Annual Report 2012

AEVIS HOLDING

Investing for a better life

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Investing for a better life

HIGHLIGHTS

- Growth strategy successfully continued with the integration of another 4 clinics
- Turnover tops CHF 340 million for the first time
- EBITDA strongly improved on 2HY2012 to 13.5%
- New holding structure established after integration of real estate facilities
- Financing capacities enlarged by issue of CHF 80 million bond
- Two new clinics acquisitions secured for 2013
- Further acquisitions planned

KEY FIGURES

(In thousands of CHF unless otherwise stated)	FY2012	2HY2012*	1HY2012	FY2011
Revenue	344'406	182'603	161'803	200'818
EBITDA	39'968	24'608	15'360	24'026
EBITDA margin	*11.6%*	*13.5%*	*9.5%*	*11.9%*
Depreciation and amortisation	23'227	13'304	9'923	15'773
EBIT	16'741	11'304	5'437	8'253
EBIT margin	*4.9%*	*6.2%*	*3.4%*	*4.1%*
Financial result	8'158	6'404	1'754	3'099
Profit for the year	3'325	2'466	859	471
Number of FTE employees at year-end	1'435			814
Market price per share at 31.12 in CHF	28.00			19.80
Number of outstanding shares	12'746'529**			7'078'479
Market capitalisation	356'903			140'154

* The 2HY2012 figures include the results of Swiss Healthcare Properties AG, which was integrated in AEVIS Holding SA on 2 July 2012.

** Including the shares created following the conditional capital increase resulting from the exercise of 68'050 option rights at 31 December 2012.

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Profile of the Group

PROFILE OF THE GROUP

AEVIS Holding SA – Investing for a better life

AEVIS Holding SA invests in the healthcare sector, in life sciences and in services to people. The participations of AEVIS include Genolier Swiss Medical Network (www.gsmn.ch), the 2nd largest group of private clinics in Switzerland, Swiss Healthcare Properties AG (www.shp.net), a real estate company focusing on medical real estate in Switzerland, Nescens SA, a brand dedicated to better aging (www.nescens.com) and Les Hauts de Genolier SA (www.leshautsdegenolier.ch), a company managing assisted living residences. AEVIS Holding's development is focused on supporting and complementary services along the value chain of its strategic focus. The Group plans to gradually develop new operational or infrastructural businesses, amongst others in the field of ambulatory centers, radiology or dental medicine. AEVIS Holding SA is listed on the Domestic Standard of the SIX Swiss Exchange (AEVS). www.aevis.com

Genolier Swiss Medical Network – 2nd largest network of private clinics in Switzerland

Genolier Swiss Medical Network SA (GSMN), founded in 2002, is the 2nd largest network of private clinics in Switzerland, present in the three linguistic regions. GSMN's growth strategy focuses on the creation of a national network through the acquisition of clinics and the restructuring of their operations. GSMN's main objective is to offer first class hospital care to Swiss and foreign patients. The distinctive features of GSMN include its high quality services, its brand value, a pleasant working environment and an experienced management team with an entrepreneurial approach. GSMN operates 12 private establishments in Switzerland (Clinique de Genolier, Clinique de Montchoisi, Clinique Valmont, Clinique Générale, Clinique de Valère, Hôpital de la Providence, Centre médical des Eaux-Vives, Clinica Ars Medica, Clinica Sant'Anna, Privatklinik Bethanien, Privatklinik Lindberg and Privatklinik Obach), with around 1'100 admitting physicians and 2'500 employees. GSMN is also affiliated to Pyramide am See, which manages 2 clinics in the canton of Zurich (Klinik Pyramide am See and Klinik Pyramide Schwerzenbach). The health insurance law revision and the new hospital financing will accelerate the consolidation of the healthcare sector in Switzerland, and GSMN wants to be a part of this mutation by offering a reliable private alternative to the public healthcare system. GSMN is a 100% subsidiary of AEVIS Holding. www.gsmn.ch

Swiss Healthcare Properties AG – A healthcare dedicated property portfolio in Switzerland

Swiss Healthcare Properties AG (SHP), founded in 1997, is a real estate company focusing on medical real estate in Switzerland. SHP owns 25 Swiss healthcare properties, representing a total rental surface of 110'867 m^2. Almost all properties are rented to the various GSMN clinics and have been bought or

constructed in the context of the development of the group. SHP is committed over the long-term to the clinic's operations growth. SHP's properties are fully let and present a development potential of 10'000 to 15'000 m^2. SHP is a 100% subsidiary of AEVIS Holding. www.shp.net

Les Hauts de Genolier – Premier hotel services in a medical environment

Les Hauts de Genolier is a unique concept in Switzerland, an alliance between premier hotel services and medical care supplied by Clinique de Genolier. The facility is designed for residents of all age who wish to remain independent while benefitting from tailor-made services, during long or short-term stays and within a secure medical environment. Les Hauts de Genolier counts 63 spacious suites with balcony, offering a magnificent view over Lake Geneva and Mont-Blanc. AEVIS Holding owns 100% of Les Hauts de Genolier SA. www.leshautsdegenolier.ch

Clinique Spontini SAS – First clinic of the Group entirely dedicated to plastic surgery

Clinique Nescens Paris Spontini, located in the 16th district of Paris, is exclusively dedicated to plastic and cosmetic surgery and medicine. Managed under the better-aging brand Nescens and benefiting from the experience of Genolier Swiss Medical Network, Clinique Nescens Paris Spontini will be positioned as a European benchmark for plastic and cosmetic surgery. Clinique Nescens Paris Spontini has been fully upgraded and offers its patients top quality hotel infrastructures and services. The medical platform comprises 4 operating theatres, a room for minor surgery and an entire floor dedicated to cosmetic medicine. A team of 20 internationally renowned cosmetic surgeons and physicians are on hand to welcome the patients. Clinique Spontini SAS is a 100% subsidiary of AEVIS Holding. www.nescens.com

NESCENS SA and CSPV – Better aging services and anti-aging products

Nescens, the result of Clinique de Genolier's Center for the Prevention of Aging, is the first brand that brings a comprehensive and evidence-based answer to prolong healthy life: from diagnosis to treatments, through products and services. NESCENS SA develops Nescens preventive medical check-up centers and Nescens better aging medspa programs. The first Nescens preventive medical check-up centers are located within the premises of Clinique de Genolier and Clinica Sant'Anna. Nescens better aging medspa programs are available at La Réserve Hotel & Spa Geneva. AEVIS Holding owns 33% in NESCENS SA.
CSPV – Centre Suisse de Prévention du Vieillissement SA develops high-end cosmetic products under the Laboratoires Genolier trade name. In particular, it commercializes Nescens, a line of highly efficient anti-aging cosmeceuticals entirely formulated by Prof. Jacques Proust, a pioneer in the field of biology of aging. AEVIS Holding owns 33.3% in CSPV – Centre Suisse de Prévention du Vieillissement SA. www.nescens.com

AS Ambulances Services SA – Leading private ambulance company in Geneva

AS Ambulances Services SA, created in July 1990, is an ambulance company specialised in the transportation of patients and injured. With 14 ambulances and almost 80 employees, AS Ambulances Services is the most important private player in Geneva. The company is specialised in repatriations, urgent patient transports, hospital transfers and organ and blood transportation on behalf of Swisstransplant. AEVIS Holding owns 80% of AS Ambulances Services SA. www.asgge.ch

Swiss Advanced Vision

AEVIS took a minority interest in the company Swiss Advanced Vision – Intraocular Lens SA. This start-up from the canton of Neuchâtel developed and commercialises a polyfocal lens for patients suffering from the cataract disease. AEVIS has subscribed to a capital increase of the company and became a 20% shareholder. This investment fits the company's growth strategy in the health and life science sectors.

SHARE AND BOND INFORMATION

Number of shares

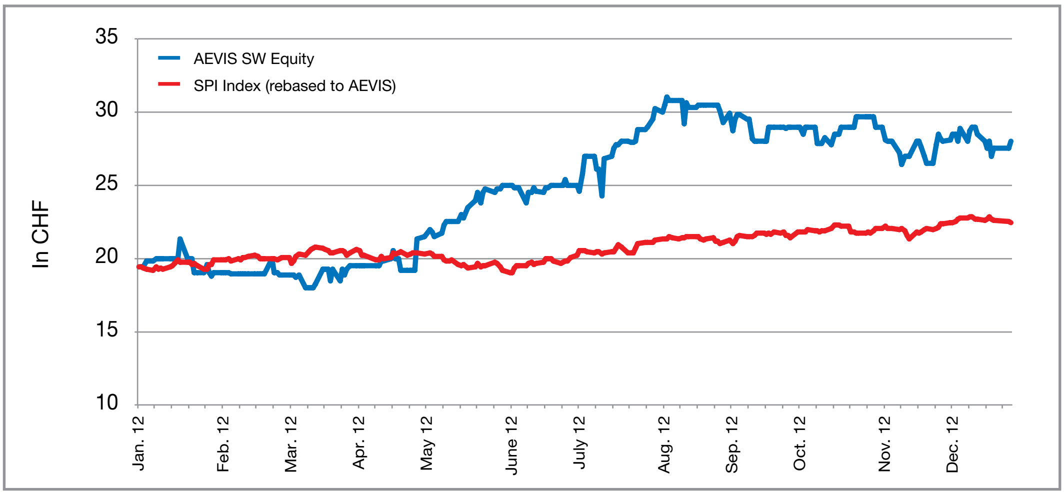
	31.12.2012	31.12.2011
Share capital	63'732'645	35'392'395
No. of registered shares issued	12'746'529	7'078'479
Nominal value per registered share	5	5
Treasury shares	123'800	78'103
No. of registered shares outstanding	12'622'729	7'000'376

Data per share

	2012	2011
Earnings per share*	0.34	0.08
High	31.00	21.80
Low	17.35	17.25
End price	28.00	19.80
Average volume per day	1'530	2'601
Market capitalisation	356'902'812	140'153'884

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

Share price performance 1 January 2012–31 December 2012

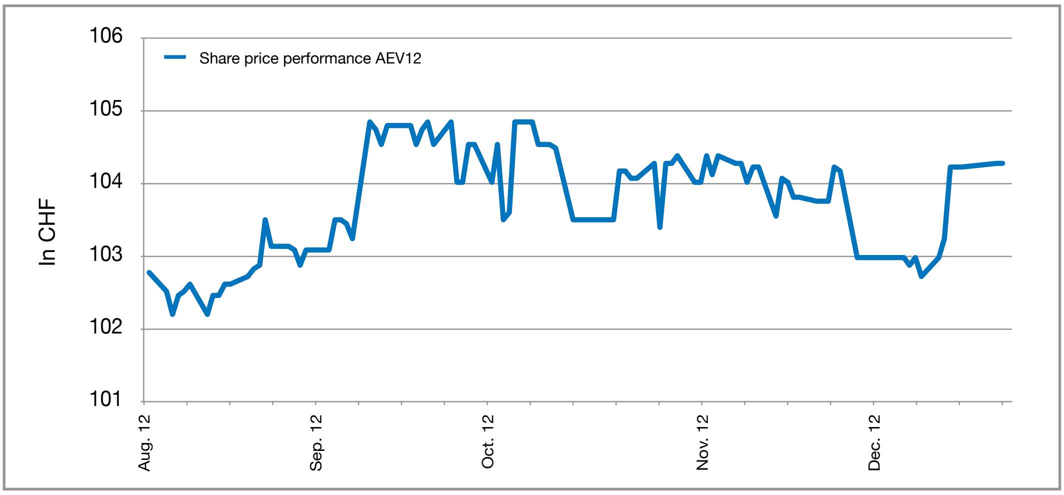


The registered shares of AEVIS Holding SA are traded on the Domestic Standard of SIX Swiss Exchange.

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

AEVIS Holding SA CHF 80 million bond

AEVIS Holding has successfully issued a bond in the amount of CHF 80 million on 3 August 2012. The issue price was set at 100.5% and the coupon at 4.25%. The bonds will mature in 2016. The AEVIS Holding SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV12/ISIN CH0187896698).



Major shareholders

The following shareholders held more than 3% on 31 December 2012:

Group A. Hubert/M. Reybier/M.R.S.I. Medical Research, Services and Investments SA/A. Fabarez	88.71%
CHH Financière S.A. – SPF	3.11%
Total shareholders (December 31, 2012):	292

Financial reporting

May 2013	Publication of 1Q2013 Turnover
5 June 2013	Annual General Meeting in Fribourg
30 September 2013	Publication of Half Year Results 2013
November 2013	Publication of 3Q2013 Turnover

Share Register

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Letter to the Shareholders

Dear Shareholder,

AEVIS Holding SA (AEVIS) is the new name of Genolier Swiss Medical Network SA (GSMN), as decided at the Ordinary General Meeting of 6 June 2012. The purpose of the name change was to signal the start of our Group's new expansion strategy while confirming the success of the present one. It also marked the start of a new period of growth and diversification in our area of specialty: life. AEVIS will continue to invest in the healthcare sector, in life sciences and in services to people. But it is already much more than just a country-wide operator of clinics. We aim to establish the Group as a reference model for responsible investment, focusing on long-term investments selected for their sustainable ability to improve quality of life.

