Schönefeld	100,00
› Saname GmbH, Berlin	100,00
› M1 Grundbesitz GmbH, Berlin[1)]	100,00
› Schlossblick GmbH[2)], Schönefeld	100,00
› M1 Projekt GmbH[2)], Schönefeld	100,00

1) Deconsolidation as of 31.12.2015
2) Indirectly via Healthcare Solutions GmbH.

3 Consolidation principles

The annual financial statements of all group companies were prepared on basis of uniform accounting and valuation methods according to IFRS 10.B92 on the record date of M1 Beauty AG (parent company). The financial year of M1 Beauty AG and its in the consolidated financial statements included subsidiaries corresponds to the calendar year.

Mergers were accounted under application of the purchase method. The acquisition costs of a company acquisition are measured as a sum of the transferred return, measured at fair value at the acquisition date. Subsequent changes of the fair value of contingent considerations, which present a financial asset or a financial debt, will be booked in accordance with IAS 39 within the profit and loss account. A contingent consideration, which is classified as equity, will not be revalued and its later compensation will be accounted in equity.

At each merger the shares without dominating influence in acquired companies are valued either at fair value or at the corresponding quota of the identifiable net assets of the acquired company.

Within the scope of the merger, incurred costs are recognised as expense in large part. If the group acquires a company, it assesses the appropriate classification and designation of the financial assets and the assumed debt in accordance with the terms, economic circumstances and the conditions predominant at the acquisition date.

The business or company value is valued at the initial recognition at acquisition cost, which are measured as surplus of the transferred return of the acquired identifiable net assets and assumed debts of the group. If the return is below the fair value of the net assets of the acquired subsidiary, the diiference will be accounted in the income statement.

After the initial recognition the business or company value is valued at acquisition costs less cumulated impairment expenses. For the purpose of impairment test, the within the scope of a merger acquired business or company value is assigned from the acquisition date to the cash-generating units of the group, which are to be expected to benefit from the merger. That applies regardless of whether other assets or debts of an acquired company are assigned to these cash-generating units.

If a business or company value is assigned to a cash-generating unit and a business area within that unit is sold, the attributable business or company value of the sold business area will be considered as part of the book value of the operation when determining the result of the sale of this business area. The value of the sold share of the business or company value is determined on the basis of relative values of the sold business area and the remaining part of the cash-generating unit.

Receivables and liabilities between the consolidated companies as well as Group internal sales revenues, other Group internal revenues as well as the corresponding expenses are consolidated. Intercompany results are eliminated.

Tax deferrals according to IAS 12 are made with respect to consolidation processes affecting the income statement to the extent to which the deviation in taxes will presumably be set off in subsequent years of business.

4 Estimates and assumptions

In preparing the consolidated financial statements, partly assumptions and estimates were used, which have impacted on the amount and reporting of the stated assets and liabilities as well as the income and expenses. The actual amounts could deviate in individual cases from these estimates and assumptions at a later point of time. Corresponding changes would be recognised as profit or loss at the time of the knowledge gained. All estimates and assumptions are made to the best of one's knowledge and belief, in order to give a picture of the group' s asset, financial and profit position corresponding to the true circumstances.

When applying accounting and valuation methods the management board makes discretionary decisions.

Depreciation of the business values and long-term assets

M1 Beauty AG is annually testing the impairment of business values and other long-term assets on basis of the regulation IAS 36. The base for this impairment test is the comparison between a book value of an asset („carrying amount") and the achievable amount, which can be generated from the asset respectively the group of assets or the cash-generating unit.

The achievable amount is the higher value of the fair value less sale costs and value in use.

The determination of the fair values of assets and liabilities bases on assessments of the management.

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

The actual anticipated income tax must be calculated for every object of taxation and the temporary differences from the different treatment of certain balance sheet items between IFRS-consolidated financial statements and the statutory tax financial statements must be evaluated. As far as there are temporary differences, these differences lead fundamentally to the recording of active and passive deferrred taxes in consolidated financial statements.

The management must make decisions in the calculation of actual and deferred taxes. Active deferred taxes are only applied to the extent that it is considered probable that they can be utilised. The utilisation of active deferred taxes is dependent on the possibility of achieving sufficient taxation income in the scope of the corresponding kind of tax. Different factors must be employed for the evaluation of the probability of the future utilisation of active deferred taxes, such as for example the profit position in the past, operative planning, and tax planning strategies. If the actual results deviate from these estimates or if these estimates must be adjusted in future periods, they could have negative impacts on the asset, financial and profit position. If there is any change in the recoverability assessment for active deferred taxes, the recognised deferred taxes must be devalued in terms of profit and loss.

