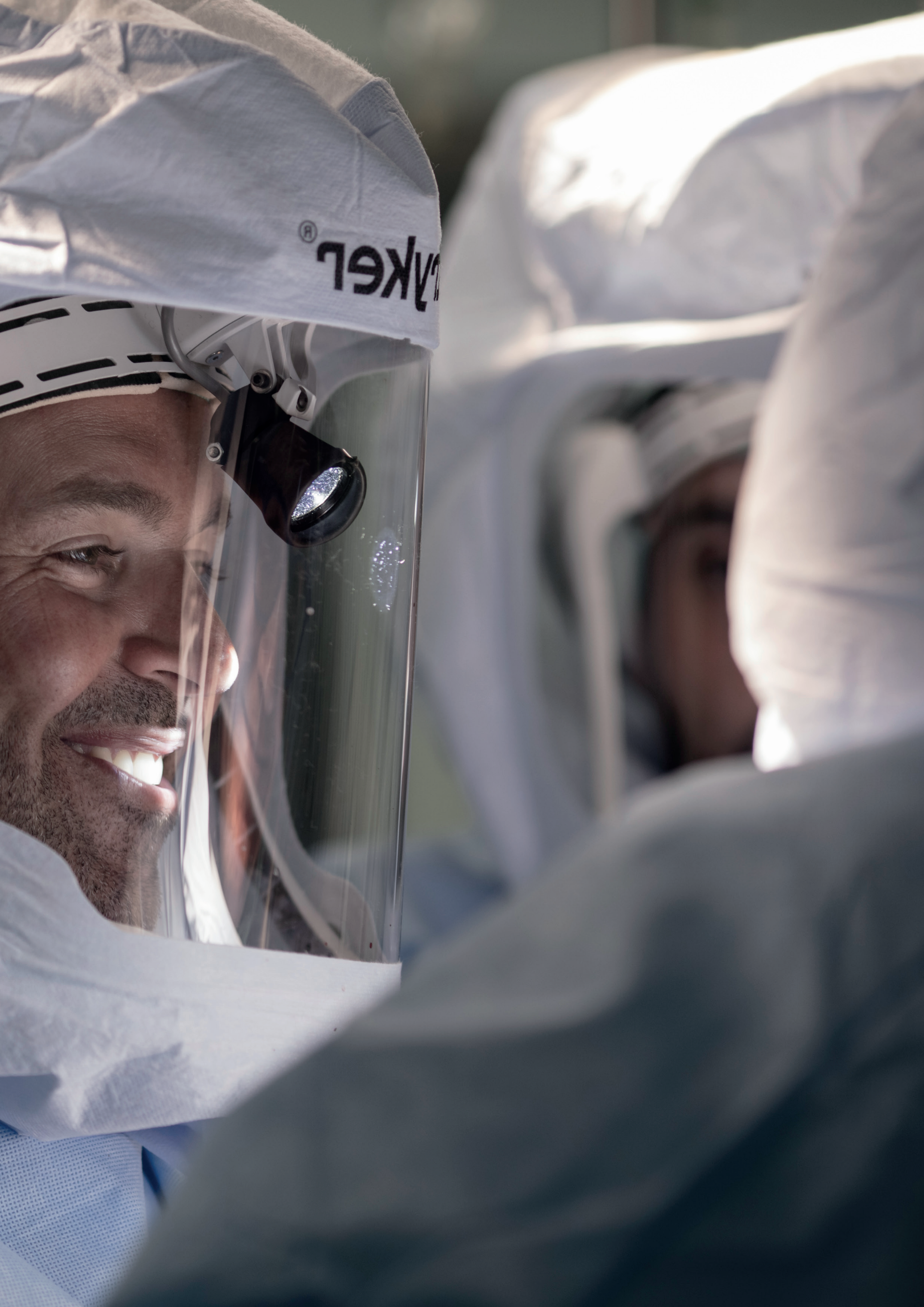
Annual report HDLT Holding SA

2017



Management report

Corporate Information

HDLT Holding SA owns and operates the largest private hospital group in the Canton of Geneva, being Hôpital de La Tour, Clinique de Carouge and Centre Médical de Meyrin, collectively "La Tour Medical Group".

La Tour Medical Group, created in 1976, has developed and expanded over the years to become Geneva's largest private full-service hospital measured by beds, patient days and revenue, enjoying a unique positioning as the only hospital on Geneva's more densely populated right bank. It is also the sole unique private hospital in the canton of Geneva that has certified intensive care and intermediate care units, two 24/7 emergency services, a renowned level IIA neonatal unit and a renal dialysis service, whilst also being a recognised medical teaching facility in 7 specialties. La Tour Medical Group has an estimated market share of 29% in relation to private inpatient admissions in Geneva.

La Tour Medical Group is recognized on the Canton of Geneva's hospital list and is also mandated to receive patients without additional private health insurance in certain specialties. Outpatient services are available to all those with basic national health insurance (LAMal and LAA).

La Tour Medical Groups' focus is to provide outstanding quality medical services to private inpatients, as well as offering state of the art ambulatory services to all patients with private or basic insurance. As part of its core values, La Tour Medical Group strives to treat each patient with empathy and personal attention. As a healthcare group reputed for its medical training programs, the group is also commited to preparing the medical professionals of the future.

Do you know ?

24/7

emergency service

29%

market share in Geneva private inpatient admissions

Activity of the Group

Activity

La Tour currently has 170 beds, including 10 intensive care unit beds, 6 intermediary care unit beds, and is equipped with 7 state-of-the-art operating rooms, 2 catheterization laboratories, 4 delivery rooms and around-the-clock emergency services in Geneva and Carouge.

The year 2017 saw a series of investments in facilities and equipment as well as in the training of staff and the launching of new medical programs. Consolidated revenues for the La Tour group totalled KCHF 207’856 and consolidated EBITDA reached KCHF 44’766.

As part of the facilities’ investment programme launched in 2014 and expecting to be completed by 2019, the construction of the new “B2” building for a total of KCHF 120’000 is nearing its end and will be fully operational during 2018. The B2 extension project represents a significant milestone in allowing further deployment of the group’s strategy and will increase the capacity of the main “Hôpital de La Tour” site. The new B2 building offers 26’000 sqm and comprises of 64 private rooms and suites, 4 operating theatres with a recovery zone, a radiotherapy treatment center, a state of the art medical imaging platform, spacious medical offices, a unique sport medicine and rehabilitation center as well as 2 underground parking floors.

La Tour Medical Group has also invested in the development of new medical activities to significantly increase the range of medical services it offers. Thus, 2017 saw the arrival of a new rheumatologist, the establishment of a new neurology service with four neurologists, the opening of a new ENT and maxilla-cervico-facial surgery center as well as the opening of a new department of endocrinology, diabetology and obesity. In addition to these developments the La Tour Medical Group has also entered into two public-private partnership agreements with Geneva University Hospital (HUG) in the fields of oncology and thoracic surgery.

A comprehensive range of more than 60 medical specialities are now offered to patients with the main service lines being orthopaedics & sports medicine, cardiology & cardiovascular surgery, pulmonary medicine & thoracic surgery, gastroenterology & digestive surgery, internal medicine, women & children’s services, oncology as well as renal dialysis, emergency services and progressive & intensive care medicine.

Medical teaching

Positioned as the leading private teaching hospital in the French speaking part of Switzerland, medical education is a core activity of La Tour Medical Group with currently 11 accredited training programs in post-graduate medical education in the subspecialties of general internal medicine, emergency medicine, family practice, cardiology, pulmonary, paediatrics, orthopaedics and ophtalmology. Currently, there are 48 residents and fellows annually whose numbers are rising and with new programs in the process of obtaining accreditation.