Results substantially improved due to acquisitions

AEVIS's total revenues in 2012 increased by 72% from CHF 200.8 to CHF 344.4 million, mainly due to acquisitions of clinics in Lugano and Solothurn. The integration of the real estate portfolio of Swiss Healthcare Properties (SHP) had only a minor impact on the achieved turnover, due to its mainly inter-company revenues, but it helped to boost cash flow and EBIT in the second half-year of 2012. Without acquisitions, the internal growth rate was 5.7%. The EBITDA surged strongly from CHF 24.0 million in 2011 to CHF 40.0 million (of which CHF 24.6 million during the second half-year), representing 11.6% of turnover. The operating profit (EBIT) doubled from CHF 8.3 million to CHF 16.7 million, due to operational improvements and acquisitions. The resulting net profit was CHF 3.3 million or CHF 0.34 per share.

Integration of Swiss Healthcare Properties AG

The Extraordinary Shareholders Meeting on 2 July 2012 agreed to a capital increase of CHF 28 million (nominal value) and the subsequent integration of Swiss Healthcare Properties AG (SHP) as a 100% subsidiary. The share capital of the company was increased by 79% with the issue of 5'600'000 new registered shares with a nominal value of CHF 5 per share. The new shares have been issued in exchange for a contribution in kind for all outstanding shares of SHP. The business model of AEVIS and its capacity to generate operating profits have significantly improved with the integration of the real estate portfolio.

The portfolio of SHP, with a current market value of CHF 578.2 million, consists of 25 quality entities situated in premium locations. After the integration into AEVIS, SHP acquired additional properties consisting of three buildings and an underground parking located on the land of Privatklinik Lindberg in Winterthur. Furthermore, three properties in Zurich that are part of the Privatklinik Bethanien and the buildings forming Clinique de Valère in Sion were acquired in the first quarter of 2013. Medical real estate is a unique specialty that offers numerous opportunities under the new hospital financing system introduced at the beginning of 2012. At the same time, SHP will autonomously pursue its own development and evaluate opportunities to buy additional properties, even if unrelated to the business of GSMN.

GSMN continued to expand

Genolier Swiss Medical Network, still our main subsidiary and the second largest network of private clinics in Switzerland, continued its acquisition strategy in 2012 and bought the clinics Sant'Anna and Ars Medica in Canton Ticino, Privatklinik Obach in Canton Solothurn and Privatklinik Lindberg in Winterthur (Canton Zurich). Since the beginning of the current fiscal year, l'Hôpital de la Providence in Neuchatel (Canton Neuchatel) as well as Clinique de Valère in Sion (Canton Valais) have been added to the GSMN network.

Complementary activities with attractive market parameters

We anticipated the trend towards more comfort by offering state-of-the-art clinic facilities that combine medical care with an upscale hotel experience. This is especially reflected in our flagship clinics, namely Clinique de Genolier (Genolier), Clinica Sant'Anna (Lugano) and Privatklinik Bethanien (Zurich). In addition, our better-aging brand NESCENS is addressing the need for medical prevention as more and more patients are willing to invest pro-actively in their health. We are developing NESCENS check-up centres, cosmetics, spas, clinics and an entire range of products and services associated with the concept "live better and longer". Clinique Spontini SAS, a 100% subsidiary of AEVIS, opened a NESCENS clinic in Paris in December 2012 and offers the Group's first clinic dedicated entirely to aesthetic surgery and medicine.

The ambulance business is very fragmented and no supra-regional supplier is currently on the market. The mostly state-owned ambulance companies are confronted with inefficiencies and cost pressures, which are expected to create attractive consolidation opportunities for private providers such as AEVIS. We have made a first important step into this market in the year under review with the acquisition of an 80% stake in Geneva-based AS Ambulances Services SA, with 14 ambulances the largest private ambulance company in Geneva.

This enlarged focus allows AEVIS to diversify its scope of activities to services supporting its core business and to invest in healthcare-related sectors that are not subject to the highly regulated clinic activities, thereby broadening the value-chain. In the near future, we intend to continue to grow these complementary activities as well as others, including outpatient surgical centres, radiology and dental medicine.

System revision beneficial for AEVIS

The Swiss healthcare market has been constantly growing, at an average of 3.5% to 4.0% per year since 1996. Demand for healthcare and wellbeing services continues to rise and has proven resilient to economic downturns, due in part to an aging population. It is expected that these above average growth rates will persist in the future and offer various opportunities for innovative market participants such as AEVIS. The introduction of the new Swiss Health Insurance Act on 1 January 2012 must be regarded as a paradigm shift from bed capacity to supply planning. As a consequence, we expect that competition will increase and that cost pressures will finally emerge. Efficient and well-managed clinics will benefit from this trend, and we believe that AEVIS has a competitive advantage compared to other private clinics and the public hospitals. Today, only 25% of total Swiss hospital revenues are generated in private clinics. It is envisaged that this share will increase substantially in the coming years, as many treatments can be offered more cheaply by privately operated clinics. This applies especially to our subsidiary GSMN, as it is the second largest network of private clinics in Switzerland and is present in all three linguistic regions of the country.

Distribution proposal

As a consequence of the good results and of the increased financial stability arising from the integration of SHP, the Board of Directors proposes to the General Meeting the distribution of CHF 0.30 per share (a total of CHF 3.8 million) from capital contribution reserves. This would be the first payout in our Group's history, demonstrating our ability to take the company forward in a stepwise manner. Since the clinics that were newly acquired in 2012/13 as well as SHP will fully contribute to our results in the current fiscal year, we expect to be able increase the distribution to shareholders next year.

Changes in the Board composition

AEVIS Holding rescaled and adapted its Board of Directors for the optimal management of its holdings and relations with its shareholders. Christian Wenger has been appointed Chairman of the Board of Directors after the Extraordinary Shareholders Meeting in early July 2012, while Raymond Loretan, remaining Chairman of Genolier Swiss Medical Network, became Vice-Chairman. In addition, each of our subsidiaries is regulated by a Corporate Governance adapted to its activities and will remain totally autonomous, with a customised Board of Directors and Management. AEVIS Holding wants the management of its facilities to be focused on the long-term, with steady growth in turnover and profitability, allowing regular investments that will guarantee its sustainability.

AEVIS's presence on the capital markets

The Group's encouraging development and diversification were associated with a share price surge of 41%. On 31 December 2012, AEVIS shares closed at CHF 28.00 compared to a closing price of CHF 19.80 a year earlier. This corresponds to a market capitalisation of CHF 357 million.

In order to diversify its financing sources, AEVIS issued its first fixed rate bond in the amount of CHF 80 million with a 4.25% coupon and maturity in 2016. It was highly demanded, underlining the confidence of the capital markets in our business model. Furthermore, Euler Hermes Rating GmbH, a member of the German Allianz Group, issued a credit rating of BB– with a stable outlook for AEVIS, strengthening our visibility on the capital markets.

Outlook 2013

AEVIS will focus on continuing the growth strategy of GSMN and evaluate further opportunities in the medical real estate market. Furthermore, we plan to expand our exposure in complementary healthcare services to support our overall strategy. This includes focusing on radiology and general outpatient centres as well as dental clinics in Switzerland. The Group is expecting to reach revenues of more than CHF 450 million in fiscal year 2013, based on both internal growth and the new acquisitions already realised since the beginning of the current year. With the optimisation of its existing facilities and the diversification of its activities, AEVIS expects in the mid-term to realise an EBITDA of more than 20% of revenues, in line with the industry benchmark. With this new scope, AEVIS foresees being able to reinforce its distribution policy in 2013.

On behalf of the Board of Directors, we would like to thank all our employees for their committed work during 2012. We also thank our doctors, customers and business partners for their collaboration, and we wish to thank you, our valued shareholders, for the trust you have placed in us.

Christian Wenger
Chairman of the Board

Antoine Hubert
Delegate of the Board

Operating Report

OPERATING REPORT

Despite the uncertainties linked to the introduction of the new hospital financing and the DRGs, AEVIS realised a good fiscal year 2012, with a strong increase in revenues and EBITDA. The name change and the subsequent integration of the healthcare real estate portfolio through a contribution in kind in July 2012 signalled the start of a new phase of growth and diversification.

Total turnover increased by 72% to CHF 344.4 million (CHF 200.8 million in 2011), mainly due to acquisitions of clinics in Lugano and Solothurn. Organic growth amounted to 5.7%. The EBITDA surged by 67% to CHF 40.0 million (of which CHF 24.6 million in the second half-year), representing 11.6% of revenues. During the second half-year, the company realised revenues of CHF 182.6 million and an EBITDA of 13.5%. AEVIS is expecting to realise an EBITDA margin of 20% in the mid-term, in line with the industry benchmarks. The operating profit (EBIT) doubled to CHF 16.7 million (CHF 8.3 million in 2011), mainly due to the integration of the healthcare real estate portfolio. Net profit amounted to CHF 3.3 million or CHF 0.34 per share, despite an extraordinary loss of CHF 1.3 million in Privatklinik Lindberg. For the first time since its listing in 1999, the company will propose to its shareholders the distribution of CHF 0.30 per share from capital contribution reserves. AEVIS expects to realise revenues of more than CHF 450 million thanks to the integration of Clinique de Valère and Hôpital de la Providence as of 1 January 2013.

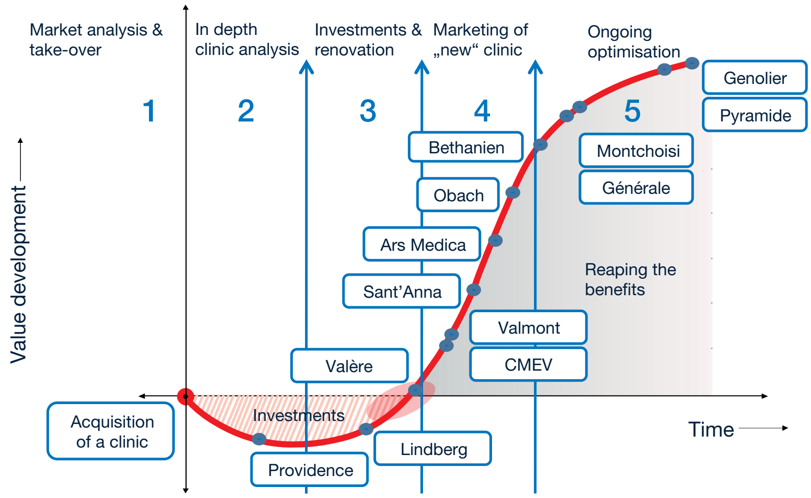
Genolier Swiss Medical Network continued acquisition strategy

Genolier Swiss Medical Network (GSMN) is not only the second largest network of private clinics in Switzerland but now also the only one present in all three linguistic regions. This unique and broad market presence has been fostered in the year under review by two acquisitions in Canton Ticino, the Italian-speaking part of Switzerland, as well as further acquisitions in the German-speaking part of the country. GSMN operates 800 beds and counts around 1'100 admitting physicians who conducted more than 33'000 surgical interventions in the past year. This led to a growth in revenue of 70% from CHF 200.8 million to CHF 341.3 million in the reporting period. Further optimization measures in our facilities – e.g. the merger of the maternities of Privatklinik Bethanien and Lindberg – were implemented and will continue in 2013.

Network grows to 12 clinics

GSMN continued its successful expansion strategy, growing the network by an additional three clinics in 2012 and two clinics in 2013. Early in 2012, Privatklinik Obach in Solothurn and two clinics in the Canton Ticino, Sant'Anna and Ars Medica, both located in Lugano, were added to our network. The majority stake in Privatklinik Lindberg in Winterthur (Canton Zurich) was increased to 100% in June 2012. The cross-investment between GSMN Zurich, regrouping Privatklinik Bethanien and Privatklinik Lindberg, with Pyramide am See in Zurich (20% each) was formally executed. At the beginning of the current fiscal year, Hôpital de la Providence in Neuchatel (Canton Neuchatel) and Clinique de Valère in Sion (Canton Valais) were purchased, bringing our nationwide presence to a total of 12 clinics and two affiliated clinics in 8 different cantons.

Clinic operations



Clinique de Genolier remained our flagship establishment. The success of Switzerland as a medical destination was again an important element in this clinic's international positioning, and we were able to attract many foreign patients. Clinica Ars Medica became our second biggest clinic. Privatklinik Bethanien, the third largest establishment, will grow substantially in 2013 after the refurbishment of the hospitality and medical infrastructures in 2012 and the creation of a new underground parking. Les Hauts de Genolier, the medical residence adjacent to Clinique de Genolier offering 63 prestigious apartments, was popular with both local and international clienteles and reported high occupancy rates, leading to a turnover of more than CHF 7.9 million.

Canton	Clinic	Available beds	Admitting physicians	Employees
Vaud	Clinique de Genolier	115	177	290
Vaud	Clinique de Montchoisi	21	98	74
Vaud	Clinique Valmont	57	4	100
Fribourg	Clinique Générale	60	80	153
Geneva	Centre Médical des Eaux-Vives	n/a	21	30
Neuchatel	Hôpital de la Providence	56	25	350
Valais	Clinique de Valère	40	50	200
Zurich	Privatklinik Bethanien	96	223	250
Zurich	Privatklinik Lindberg	73	95	162
Zurich	Pyramide am See*	56	125	126
Solothurn	Privatklinik Obach	65	45	120
Ticino	Clinica Sant'Anna	80	90	220
Ticino	Clinica Ars Medica	75	30	180
	Total	794	1'063	2'255

* affiliated clinic

New regulatory framework

Major regulatory challenges in 2012 were the introduction of the SwissDRG (Swiss Diagnosis Related Groups) and the revision of LAMal, both effective since 1 January 2012. The introduction of this new system caused many uncertainties affecting all market participants, whether public hospitals, private hospitals, doctors or insurance companies. The size of our network and our broad market presence were essential factors in finding attractive solutions for our clinics, as they allowed GSMN to negotiate nationwide agreements with health insurers. GSMN's market approach and long-term strategy were thereby rewarded as the Group was able to structure attractive long-term agreements with its main stakeholders and position itself as a key partner to the political and social authorities.