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

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

Cash and cash equivalents and cash funds

The liquid assets comprise cash, time deposits with remaining maturities up to three months and demand deposits, which are recorded at nominal value. The cash fund, which is stated in the cash flow statement, is defined according to the cash disposition of the company and identical to the liquid assets. Restricted cash with remaining maturities over three months is recognised under other assets.

Financial assets

Financial assets are generally divided into the following categories:

- loans given by the company and receivables,
- derivatives, which meet the requirements of Hedge Accounting,
- securities held as fixed assets.

At the initial recognition of a financial asset it is valued at the acquisition cost, which correspond to the fair value of the consideration given; transaction costs are included. The accounting of financial assets from usual purchases and sales is recognised as of the day of trading.

Loans and receivables are non derivative financial assets with fixed or definable payments, which are not listed in an active market. After the initial recognition loans and receivables are valued at continued acquisition costs under application of the effective interest method less the value adjustment for depreciation. Continued acquisition costs are calculated under consideration of all discounts and premium at the time of acquisition and contain all fees, which are an integral part of the effective interest rate and transaction costs.

Profit and loss are recognised in the period result, when loans and receivables are written off or depreciated as well as within the scope of amortisations.

Financial assets are reviewed on depreciation at the balance sheet date.

If it is probable, that at continued acquisition costs accounted financial assets the company is not able to collect all due amounts of loans and receivables according to the terms, a depreciation or valuation allowance of receivables will be recognised through profits and losses. A depreciation recognised earlier is corrected in profits and losses, when the subsequent partly recovery (respectively the reduction of the depreciation) is measured objectively. An increase in value is however only recognised, if the amount does not exceed the continued acquisition costs.

Write-offs / Impairment of value

Financial assets or a part of the financial assets are written off, if M1 Beauty AG loses the authority to dispose over the contractual rights, arising from the asset. M1 determines on the balance sheet date, if an impairment of value of an asset exists. If there is an objective indication, that a decrease in value at acquisition costs accounted loans and receivables took place, the amount of the loss is the difference between the book value of the asset and the cash value of the expected future cash flow (excluding future credit losses that have not been incurred), discounted at the initial effective interest rate of the financial asset (i.e. the interest rate determined upon initial recognition).

The book value of the asset is to be reduced either directly or under application of an adjustment account. The amount of loss shall be recognised in profit or loss. First, M1 takes note, if an objective indication for decrease in value, which are considered not to be significant individually, exists individually or collectively. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Balancing of offsetable receivables and liabilities

Financial assets and liabilities are offset, so that only the net amount is reported in the balance sheet. This happens only then when at the present time a legal claim exists, to set off the reported amounts against each other and when it is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The fair value of financial istruments, which are not traded in an active market, is determined unter application of appropriate valuation methods.

Included in the evaluation methods is the application of the most recent transactions, the comparison with the current fair value of another, essentially identical financial instrument, the application of discounted cash flows as well as the application of other models of evaluation.

The company assumes that, the fair values of the financial assets and financial liabilities correspond essentially to their carrying amounts.

Inventories

Raw materials, consumables and supplies required for the purpose of manufacturing inventories are valued at acquisition and production costs and not depreciated to a value below their acquisition or production costs if the finished products in which they are integrated are expected to be sold at a price equivalent to the production costs or higher. Thereby, costs of sale which still incur are to be considered. However, when a decline in the salesprice indicates that the cost of the finished products exceeds the net realisable value, the materials are written down to net realisable value.

Unfinished goods and finished goods are valued at acquistion costs or to the lower market value. The production costs comprise the direct personnel costs, material costs and the attributable share of the production overheads. They are determined on basis of a cost centre and product cost accounting. Interests on borrowings are not capitalised. Obsolete items and those with low turnover are adjusted in value appropriately.

Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Taxes are recorded in the statement of income unless they refer to items directly recorded under shareholders‘ equity or in other comprehensive income. In this case the deferred taxes are also recorded in equity or in other comprehensive income.