There is a close collaboration with the Medical Faculty of Geneva University offering pre-graduate medical education within different medical services of La Tour Medical Group to over 80 medical students per

782 employees

36 500 Inpatient days

60 medical specialties

541 deliveries

40 099 emergency visits

6 240 surgeries

350 independent physicians

6 600 Inpatient admissions

year. Staff physicians also hold academic appointments within the Medical School. Their commitment in teaching assures the ongoing improvement in the quality of medical education, which will ultimately enhance patient care and safety.

Recurrent training of nursing & paramedical staff

La Tour Medical Group genuinely believes in recurrent professional training as a means of constantly improving its patient services and employee satisfaction. Alongside a large spectrum of postgraduate training programs for medical employees, La Tour Medical Group focuses on developing skills that allow flexibility and responsiveness mainly in regards to patients' safety, medical excellence expertise and in anticipation of needs for new patient service lines.
La Tour Medical Group is strongly committed to training future generations of health care professionals in various specialties such as nursing, physical therapy, medical imaging or nutrition. As part of its partnership with HES Geneva, La Tour Medical Group has a number of accredited training instructors supervising each year over 200 health care students participating in residential programs.

Medical quality applying the less is more concept

Medical quality is an essential and key concept for La Tour Medical Group, with the willingness of proactively applying what is best for the patient. As part of its quality program, the group actively applies the less is more philosophy, being a hospital partner of the Swiss Choosing wisely campaign.
The concept of less is more is an invitation to recognize the potential risks of overuse of medical services that may result in harm rather than in better health, tackling the erroneous assumption that more care is always better. Through a worldwide anti-waste campaign under the name of "Choosing Wisely" a list of low-value medical procedures is published. These procedures should be avoided by engaging patients in conversations about unnecessary tests, treatments and interventions. Less is more medicine is considered as a quality-oriented approach trying to distance itself from wrong financial incentives and to give its own definition of value, mostly based on effectiveness and patient safety.
Different quality improvement research projects are ongoing within the La Tour Medical Group and are aligned with a national procedure for peer review, as developed by alliance partners H+, to identify the potential improvements to therapeutic procedures.

Perspectives 2018

Rebranding

In March 2018, the group launched a new logo. While respecting the DNA of the institution, the new corporate identity conveys the dynamics of the group. The new identity is accompanied by a new signature, «Building with you the health of tomorrow», which reflects an innovative vision of health while highlighting the privileged place that the institution gives to its patients and employees. The group strategy initiated in 2016 is expressed through a new brand identity: La Tour Medical Group.

Further implementation of integrated healthcare pathways

As part of the strategy started to be implemented in 2017, medical programs and services are based on the principle of healthcare pathways. This model provides fully integrated, coordinated and personalized care to patients.

- Orthopaedics and sports medicine center

Thanks to its strong experience in sport medicine and its constant support to elite athletes, La Tour Medical Group is one of the leading medical sport centers in Switzerland and is accredited as a “Swiss Olympic Medical Center”.

The opening of the new B2 Building in 2018 is bringing the orthopaedics and sport medicine center to the next level and to being very unique in Switzerland. Patients will benefit from state of the art facilities on the same location and will be offered integrated care pathways from prevention, diagnostic, surgical, reeducation and other services for well-being. La Tour Medical Group has chosen the latest technology in terms of imaging, radiology, surgical equipment and reeducation.

- Integrated in-house cancer centre

In June 2017, the first public-private partnership in oncology in the canton of Geneva was launched at La Tour, in partnership with the University Hospital of Geneva (“HUG”). The partnership allows for best in class shared diagnostics as well as protocols of treatment and research on both river-sides of Geneva and under a common medical governance of a leading professor in the field.

In June 2018, the new radio-oncology department will be operational at the La Tour campus and will represent the first and only radio-therapy bunker on the right bank of Geneva.

La Tour will therefore be able to provide in-house a wide range of services for the treatment of cancer, from prevention, diagnostic, chemotherapy, radiation therapy, haematology, re-education to support services, nutrition and physical activity.

- Internal medicine center

Internal medicine, including pneumology, intensive care medicine as well as emergency medicine services have experienced constant progression over the years. Interaction with the various activities launched during 2017-2018 is a way of ensuring continued growth.

The pulmonary medicine department provides patient pathways that include thoracic surgery; In order to offer the best possible outcomes, La Tour Medical Group signed a public – private partnership agreement on thoracic surgery with the University Hospital of Geneva (HUG). Medical excellence of the university hospital as well of the Hôpital de La Tour are reunited to share medical expertise in thoracic surgery to patients on both sites in Geneva.

With its strategy to offer fully integrated pathways to patients, the highly qualified internal medicine center is essential to the La Tour Medical Group, being an interconnection of many patients’ programmes.

- Cardiology center

La Tour is strongly renowned for its cardiology & cardiac surgery center and is the only private hospital to offer the complete range of cardiology services both for outpatient treatments as well as for inpatient stays. Anticipating market trends in cardiology, the objective is to remain the regions market leader as the private alternative in the cardiology sector, thanks to having a strong team of more than 20 specialists active on the Hôpital de La Tour site, specialised in diagnostic, preventive, treatment, non- or minimal invasive heart treatments, cardiovascular surgery as well as having access to the latest medical technology for cardiovascular imagining, rythmology and angiography.

- Woman and child center

The venue on site of additional gynaecologists in early 2018 with complementary specialisations will allow to bring further growth after several years of stable activity in this area. La Tour Medical Group's next project is the development of fully dedicated emergency departments for paediatrics and for gynaecology, this in addition to being the only private neonatology unit with a IIA accreditation in the canton of Geneva. In this regard, a special partnership with the neonatology department of the University Hospital of Geneva is also in place.

- Obesity center

In view of obesity being a major public health problem, La Tour Medical Group set up a center for obesity in 2017. It offers patients global and multidisciplinary care and all therapeutic treatments recognized to date. Obesity is often accompanied by co-morbidities that make the disease more serious and contribute to the complexity of the medical expertise required. La Tour Medical Group responds to this growing specific demand by creating this center that benefits from the synergies of having different specialists working together.

Board of Directors of HDLT Holding SA

Name	Function	Domicile (country)	Citizenship
Photios Antonatos	Chairman	Vandoeuvres (CH)	Greece
Michel Bourrit	Member	Genève (CH)	Switzerland
Christophe Douineau	Member	Prevessin Moëns (FR)	France
Evgenia Paizi	Member	Chambésy (CH)	Greece/ Switzerland
Christopher Potter	Member	Commugny (CH)	United Kingdom

Members of the Executive Management of the Hôpital de La Tour

Nicolas F. Froelicher, CEO

Joined La Tour Réseau de Soins SA in 1983, holds a MBA from University of Geneva and is Certified Swiss Hospital Manager. Appointed CFO in 1986, he was promoted to CEO in September 2015.
Other activities include past President and Vice President of the Geneva and Swiss Private Hospital Association and member of the working group on Swiss DRGs.

Nathalie Delbarre, COO

Joined La Tour Réseau de Soins SA in 1992 as respiratory and physical therapist and has appointed COO in 1999. She holds a MBA from University of Geneva and is Certified International Investment Analyst.

Risk assessment

On a yearly basis the Board of Directors conducts and approves an assessment of the risks facing the Group, with the participation and input of the Management. Identified risks are assessed according to their likelihood, severity and mitigation. Adequate measures to mitigate and manage risks are determined and responsibility is delegated to the management for implementation of such measures.