Regarding the new cantonal hospital lists introduced in 2012, GSMN follows a flexible strategy, deciding individually for each clinic whether to apply for the hospital list or not. The decision is based on the clinic's infrastructure and organisation, the structure of its catchment area and also its patient mix. Clinique de Genolier, Clinique de Montchoisi, Clinique Valmont, Privatklinik Bethanien, Privatklinik Lindberg and Klinik Pyramide am See are all contracted clinics focusing on patients with complementary insurance, with the possibility to conclude sectorial service contracts. They also remain a partner for each canton's health coverage provision. On the other hand, Clinique Générale, Clinica Ars Medica, Clinica Sant'Anna, Privatklinik Obach, Hôpital de la Providence and Clinique de Valère are listed clinics focusing also on patients with basic health coverage and where private and semi-private clients only make up approximately 30% of the patient mix. These listed clinics are working closely with the cantonal authorities to ensure the local provision of healthcare.

GSMN maintains agreements with all relevant insurance companies, valid until the end of 2013. GSMN is also a preferred partner for core insurers with whom individual national agreements are in place, such as Assura (until 2017), CSS (until 2016), Visana (until 2016) and Helsana (until 2015).

Efficiently managed clinics and organizations are expected to benefit from this new industry framework, and we believe that GSMN has a competitive advantage compared to other private clinics and the public hospitals. Today, only 25% of total Swiss hospital revenues are generated by private clinics. It is envisaged that this share will increase substantially in the coming years, as we believe that many treatments can be offered more cheaply by privately operated clinics.

GSMN Outlook 2013

GSMN once more proved its ability to integrate below-average performing clinics and transform them into well-established providers in their respective markets. We will continue to optimise processes and look for synergies in order to increase and sustain both the market position and profitability of our establishments in the current business year. Our long-term approach is steadily bearing fruit, and we will continue to expand our unique network with additional cooperation agreements or acquisitions. GSMN remains well-positioned to profit from the on-going consolidation in the industry and the expected future cost pressures that will especially affect public hospitals and poorly managed private clinics.

Integration of Swiss Healthcare Properties optimises risk profile of AEVIS

Swiss Healthcare Properties AG (SHP) was integrated into AEVIS Holding SA (AEVIS) in July 2012 with a contribution in kind and an associated capital increase at the Group level. This transaction signalled the start of AEVIS as the leading Swiss provider of complementary services along the value chain in the healthcare, life sciences and medical services industries. The SHP portfolio provides additional stability to the Group's business model and improves its capacity to generate operating profits. The market value of all 25 properties of the SHP portfolio will reach an estimated CHF 578.2 million using a discounted cash flow method according to Wüest & Partner.

Patrimonium Healthcare Property Advisors AG is managing the property portfolio. It is a joint venture between the major shareholders of AEVIS and Patrimonium, a Swiss-based independent alternative asset management company active in real estate, private debt and private equity investments. The company combines the financial and real estate project know-how of Patrimonium with the expertise of the principal shareholders of AEVIS in the operational management of clinics.

Portfolio grows to 25 properties in prime locations

SHP further expanded its footprint in the reporting period and completed the portfolio with additional properties. Three main transactions were conducted and include the purchases of the properties of Clinica Sant'Anna and Clinica Ars Medica, both in Lugano, the properties of Privatklinik Lindberg in Winterthur as well as three buildings of Privatklinik Obach in Solothurn. In 2013, SHP will close the acquisitions of the properties of Privatklinik Bethanien in Zurich as well as the buildings forming the Clinique de Valère in Sion. With these acquisitions, the property portfolio of SHP will grow to 25 entities at 10 specific sites and represent a total rental surface of 110'867 m^2. These properties offer an additional development potential of approximately 10'000–15'000 m^2. Almost all buildings owned by SHP are rented and operated by GSMN. All properties were fully let (i.e. 0% vacancy) at the end of the period under review.

No.	Location	Property	Rental Area (in m²)	Parking spaces	Main use	Market value (in thousands of CHF)
1	Genolier	Clinique de Genolier	18'724		Multi-specialty clinic	98'330
2	Genolier	CRG building	4'039		Medical practices, offices	7'353
3	Genolier	Les Hauts de Genolier	10'140		Medical and assisted living	40'360
4	Genolier	Parking		388	Indoor/outdoor parking	6'754
5	Lausanne	Clinique de Montchoisi	3'441	43	Multi-specialty clinic	32'990
6	Glion	Clinique Valmont	6'733	22	Rehabilitation clinic	21'800
7	Fribourg	Clinique Générale	6'540		Multi-specialty clinic	33'480
8	Winterthur	Privatklinik Lindberg	11'542		Multi-specialty clinic	41'410
9	Winterthur	Personalhaus Buchegg	1'017		Offices	5'330
10	Winterthur	Personalhaus Tannegg	519		Offices	2'220
11	Winterthur	Parking		117	Indoor/outdoor parking	1'750
12	Solothurn	Privatklinik Obach	4'187	11	Multi-specialty clinic	24'910
13	Solothurn	Obachpark	1'652	81	Clinic-related activities	5'775
14	Solothurn	Obachstrasse 33	193	1	Clinic-related activities	745
15	Gravesano	Clinica Ars Medica	7'397	123	Multi-specialty clinic	49'560
16	Lugano	Clinica Sant'Anna	11'555		Multi-specialty clinic	52'340
17	Lugano	Villa Anna 1	631		Medical related use	1'857
18	Lugano	Villa Anna 2	1'978		Medical practices and offices	7'284
19	Lugano	Indoor parking	2'648	76	Indoor parking	2'550
20	Lugano	Outdoor parking		112	Outdoor parking	2'612
21	Lugano	Villa Meridiana	344		Residential use	1'216
22	Sion	Clinique de Valère	3'605		Multi-specialty clinic	31'530
23	Zurich	Privatklinik Bethanien	14'613		Multi-specialty clinic	106'000
24	Zurich	Restelbergstrasse 25–27			Residential use	
25	Zurich	Restelbergstrasse 29			Residential use	
			110'867	974		578'156

Modified hospital financing environment

Healthcare-related real estate is a niche within the Swiss real estate market. The introduction of a new nation-wide hospital financing system has modified the financing and regulatory environment for hospitals, cantons and health insurance providers. In the case of public hospitals, which are mostly state-owned, investments and maintenance work must now be paid by hospitals' owns funds through fixed cost rates within the new SwissDRG system instead of by the cantons. Moreover, only investments for core medical services can be financed via the DRG system, while all other external investments will require private funds. This framework forces public hospitals and cantons to look for new financing solutions while at the same time professionalising the management of real estate.

In addition, many Swiss healthcare-related properties are old, 70% of them being in use for at least 30 years, and this will lead to a substantial need for renewal and renovation in the coming years. Market participants with an entrepreneurial approach can benefit from these changes either through direct investments or through public-private partnerships (PPP). Hospitals can take advantage by becoming tenants instead of owning buildings. It allows them to plan with fixed costs and thus avoid any surprises, the administrative process can be facilitated, synergies can be exploited if properties belong to the portfolio of an external real estate specialist, and it also allows them to focus their investments on their core business. SHP pioneered this trend and started to build a healthcare real estate portfolio several years ago

SHP Outlook 2013

The portfolio of 25 properties is estimated to generate rental income of CHF 28 million in 2013 and more than CHF 30 million in 2014, with an average rental price per square meter of approximately CHF 288. SHP will continue its buy-and-build strategy in the coming year. It is also envisaged that SHP could conduct acquisitions of real estate in healthcare-related fields by looking for reliable operators committed to a long-term perspective.

Nescens brand successfully growing

The Nescens brand, the fruit of a partnership with CSPV-Centre Suisse de Prévention du Vieillissement SA (Swiss Centre for the Prevention of Aging), in which our Group has a 33% stake, and La Réserve, was established with the aim of become a leading anti-aging brand. Nescens is the first brand that brings a comprehensive and evidence-based solution to prolonging healthy life: from diagnosis to treatments, through products and services.

The concept of "live better and longer" is designed along four major themes: prevention, better-aging programmes, plastic surgery and a range of anti-aging cosmetics. Two check-up centres have been successfully opened in the year under review in Clinica Sant'Anna in Lugano and in the Clinique de Genolier in Genolier. The group's first better-aging medspa is located at La Réserve Hotel & Spa in Geneva and offers detoxification treatments, programmes for losing weight, rejuvenation treatments and nutrition coaches.

On 17 December 2012, Clinique Nescens Paris Spontini, located in Paris's 16th arrondissement, opened its doors with the ambition to become one of Europe's benchmarks for plastic and cosmetic surgery. The facilities have undergone extensive upgrading (24 rooms and reception areas) and today the clinic offers its patients top-quality hotel infrastructure and services. The medical platform comprises 4 operating theatres, a room for minor surgery and an entire floor dedicated to cosmetic medicine.

AEVIS believes in the very substantial growth potential of this market segment, both in Switzerland and abroad, and Nescens is ideally positioned as the pioneering brand in this sector.

First step into ambulance business

AEVIS Holding SA acquired an 80% majority stake in Geneva-based AS Ambulances Services SA in September 2012. Founded in 1990, the company has become the largest private operator in Geneva for the transport of patients and the injured. The company is specialised in repatriations, urgent patient transports, hospital transfers and organ and blood transportation on behalf of Swisstransplant. Total revenues in 2012 reached CHF 7.6 million while the workforce consisted of 80 employees. AEVIS Holding SA plans to acquire further companies in this sector as the ambulance market in Switzerland is still very fragmented and as such offers substantial consolidation potential.


GENOLIER
Swiss Medical Network

Corporate Governance

CORPORATE GOVERNANCE REPORT OF AEVIS HOLDING SA

This section on Corporate Governance has been prepared in compliance with the requirements of the Directive on Information relating to Corporate Governance (Corporate Governance Directive) produced by the SIX Swiss Exchange, which came into force on 1 July 2009.

1 Group Structure

1.1 Group structure

AEVIS Holding SA (AEVIS), the Group's parent company (hereinafter "the Company"), is a listed corporation headquartered at c/o Clinique Générale – Ste-Anne, rue Hans-Geiler 6, 1700 Fribourg (Switzerland). The Company's shares are listed on the Domestic Standard of SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2012, its market capitalisation stood at CHF 357 million. The AEVIS Group (hereinafter "the Group") is active in the healthcare sector, in life sciences and in services to people.
AEVIS Holding has successfully issued a bond in the amount of CHF 80 million on 12 July 2012. The issue price was set at 100.5% and the coupon at 4.25%. The bonds will mature in 2016. The AEVIS Holding SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV12/ISIN CH0187896698).

As at 31 December 2012, the Group had following subsidiaries, none of which are listed:

Name	**Registered office**	**Activity**	**Share capital (in CHF)**	**%**
Genolier Swiss Medical Network SA	Genolier	Private clinics in Switzerland	100'000	100.0
Swiss Healthcare Properties AG	Baar	Medical real estate in Switzerland	200'000	100.0
Société Clinique Spontini SAS	Paris (France)	Aesthetic clinic in France	2'000'000 (in EUR)	100.0
Les Hauts de Genolier SA	Genolier	Medicalised residence	200'000	100.0
AS Ambulances Services SA	Geneva	Ambulance services	500'000	79.6
CSPV – Centre Suisse de Prévention du Vieillissement SA	Geneva	Cosmetics	166'700	33.33
NESCENS SA	Geneva	Better-aging	300'000	33.0
AGEFI, Société de l'Agence Economique et Financière S.A.	Lausanne	Publishing	665'000	49.0
Agefi Com SA	Geneva	Publishing	200'000	49.0
Academy & Finance SA	Geneva	Organisation of seminars	250'000	22.5
Publications Financières LSI SA (dormant company)	Geneva	Publishing	100'000	100.0

Genolier Swiss Medical Network SA holds 100% of GSMN Vaud SA (Clinique de Genolier, Clinique de Montchoisi and Clinique Valmont), Clinique Générale – Ste-Anne SA, Centre Médico-Chirurgical des Eaux-Vives SA, Klinik Lindberg AG*, Privatklinik Obach AG, Ars Medica Clinic SA (Clinica Ars Medica) and Salus Medica Clinic SA (Clinica Sant'Anna). Genolier Swiss Medical Network SA also owns 80% of GSMN Zürich AG (Privatklinik Bethanien and Privatklinik Lindberg) and 20% of Klinik Pyramide am See AG.

* GSMN Zürich AG merged with Klinik Lindberg AG with retroactive effect from 1 July 2012.

Swiss Healthcare Properties AG is active in medical real estate and holds 100% of Immobiliare Villa Anna SA. The latter owns the buildings located in the canton of Ticino.

CSPV – Centre Suisse de Prévention du Vieillissement SA commercialises cosmetic products developed at Nescens-Laboratoires Genolier.

NESCENS SA manages and promotes the brand Nescens by developing preventive medicine centres, better-aging spa and treatment centres and a plastic surgery clinic. EMER Holding SA, a company owned and controlled by Director Michel Reybier, owns 33% in NESCENS SA, while the remaining 34% are split among several smaller shareholders.