Deferred taxes are accounted, using the liability method, on all temporary differences arising between the tax book values of the assets and liabilities and the respective IFRS group book values. However, if in the context of a transaction which does not constitute a merger, deferred tax arise from the initial statement of an asset or a liability which does not have any impact on the profit or loss stated in the balance sheet or that stated for tax purposes at the time of such transaction, then no tax accrual shall be taken. Deferred taxes are measured in accordance with the tax rates (and tax regulations) that apply on the balance sheet date or have been
legislated to a substantial measure and are anticipated to be applicable at the time of the realisation of the deferred tax assets or the redemption of the deferred tax liabilities. A corporate income tax rate of 15% (plus a solidarity surcharge of 5.5 % assessed on the corporate income tax) was used to determine deferred taxes.

Deferred tax receivables are recognised to the extent, in which a tax advantage from the offseting with tax gains is probable.

Deferred tax liabilities in conjuntion with temporary differences relating to investments in subsidiaries are fundamentally recognised, unless the point in time of the inversion of the temporary differences is not probable in the foreseeable future.

Tangible assets

Tangible assets are stated in the balance sheet at the acquisition or manufacturing cost, less accumulated depreciation. Interests on borrowings that are attributable to the acquisition, construction or production of a qualifying asset are capitalised.
No borrowing costs were capitalised in the financial year. When tangible assets are disposed of, their residual value after deducting accumulated depreciation from historical cost is logged out and gains or losses on the disposal are recognized in the income statement.

If required, impairments reduce the continued acquisition costs. No revaluation of the tangible assets based on the right of option according to IAS 16 has been performed.

The planned depreciation is undertaken on a straight-line basis. The depreciation is performed in line with the anticipated consumption of the future economic benefit. Tangible assets and intangible assets are written off on a straight-line basis over different useful lives (three to 15 years).

In case, that the book value exceeds the presumably achievable amount, a depreciation on this value is performed according to IAS 36. As required by IAS 36, the recoverable amount is determined from the net selling price or - when higher - the cash value of the estimated future cash flow of the use of the asset.

The useful lives and depreciation methods are reviewed regularly, in order to ensure a conformity of the economic benefit with the depreciation period.

Intangible assets

M1 capitalises intangible assets, if the asset is due to events in the past in the economic property of the company, if it is assumed, that a future economic benefit from this asset will flow to the company, if the costs of the asset can be measured reliably.

This procedure is applied when an intangible asset is acquired externally.

(a) Software

Software is capitalized with its acquisition costs and shown as an intangible asset insofar as these costs are not an integral component of associated hardware. Software is amortised on a straight-line basis over a period of three or five years.

(b) Goodwill

Goodwill is measured on initial recognition at acquisition costs, which result from the amount by which the total consideration paid exceeds the amount of the shares wihout dominating influence on the acquired identifiable assets and assumed liabilities of the group.

Regardless, whether there is an indication for a depreciation, the achievable amount for the cash-generating unit, to which the goodwill belongs, is determined annually. If the book value of an asset lies above the achievable sum, then a value adjustment is to be made. If the achievable amount is only higher by 10 % above the carrying amount, a theoretical potential for value adjustments determined through a sensitivity calculation. For this purpose, the earnings before interests and taxes (EBIT) are reduced by 10 %, as well as the risk-free basis interest rate is raised by 1 percentage point and the effects on the capitalised goodwill are determined.

Depreciation of long-term assets

Tangible assets and intangible assets must always be tested for impairment if events or changes in circumstances indicate that the fair value of the relevant asset on the balance sheet date is permanently lower than its book value or if an annual review on impairment is required (goodwill and intangible assets, which have not been used yet). If the book value of an asset exceeds the lower fair value, assets and intangible assets which were recognised at purchase or production costs, are impaired. The achievable value is the higher amount from fair value less sale costs and value in use. The fair value less sale costs corresponds to the achievable amount which can be recovered from the sale of the asset under normal market conditions between knowledgeable parties.

The value in use corresponds to the cash flow of estimated future cash flows, which can be expected from a permanent use of an asset and its sale at the end of the useful life. The achievable amount is to be estimated for each individual asset or, if that is not possible, for the smallest identifiable cash-generating unit.

Investments in associated companies

The investments in associated companies are carried in the balance sheet according to IAS 28 („Shares in affiliated companies") in line with the equity method. Taking the historical cost of the shares as of the date of their acquisition, the investment book value is annually increased respectively reduced by the share in profit or loss, dividend distributed, and other changes in shareholder's equity of the associated companies, as far as they relate to the shares of M1 Beauty AG respectively to their included subsidiaries. According to the equity-method accounted companies are depreciated off-schedule, if the achievable amount falls below the book value.