Internal audits ensure adequate implementation of such actions and findings are communicated to the Board of Directors so that progress and identified risks can be monitored objectively and independently from Management.

Financial report – Consolidated annual financial statements

Consolidated balance sheet

Expressed in '000 CHF	Note	31/12/2017	31/12/2016
ASSETS			
Current assets			
Cash and banks	[*]	**34'603**	63'743
Trade receivables, net	[4]	**42'687**	42'976
Tax receivable		**2'397**	4'206
Other receivables		**299**	238
Inventories	[5]	**5'094**	4'872
Prepaid expenses		**3'584**	3'996
Total current assets		**88'664**	120'031
Non-current assets			
Fixed assets	[6]	**404'630**	370'049
Intangible assets	[7]	**113'478**	120'909
Financial assets	[*]	**456**	381
Deferred tax assets	[8]	**0**	3'911
Total non-current assets		**518'564**	495'250
TOTAL ASSETS		**607'228**	615'281

[*] reclassification from cash and banks to financial assets has been performed on 2016 figures for comparison purposes

Consolidated balance sheet

Expressed in '000 CHF	Note	31/12/2017	31/12/2016
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Trade payables		**30'435**	20'247
Other payables		**1'450**	36
Lease debt, short-term portion	[9]	**815**	922
Accrued taxes		**64**	1
Accrued expenses	[10]	**11'117**	10'215
Bank loans	[11]	**16'500**	5'500
Convertible loan	[13]	**672**	0
Total current liabilities		**61'053**	36'921
Non-current liabilities			
Loans from parent company	[12]	**163'938**	174'300
Convertible loan	[13]	**0**	672
Bank loans	[11]	**167'500**	184'000
Bond loan	[14]	**82'000**	82'000
Other loans	[15]	**20'000**	20'000
Lease debt, long-term portion	[9]	**262**	1'078
Deferred income		**0**	143
Deferred tax liability	[8]	**53'850**	56'177
Provision	[16]	**0**	145
Total non-current liabilities		**487'550**	518'515
TOTAL LIABILITIES		**548'603**	555'436
Shareholders' equity			
Share capital	[18]	**60'012**	60'012
Capital reserve		**443**	443
Retained Earnings		**-1'830**	-610
Total Shareholders' equity		**58'625**	59'845
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**607'228**	615'281

Consolidated income statement

Expressed in '000 CHF	Note	2017	2016
REVENUE			
Net revenue		**204'270**	202'722
Other operating income		**3'586**	3'611
Total revenue		**207'856**	206'333
EXPENSES			
Personnel expenses	[19]	**-77'821**	-75'920
Doctors fees		**-32'052**	-30'638
Medical material and supplies		**-36'398**	-33'851
Rental expenses		**-2'485**	-2'404
Other operating expenses		**-14'334**	-13'736
Total expenses		**-163'090**	-156'549
EBITDA (earnings before interest, taxes, depreciation, amortization and non-operating items)		**44'766** **22%**	49'784 24%
Depreciation on fixed assets	[6]	**-22'918**	-23'019
Amortization on intangible assets	[7]	**-7'844**	-7'945
Operating Result		**14'004**	18'820
Financial expenses		**-9'972**	-10'573
Financial incomes		**9**	2
Financial Result		**-9'963**	-10'571
Ordinary Result		**4'041**	8'249
Other non-operating expenses		**-498**	-1'296
Other non-recurring expenses		**-1'018**	0
Total non-operating expenses		**-1'516**	-1'296
NET INCOME BEFORE TAX		**2'525**	6'953
Current taxes		**-2'163**	-955
Deferred taxes	[8]	**-1'582**	-4'418
Net (loss)/ profit for the year		**-1'220**	1'580
Earnings per share (EPS) expressed in CHF per share:			
Registered shares - Basic earnings per share		**-20**	26
Registered shares - Diluted earnings per share	[13]	**-20**	26