Agefi, Société de l'agence économique et financière SA and Agefi Com SA are active in the area of print and electronic media in Switzerland. Academy & Finance SA is active in the organisation of conferences and seminars and is a historic participation of the Group related to its past press and media activities. Publications Financières LSI SA has no business activities.

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

1.2 Significant shareholders

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

	31.12.2012 Number of shares	31.12.2012 %	31.12.2011 Number of shares	31.12.2011 %
Group A. Hubert / M. Reybier / M.R.S.I. Medical Research, Services and Investments SA / A. Fabarez*	11'307'490	88.71	6'093'935	86.09
CHH Financière S.A. – SPF	396'649	3.11	–	–
Alain Fabarez*	–	–	368'700	5.21

* Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reybier holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI. On 09 May 2012, Alain Fabarez (deceased on 13.02.2013) signed a shareholders agreement with M.R.S.I. Medical Research, Services and Investments S.A.

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

Publication date	Shareholders/Group	Number of registered shares	Shareholding
02.02.2013	CHH Financière S.A. – SPF 65, Bld Grande Duchesse Charlotte L-1331 Luxembourg	403'899	3.1686
11.07.2012	CHH Financière S.A. – SPF 65, Bld Grande Duchesse Charlotte L-1331 Luxembourg	328'949	2.59
02.06.2012	CHH Financière S.A. – SPF 65, Bld Grande Duchesse Charlotte L-1331 Luxembourg	328'949	4.6471
09.05.2012	Alain Fabarez Chemin de Primerose 15 1007 Lausanne	–	<3
09.05.2012	Antoine Hubert, Géraldine Hubert Route de la Moubra 26 3963 Montana Michel Reybier Batterie des Esserts II – 2632 1936 Verbier Alain Fabarez Chemin de Primerose 15 1007 Lausanne	6'154'118	86.94

A full list of past disclosures of shareholdings made in accordance with Article 20 of the Stock Exchange Act (SESTA) is available on the website of SIX Swiss Exchange using the following link:

http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

1.3 Cross-shareholdings

The Company has no cross-shareholdings that exceed 5% of capital shareholdings or voting rights with any other company.

2 Capital Structure

2.1 Capital

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

31.12.2012	Number of shares	Total
Share capital	12'746'529	63'732'645
Conditional capital	3'471'189	17'355'945
Authorised capital	3'539'239	17'696'195

As at 31 December 2012, the share capital of GSMN SA amounted to CHF 63'732'645, representing 12'746'529 registered shares of a nominal value of CHF 5. This includes the conditional capital increase of CHF 340'250 resulting from the exercise of 68'050 option rights at 31 December 2012. This share capital number is valid throughout the Annual Report. The Articles of Association and trade register were updated on 14 February 2013.

The conditional capital amounted to CHF 17'355'945 representing 3'471'189 registered shares of a nominal value of CHF 5. This includes the changes following the conditional capital increase of CHF 340'250 resulting from the exercise of 68'050 option rights at 31 December 2012. Article 10 ter of the Articles of Association was modified on 14 February 2013 (also see 2.3).

The authorised capital amounted to CHF 17'696'195 representing 3'539'239 registered shares of a nominal value of CHF 5.

2.2 Authorised and conditional capital in particular

Authorised capital

The Board of Directors is authorised to increase the share capital of a maximum of CHF 17'696'195 through the issuance of a maximum of 3'539'239 fully paid-up registered shares with a nominal value of CHF 5 each until 5 June 2014. The issue price, type of payment, timing, the beginning date for dividend entitlement and the conditions for the exercise of subscription rights attached to such shares would have to be determined by the Board of Directors. Preferred subscription rights which have been granted but not exercised are at the disposal of the Board of Directors, which can use them in the interest of the Company.

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

Conditional capital

a. The share capital may be increased, through the exercise of conversion rights by a maximum of CHF 14'199'195 through the issuance of a maximum of 2'839'839 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10^{bis} of the Articles of Association, conversion rights can be granted to holders of convertible bonds.

b. The share capital may be increased, through the exercise of option rights by a maximum of CHF 3'156'750 divided into a maximum of 631'350 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10 ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries (the beneficiaries) and in accordance with a stock-option plan as defined by the Board of Directors.

Shares acquired through exercise of option rights have the same limitations of transferability as described under 2.6 below. The preferred subscription rights of shareholders are withdrawn.

During 2012, 630'500 option rights were granted and 68'050 option rights exercised.

2.3 Changes in capital

The changes in capital for 2010, 2011 and 2012 are as follows:

	Number of Shares	Share capital (in CHF)
Balance at 1 January 2010	6'200'600	31'003'000
Balance at 31 December 2010	6'200'600	31'003'000
Balance at 1 January 2011	6'200'600	31'003'000
Capital increase	877'879	4'389'395
Balance at 31 December 2011	7'078'479	35'392'395
Balance at 1 January 2012	7'078'479	35'392'395
Contribution in kind of Swiss healthcare Properties AG	5'600'000	28'000'000
Conditional capital increase	68'050	340'250
Balance at 31 December 2012	12'746'529	63'732'645

On 21 December 2011, AEVIS (formerly GSMN) successfully completed a capital increase out of the authorised capital and issued 877'879 new registered shares.

On 2 July 2012, AEVIS proceeded to the contribution in kind of Swiss Healthcare Properties AG, and issued 5'600'000 new registered shares.

AEVIS completed a conditional capital increase resulting from the exercise of 68'050 option rights at 31 December 2012. The share capital was increased by CHF 340'250, divided into 68'050 new registered shares. The current share capital of AEVIS amounts to CHF 63'732'645, divided into 12'746'529 registered shares. The company bylaws and trade register were updated on 14 February 2013.

2.4 Shares and participation certificates

As at 31 December 2012, AEVIS' share capital is composed of 12'746'529 registered shares with a nominal value of CHF 5 each. According to Article 16 of the Articles of Association, each share confers the right to one vote. Voting rights may, however, only be exercised if the holder is registered in the share register with voting rights.

There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

Registered shares of the Company can be transferred without restriction, save that the Company requires the holder to declare that the shares have been acquired on own account and own benefit to register the holder in the share register with voting rights. There are no further registration restrictions (e.g. percentage limitation). The registration of nominees with voting rights is permitted but is subject to the consent of the Board of Directors and is conditional upon the signature by the nominees of an agreement specifying their status. In 2011, the Board of Directors approved the registration of a nominee with voting rights.

2.7 Convertible bonds and options

The Company has not issued any convertible bonds. The only options the Company has issued are for its management and employees' compensation plan as described in note 35 (page 77).

3 Board of Directors

3.1 Members of the Board of Directors

3.1.1. AEVIS Holding SA

AEVIS Holding SA rescaled and adapted its Board of Directors in 2012 for the optimal management of its holdings and relations with its shareholders. Dr Christian Wenger was elected Chairman of the Board on 2 July 2012 and Raymond Loretan Vice-Chairman. Dr Philippe Glasson and Dr Christian Le Dorze resigned from the Board of Directors of AEVIS Holding SA on 2 July 2012. Each of AEVIS' subsidiaries is regulated by a Corporate Governance adapted to its activities and will remain totally autonomous, with a customised Board of Directors and Management.
The Board of Directors of AEVIS covers the necessary financial, legal and political skill to address the challenges of AEVIS' scope of business. The Board of Directors also has an in-depth knowledge of the Swiss healthcare sector.

As at 31 December 2012, the Board of Directors of AEVIS Holding SA was composed of the following members:

- Christian Wenger, Chairman of the Board
  Born 1964, Swiss citizen, first election July 2012

  With a doctor in law degree from the University of Zurich and following postgraduate studies at Duke University Law School in North Carolina, Dr Christian Wenger is a partner of the law firm Wenger & Vieli in Zurich and specializes in commercial and business law. He serves as member of the board of several listed and non-listed companies. Furthermore, he is a member of the Executive Committee SECA (Swiss Private Equity & Corporate Finance Association), and a member of the Swiss-American Chamber of Commerce. In 2003, he founded CTI Invest, a private investor platform (association) linked to the Commission for Technology and Innovation (CTI), which he has chaired since its establishment. Within AEVIS Holding SA, Christian Wenger was elected Chairman of the Board during the Extraordinary Shareholders Meeting of 2 July 2012. He represents the shareholdings of CHH Financière SA.

- Raymond Loretan, Vice-Chairman of the Board
  Born 1955, Swiss citizen, first election November 2006

  Raymond Loretan holds a law degree from the University of Fribourg and a diploma in European Organizations from the University of Strasbourg. Before joining the Group in January 2007, Raymond Loretan held several positions within and outside the Swiss administration for more than 20 years, serving as diplomatic Assistant to the Secretary of State at the Federal Department of Foreign Affairs (1984–1987), personal adviser to Federal Councillor Arnold Koller (1987–1990), Counsellor for European Affairs of the Canton of Valais (1991–1992) and Secretary general of the Swiss Christian Democratic Party (1993–1997). In 1997, Raymond Loretan was appointed by the Swiss government as Swiss Ambassador to the Republic of Singapore and to the Sultanate of Brunei Darussalam and in 2002 as Consul General of Switzerland in New York with ambassadorial ranking. He is also founding associate of the consultancy practice FBL associés (www.fbla.ch), Geneva, Chairman of the board of the Société Suisse des Explosifs SSE, Brig, and Vice-Chairman of Vins des Chevaliers, Salgesch. He is Chairman of the Board of Directors of the Swiss Broadcasting Corporation (SRG SSR) since 1 January 2012.
  Within AEVIS Holding SA, Raymond Loretan is a member of the Strategy and Investment Committee. Within the Group, Raymond Loretan is Chairman of the Board of Directors of Genolier Swiss Medical Network SA, GSMN Vaud SA, GSMN Zürich AG, Centre Médico-Chirurgical des Eaux-Vives SA, Les Hauts de Genolier SA, Privatklink Obach AG and Publications Financières LSI SA. He is Vice-Chairman of the Board of Directors of Clinique Générale – Ste-Anne SA, Ars Medica Clinic SA and Salus Medica Clinic SA. Raymond Loretan is also Board member of Klinik Pyramide am See AG.

- Antoine Hubert, Delegate of the Board
  Born 1966, Swiss citizen, first election June 2009

  Prior to acquiring a stake in Clinique de Genolier in 2002 and founding Genolier Swiss Medical Network in 2004, Antoine Hubert was mainly active in the property and real estate industry and has set up businesses and served as a director to several companies in various industries.
  Within AEVIS Holding SA, Antoine Hubert is a member of the Strategy and Investment Committee and the Nominations and Remuneration Committee.
  Within the Group, Antoine Hubert is Delegate of the Board of Directors of Genolier Swiss Medical Network SA, Chairman of the Board of Swiss Healthcare Properties AG, Immobiliare Villa Anna SA, Société Clinique Spontini SAS and Klinik Lindberg AG (removed from the trade register on 22 January 2013), Vice-Chairman of the Board of Directors of GSMN Vaud SA, Centre Médico-Chirurgical des Eaux-Vives SA and Les Hauts de Genolier SA. He is a Board member of GSMN Zürich AG, Clinique Générale – Ste-Anne SA, Privatklinik Obach AG, Ars Medica Clinic SA, Salus Medica Clinic SA, Patrimonium Healthcare Property Advisors AG, NESCENS SA, CSPV – Centre Suisse de Prévention du Vieillissement SA, Agefi, société de l'agence économique et financière SA and Publications Financières LSI SA. Antoine Hubert is also a Board member of Klinik Pyramide am See AG.

- Michel Reybier, Non-Executive Member of the Board

  Born 1945, French citizen, first election June 2011

  Michel Reybier has held several senior management positions within the nutrition industry. In particular he has managed a group of supermarket stores in the Lyon area, a company producing chocolate and biscuits sold under the trade name Cemoi as well as a company producing meat products, amongst others, under the trade names Aoste, Justin Bridou and Cochonou. Michel Reybier is currently active in the hotel business and holds several board memberships, amongst others, HMC La Réserve (hotel).
  Within AEVIS Holding SA, Michel Reybier is Chairman of the Strategy and Investment Committee and a member of the Audit and Compliance Committee.
  Within the Group, Michel Reybier is a Board member of Genolier Swiss Medical Network SA, Swiss Healthcare Properties AG, Immobiliare Villa Anna SA, Patrimonium Healthcare Property Advisors AG, Les Hauts de Genolier SA and NESCENS SA.

- Antoine Kohler, Non-Executive Member of the Board

  Born in 1956, Swiss citizen, first election June 2008

  With a law degree from the University of Geneva and following postgraduate studies at the Graduate Institute of International Studies, Geneva, Antoine Kohler has been practicing law as a qualified attorney in Geneva since 1983. He is a senior partner of the law firm Perréard de Boccard SA, with offices in Geneva and Zurich. Antoine Kohler is, amongst others, Chairman of Cicor Technologies Ltd., Boudry and Deputy Chairman of Mitsubishi UFJ Wealth Management Bank (Switzerland) Ltd., Geneva. He is a member of the Board of Sixt AG, Sixt rent-a-car AG, Sixt Leasing AG in Basel and Charles Jourdan Holding AG, Geneva.
  Within AEVIS Holding SA, Antoine Kohler is Chairman of the Audit and Compliance Committee.
  Within the Group, Antoine Kohler is Board member of Genolier Swiss Medical Network SA, GSMN Vaud SA, GSMN Zürich AG, Centre Médico-Chirurgical des Eaux-Vives SA and Les Hauts de Genolier SA.