Investment properties

Investment properties are valued under IAS 40 at initial recognition at acquisition costs including transaction costs. Subsequently, they are valued at fair value, which reflects the market conditions at the valuation date. Losses and profits from the change of the fair value are recognised in the profit and losses statement in the period they arise, including the corresponding tax effects.

The fair values are determined on the basis of an annual valuation by an independent, external valuation expert, who uses international customary and proven valuation techniques. Investment properties are deconsolidated when they are either sold or finally not used any longer and no future use is expected. Additions and disposals in the balance sheet are only booked, if the use of the investment property is changed. If an investment property is used by the group itself, the acquisition costs are recognised at fair value at the time of the change of use. If a property used by the group itself becomes an investment property, this will be accounted in accordance with the accounting and valuation methods of the group regarding assets until the time of the change of use.

Accruals

Accruals are stated in accordance with IAS 37 for obligations which are uncertain in terms of their due date or their amount.

An accrual is to be recognised only if

- the company experiences a current obligation (legal or factual) from a past event,
- it is probable (that is more likely than not), that a drain of resources with economic benefit will occur for the fulfilment of the obligation
- a reliable estimate of the amount of the obligation is possible.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is the amount, which the company would have to pay at reliable consideration to fulfil the obligation on the balance sheet day or for its transferral on a third party on that date.

Long-term accruals are discounted at an interest rate before taxes, provided the effect of this is material. Where discounting is used, the increase in the provision due to the lapse of time is recognised as a finance cost.

Contingent liabilities are shown in the notes, if an obligation from a past event can potentially arise, based on the occurrence or non-occurrence of one or more uncertain future events, which are not completely under the company‘s control. A contingent liability may also stem from a present obligation based on past events, which was not recorded because:

- the drain of resources with economic benefit is not probable with the fulfilment of this obligation; or
- the amount of the obligation can not be estimated reliably enough.

If the likelihood of an outflow of resources embodying economic benefits is low for the company, no contingent liability will be disclosed.

Financial liabilities

Financial liabilities are divided into the following categories:

- financial liabilities held for trading purposes
- other financial liabilities.

The financial liabilities recognised in the financial statements were classified as other financial liabilities.

A financial liability is initially recognised at the cost of purchase, which corresponds to the current value of given consideration; transaction costs are included. After being recorded for the first time, the interest-bearing loans are valued at amortised cost applying the effective interest method. Profits and losses are recognised within the scope of amortisation using the effective interest method as well as recognised in profits and losses in case of a write-off.

Financial liabilities are no longer recognised when the obligations specified in the contract have been settled, set aside, or have expired.

Revenue recognition

Revenues are recognised in accordance with IAS 18, when the following conditions have been cumulatively fulfiled:

- M1 has transferred the significant risks and rewards of ownership associated with ownership of the goods and products sold to the buyer.
- It remains neither a continuing managerial involvement to the degree usually associated with ownership nor an effective control over the goods and rights sold.
- The amount of revenue can be measured reliably.
- It is sufficiently likely, that the economic benefit from the sale will flow to the company.
- The costs of the transaction or the future costs can be measured reliably.

In accordance with the matching principle described in IAS 18 earnings and expenses, which refer to the same transaction or the same other events, will be recognised simultaneously.

Other operating income

Other operating income is recognised, when the economic benefit is reliably determinable and was received by the company within the period.

Interest income

Interest is recognised in proportion to time based on the effective interest rate for the asset.

Notes to the consolidated balance sheet

Cash and cash equivalents comprise cash, term deposits with remaining maturities of up to three months and sight deposits, which are all recognised at their nominal values.

The receivables, which amount to a total of kEUR 15,655 (previous year: kEUR 1,927), are valued under application of the effective interest method at continued acquisition costs less any depreciations. In the financial year 2015 as well as in the previous year no value adjustments were carried out. In the receivables are included receivables from affiliated companies in the amount of kEUR 602. The receivables are due within one year.
Due to the short maturities of the receivables, it is assumed, that the fair values correspond to the book values.

Regarding the inventories these are exclusively finished goods and goods, which are held for sale in the ordinary course of business. A depreciation respectively addition requirement in the sense of IAS 2.28 – 2.33 did not exist in the financial year 2015.