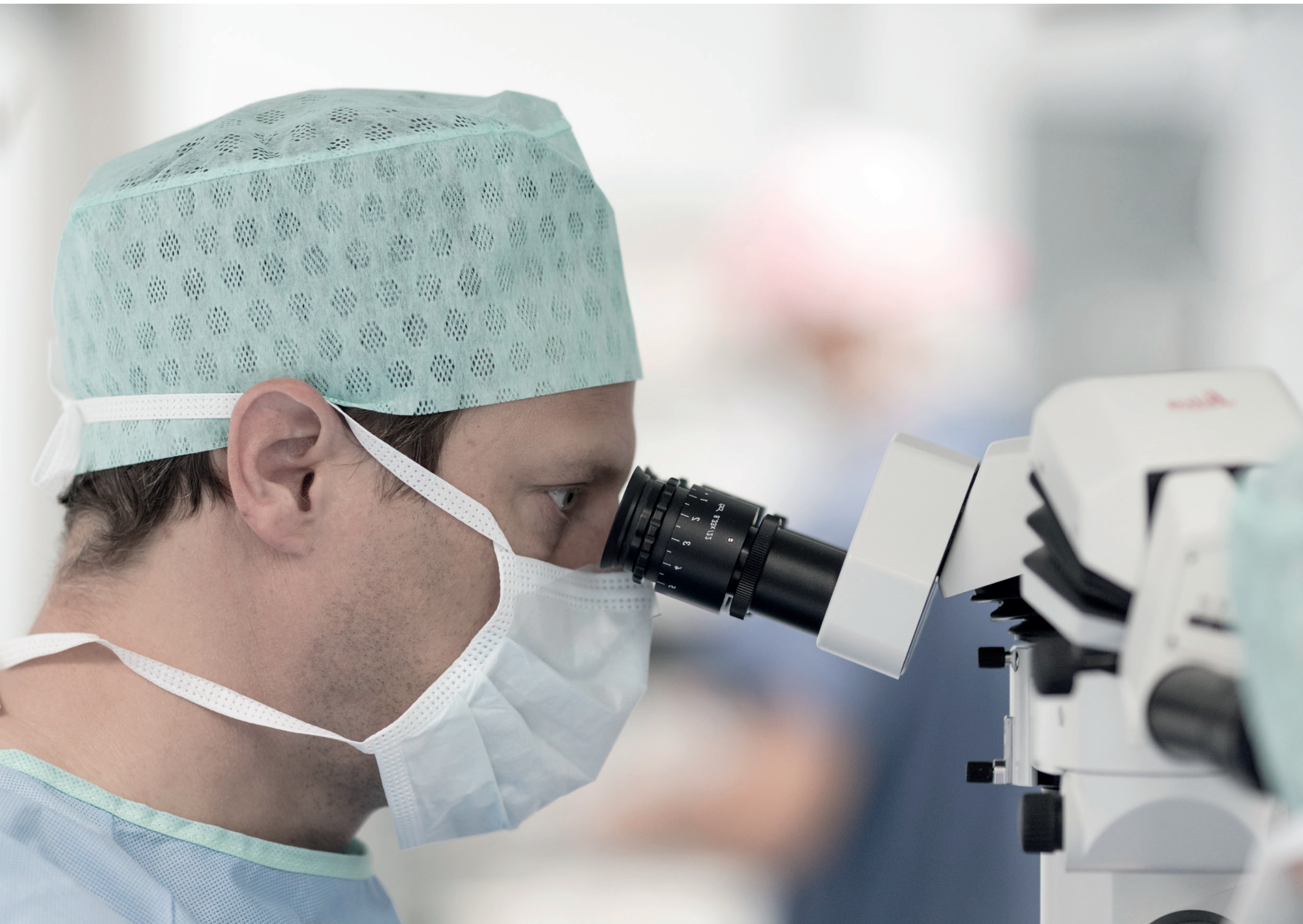
Consolidated cash flow statement

Expressed in '000 CHF	Note	2017	2016
NET (LOSS) / PROFIT AFTER TAX		**-1'220**	1'580
Non-cash items			
Depreciation of fixed assets		**22'918**	23'019
Amortization on intangible assets		**7'844**	7'945
Movement in provisions		**0**	145
Taxation		**3'745**	5'373
Financial expenses		**9'972**	10'573
Working capital adjustments			
Decrease (increase) in accounts receivable		**289**	-2'814
Decrease (increase) in inventories		**-222**	-27
Decrease (increase) in other current assets		**351**	83
Increase (decrease) in accounts payable		**12'100**	-8'812
Increase (decrease) in other current liabilities		**2'077**	1'648
Increase (decrease) in other liabilities		**-288**	-143
Income taxes reimbursement (payment)		**-289**	-5'072
Net cash flow from operating activities		**57'277**	33'498
Financial assets	[*]	**-75**	-381
Purchase of fixed assets		**-60'334**	-36'415
Purchase of intangible assets		**-413**	-371
Proceed from sale of lands and buildings		**0**	142
Net cash flow from investing activities		**-60'822**	-37'025
Repayment of parent company loans		**-10'362**	-14'569
Repayment from bank loans		**-5'500**	-3'000
Interest paid		**-9'733**	-14'545
Net cash flow from financing activities		**-25'595**	-32'114
Net increase (decrease) in cash and cash equivalents		**-29'140**	-35'641
Cash and cash equivalents, beginning of the period	[*]	63'743	99'384
Cash and cash equivalents, end of the period	[*]	34'603	63'743

[*] reclassification from cash and banks to financial assets has been performed on 2016 figures for comparison purposes

Consolidated change in equity statement

Expressed in '000 CHF	Note	Share capital	Capital reserve	Retained earnings	Total Equity
Balance at 31.12.2015		2'012	56'690	-2'190	56'512
Capital increase	[18]	58'000	0	0	58'000
Conversion from parent company loans previously qualifying as contribution reserve in share capital	[18]	0	-56'247	0	-56'247
Profit for the period		0	0	1'580	1'580
Balance at 31.12.2016		60'012	443	-610	59'845
Loss for the period		0	0	-1'220	-1'220
Balance at 31.12.2017		**60'012**	**443**	**-1'830**	**58'625**



Notes

1. Corporate Information

HDLT Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating the largest private hospital in the Canton of Geneva: Hôpital de La Tour, Clinique de Carouge and Centre Médical de Meyrin.

2. Activity of the Group

The main activity of the Company and its consolidated subsidiaries (collectively "the Group") is to operate hospitals in Geneva, Switzerland.

In 2017, the Group employed 782 full time equivalent employees and worked with more than 350 independent attending physicians with admission rights.

3. Consolidated Financial Statements

3. 1. Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Group. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP RPC) and are based on the subsidiaries' annual financial statements at 31 December 2017 prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle.

There is no cross-section analysis because there is only a single business sector (medical) and a single geographical place (Geneva).

3. 2. Basis of consolidation

Principles of consolidation

The consolidated financial statements comprise the accounts of the Company and its wholly owned subsidiaries, after elimination of all material inter-company transactions and balances.

Subsidiaries are consolidated from the date the parent obtains control until such time as control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition. Costs related to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below:

Name	Place of incorporation	% equity interets and voting rights
La Tour Sàrl	**Meyrin, Switzerland**	100
La Tour Réseau de soins SA	**Meyrin, Switzerland**	100
Permanence de la Clinique de Carouge SA	**Meyrin, Switzerland**	100

3. 3. Summary of significant accounting policies

3. 3. 1. Basis of presentation

The consolidated financial statements are presented in thousand Swiss francs ('000 CHF), which is the Group's functional and presentation currency. Other Group companies also have Swiss francs as their functional currency.

3. 3. 2. Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. 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.

The key assumptions and estimates which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit, and chooses a suitable discount rate in order to calculate the present value of those cash flows.

- Claims relating to services rendered

In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of an assessment of a number of variables, and relies on Management's informed judgement about the circumstances surrounding the past provision of services. It also relies on expert legal advice. Changes in estimates are reflected in the income statement in the period in which the change occurs.

- Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

- Contingent liabilities

The Group has various outstanding contingent liabilities; management judgment is required in order to determine the probability of materialisation of the underlying risk, and to determine whether or not a provision should be recorded. The determination of the provision, if any, is also subject to management judgment.

3. 3. 3. Balance sheet

3. 3. 3. 1. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits in postal and bank accounts. They are stated at nominal value.

3. 3. 3. 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. Given the significant number of patients, the Group provides its receivables on a statistical basis, based on historical observations, all receivable balances which are overdue for more than 210 days from the date of the end of treatment are fully provided for.

3. 3. 3. 3. Inventories

Inventories, which are principally composed of medical material and drugs, are valued at the lower of cost and net realizable value, determined using the weighted average cost. When necessary, provision is made for obsolete, slow moving and defective stocks.

3. 3. 3. 4. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Major additions and improvements that significantly increase values or asset lives are capitalized.

Borrowing costs related to construction-in-progress, premises and equipment, and costs of maintenance and repairs of fixed assets, are charged to the consolidated statement of income as incurred.

Assets under construction are not amortized until the asset is available to be put into service.

Depreciation is computed on a straight-line basis over the estimated useful life of assets, other than land (which is not depreciated), as follows:

Designation	Number of years
Building	**40**
Major fixed equipment	**20**
Minor fixed equipment	**4 to 10**
Medical equipment	**4 to 10**
Office furniture and equipment	**3 to 10**
Vehicles	**4**

Fixed assets are de-recognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income in the period the asset is de-recognized.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end.

3. 3. 3. 5. Intangible assets

- Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business acquisition over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated amortization calculated on a straight-line basis over 20 years and less any accumulated impairment losses. Goodwill residual value, useful life and method of amortization are reviewed, and adjusted if appropriate, at each financial year-end.

- Other intangible assets

Other intangible assets of the group are mainly composed of software, they are stated at cost less accumulated amortization calculated on useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period is of 3 years and the amortization method is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Assets under construction are not amortized until the asset is available to be put into service.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is de-recognized.

3. 3. 3. 6. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalized leased assets are depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

3. 3. 3. 7. Investments and other financial assets / liabilities

Purchases and sales of financial assets are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

3. 3. 3. 8. Impairment of financial assets

The Group assesses at each financial year end whether a financial asset or group of financial assets is impaired.

3. 3. 3. 9. Trade and other payables

Trade and other payables are recognized at nominal value.

3. 3. 3. 10. Financial liabilities

Financial liabilities and other borrowings are initially recognized at fair value. The fair value of the transactions with third parties corresponds to the nominal value. For transactions with related parties, the difference between the fair value and the nominal value is recognized through equity. The related inherent interest charge is recorded in the income statement over the length of the borrowing. Transaction costs are recognized immediately in the consolidated statement of income. Financial liabilities and other borrowings are classified as short-term liabilities when payable or renewable within 12 months.

3. 3. 3. 11. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. 3. 3. 12. Employee benefits

The Group entities contribute to various benefit plans according to Swiss law. Pension plans from autonomous pensions institutions are valued in accordance to Swiss GAAP RPC 16. At the reporting date, it is assessed if the Group has an economic benefit or obligation based on the financial statements of the funds.