- Dr Cédric A. George, Non-Executive Member of the Board

  Born in 1952, Swiss citizen, first election September 2010

  Dr Cédric A. George obtained a Medical degree and doctor's diploma at the Medical Faculty of Zurich University. Specialized in Plastic, Reconstructive and Aesthetic Surgery (Swiss Board Certified), he is the Head physician and Delegate of the Board of Klinik Pyramide am See AG which he founded in 1993. Dr George founded a private Centre for Plastic Surgery in Zurich where he also runs a private medical practice.
  Within AEVIS Holding SA, Dr Cédric A. George is Chairman of the Nominations and Remuneration Committee and Member of the Audit and Compliance Committee.
  Within the Group, Dr Cédric A. George is a Board member of Genolier Swiss Medical Network SA and GSMN Zürich AG.

3.1.2. Genolier Swiss Medical Network SA (GSMN)

Genolier Swiss Medical Network SA was created on 29 June 2012 as a 100% subsidiary of AEVIS Holding SA. GSMN regroups the Swiss clinics owned by the Group. The Board of Directors of GSMN ensures an optimal development of AEVIS' main participation and contributes additional healthcare and medical expertise, a link to the group's physicians as well as an anchor within national politics.

As at 31 December 2012, the Board of Directors of Genolier Swiss Medical Network SA was composed of the following members:

- Raymond Loretan, Chairman of the Board
  CV see 3.1.1.

- Philippe Glasson, Vice-Chairman of the Board
  Born in 1948, Swiss citizen, first election June 2012

  With a Federal Degree in Medicine from the University of Geneva, Philippe Glasson has practiced medicine since 1975. Dr Glasson is active at Clinique de Genolier since 1985. He is the Responsible Doctor for the Clinic and for the Internal Medicine division. He is Chairman of the Medical Commission and Chairman of the Infection Control Committee. Dr Glasson is also "Médecin Délégué du Médecin Cantonal" since 1990.
  Philippe Glasson was Board Member of AEVIS Holding SA from 6 September 2010 till 2 July 2012 and Vice-Chairman from 10 February 2011 till 2 July 2012. He has been elected as Vice-Chairman of the Board of Directors of Genolier Swiss Medical Network SA on 29 June 2012. Dr Philippe Glasson is Chairman of the Medical Coordination Committee of Genolier Swiss Medical Network SA. He is also a member of the Strategy Committee of AEVIS Holding SA and a Board member of GSMN Vaud SA.

- Antoine Hubert, Delegate of the Board
  CV see 3.1.1.

- Michel Reybier, Non-Executive Member of the Board
  CV see 3.1.1.

- Antoine Kohler, Non-Executive Member of the Board
  CV see 3.1.1.

- Dr Cédric A. George, Non-Executive Member of the Board
  CV see 3.1.1.

- **Dr Christian Le Dorze, Non-Executive Member of the Board**
  Born in 1951, French citizen, first election June 2012

  Christian Le Dorze obtained a doctor's diploma at the Faculty of Dijon in France. At the beginning of his career, Christian Le Dorze was active as an oncologist and managed two Oncology Centers in Dijon and Chalon-sur-Saône. From 1993 to 2006, he was Managing Director of Généridis, a subsidiary of Générale de Santé managing 15 oncology centers, Managing Director of Générale de Santé Cliniques, Responsible of several Service centers at Générale de Santé and Managing Director of Clinique Hartmann. In April 2006, Dr Christian Le Dorze created Vitalia Group, which is the second largest private healthcare provider in France with 49 clinics. Today, he is the Chairman of Vitalia Group.
  Christian Le Dorze was Board Member of AEVIS Holding SA from 6 September 2010 till 2 July 2012. He has been elected as Board Member of Genolier Swiss Medical Network SA on 29 June 2012. Dr Christian Le Dorze is a Member of the Nomination and Compensation Committee of AEVIS Holding SA and a Board Member of Société Clinique Spontini SAS.

- **Dr Fulvio Pelli, Non-Executive Member of the Board**
  Born in 1951, Swiss citizen, first election June 2012

  Fulvio Pelli is active as a lawyer at Pelli & Partners law firm, Lugano. He is a member of the Swiss parliament, National Councillor, since 1995. From 1977 till 1981, he was Substitute of the attorney general of the Canton of Ticino. His other political activities were member of the parliament of Canton Ticino from 1983 till 1995 and President of the Swiss liberal party from 2005 till 2012. Fulvio Pelli is Chairman of the Board of Banca dello Stato del Cantone Ticino, Bellinzona and Casram Holding/Casram SA, Mezzovico. He is member of the Board of Swiss Mobiliar Group, Bern, Sogeho International SA, Luxemburg and Franklin College Inc., New York and Franklin College Foundation, Sorengo. Fulvio Pelli is a Doctor of Juridical Science (Dr. iur.) from the University of Zürich and obtained a Diploma of Swiss attorney and Swiss notary public. He completed his Law Degree (lic. iur) at the University of Bern and Zürich.
  Fulvio Pelli has been elected as Board member of Genolier Swiss Medical Network SA on 29 June 2012. Fulvio Pelli is also Board Member of Ars Medica Clinic SA and Salus Medica Clinic SA.

3.1.3. Swiss Healthcare Properties AG

Swiss Healthcare Properties AG was integrated in AEVIS Holding SA on 2 July 2012. The Board of Directors is well aligned within the corporate governance of AEVIS and shares in-depth knowledge of the portfolio of healthcare real estate.

As at 31 December 2012, the Board of Directors of Swiss Healthcare AG was composed of the following members:

- **Antoine Hubert, Chairman of the Board**
  CV see 3.1.1.

- **Michel Reybier, Vice-Chairman of the Board**
  CV see 3.1.1.

- Olivier Bourgeois, Non-Executive Member of the Board
  Born 1938, Swiss citizen, first election in 2007

  Olivier Bourgeois, Doctor in law, is an Associate with the law firm BMP Associés, specialised in business law. Olivier Bourgeois is also a Board Member of Immobiliare Villa Anna SA.

- Gilles Frachon, Non-Executive Member of the Board
  Born 1950, French citizen, first election in 2011

  Gilles Frachon is Chief Financial Officer of AEVIS Holding SA and member of the Senior Management. He is also Chairman and Chief Financial Officer of Maragest SA, the holding company of Director Michel Reybier, since 1997. Previously, he has been Chief Financial Officer of Aoste, European leader in charcuterie, and General Manager of the holding company Fournier, owned by the founders of the hypermarkets Carrefour. Gilles Frachon graduated from the EM Lyon business school and was a Professor in Finance & Controlling at this business school from 1976 till 1980. In France, Gilles Frachon is Chairman of Foncière PLM, Société Nationale de Propriété d'Immeubles Board member of Domaines Reybier, SAS MJ France, Reybier & Partners Investment and Aéroport du Golfe de St Tropez.
  Gilles Frachon is Board member of Clinique Générale – Ste-Anne SA, Ars Medica Clinic SA, Salus Medica Clinic SA, Immobiliare Villa Anna SA and Société Clinique Spontini SAS.

At the General Meeting of Shareholders of Swiss Healthcare Properties AG for the fiscal year of 2012, which will be held on 5 June 2013, the Board of Directors will propose to elect Christoph Syz as Executive Member, replacing Olivier Bourgeois, who will resign from the Board.

3.1.4. NESCENS SA and CSPV – Centre Suisse de Prévention du Vieillissement SA

As at 31 December 2012, the Board of Directors of NESCENS SA was composed of Jacques Proust, Chairman, Kishore Gopaul, Antoine Hubert, Michel Reybier and Cédric Schem. The Board of Directors of CSPV – Centre Suisse de Prévention du Vieillissement SA was composed of Jacques Proust, Chairman, Kishore Gopaul, Vice-Chairman, Antoine Hubert, Elena Khrustalev, Cédric Schem and Grach Pogosyan.

3.2 Other activities and vested interests

Other activities and vested interests are mentioned for each member of the Board of Directors of AEVIS Holding SA and its main subsidiaries under 3.1 above.

3.3 Elections and terms of office

The members of the Board of Directors of AEVIS are elected by the Annual General Meeting for one year and are eligible for re-election.

Election procedure

The members of the Board are elected by the Annual General Meeting for a period of one year. Re-election is permitted. Elections are collective unless a shareholder requests individual elections. All elections and motions at the Annual General Meeting are taken by open vote unless requested otherwise by the majority of votes.

First election and remaining term of office

Date of first election	Members	Duration
July 2012	Christian Wenger	Until the next Annual General Meeting in June 2013
November 2006	Raymond Loretan*	Until the next Annual General Meeting in June 2013
June 2009	Antoine Hubert*	Until the next Annual General Meeting in June 2013
June 2011	Michel Reybier	Until the next Annual General Meeting in June 2013
June 2008	Antoine Kohler*	Until the next Annual General Meeting in June 2013
September 2010	Cédric A. George	Until the next Annual General Meeting in June 2013

* Raymond Loretan, Antoine Hubert and Antoine Kohler have not been members of the Board between 9 June 2010 and 6 September 2010.

3.4 Internal organisational Structure

According to its organisational rules, the Board of Directors of AEVIS Holding SA meets at least four times a year. In 2012, the Board of Directors met 4 times and 7 times by means of telephone conferencing. The Chief Executive Officer of Genolier Swiss Medical Network attended all meetings prior to 2 July 2012 and the incorporation of Genolier Swiss Medical Network SA. The average length of meeting is 3 to 6 hours. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. The Board fulfils the function of defining the Group strategy, monitoring and directly controlling management. During its meetings, the Board reviews the activities of the Group with reference to operating reports. Once a year at least, the auditor is invited to take part in a Board meeting, in the course of which the results of the auditor's work are presented. Meetings are prepared by the Chairman and the Delegate of the Board. Decisions are taken by the full Board. The Board can decide when more than half of its members are present. It decides by majority of votes. In case of a tie, the vote of the Chairman decides.

The Board constitutes an Audit and Compliance Committee that annually submits proposals regarding the analysis of financial statements, information provided to the shareholders and third parties, internal control procedures and liaison with the company auditors. The Committee is composed of Antoine Kohler, Chairman and casting vote, Cédric A. George and Michel Reybier. The Chairman of the Board, the Delegate of the Board, the Chief Financial Officer and the auditor are invited to the Committee. In 2012, the Committee met 3 times. The average length of meeting is 2.5 hours.

The Board constitutes a Nomination and Compensation Committee that annually submits proposals regarding annual compensation of its members, the members of the Senior Management and the Key Executive Officers. The Nomination and Compensation Committee also proposes employee participation schemes. In the frame of approved programs, it also submits proposals concerning allocation of shares and share options to the members of the Board, the members of the Senior Management, the Key Executive Officers and other beneficiaries. Approvals of proposals of the Committee are granted by the full Board. The Committee is composed of Cédric A. George, Chairman and casting vote, Antoine Hubert and Christian Le Dorze (Board member of Genolier Swiss Medical Network SA). The Vice-Chairman of the Board is invited to the Committee. In 2012, the Committee met once. The average length of meeting is 1.5 hours.

The Board constitutes a Strategy and Investment Committee that reviews the Group's strategic development in its core business as well as other businesses closely related thereto and coordinates the significant investment projects. The Committee is composed of Michel Reybier, Chairman and casting vote, Antoine Hubert, Raymond Loretan and Dr Philippe Glasson (Board member of Genolier Swiss Medical Network SA). In 2012, the Committee met once. The average length of meeting is 2.5 hours.

	Audit and Compliance Committee	**Nomination and Compensation Committee**	**Strategy and Investment Committee**
Christian Wenger	Invited to attend		
Raymond Loretan	Invited to attend	Invited to attend	X
Antoine Hubert	Invited to attend	X	X
Michel Reybier	X		Chairman
Antoine Kohler	Chairman		
Cédric A. George	X	Chairman	
Dr Philippe Glasson			X
Dr Christian Le Dorze		X	
Gilles Frachon (CFO)	Invited to attend		

AEVIS Holding's main subsidiary Genolier Swiss Medical Network SA holds separate Board Meetings, to which the Chairman of the Board of AEVIS Holding SA and the CEO of Genolier Swiss Medical Network SA attend.

3.5 Definition of areas of responsibility

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

- ultimate direction of the business of the Company and giving the necessary directives;
- determination of the organisation of the Company;
- administration of accounting, financial control and financial planning as far as it is required for the direction of the Company;
- appointment and removal of the persons entrusted with the management and representation of the Company;
- ultimate supervision of the persons entrusted with the management of the company, specifically in view of their compliance with the law, the Articles of Incorporation, regulations and directives;
- preparation of the annual report and the Annual General Meeting of shareholders and carrying out its resolutions;
- notification of the court if liabilities exceed assets.

According to the organisational rules, the Board has delegated the day-to-day management and controlling of ongoing operations as well as the follow-up of the risk analysis to the Delegate of the Board, who is assisted in this task by the members of the Senior Management (amongst which the CEO of GSMN), the Managing Director of AEVIS and the CEO of Patrimonium Healthcare Properties Advisors AG. The latter is managing Swiss Healthcare Properties AG. The Delegate of the Board, the Managing Director and both unit CEO's are responsible for the implementation of the decisions taken by the Board of Directors.
The Delegate of the Board of AEVIS, the executive Chairman of the Board of GSMN and the CEO of GSMN hold monthly coordinating meetings regarding the clinic's operations and financial results. The Delegate of the Board and the CEO of Patrimonium Healthcare Properties Advisors AG hold regular coordinating meetings regarding the real estate operations. The Delegate of the Board and the Managing Director hold regular coordinating meetings regarding the other subsidiaries and the further development projects of the Group outside the clinics and real estate operations.