The development of assets as well as the intangible assets are shown on page 26, „Consolidated assets development as of December 31, 2015“.

The acquisition of shares in M1 Aesthetics GmbH as well as shares in M1 Med Beauty Berlin GmbH in the past financial year required a test of impairment of the respective acquired goodwill at the balance sheet date. For the test of impairment of the goodwill it is required, that the value of use of the cash-generating unit is determined, which is allocated to the goodwill. The calculation of the value in use requires an esti-

mate of future cash flows from the cash-generating unit and a suitable discount rate for the calculation of the present value.
Under financial assets inter alia equity instruments of listed companies are accounted. The shares were allocated to the category of „profit and losses at fair value“. The subsequent measurement of the equity instruments is effected at the market values of the respective record date. The results from this category were recorded in profit and loss from other operating income.

Investment properties: IAS 40 regulates the accounting of properties held as financial investments. As financial investments held properties define themselves as follows: they serve to generate rental income and/or are held long-term for the purpose of increase in value. The M1-Group acquired an investment property in the course of the financial year 2014. Within the scope of deconsolidation of M1 Grundbesitz GmbH as of December 31, 2015 (due to the sale of 85 % of shares to that) this investment property was deconsolidated.

The other short-term provisions are related to tax deferrals, year-end-closing and auditing costs of the included companies as well as other provisions, which essentially affect obligations in connection with the investment property.

	01.01.2015	Initial consolidation and deconsolidation	Used	Released	Added	31.12.2015
Accruals	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Taxes	138		-138		74	74
Auditing and financial accounting costs	7	0	-1	-5	20	21
Personnel / vacation entitlements	17	-3	-17		31	28
Other	917	-1	-913	-3	15	15
TOTAL	1.079	-4	-1.069	-8	140	138

The short-term liabilities to financial institutions as well as the liabilities, other financial liabilities and the other short-term liabilities are accounted at continued acquisition costs under application of the effective interest method. Due to the short maturities of these financial instruments, it is assumed, that the fair values correspond to the book values.

The other financial liabilities amount to kEUR 161 EUR (previous year: kEUR 6,294).

Deferred tax liabilities: For all taxable temporary differences a deferred tax liability is disclosed, unless, the deferred tax liability arises from a goodwill, for which a depreciation is not tax deductible or the initial recognition of an asset or a liability in a transaction, which is not a merger and at the time of the transaction neither influences the accounting profit nor the future taxable result.

Deferred taxes are recognised to the extent, to which it is probable, that a taxable result will be available, against which the temporary differences and the unused tax losses can be utilised. Business units are assessed individually to determine, if it is probable, that a positive tax result arises in future years. Any existing history of losses is incorporated in this assessment. For those tax assets to which these assumptions do not apply, the value of the deferred tax assets is reduced. The deferred taxes relate fully to the disclosure of hidden reserves in the fair value of the investment property, which were not tax capitalised.

Equity

The share capital of the company amounts to EUR 15,000,000.00 and is divided into 15,000,000 no-par-value shares with an aggregate nominal value of EUR 1.00 each.

For the development and composition of the equity it is referred to the consolidated equity change account.

6 Analysis of fixed assets

The composition and development of the assets is shown in the table „Consolidated assets development as of December 31, 2015“; page 26.

7 Contingent liabilities and other financial obligations

There are no contingent liabilities. The other financial obligations are within the scope of ordinary business.

8 Information on the consolidated profit and loss summary account

Principles of revenue recognition

Regarding the **revenues** in the amount of total kEUR 34,926 (previous year: kEUR 23,017) this is essentially income from the sale of pharmaceuticals and medical products as well as services in the range of aesthetic medicine and the sale of investments.

The **changes in inventory** amount to kEUR 13 (previous year: kEUR -947).

The **other operating income** amounts to kEUR 446 (previous year: kEUR 3,568) and essentially result from the deconsolidation of M1 Grundbesitz GmbH, M1 Projekt GmbH and Schlossblick GmbH.

The **cost of materials/cost of received services,** which amounts to a total of kEUR 24,602 (previous year: kEUR 18,793), contains inter alia all expenses, which incurred in connection with the purchase of pharmaceuticals. In addition, expenses for received services in the range of aesthetic medicine are contained as well as the book value of the sold investment.