3. 3. 3. 13. Share-based capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3. 3. 4. Consolidated statement of income

3. 3. 4. 1. Revenue recognition

Net revenue includes the inflow of economic benefits from sale of goods and services within the scope of ordinary business during the period under review. Any revenue reductions such as discounts have been deducted from net revenue reported. All intercompany revenue is eliminated during consolidation. Revenue is recognized if significant risks and rewards of ownership have been transferred or services have been rendered and that the recoverability of the related receivable is sufficiently secured.

Interest income is recognized as interest accrues.

3. 3. 4. 2. Taxes

Income taxes comprise current and deferred taxes.

- Current income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date. Applicable income tax rate applicable to operational entities is 24%.

- Deferred income taxes

Deferred taxes are recognized 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 rate (24%) expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or carry-forward of unused tax losses can be used. 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 realized.

4. Trade receivables, net

Expressed in '000 CHF	31/12/2017	31/12/2016
Trade receivables	**47'322**	47'482
Allowance for doubtful receivables	**-4'635**	-4'506
TOTAL TRADE RECEIVABLES, NET	**42'687**	**42'976**

5. Inventories

Inventories are mainly composed of drugs and medical supplies.

6. Fixed Assets

Expressed in '000 CHF	Lands and buildings	Fittings and maintenance	Medical equipments	Assets under construction	Other fixed assets	Total
COST						
31/12/2015	342'538	7'343	19'964	38'034	4'558	412'437
Additions	0	1'449	3'158	36'660	1'016	42'283
Transfers	0	410	239	-1'280	631	0
Disposals	-142	0	-239	0	-18	-399
31/12/2016	342'396	9'202	23'122	73'414	6'187	454'321
Additions	0	1'732	3'275	51'006	1'486	57'499
Transfers	0	6'519	3'394	-11'119	1'206	0
Disposals	0	0	-43	0	0	-43
31/12/2017	342'396	17'453	29'748	113'301	8'879	511'777
ACCUMULATED DEPRECIATION						
31/12/2015	-47'949	-1'920	-9'709	0	-1'932	-61'510
Disposals	0	0	239	0	18	257
Depreciation	-16'940	-1'274	-3'893	0	-912	-23'019
31/12/2016	-64'889	-3'194	-13'363	0	-2'826	-84'272
Disposals	0	0	43	0	0	43
Depreciation	-16'894	-1'431	-3'524	0	-1'069	-22'918
31/12/2017	-81'783	-4'625	-16'844	0	-3'895	-107'147
NET BOOK VALUE						
31/12/2016	277'507	6'008	9'759	73'414	3'361	370'049
31/12/2017	**260'613**	**12'828**	**12'904**	**113'301**	**4'984**	**404'630**

Assets under construction mainly refer to the construction of a new building B2. Interest expenses related to B2 building under construction have been expensed in the consolidated income statement.

7. Intangible assets

Expressed in '000 CHF	Goodwill	Assets under construction	Other intangible assets	Total
COST				
31/12/2015	148'819	88	4'025	152'932
Additions	0	371	0	371
Transfers	0	-384	384	0
31/12/2016	148'819	75	4'409	153'303
Additions	0	413	0	413
Transfers	0	-85	85	0
31/12/2017	**148'819**	**403**	**4'494**	**153'716**
ACCUMULATED DEPRECIATION				
31/12/2015	-21'083	0	-3'366	-24'449
Amortization	-7'441	0	-504	-7'945
31/12/2016	-28'524	0	-3'870	-32'394
Amortization	-7'441	0	-403	-7'844
31/12/2017	**-35'965**	**0**	**-4'273**	**-40'238**
NET BOOK VALUE				
31/12/2016	120'295	75	539	120'909
31/12/2017	**112'854**	**403**	**221**	**113'478**

8. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the period were as follows:

Expressed in '000 CHF	Deferred tax assets	Deferred tax liabilities	Net
31/12/2015	10'898	-58'746	-47'848
Use of tax loss carry-forwards	-6'987	0	-6'987
Other movements		2'569	2'569
31/12/2016	3'911	-56'177	-52'266
Use of tax loss carry-forwards	-3'911	0	-3'911
Other movements		2'327	2'327
31/12/2017	**0**	**-53'850**	**-53'850**

The Group recognized deferred tax assets in connection with tax losses to be carried forwards of La Tour Réseau de Soins and La Tour Sàrl. As of December 2017, tax losses to be carried forwards amount to 0.

9. Lease debt

The Group has entered into finance leases on medical equipment. These leases have renewal terms with purchase options and escalation clauses. Renewals are at the option of the entity that holds the lease. Fixed interest rates and payments terms are defined contractually.

Expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Medical equipement	2'000	922	1'078	0
31/12/2016	2'000	922	1'078	0

Expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Medical equipement	1'077	815	262	0
31/12/2017	**1'077**	**815**	**262**	**0**

interest rate : fixed (2016 : fixed)

10. Accrued expenses

Expressed in '000 CHF	31/12/2017	31/12/2016
Accrued interests	**2'486**	2'247
Accrued personnel expenses	**1'882**	2'075
Other accrued expenses	**6'749**	5'893
TOTAL ACCRUED EXPENSES	**11'117**	10'215

11. Bank loans

The Group has the following committed bank loans and facilities outstanding:

Expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	189'500	5'500	184'000	0
31/12/2016	189'500	5'500	184'000	**0**

Expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	184'000	16'500	167'500	0
31/12/2017	**184'000**	**16'500**	**167'500**	**0**

Interest rate: floating (2016: floating)

The final maturity of all bank loans is 31 December 2021.

Bank loans and facilities are secured collectively by:

- pledge of mortgage over real estate of La Tour Sàrl certificates for a total of CHF 477 million;
- pledge of shares of La Tour Sàrl and La Tour Réseau de Soins SA;

- assignment of all existing and future intercompany loans and all existing and future shareholder loans;
- guarantee from HDLT Holding SA;
- pledge of La Tour Sàrl receivable bank accounts.

12. Loans from parent company

The parent company, Pronia Holding SA, has granted a loan facility to the company for a total amount of CHF 200 million, of which CHF 164 million (2016: 174 million) has been drawn as of 31 December 2017. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2017 amounting to 0,75%) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

13. Convertible loan

In 2015, the company issued a convertible loan, amounting to CHF 0.672 million. After the achievement of specific milestones, loan holders will have the right to exercise the conversion option to obtain a maximum of 28 shares of the company in 2018.

14. Bond loan

On November 30, 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on June 30, 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

15. Other loans

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 25 July 2023.

16. Provision

Expressed in '000 CHF	**2017**	2016
Opening balance	**145**	0
Addition of the period	**0**	145
Utilization of the period	**-145**	0
TOTAL PROVISION	**0**	145

17. Pension fund liability

The eligible Swiss employees of the Group are all affiliated to a pension plan in Switzerland. The Group sponsors an independent pension plan separate from the obligatory Swiss social security plans. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared 50% / 50% by employee and employer. In addition to retirement benefits, the plan provides death and long-term disability benefits to the employees.

Amounts for the last period 2017 are as follows:

Expressed in '000 CHF	Surplus	Economic part of the group	Change of economic part impacting current result	Employer's contributions concerning business period	Pension costs within personnel expenses
Fondation de prévoyance de La Tour SA	**0**	**0**	**0**	**3'860**	**3'860**

Fondation de Prévoyance de La Tour SA pension fund reported a cover ratio of 108.2 in 2016. 2017 cover ratio is not available yet.