3.6 Information and control instruments vis-à-vis the Senior Management

The Delegate of the Board of AEVIS Holding SA conducts the operational management of the Company pursuant to the organisational rules and reports to the Board of Directors of AEVIS Holding SA on a regular basis. Members of the Senior Management report on operational business issues to the Delegate of the Board on a weekly basis, either during a meeting or by means of telephone conferencing.

The Group's Controlling Department compiles daily, weekly and monthly data regarding all its subsidiaries and a condensed report with the most important key figures of all operational units. This information is transmitted to the Delegate of the Board, the members of the Senior Management, the Managing Director and the Key Executive Officers and analysed during Monthly Operational Reviews. The Board of Directors meets regularly and receives prior to the Board meetings all relevant key data, including the condensed report. The data is analysed in detail during each Board meeting and Board members are informed on the operational business.
The company has implemented an Internal Control System, which is coordinated on group level and implemented in its subsidiaries. The Internal Controlling System is managed by an Internal Controller at Group level. A Risk Management System was introduced in 2009. It is reviewed yearly by the members of the Senior Management, the Key Executive Officers and the Audit Committee. The Board of Directors yearly discusses and approves the Risks identified by the Senior Management, the Managing Director and the Key Executive Officers (see also note 38, page 79).

4 Management

AEVIS Holding SA wants the management of its subsidiaries to be focused on the long term, with steady growth in turnover and profitability, allowing regular investments that will guarantee its sustainability.

4.1 Senior Management and Key Executive Officers

4.1.1. Senior Management

The Senior Management team of AEVIS Holding SA is composed of the following persons:

- **Antoine Hubert, Delegate of the Board**
  Born 1966, Swiss citizen
  CV see 3.1.1.

- **Beat Röthlisberger, Chief Executive Officer of Genolier Swiss Medical Network**
  Born 1966, Swiss citizen

  Beat Röthlisberger holds a degree in accounting and finance from the University of St. Gallen HSG. He has held positions in the controlling and finance departments of Biberist and Allseas Group. Prior to joining Clinique de Genolier in 2006 as Chief Administrative Officer, he acquired a stake in and served as Chief Financial Officer at Reymond SA in Lausanne, a distributor of luxury products and accessories. Beat Röthlisberger is a member of the Committee of Cliniques Privées Suisses (Private Hospitals Switzerland). Beat Röthlisberger became Chief Financial Officer in May 2010 and Chief Executive Officer in December 2010. Within the Group, Beat Röthlisberger is Board member of GSMN Zürich AG, Privatklinik Obach AG, Ars Medica Clinic SA and Salus Medica Clinic SA.

- **Gilles Frachon, Chief Financial Officer**
  CV see 3.1.3.

- **Séverine Van der Schueren, Chief Administrative Officer**
  Born 1970, Belgian citizen

  Séverine Van der Schueren holds a law degree from the Katholieke Universiteit Leuven and a degree of European and International Law from the Université Catholique de Louvain. Before joining the Group in September 2008, she was Corporate Communications Manager at Cofinimmo SA in Belgium. Within the Group, Séverine Van der Schueren has been appointed Secretary to the Board of Directors (non-member) in December 2008, Secretary-General of GSMN in 2009 and Chief Administrative Officer of AEVIS in July 2012. She is Secretary to the Board of Directors of AEVIS Holding SA and Genolier Swiss Medical Network SA.

4.1.2. Key Executive Officers

Key Executive Officers report directly to the Delegate of the Board or the CEO of Genolier Swiss Medical Network. Key Executive Officers are not considered as part of the Senior Management.

- **Pierre-Olivier Haenni, Managing Director AEVIS Holding SA**
  Born 1965, Swiss citizen

  Pierre-Olivier Haenni became Managing Director of AEVIS Holding in October 2012. He completed his education in Business Administration and has an international professional experience. Pierre-Olivier Haenni is Managing Partner of OperaConseil SA, a counselling firm for SME's. He has amongst others counselled Genolier Swiss Medical Network SA in the externalisation of the facility management and laboratory services. Before joining AEVIS Holding, Pierre-Olivier Haenni was General Manager of Sdent SA, a company managing dental clinics, and Member of the Management team of Orange Communications SA. Pierre-Olivier Haenni graduated in Business Administration from the Ecole Supérieure de Cadres pour l'Economie et l'Administration in Lausanne. He also followed international management programmes in the United States, Great-Britain and France (Owner/President Key Executive Program at Harvard Business School, Management Consulting at Cap Gemini and Strategic Leadership Program at Insead).

- **Valérie Dubois-Héquet, Managing Director Genolier Swiss Medical Network SA**
  Born 1969, French citizen

  Valérie Dubois holds a French diploma (BTS) in international trade. She started her career as a sales representative in the healthcare sector with Sofamor Danek Group before joining Surgitec in 1995, a distributor of medical products, as Chief Marketing and Sales Officer. In 1999 she joined Clinique de Genolier as Chief Marketing Officer and is since, in charge of commercial development especially for the foreign clientele. She became Chief Operating Officer in September 2009 and Managing Director in January 2012. Within the Group, Valérie Dubois-Héquet is Board member of Ars Medica Clinic SA, Salus Medica Clinic SA and Clinique Générale – Ste-Anne.

- Christophe Graziani, Chief Financial Officer Genolier Swiss Medical Network SA
  Born 1971, French and Swiss citizen

  Christophe Graziani became CFO of Genolier Swiss Medical Network in July 2012. He joined the Group in 2007 as a financial controller. Christophe Graziani started his career in 2001 as financial controller at L'Oréal. He graduated from the hospitality management school L'Ecole Hôtelière de Chamalière (EHC).

- Romain Boichat, Chief Operating Officer Genolier Swiss Medical Network SA
  Born 1973, Swiss citizen

  Romain Boichat joined GSMN in October 2011 as a Director and became Chief Operating Officer in January 2012. Before joining GSMN, he was Consultant at McKinsey and Director of the Service des automobiles et de la navigation of the state of Vaud. He has also been Dean of the School of Management of Technology at EPFL. He obtained an MBA at IMD Lausanne and has a PhD from EPFL.

- Jérôme Puginier, Chief Sales Officer of Genolier Swiss Medical Network SA
  (as of 01.01.2013)
  Born 1966, French and Swiss citizen

  Jérôme Puginier became Chief Sales Officer of GSMN on 1 January 2013. He replaced Guy Reynard, who acted as CSO till 31 December 2012. Besides his function as CSO, Jérôme Puginier is also Sales Director for GSMN's two clinics in Ticino. Before joining the Group, he was Director of Clinica Sant'Anna, Services Director (2010–2011) and Marketing & Communication Manager (2007–2010) for Gruppo Ospedaliero Ars Medica.

- Christoph Syz, CEO of Patrimonium Healthcare Properties Advisors AG
  Born 1965, Swiss citizen

  Swiss Healthcare Properties AG is advised and managed by Patrimonium Healthcare Properties Advisors AG. This company was incorporated to manage and further develop SHP's real estate portfolio as well as to become an important player in the field of healthcare related real estate projects in Switzerland. PHPA combines the expertise of AEVIS main shareholders in the field of hospital operations with the expertise of Patrimonium in the field of development, financing and management of real estate investments. PHPA is managed by Christoph Syz, CEO, and Vivian Moreau, Portfolio Manager.
  Christoph Syz is a founder and the CEO of Patrimonium. He has over 20 years' experience in the real estate and private equity industry. Prior to Patrimonium's formation, he founded several companies in the consumer goods and technology industry and was active as investor in several public and private companies and real estate projects. He studied Business Administration at the University of St. Gallen.

- **NESCENS SA and CSPV – Centre Suisse de Prévention du Vieillissement SA** are managed by Cédric Schem, CEO and Prof. Jacques Proust, Chief Scientific Officer. Nathalie Aubrun, COO of Nescens, is in charge of business development.

4.2 Other activities and vested interests

Other activities of the Senior Management and the Key Executive Officers are listed under 4.1.

4.3 Management contracts

The company has signed no management contracts.

5 Compensation, shareholdings and loans

Content and method of determining the compensation and the share-ownership programs. Compensation and shareholding programs are defined by the Board of Directors based on a proposal of the Nomination and Compensation Committee. Members of the Senior Management receive a base compensation and stock options. The additional variable part of compensation, which vary as a principal between 10 to 30% of the base compensation is subject to business success (percentage of EBITDA) as well as to meeting personal objectives. The Nomination and Compensation Committee is in charge of defining the remuneration of the ten highest remunerations of the management, overseeing and discussing the remuneration principles for the Company and the Group. The Committee also submits for approval by the Board of Directors the remuneration of the members of the Board and the Senior Management. The Nomination and Compensation Committee reports on its decisions to the Board at least once a year, and keeps the Board updated on the overall remuneration policy of the Group. The Delegate of the Board is member of the Nomination and Compensation Committee but abstains to vote on his own remuneration. Compensation of the members of the Board of Directors and the Senior Management is detailed as per art. 663b bis CO in note 8 (page 88) of the 2012 statutory financial statements of AEVIS Holding SA.
Share-based payments to members of the Board and to employees is detailed in note 35 (page 77). For details about transactions with related parties see note 31 (page 72).
No loans have been granted.

6 Shareholders' Participation

6.1 Voting rights and representation restrictions

All shareholders recorded in the share register with voting rights (see item 2.6) are entitled to attend and vote at the Annual General Meetings. Representatives have to be shareholders and to be authorised in writing unless they are the shareholder's legal representative. For organisational reasons, subsequent to closing the share register (see item 6.5) no further registrations can be executed.

6.2 Statutory quorums

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

6.3 Convocation of the General Meeting of Shareholders

The General Meeting is convened at least twenty days before the date set for the meeting, by being published in the Feuille Officielle Suisse de Commerce (FOSC) or by means of registered letter sent to all shareholders, if these are known in the share register. One or a number of shareholders together representing at least 10% of share capital may request that a General Meeting be convened.

6.4 Agenda

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

6.5 Inscriptions into the share register

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

7 Changes of Control and defense measures

7.1 Duty to make an offer

The Company does not have a provision on opting out or opting up in the Articles of Association. Thus, according to article 9 of the Articles of Association, the provisions regarding the legally prescribed threshold of 33⅓% of the voting rights for making a public takeover set out in article 32 of the Stock Exchange Act are applicable.

7.2 Clauses on changes of control

The services agreements and employment agreements of the members of the Board of Directors or the Board Executive Committee do not contain clauses triggered by a change of control.

8 Auditing body

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

In compliance with statutory conditions, the General Meeting of the Shareholders of AEVIS Holding SA each year appoints an auditing company and auditor for the Group's accounts. In the context of the transfer to Swiss GAAP FER, Berney & Associés SA Société Fiduciaire, Geneva was appointed for the first time on 9 June 2010 as the auditing company and auditor for the Group's accounts for the fiscal year ending 31 December 2010. The term of office is renewable each year for a period of one year by the General Meeting.
Claude Heri was the auditor in charge at Berney & Associés SA for the supervising of the auditing of the statutory annual accounts and consolidated accounts of AEVIS Holding SA at 31 December 2011. Gregor Wrzosowski is supervising the 2012 audit. Berney & Associés has been the company auditor since 2010.

The group's audit firms have no “business consultancy” mandates.

8.2 Auditing fees

Auditing fees of Berney & Associés SA Société Fiduciaire for the group amounted to CHF 390'000 for the business year 2012.

8.3 Additional fees

During 2012, Berney & Associés SA Société Fiduciaire charged additional auditing fees of CHF 77'715 and other tax and advisory services of CHF 204'955. The total additional fees amounted to CHF 282'670.

8.4 Informational instruments pertaining to an external audit

The Audit Committee is responsible for the evaluation of the external auditors and examines the mission, independence and planning and conduct of the work of the external auditors on an annual basis.
At least once a year, the auditor is invited to take part in an Audit Committee meeting in the course of which the results of the auditor's work are presented. At the beginning of the each interim and final audit, the Delegate of the Board and the Chief Financial Officer of the Group meet with the auditor in charge. A report by the Chief Financial Officer is regularly made to the Board of Directors.
The Audit Committee reviews the remuneration for the services provided by the external auditors on an annual basis. The external auditors submit a detailed report of their main findings, which are analysed and discussed with the Audit Committee before being drawn up for the Board of Directors prior to the approval of the annual financial statements for 2012 by the Board.
During 2012, the auditor participated to one meeting of the Audit Committee. The auditor was also invited to participate in conference calls with the Board of Directors when deemed necessary.

9 Information Policy

The Group has an open and up-to-date information policy that treats all target groups of the capital investment market equally. The most important information tools are the Annual and Half-yearly Reports, the website (www.aevis.com), press releases, the presentation of the financial statements for media and financial analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter. As a company listed on the SIX Swiss Exchange, the Group is obliged to publish information that is relevant to its share price (ad hoc publicity, article 53 of rules governing quoted companies "Règlement de cotation"). These rules can be viewed under www.six-swiss-exchange.com. For specific questions regarding the Group, contact Séverine Van der Schueren, Chief Administrative Officer (Tel. +41 26 350 02 02, investor.relations@aevis.com).