The **personnel cost** increased due to the expansion to a total of kEUR 1,570 (previous year: kEUR 873).

The **depreciation** contained scheduled depreciation on assets and intangible assets in the amount of kEUR 219 (previous year: kEUR 111). Assets as well as intangible assets are depreciated on a straight-line basis over different expected useful lives (three to 15 years).

The **other operational expenses,** which amounts to a total of kEUR 1,978 (previous year: kEUR 844), relate to a multiplicity of individual items such as e.g. rent, advertising and travel costs, packaging material, freight costs, insurance cost, outside services, legal and consulting fees as well as the costs for annual financial statements and auditing.

The **other interest and similar income** contain interest income in the amount to a total of kEUR 24 (previous year: kEUR 17). The interest result from the granting of loans respectively from depositing liquid funds with German financial institutions.

Depreciation on financial assets were carried out in the amount of kEUR 0 (previous year: kEUR -1) on exisiting equity instruments of listed companies.

Regarding **interests and other expenses,** which amount to a total of kEUR 270 (previous year: kEUR 202), these are essentially interests, which were invoiced for granted loans.

Taxes on income and earnings amount to kEUR 138 (previous year: kEUR 243).

The computation of deferred taxes is carried out as in the previous year under application of different tax rates. With reference to IAS 12.81 c the following tax rates result:
The legal effective tax rate implies corporation tax and the solidarity tax contribution (effective rate: 15.825

Legal effective tax rate for companies with domicile in	in %
Berlin	30.175
Schönefeld	24.225

%) as well as the trade tax (effective rate: Berlin with 14.350 % / Schönefeld with 8.400 %).

The other taxes are inter alia vehicle tax.

9 Earnings per share

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

	2015	2014
Profit for the financial year attributable to the equity holders of the parent company	6,630,755.14	4,585,405.67
Number of shares (weighted average)	15,000,000	15,000,000
Earnings per share	0.44	0.31

10 Information on members of the corporate bodies

Management board

Surname	First name	Position	Authority to act	
Richter	Rolf	Board member	Authorised to act solely	until 20.03.2015
Mattner	Stefan	Board member	Authorised to act solely until 26.06.2015 jointly from 26.06.2015	from 20.03.2015 until 17.02.2016
Brenske	Patrick	Board member	Authorised to act solely	from 26.06.2015

Supervisory board

Surname	First name	Position	Profession	
Dr. Pahl	Christian	Chairman	Master of Business Administration	
Dr. Voigtsberger	Volker	Deputy chairman	Engineer	until 23.06.2015
Dr. Fichter	Detlef	Member	Lawyer	until 23.06.2015
Dr. Wahl	Albert	Deputy chairman	Industrial engineer	from 23.06.2015
Prof. Dr. Dr. Meck	Sabine	Member	University Professor and Science Journalist	from 23.06.2015

The total remuneration of the supervisory board in the financial year 2015 was kEUR 20,5 (previous year: kEUR 4). There are no receivables from members of the supervisory board.

11 Number of employees

An average staff of 27 were employed by the M1-Group in the reporting period (previous year: 17).

12 Information on financial instruments according to IFRS 7

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

	2015	2014
Expenditures Category	kEUR	kEUR
Liabilites, recognised at amortised acquisition cost	-270	-202
Financial assets at fair value	0	-1

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

Risk management policy and securing measures

The risk management of the M1-Group has the objective of early detection and recording of all significant risks and their causes in order to prevent financial losses, outage or disturbance.

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

The risk management policy is significantly covered by the management board of M1 Beauty AG. The controlling departments of M1 Med Beauty Berlin GmbH, M1 Aesthetics GmbH and M1 Grundbesitz GmbH, which are providing support, monitor for this purpose the operating success and are thereby able to recognise deviations from the plan in a timely manner. The respective responsible persons from the departments decide jointly, if required, with the management board about the appropriate strategy regarding the risk management.

The M1-Group is exposed to general risks that could emerge due to changes in framework conditions as a result of legislation or from other directives. Should such changes occur however, they do not occur suddenly or surprisingly in most cases, as a rule, so that there is sufficient reaction time to react to changes.

Capital risk management, borrowed capital- and interest change risk

The group manages its capital with the objective, to maximise the earnings of the company‘s stakeholders by optimisation of the relation of equity and borrowed capital. Thereby it is ensured, that all group companies are able to operate on the going-concern basis.