18. Shareholders' Equity

Until November 2016, in accordance with Swiss GAAP RPC norm 24, the difference between the nominal and the net present value of the nominal CHF 58 million loan from the parent company (being unsecured, interest free, convertible into formal share capital at the option of the borrower) was accounted for according to its substance and presented as a capital reserve in equity.

In November 2016, the company proceeded with a capital increase by converting the loan from parent company of CHF 58 million (previously accounted for as per Swiss GAAP RPC norm 24 as capital reserve in equity) into share capital, thus increasing the share capital from CHF 2'012'000 to CHF 60'012'000, through the issuance of 58'000 registered shares of nominal value CHF 1'000. From a consolidated equity point of view, the conversion of the loan from the parent company into equity resulted in a net increase of the consolidated equity of CHF 1'752'843 and a transfer of CHF 56'247'159 from the capital reserve to share capital. The residual impact from qualifying the loan according to Swiss GAAP RPC 24 during the period 2013-to November 2016 is a definitive contribution to capital reserve of CHF 167'062.

At 31 December 2016 and 2017, the share capital of the company amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000.

19. Personnel expenses

Expressed in '000 CHF	2017	2016
Salaries and wages	**66'058**	64'296
Social benefits	**11'502**	11'389
Other personnel costs	**261**	235
TOTAL PERSONNEL EXPENSES	**77'821**	75'920

20. Commitments and contingencies

- Operating lease commitments

The Group has entered into operating leases for the use of administrative offices or physician offices. These rental contracts have duration between 1 and 12 years with a tacit renewal option included in the contracts. Guarantees for a total of KCHF 282 (2016: KCHF 282) were issued in favor of various third parties.

Future minimum rentals payable under non-cancellable operating leases are as follow:

Expressed in '000 CHF	2017	2016
Due within 12 months	**2'699**	2'587
Due in 2-5 years	**8'215**	8'052
Due beyond 5 years	**3'731**	3'709
TOTAL NON-CANCELLABLE OPERATING LEASES	**14'645**	14'348

- Contingent liabilities

One of the Group companies entered into a renewed agreement with the Association d'aide aux enfants malades du pavillon Gourgas («the Association») on 16 March 2009 (the old agreement was signed on 17 September 1991) whereby it was agreed that should the Company withdraw certain facilities, including hospital beds, and support to the Association then it would be obliged to repay CHF 9 million that the Association initially invested in the construction of the hospital.

Given its activity, the Group is potentially exposed to claims from patients. There are currently no claims outstanding against the Group that, in management's view, could materially affect the consolidated accounts.

- Swap

La Tour has entered into an Interest Rate Swap Transaction with a termination date 31 December 2019, whereby La Tour pays a fixed rate of 0.77% in exchange of a floating rate of 6 month CHF Libor BBA.

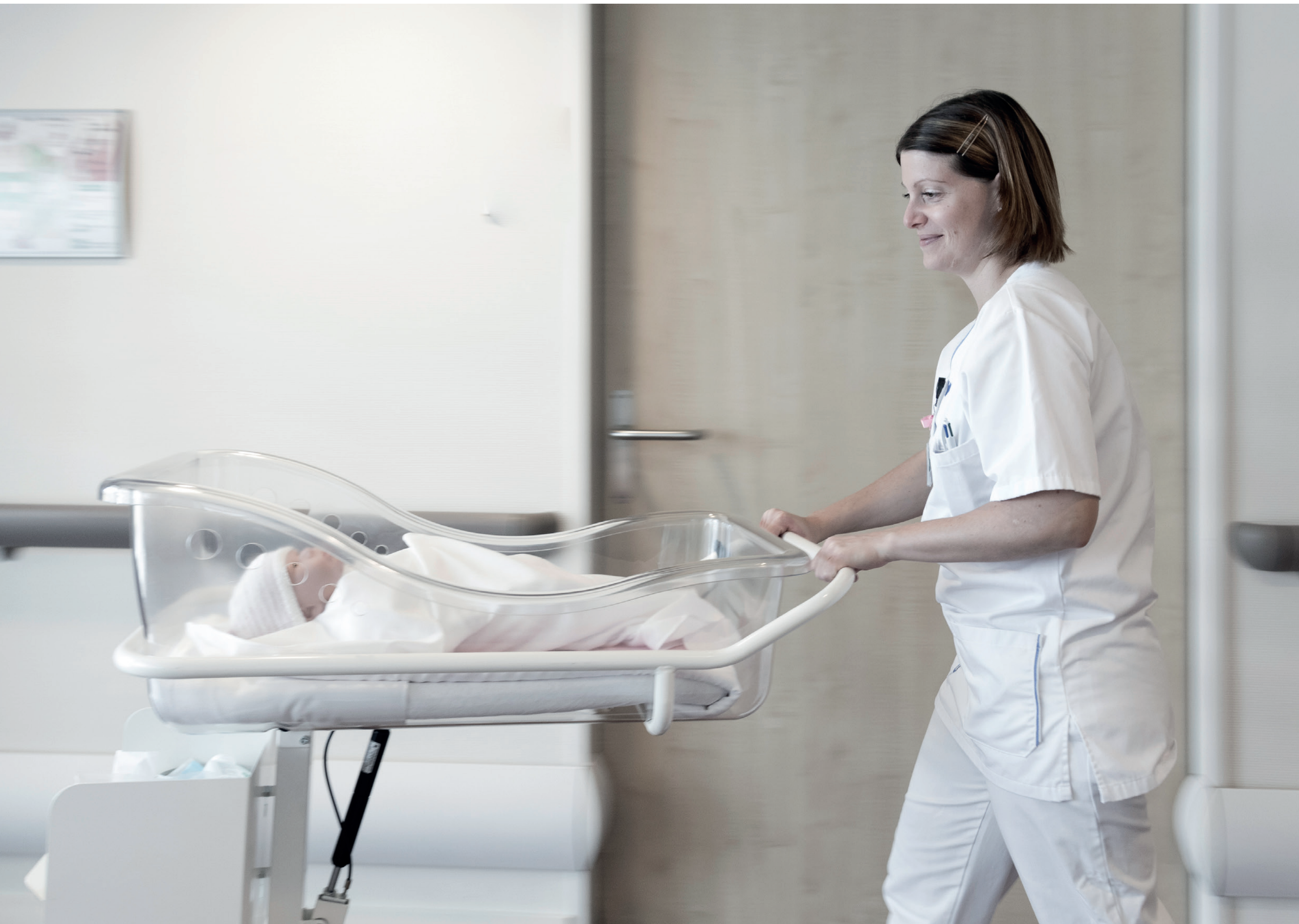
21. Audit fees

Total audit fees paid to PricewaterhouseCoopers SA for the audit of the Company and the Group financial statements in 2017 amounted to KCHF 114.

22. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 25 April 2018.

There are no events after balance sheet date that could materially impact the financial statement.



Report of the statutory auditor

to the General Meeting of HDLT Holding SA, Geneva

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of HDLT Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated cash flow statement and consolidated change in equity statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 13 to 32) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

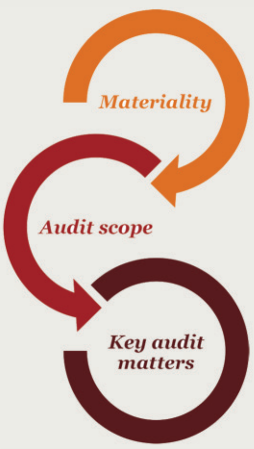
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1'115'800

We conducted full scope audit procedures on the 4 Group entities, including a dormant company. Our audit scope addressed 100% of the Group's revenue and 100% of the Group's total assets.