The General Meeting of shareholders for the 2012 fiscal year will take place in Fribourg on Wednesday 5 June 2013.

Consolidated financial statements of AEVIS Holding SA

CONSOLIDATED INCOME STATEMENT

(In thousands of CHF)	Notes	2012	2011
Revenue		342'836	198'023
Other revenue		1'570	2'795
Total revenue		344'406	200'818
Medical services		(37'612)	(12'276)
Net revenue	4	306'794	188'542
Production expenses	5	(67'398)	(43'871)
Personnel expenses	6	(138'420)	(77'428)
Rental expenses	7	(15'258)	(16'921)
Other operating expenses	8	(45'750)	(26'296)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		39'968	24'026
Depreciation		(20'258)	(15'139)
Amortisation		(2'969)	(634)
Profit from operating activities		16'741	8'253
Financial result	9	(8'158)	(3'099)
Share of loss of equity accounted investees		(2'849)	(2'225)
Ordinary result		5'734	2'929
Non-operating result	10	(1'295)	–
Extraordinary result	11	(1'185)	(1'615)
Result before taxes		3'254	1'314
Income taxes	12	570	(843)
Minority interests		(499)	–
Profit for the period		3'325	471

CONSOLIDATED BALANCE SHEET

(In thousands of CHF)	Notes	31.12.2012	31.12.2011
Assets			
Cash and cash equivalents		9'796	14'242
Trade receivables	13	86'049	42'943
Other receivables	14	16'639	4'590
Accrued income and prepaid expenses	15	11'668	7'468
Inventories	16	11'610	6'785
Total current assets		135'762	76'028
Fixed assets	17	573'957	95'580
Intangible assets	18	12'792	921
Financial assets	19	3'784	1'535
Deferred tax assets	20	8'153	2'819
Total non-current assets		598'686	100'855
Total assets		734'448	176'883
Liabilities and equity			
Trade payables	21	59'044	39'233
Other liabilities	22	12'913	16'415
Short-term financial liabilities	23	200'664	37'317
Other borrowings	24	13'837	2'959
Accrued expenses and deferred income	25	22'252	5'607
Short-term provisions	26	495	1'979
Total current liabilities		309'205	103'510
Long-term financial liabilities	23	190'026	22'344
Other borrowings	24	13'646	12'838
Deferred income		2'700	375
Long-term provisions	26	2'251	802
Deferred tax liabilities	20	55'080	3'167
Total non-current liabilities		263'703	39'526
Total liabilities		572'908	143'036
Equity			
Share capital	27.1	63'733	35'392
Share premium	27.1	205'252	107'695
Offset goodwill		(103'956)	(100'007)
Treasury shares	27.4	(3'428)	(2'402)
Currency translation differences		(23)	–
(Accumulated loss)/retained earnings		(4'056)	(6'831)
Equity before minority interests		157'522	33'847
Minority interests		4'018	–
Total Equity including minority interests		161'540	33'847
Total liabilities and equity		734'448	176'883

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of CHF)	Share capital	Share premium	Offset goodwill	Treasury shares	Currency translation differences	Retained earnings/ (accu-mulated deficit)	Total before minority interests	Minority interests	Total equity
Balance at 1 January 2011	31'003	96'645	(96'596)	(2'484)	–	(7'269)	21'299	–	21'299
Profit for the period	–	–	–	–	–	471	471	–	471
Capital increase	4'389	11'050	–	–	–	–	15'439	–	15'439
Acquisition of subsidiaries and associates	–	–	(3'411)	–	–	–	(3'411)	–	(3'411)
Sale of treasury shares	–	–	–	82	–	(33)	49	–	49
Balance at 31 December 2011	35'392	107'695	(100'007)	(2'402)	–	(6'831)	33'847	–	33'847
Profit for the period	–	–	–	–	–	3'325	3'325	499	3'824
Capital increase	28'341	97'557	–	–	–	–	125'898	–	125'898
Acquisition of subsidiaries and associates	–	–	(5'500)	–	–	–	(5'500)	100	(5'400)
Sale of minority interests	–	–	1'551	–	–	–	1'551	3'419	4'970
Purchase of treasury shares	–	–	–	(3'666)	–	–	(3'666)	–	(3'666)
Sale of treasury shares	–	–	–	2'640	–	(550)	2'090	–	2'090
Currency translation differences	–	–	–	–	(23)	–	(23)	–	(23)
Balance at 31 December 2012	63'733	205'252	(103'956)	(3'428)	(23)	(4'056)	157'522	4'018	161'540

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of CHF)	Notes	2012	2011
Profit for the period		3'325	471
Adjustments for:			
Minority interests		499	–
Income taxes		(570)	843
Changes in provisions		(330)	(1'110)
Non-operating result		1'295	–
Depreciation and amortisation		23'227	15'773
Share of loss of equity accounted investees		2'849	2'225
Change in contribution reserve and other non-cash items		2'837	(300)
Cash flow from operating activities before changes in working capital		**33'132**	**17'902**
Change in trade receivables		(18'025)	(7'472)
Change in inventories		(2'019)	(159)
Change in other receivables and prepaid expenses		(1'535)	(4'406)
Change in trade payables		7'768	6'493
Change in other liabilities and accrued expenses		(6'185)	326
Cash flow from operating activities		**13'136**	**12'684**
Purchase of fixed assets		(66'514)	(15'173)
Purchase of intangible assets		(2'661)	(1'350)
Acquisition of subsidiary, net of cash acquired		(52'798)	–
Acquisition of financial assets and loans to associate		(1'939)	(6'517)
Cash flow used in investing activities		**(123'912)**	**(23'040)**
Proceeds from issuance of share capital, net of costs		1'021	15'439
Proceeds from issuance of bond		80'000	–
Payment of finance lease liabilities		(4'711)	(4'733)
Purchase of treasury shares		(3'666)	–
Sale of treasury shares, net of sale expenses		1'705	49
Repayment of bank loans		(27'080)	(2'000)
Proceeds from bank loans		84'200	7'000
Change in bank overdrafts and other borrowings		(25'139)	1'960
Cash flow from financing activities		**106'330**	**17'715**
Change in cash and cash equivalents		**(4'446)**	**7'359**
Cash and cash equivalents at beginning of the period		14'242	6'883
Cash and cash equivalents at the end of the period		**9'796**	**14'242**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

AEVIS Holding SA (hereafter "The Company") has its registered and principal offices at 1700 Fribourg, Switzerland. The Company's purpose consists of holding interests in financial, commercial and industrial enterprises in Switzerland and abroad, in areas such as medical treatment and healthcare.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis in accordance with Swiss GAAP FER. They comply with the requirements of the Swiss law and with the listing rules of the SIX Swiss Exchange. The Swiss GAAP FER apply to all companies included in the scope of consolidation. The principle of individual valuation has been applied to assets and liabilities.
The consolidated financial statements were authorised for issue by the Board of Directors on 29 April 2013. Final approval is subject to acceptance by the annual general meeting of shareholders on 5 June 2013.

3. Accounting policies

3.1 Consolidation

The consolidated financial statements of the Company for the year ended 31 December 2012 comprise the Company and its subsidiaries ("the Group") and interests in associates.
The assets and liabilities of newly acquired companies are recognised at fair value at the date of acquisition. Entities controlled by the Group are consolidated by applying the purchase method.

3.1.1 Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control effectively commences until the date control ceases. The net assets of a newly acquired company are measured at fair values at the date of acquisition. Any difference between purchase price and net assets is offset with equity. In an acquisition achieved in stages (step acquisition), the difference between purchase price and net assets is determined on each separate transactions at the corresponding acquisition date. The full consolidation method is used whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not control (between 20% and 50% of voting rights), over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

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

3.1.3 Transactions eliminated on consolidation

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

3.2 Foreign currency

The consolidated financial statements are presented in Swiss francs (CHF). Transactions in foreign currencies are translated to the respective functional currency of Group companies at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in the income statement. Financial statements of subsidiaries reporting in foreign currencies are translated into Swiss francs (CHF) during consolidation process using year-end rates for balance sheet items, historical rates for equity and average rates of the year for income and cash flow statements. The translation differences are recognised in equity. Exchange differences arising from long-term intercompany loans with an equity character are booked to equity.

3.3 Income statement

3.3.1 Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the services at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.3.2 Lease payments

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

3.3.3 Income taxes

Income taxes comprise current and deferred taxes. Current taxes are the expected tax payables on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payables in respect of previous years.
Deferred taxes are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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

3.4 Balance sheet

3.4.1 Cash and cash equivalents

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

3.4.2 Trade and other receivables

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

3.4.3 Inventories

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

3.4.4 Fixed assets

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

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

- Building 67–100 years
- Medical machinery and equipment 5–8 years
- Furniture 5–10 years
- Vehicles 4–8 years
- Leasehold improvements

Depreciated over the shorter of useful life or lease term: 10–30 years

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

3.4.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified at inception as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets under finance leases are depreciated over their estimated useful lives (4 to 8 years).

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

3.4.6 Intangible assets

Intangible assets consist of external costs for software and internet websites of the Group. Intangible assets are amortised over their estimated useful lives (1 to 10 years). Trademarks are amortised in 5 years. Amortisation is recognised in income statement on a straight-line basis.

3.4.7 Financial assets

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

3.4.8 Impairment of assets

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

3.4.9 Trade and other payables

Trade and other payables are recognised at nominal value.

3.4.10 Financial liabilities and other borrowings

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

3.4.11 Provisions

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

3.4.12 Share capital

(i) Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.
(ii) Treasury shares
Treasury shares are recognised in equity at acquisition cost. When treasury shares are sold or reissued subsequently, any gains and losses are accounted for in equity.

3.4.13 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 FER 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.

3.4.14 Contingent liabilities

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

3.5 Accounting estimates and assumptions

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

3.6 Changes in scope of consolidation

In January 2012, the Group acquired 100% of Privatklinik Obach AG in Solothurn and on 29 February 2012 the Group finalised the acquisitions of 100% of Ars Medica Clinic SA and Salus Medica Clinic SA, both located in canton Ticino. In February 2012, the Company also set up the subsidiary Clinique Spontini SAS in Paris. On 25 May 2012, the Group acquired the remaining 51% of Klinik Lindberg AG and merged this entity with Privatklinik Bethanian AG on July 2012, which changed its name into GSMN Zürich AG. On 1 July 2012, the company acquired 100% of Swiss Healthcare Property AG and its subsidiary Immobiliare Villa Anna SA, respectively in Baar and Sorengo. End of August 2012, the Company acquired a stake of 79.6% in AS Ambulances Services SA, located in Geneva. During September 2012, the Group finalised a cross shareholding exchange of 20% between Klinik Pyramide am See AG and GSMN Zürich AG. On 1 July 2011, the Group acquired 49% of the share capital of Klinik Lindberg AG. The list of Group companies is disclosed in note 39.

The changes in scope of consolidation for 2012 are summarised as follows:

Entity	Date of change	31.12.2012	31.12.2011
Privatklinik Obach AG	01.01.2012	100.0%	–
Ars Medica Clinic SA	01.01.2012	100.0%	–
Salus Medica Clinic SA	01.01.2012	100.0%	–
Clinique Spontini SAS	21.02.2012	100.0%	–
Klinik Lindberg AG (merged with GSMN Zürich) [1]	01.06.2012	–	49.0%
Swiss Healthcare Property AG	01.07.2012	100.0%	–
Immobiliare Villa Anna SA	01.07.2012	100.0%	–
AS Ambulances Services SA	01.09.2012	79.6%	–
Klinik Pyramide am See AG [2]	01.10.2012	20.0%	–
GSMN Zürich AG (previously Privatklink Bethanien AG) [1-2]	01.10.2012	80.0%	100.0%
CSPV-Centre Suisse de Prévention du Vieillissement SA	01.01.2012	33.3%	13.3%

[1] GSMN Zurich AG and Klinik Lindberg AG merged with retroactive effect from 01.07.2012.

[2] The Group finalised a cross shareholding exchange of 20% between Klinik Pyramide am See AG and GSMN Zürich AG in September 2012.

4. Net revenue

(In thousands of CHF)	2012	2011
Private clinics	296'011	181'442
Other healthcare and wellness activities	9'998	4'502
Real estate revenue	10'045	–
Net revenue of the segments	316'054	185'944
Inter-segment transactions (mainly related to operating rent)	(10'027)	–
Corporate	767	2'598
Net consolidated revenue of the Group	306'794	188'542

5. Production expenses

(In thousands of CHF)	2012	2011
Pharmaceutical and medical supplies	52'176	32'902
External subcontractors	9'759	6'722
Food and beverage	5'463	4'247
Total production expenses	67'398	43'871

6. Personnel expenses

(In thousands of CHF)	2012	2011
Salaries and wages	118'370	64'977
Social security expenses	11'854	6'322
Pension expenses	6'929	4'014
Other personnel expenses	1'267	2'115
Total personnel expenses	138'420	77'428
Number of employees		
Full Time Equivalents at year end	1'435	814

7. Rental expenses

(In thousands of CHF)	2012	2011
Related parties rental expenses (see note 31)	6'483	12'040
Third parties rental expenses	5'859	3'831
Other non-real estate rental expenses	2'916	1'050
Total rental expenses	15'258	16'921

8. Other operating expenses

(In thousands of CHF)	2012	2011
Administrative expenses	10'863	5'557
Marketing expenses	5'445	3'076
Cleaning and laundry	8'929	6'622
Maintenance	9'162	5'364
Energy expenses	4'667	3'053
Other expenses	6'684	2'624
Total other operating expenses	45'750	26'296

9. Financial result

(In thousands of CHF)	2012	2011
Interest income	878	86
Total financial income	878	86
Interest expenses	(7'458)	(2'781)
Other financial expenses	(1'578)	(404)
Total financial expenses	(9'036)	(3'185)
Financial result	(8'158)	(3'099)

10. Non-operating result

The non-operating result of CHF 1.3 million relates to the loss incurred for the cross shareholding exchange of 20% between Klinik Pyramide am See AG and GSMN Zürich AG.