The equity as of the respective balance-sheet date:

	31.12.2015	31.12.2014
Equity	29,750 EUR	25,394 EUR
Balance sheet total	33,187 EUR	38,704 EUR
Equity quota	89.64%	65.61%

The group has borrowed capital for the operative implementation of its business model.

In the reporting period, the bank liabilities decreased from kEUR 2,021 to a total of kEUR 16. Due to the low bank liabilities and the low interest level we currently see interest change risks only to a limited extent.

The other financial liabilities are not subject to an interest change risk since there are no interests to pay. These are short-term liabilities.

Fair value of financial instruments

at continued acquisition costs valued financial assets	short-term				
in kEUR	Receivables	Other short-term financial assets	Liquid funds	Total book values	Fair values
31.12.2015	15.655	6	412	16.073	16.073
31.12.2014	1.927	2.031	2.398	6.356	6.356

The sum of the book values respectively the fair values of the assets measured through profit and loss amount to a total of kEUR 1,310 (previous year: kEUR 3,326) until the record date.
In the instruments demonstrated in the tables above and below, the management board regards the book values in the consolidated balance sheet as a good approximation of their fair values.

at continued acquisition costs valued financial liabilities	short-term			long-term	
in kEUR	Liabilities to financial institutions	Trade payable	Other financial liabilities	Liabilities to financial institutions	Total book values
31.12.2015	16	2,764	161	0	2,941
31.12.2014	1,184	991	6,294	837	9,306

Other price risks

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

Risk from payment defaults

The risk of the non-payment of claims is taken into account by means of corresponding individual and collective value adjustment. The maximum default risk of the financial assets is limited by the amount of the book values.

Liquidity risk

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

The expected cash flows of the financial liabilities (undiscounted redemption and interest payments) until December 31, 2015, and until December, 31 2014, are demonstrated in the following tables.

Financial liabilities, which are valued at continued acquisition costs	Book values 31.12.2015 kEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year to 5 years kEUR	Cashflow > 5 years kEUR
Accruals	148	138	10	0
Interest-bearing financial liabilities	16	13	3	0
Non-interest bearing financial liabilities	2,925	2,925	0	0

The financial liabilities bearing no interest relate at kEUR 2,764 (previous year: kEUR 991) to the liabilities resulting from deliveries and services as well as at at kEUR 161 (previous year: kEUR 6,294) to the other short-term financial liabilities.

Financial liabilities, which are valued at continued acquisition costs	Book values 31.12.2014 kEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year to 5 years kEUR	Cashflow > 5 years kEUR
Accruals	1,086	1,080	6	0
Interest-bearing financial liabilities	2,021	1,184	166	671
Non-interest bearing financial liabilities	7,285	7,285	0	0

Consolidated cash flow statement

The consolidated cash flow statement shows how the funds of the M1 Beauty-Group have changed in the course of the reporting year due to cash inflow and outflow. In this consolidated cash flow statement, see page 24, the cash flows are structured according to operating, investment and financing activities. The financing funds include short-term available liquid assets amounting to kEUR 412 (previous year: kEUR 2,398).

13 Information on relationships with related companies and persons

As closely associated companies and persons according to IAS 24 „Related Party Disclosures" are considered basically members of the management board and supervisory board, their close relatives, not fully consolidated subsidiaries as well as companies, which belong to the consolidated companies of MPH Mittelständische Pharma Holding AG. Regarding management board and supervisory board we refer to section (10). These closely associated companies and persons were not involved in any unusual transactions, of their kind and quality, with companies of the M1-Group. All transactions between the closely associated companies were concluded under normal market conditions, as between unrelated third parties.

If financial assets or liability terms result from the transactions with these companies, they will be recognised under other financial assets or other liabilities.
The following business transactions were performed with closely associated companies and individuals:

Receivables / Liabilities / to closely associated companies and individuals	31.12.2015 kEUR	31.12.2014 kEUR
Receivables to closely associated legal persons	1,673	1,237
to companies, which are dominated by majority shareholders	1,673	0
to majority shareholders	0	601
to members of the supervisory board	0	636
Liabilities to closely accociated legal persons	2,339	250
to companies, which are dominated by majority shareholders	2,339	14
to majority shareholders	0	1
to members of the supervisory board	0	235

Transactions to closely associated companies and persons	31.12.2015 kEUR	31.12.2014 kEUR
Provision of goods and services	19,361	15,309
to companies, which are dominated by majority shareholders	14,648	13,470
to majority shareholders	2,258	0
to members of the supervisory board	2,455	1,839
Received goods and services	2,011	594
from companies, which are dominated by majority shareholders	1,949	594
from members of the supervisory board	62	0
Other operational expenses	16	7
from companies, which are dominated by majority shareholders	16	7

Further business relationsship to closely associated companies and persons did not exist in the financial year 2015.