No areas of focus have been identified as key audit matters.

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Audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates two private clinics - Hôpital de la Tour and Permanence de la Clinique de Carouge – in one single geographical location – Switzerland. The Group financial statements are a consolidation of 4 reporting units, comprising the Group's holding entity, one operating entity, one entity owning the operating buildings and one dormant entity. We conducted full scope audit procedures on 3 Group entities (excluding the dormant one) and we covered 100% of the Group's revenue and 100% of the Group's total assets.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 1'115'800
How we determined it	2.5% of earnings before interest, tax, depreciation and amortisation (EBITDA)
Rationale for the materiality benchmark applied	We chose EBITDA as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and is a generally accepted benchmark within the hospital industry.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

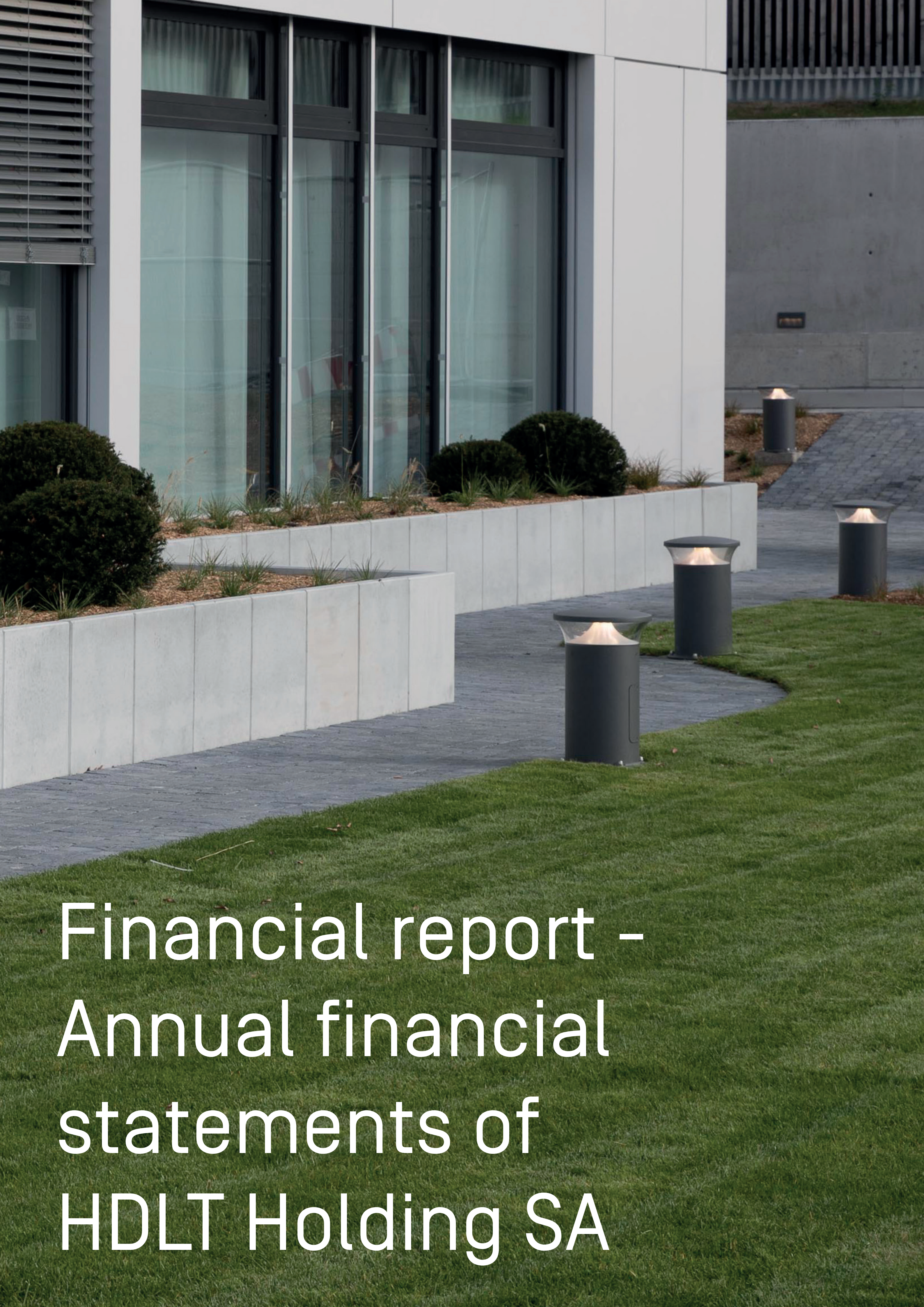
PricewaterhouseCoopers SA

Philippe Tzaud	Nicolas Biderbost
Audit expert Auditor in charge	Audit expert

Geneva, 25 April 2018

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated change in equity statement and notes)



Financial report - Annual financial statements of HDLT Holding SA

Balance sheet

Expressed in '000 CHF	Note	31/12/2017	31/12/2016
ASSETS			
Current assets			
Cash and banks		**2'645**	5'755
Receivable from subsidiaries		**1'140**	948
Other receivables		**32**	9
Total current assets		**3'817**	6'712
Non-current assets			
Investments, net	[2]	**311'165**	311'165
Loans to subsidiaries	[3]	**11'000**	14'214
Total non-current assets		**322'165**	325'379
TOTAL ASSETS		**325'982**	332'091

Balance sheet

Expressed in ‘000 CHF	Note	31/12/2017	31/12/2016
LIABILITIES AND SHAREHOLDERS’EQUITY			
Current liabilites			
Accrued expenses			
due to shareholders		**1’023**	637
due to third parties		**1’432**	1’705
Convertible loan	[7]	**672**	0
Total current liabilities		**3’127**	2’342
Non-current liabilites			
Interest-bearing liabilities			
due to shareholders	[4]	**163’938**	174’301
due to third parties	[5]	**20’000**	20’000
bond loan	[6]	**82’000**	82’000
Other long-term liabilities			
convertible loan	[7]	**0**	672
Total non-current liabilities		**265’938**	276’973
TOTAL LIABILITIES		**269’065**	**279’315**
Shareholders’ equity			
Share capital	[8]	**60’012**	60’012
Capital reserve		**276**	276
Accumulated deficit		**-3’371**	-7’512
Total Shareholders’ equity		**56’917**	52’776
TOTAL LIABILITIES AND SHAREHOLDERS’EQUITY		**325’982**	332’091

Income statement

Expressed in '000 CHF	Note	2017	2016
INCOME			
Financial income		**7'720**	214
Guarantee fees income	[9]	**920**	948
Total Income		**8'640**	1'162
EXPENSES			
Financial expenses		**-3'934**	-4'223
Other operating expenses		**-80**	-118
Non-operating expenses		**-485**	-720
Total Expenses		**-4'499**	-5'061
RESULT BEFORE TAX		**4'141**	-3'899
Income tax		0	0
Net result for the period		**4'141**	**-3'899**
Accumulated deficit, beginning of the period		**-7'512**	-3'613
ACCUMULATED DEFICIT, END OF THE PERIOD		**-3'371**	-7'512

Notes

HDLT Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating the largest private hospital in the Canton of Geneva: Hôpital de La Tour, Clinique de Carouge and Centre Médical de Meyrin.
The company had no employees during the year.

1. Significant accounting policies

The financial statements are prepared in accordance with the new accounting principles required by Swiss law.

- Investments in subsidiaries

Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where appropriate.

- All other assets and liabilities

All other assets and liabilities are recorded at nominal value.

2. Investments

Expressed in '000 CHF	Place of incorporation (Switzerland)	Book value 31.12.17	% equity interest and voting rights	Book value 31.12.16	% equity interest and voting rights
Direct investments					
La Tour Réseau de Soins SA	Meyrin	48'475	100%	48'475	100%
La Tour Sàrl	Meyrin	262'690	100%	262'690	100%
31/12/2016		**311'165**		**311'165**	
Indirect investments					
Permanence de la Clinique de Carouge SA			100%		100%

3. Loans to subsidiaries

Expressed in '000 CHF	31/12/2017	31/12/2016
La Tour Réseau de Soins SA	**11'000**	14'214
TOTAL LOANS TO SUBSIDIARIES	**11'000**	14'214

4. Loans from shareholders

Pronia Holding SA, has granted a facility for a total amount of CHF 200 million, of which CHF 164 million (2016: 174 million) has been drawn as of 31 December 2017. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2017 amounting to 0.75%) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

5. Loan notes

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 25 July 2023.

6. Bond loan

On November 30, 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on June 30, 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

7. Convertible loan

In 2015, the company issued a convertible loan, amounting to CHF 0.672 million. After the achievement of specific milestones, loan holders will have the right to exercise the conversion option to obtain a maximum of 28 shares of the company in 2018.

8. Share capital

The share capital of the company as of December 31, 2017, amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000.

The Company has no own shares in 2016 and 2017.

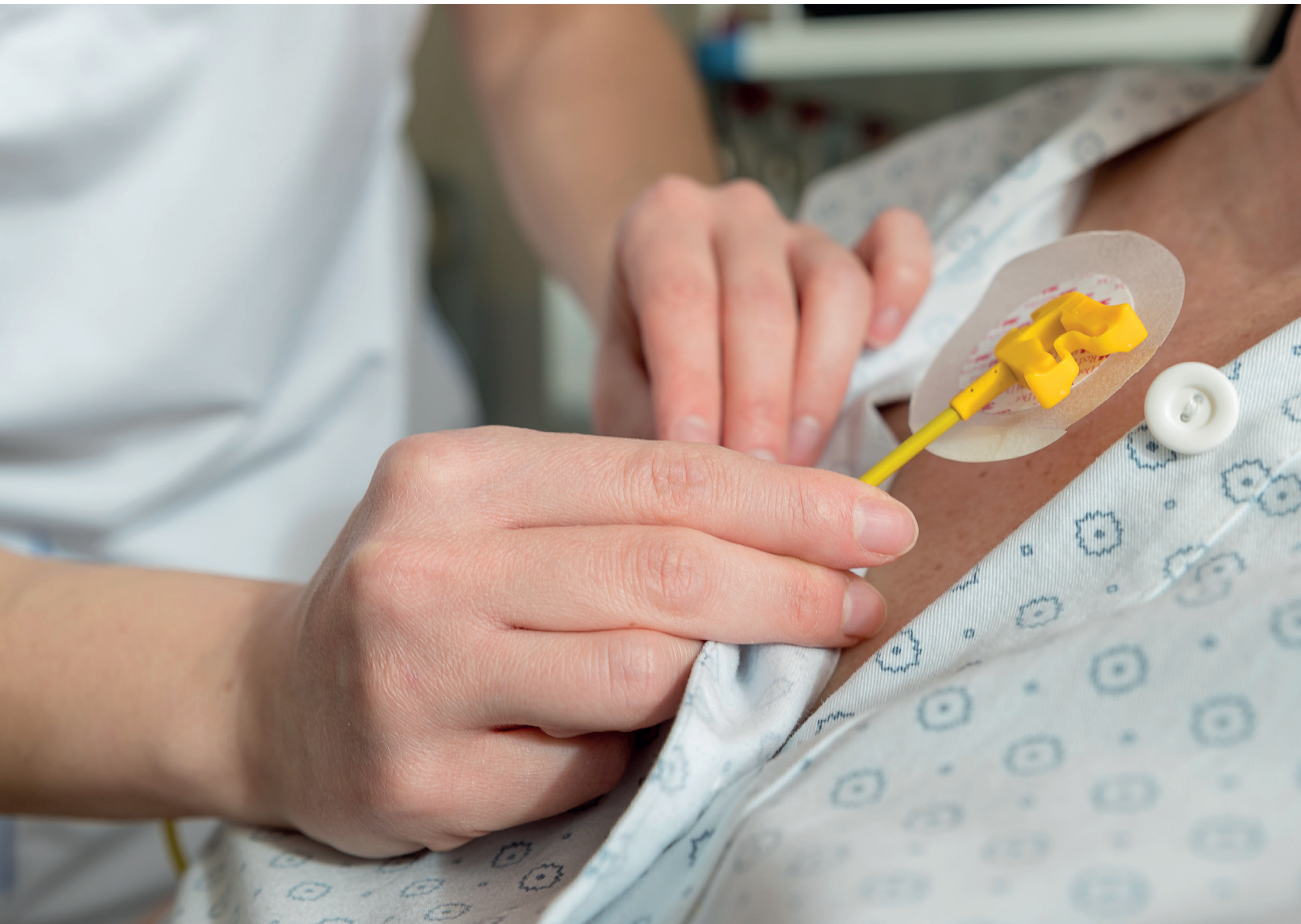
9. Guarantee

- Pledge of shares of La Tour Sàrl and La Tour Réseau de Soins SA;
- Assignment of all existing and future intercompany loans and all existing and future shareholder loans;
- Guarantee amounting to CHF 184 million (2016: 190 million) from HDLT Holding SA to the bank on banking loans to the subsidiaries.

10. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 25 April 2018.

There are no events after balance sheet date that could materially impact financial statements.



Report of the statutory auditor

to the General Meeting of HDLT Holding SA
Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HDLT Holding SA, which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 37 to 42) as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

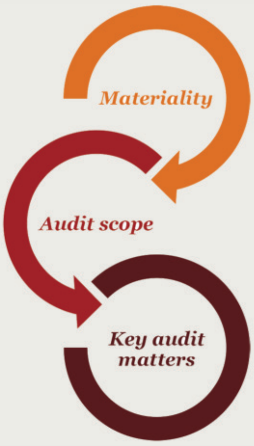
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 737'500

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiaries

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 737'500
How we determined it	0.4% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most relevant financial information of the company and is a generally accepted benchmark for holding entities.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
We considered the valuation of investments in subsidiaries to be a key audit matter for the following reasons. • As of 31 December 2017, the balance sheet discloses investments in subsidiaries of CHF 311 million, which is a significant amount. • In addition, judgement is required to determine the assumptions relating to the future business results and to the EBIT multiple applied. Please refer to the valuation principles (note 1) and the details of the investments (note 2).	We discussed with management the method used for the valuation of the investments in subsidiaries. We found that management had followed their process for assessing the value which was subject to oversight and challenge by the Board of Directors. The investment in La Tour Réseau de Soins SA was supported by a multiple of the EBIT. We compared the multiple applied by the management with those of the industry. Finally, we examined the sensitivity analysis prepared by the management. The investment in La Tour Sàrl was externally appraised based on the building value. It was determined by an external valuation and we have verified the independence and competencies of the appraiser. We consider the valuation process and the assumptions applied by management to be adequate and a sufficient basis for the impairment testing of investments.

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Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers SA

Philippe Tzaud	Nicolas Biderbost
Audit expert Auditor in charge	Audit expert

Geneva, 25 April 2018

Enclosure:

- Financial statements (balance sheet, income statement and notes)

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ADDITIONAL INFORMATION

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