14 Events after the financial statement date

No essential events have occurred after the financial statement date until April 5, 2016.

15 Release of the consolidated financial statements 2015 by the management board for publication according to IAS 10.17

The present consolidated financial statements consider all events until April 05, 2016, known to the management board.

Berlin, April 05, 2016

Patrick Brenske
(CEO)

16 Audit‘s opinion

To the M1 Beauty AG, Berlin

I have audited the consolidated financial statements established by M1 Beauty AG - consisting of consolidated balance sheet, consolidated income statement, consolidated cash flow statement and statement of changes in consolidated equity as well as the notes to the consolidated financial statements - and the group management report for the financial year from January 1, 2015 to December 31, 2015. The establishment of the consolidated financial statements and the group management report according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and the applicable supplementary commercial legislation according to § 315a par. 3 in conjunction with par. 1 HGB, lies within the responsibility of the legal representatives of the company. My task is to provide a judgement on the consolidated financial statements on the basis of the examination which was conducted by myself.

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

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

In my opinion the audit forms a sufficiently safe basis for my judgement.

My audit has led to no objections.

In my opinion, on the basis of knowledge gained during the audit, the consolidated financial statements comply with the IFRS, as they are applicable in the EU, and the applicable supplementary commercial legislation according to § 315a Abs. 3 i.V.m. 1 HGB and correctly reflect, in application of these regulations, the situation of the Group‘s assets, financial position and profitability. The group management report is in line with the consolidated financial statements, globally reflects a correct representation of the Group‘s situation and correctly presents the chances and risks of future development.

Berlin, April 14, 2016

Dipl. -Kfm. Harry Haseloff
Auditor

Further information

1 Sources

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13 cf. Medical Insight, Inc.: THE Global Aesthetic Market Study: Version XIII, May 2015, p. 28.
14 cf. ISAPS: ISAPS International Survey on Aesthetic/Cosmetic. Procedures Performed in 2014. 2015, p. 7f.
15 cf. id., p. 5.
16 see id., 2015, p. 8.
17 cf. Deutsche Gesellschaft für Ästhetisch-Plastische Chirurgie: DGÄPC-MAGAZIN: Zahlen, Fakten und Trends in der Ästhetisch-Plastischen Chirurgie 2015, p. 4.
18 see ISAPS: ISAPS International Survey on Aesthetic/Cosmetic. Procedures Performed in 2014. 2015, p. 12; Deutsche Gesellschaft für Ästhetisch-Plastische Chirurgie: DGÄPC-MAGAZIN: Zahlen, Fakten und Trends in der Ästhetisch-Plastischen Chirurgie 2015, p. 5.
19 cf. Medical Insight, Inc.: THE Global Aesthetic Market Study: Version XIII, May 2015, p. 28.
20 cf. Deutsche Gesellschaft für Ästhetisch-Plastische Chirurgie: DGÄPC-MAGAZIN: Zahlen, Fakten und Trends in der Ästhetisch-Plastischen Chirurgie 2015, p. 8.

2 Glossary

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

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

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

Botulinum toxin
also called botulinum neurotoxin or botulin. The name is derived from the Latin (botulus = sausage and toxin = poison) and is referred to as one of the most poisonous, but also most effective substances. It is used for spasticity, tension headache and migraine, excessive perspiration, in the cosmetic medicine for the treatment of mimic wrinkles and much more.

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

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

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

Hyaluronic acid
counts to the absorbable fillers. Hyaluronic acid is a hydrophilic, natural sugar compound, which is present in large quantities in the young skin and is degraded increasingly in the course of a life. In the aesthetic medicine it is used to build up volume and for deep wrinkles.

Dermal fillers
are referred to special fillers to build up volume of e.g. sunken cheeks or for lips augmentation, which degrade biologically after some time completely again.

3 Imprint

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Member of the supervisory board: Prof. Dr. Dr. Sabine Meck

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