11. Extraordinary result

(In thousands of CHF)	2012	2011
Restructuring costs	(1'301)	–
Extraordinary items related to the 2010 events	116	(322)
Costs related to the public takeover offer	–	(454)
Costs for DRG's implementation	–	(839)
Extraordinary result	(1'185)	(1'615)

The Group received additional invoices during 2012 related to the extraordinary events of 2010 for an amount of CHF 0.3 million (2011: CHF 0.8 million). This amount was compensated with the reversal of CHF 0.4 million (2011: CHF 0.5 million) resulting from the reassessment of the provision at the end of the period (see note 26).
As a consequence of the acquisition of the remaining 51% of Klinik Lindberg AG, the Groupe reorganised operational activities of the Clinic and incurred costs amounting to CHF 1.3 million.
In order to fulfil the requirements of the Swiss Financial Market Supervisory Authority (FINMA), relating to the M.R.S.I.'s public takeover offer, the Company incurred expenses in 2011 amounting to CHF 0.5 million.
The introduction of the DRG (Diagnosis Related Groups) hospital financing system in almost all clinics of the Group, required investments amounting to CHF 0.8 million in order to comply with legislation and adapt the ERP systems.

12. Income taxes

(In thousands of CHF)	2012	2011
Current taxes	(797)	(92)
Deferred taxes	1'367	(751)
Total income taxes	570	(843)

13. Trade receivables

(In thousands of CHF)	2012	2011
Trade receivables	90'248	45'931
Allowance for doubtful receivables	(4'199)	(2'988)
Total trade receivables	86'049	42'943

14. Other receivables

(In thousands of CHF)	2012	2011
Other receivables:		
– from related parties	14'958	3'601
– from third parties	1'681	989
Total other receivables	16'639	4'590

Receivables due from related parties include various current accounts with shareholders and other entities under the control of the shareholders. Details of related party transactions and outstanding amounts are disclosed in note 31.

15. Accrued income and prepaid expenses

(In thousands of CHF)	2012	2011
Prepayments*	7'589	4'329
Accrued income	3'037	2'989
Other	1'042	150
Total accrued income and prepaid expenses	11'668	7'468

* of which CHF 0.4 million related to acquisition costs (2011: CHF 2.9 million).

16. Inventories

(In thousands of CHF)	2012	2011
Medical supplies	7'612	4'770
Pharmaceutical products	2'735	1'053
Hotel and restaurants goods	343	205
Other inventories	920	757
Total inventories	11'610	6'785

17. Fixed assets

(In thousands of CHF)	Lands and buildings	Medical machinery and equipment	Leasehold improvements	Under construction	Vehicles	Total
Cost						
Balance at 1 January 2011	–	57'235	60'534	8'195	640	126'604
Additions	–	5'526	9'385	11'491	273	26'675
Disposals	–	(343)	(915)	–	(181)	(1'439)
Reclassifications	–	(1'105)	18'868	(17'763)	–	–
Balance at 31 December 2011	–	61'313	87'872	1'923	732	151'840
Change in scope of consolidation	386'077	43'069	41'617	–	2'142	472'905
Additions	42'405	5'471	13'611	8'656	261	70'404
Disposals	–	(392)	(312)	–	(67)	(771)
Translation adjustments	–	1	7	–	–	8
Reclassifications	–	–	1'195	(1'195)	–	–
Balance at 31 December 2012	428'482	109'462	143'990	9'384	3'068	694'386
Accumulated depreciation						
Balance at 1 January 2011	–	28'729	13'319	–	106	42'154
Depreciation for the year	–	7'355	7'037	–	166	14'558
Impairment of assets	–	–	581	–	–	581
Disposals	–	(46)	(915)	–	(72)	(1'033)
Reclassifications	–	(221)	221	–	–	–
Balance at 31 December 2011	–	35'817	20'243	–	200	56'260
Change in scope of consolidation	–	35'637	8'074	–	934	44'645
Depreciation for the year	2'030	8'839	9'088	–	301	20'258
Impairment of assets	–	–	–	–	–	–
Disposals	–	(392)	(275)	–	(67)	(734)
Translation adjustments	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
Balance at 31 December 2012	2'030	79'901	37'130	–	1'368	120'429
Carrying amounts						
At 31 December 2011	–	25'496	67'629	1'923	532	95'580
At 31 December 2012	426'452	29'561	106'860	9'384	1'700	573'957

Leased equipment

The Group leases vehicles, machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see note 15). At 31 December 2012 the net carrying amount of leased vehicles, medical machinery and other equipment was CHF 12.6 million (2011: CHF 14.0 million). The insurance value of tangible assets and inventories is CHF 593.1 million (2011: CHF 110.0 million).

18. Intangible assets

(In thousands of CHF)	Trademarks	Software and other intangible assets	Total
Cost			
Balance at 1 January 2011	–	845	845
Change in scope of consolidation	–	–	–
Additions	–	1'350	1'350
Disposals	–	–	–
Balance at 31 December 2011	–	2'195	2'195
Change in scope of consolidation	11'675	1'079	12'754
Additions	–	2'661	2'661
Disposals	–	(496)	(496)
Balance at 31 December 2012	11'675	5'439	17'114
Accumulated amortisation			
Balance at 1 January 2011	–	640	640
Change in scope of consolidation	–	–	–
Amortisation for the year	–	634	634
Disposal	–	–	–
Balance at 31 December 2011	–	1'274	1'274
Change in scope of consolidation	–	374	374
Amortisation for the year	2'335	634	2'969
Disposal	–	(295)	(295)
Balance at 31 December 2012	2'335	1'987	4'322
Carrying amounts			
At 31 December 2011	–	921	921
At 31 December 2012	9'340	3'452	12'792

19. Financial assets

(In thousands of CHF)	2012	2011
Equity accounted investees [1]	2'133	402
Loan to associates [2]	357	100
Employer contribution reserves	522	–
Other financial assets [3]	772	1'033
Total financial assets	3'784	1'535

[1] Equity accounted investees are disclosed net of share losses of CHF 0.2 million (2011: CHF 2.2 million) and goodwill directly offset with equity of CHF 3.6 million (2011: CHF 3.4 million). In 2011, a net carrying amount of CHF 27 thousand was pledged in favour of a third party as a guarantee for a bank loan (2012: nil). This position is also disclosed net of an allowance regarding Agefi of CHF 0.9 million (2011: CHF 0.9 million). Since Agefi SA and Agefi Com SA are being overindebted, the investments in those companies are carried at nil. The Group has no obligation in respect of the losses of the companies.

[2] Net of an allowance of CHF 2.6 million (2011: CHF 1.8 million).

[3] In 2012, the Group increased its shareholding in CSPV from 13.3% to 33.3%. Therefore, this position is disclosed in Equity accounted investees in 2012. The Group did not subscribe to the capital restructuring of Piscine de Bassins SA and therefore derecognised its financial participation accounting for an additional share of loss of CHF 27 thousands and reclassified the loan of CHF 0.1 million in other financial assets.

20. Deferred tax assets and liabilities

(In thousands of CHF)	Deferred tax assets	Deferred tax liabilities
Balance at 1 January 2011	3'183	2'751
Change in temporary differences	–	416
Utilisation of capitalised tax losses carried forward	(2'150)	–
Reversal of capitalised tax losses carried forward	(78)	–
Capitalisation of tax losses carried forward	1'864	–
Balance at 31 December 2011	2'819	3'167
Change in temporary differences	–	2'930
Utilisation of capitalised tax losses carried forward	(662)	–
Reversal of capitalised tax losses carried forward	–	–
Capitalisation of tax losses carried forward	4'959	–
Change in scope of consolidation	1'037	48'983
Balance at 31 December 2012	8'153	55'080

The Group did not recognise deferred tax assets of CHF 2.4 million (2011: CHF 1.6 million) relating to unused tax losses amounting to CHF 10.0 million (2011: CHF 7.4 million) because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The applicable average tax rate of the Group is 22% (prior year 22%).

These unused tax losses expire as shown in the table below:

(In thousands of CHF)	2012	2011
Within one year	–	260
Within two to five years	5'109	3'369
After more than five years	4'933	3'724
Total unrecognised tax losses	10'042	7'353

21. Trade payables

(In thousands of CHF)	2012	2011
Trade payables due to third parties	58'664	38'927
Trade payables due to related parties (see note 31)	380	306
Total trade payables	59'044	39'233

22. Other liabilities

(In thousands of CHF)	2012	2011
Pension plan liabilities (contributions)	2'033	988
Liabilities related to capital expenditure	7'131	10'991*
Prepayment received	546	–
Other liabilities	3'203	4'436
Total other liabilities	12'913	16'415

* of which CHF 6.6 million payable to Swiss Healthcare Properties AG (see note 31).

23. Financial liabilities

(In thousands of CHF)	2012	2011
Bank overdrafts	26'483	23'259
Current portion of bank loans	40'500	9'506
Finance lease liabilities	3'786	4'552
Current portion of mortgage loans*	129'895	–
Total short-term financial liabilities	**200'664**	**37'317**
Bank loans	1'803	14'125
Finance lease liabilities	6'436	8'219
Mortgage loans	101'787	–
Bond issued by the company	80'000	–
Total long-term financial liabilities	**190'026**	**22'344**
Long-term financial liabilities expiring		
Between one and five years	183'626	22'344
More than five years	6'400	–
Total long-term financial liabilities	**190'026**	**22'344**

* Mortgage loans are classified as short-term when payable or renewable within 12 months, even if they are concluded for an indefinite term with notice periods from 3 to 12 months.

As a guarantee for bank overdrafts, the Group pledged trade receivables for an amount of CHF 34.6 million as at December 2012 (2011: CHF 27.9 million). Mortgage loans are secured by real estate, pledged for an amount of CHF 426.5 million (2011: nil). In 2011, the Company pledged the shares of Privatklinik Bethanien and Klinik Lindberg AG for a total amount of CHF 24.3 million as a guarantee for bank loans of CHF 13.5 million. The bond issued by AEVIS Holding SA matures in August 2016 and bears interests of 4.25%.

24. Other borrowings

At 31 December 2012 and 2011 other borrowings are payable as follows:

(In thousands of CHF)	2012	2011
Less than one year	13'837	2'959
Total short-term other borrowings	**13'837**	**2'959**
Between one and five years	4'366	3'200
More than five years	9'280	9'638
Total long-term other borrowings	**13'646**	**12'838**

Other borrowings relate to deferred instalments in connection to acquisitions of subsidiaries and to agreements for the purchase of leasehold improvements.

25. Accrued expenses and deferred income

(In thousands of CHF)	2012	2011
Accrued personnel expenses	4'953	1'398
Accrued tax expenses	5'194	162
Deferred income	1'492	303
Other accrued expenses	10'613	3'744
Total accrued expenses and deferred income	22'252	5'607

26. Provisions

Short-term provisions

(In thousands of CHF)	Extraordinary items	Others	Total
Balance at 1 January 2011	3'345	546	3'891
Additions	–	–	–
Utilisation	(22)	–	(22)
Reversals	(542)	(546)	(1'088)
Reclassified as long-term provisions	(802)	–	(802)
Balance at 31 December 2011	1'979	–	1'979
Change in scope of consolidation	–	295	295
Additions	–	170	170
Utilisation	–	–	–
Reversals	(420)	(80)	(500)
Reclassified as long-term provisions	(1'449)	–	(1'449)
Balance at 31 December 2012	110	385	495

Long-term provisions

(In thousands of CHF)	Extraordinary items	Others	Total
Balance at 1 January 2011	**–**	**–**	**–**
Additions	–	–	–
Utilisation	–	–	–
Reversals	–	–	–
Reclassified from short term provisions	802	–	802
Balance at 31 December 2011	**802**	**–**	**802**
Change in scope of consolidation	–	–	–
Additions	–	–	–
Utilisation	–	–	–
Reversals	–	–	–
Reclassified from short term provisions	1'449	–	1'449
Balance at 31 December 2012	**2'251**	**–**	**2'251**

The provisions for the extraordinary events of 2010 were reassessed at the end of the reporting period and correspond to the Management's best estimate of future settlements. A portion of CHF 1.4 million (2011: CHF 0.8 million) of the initial provision was reclassified as a long-term provision as the Management considers that legal proceedings might last more than 12 months. Long-term provisions were discounted at an interest rate of 2.5%.

27. Equity

At 31 December 2012, the share capital of CHF 63.7 million (2011: 35.4 million) consists of 12'746'529 fully paid-up registered shares (2011: 7'078'479) of par value CHF 5 each. The legally non-distributable reserves of the Company amount to CHF 36.5 million (2011: CHF 28.8 million).

27.1 Capital increase

At the extraordinary shareholders' meeting of the Company on 2 July 2012, the shareholders resolved to issue 5'600'000 registered shares to acquire Swiss Healthcare Properties AG (see note 31 Related parties). On 28 December 2012, the Company issued 68'050 shares in relation to share-based payment plan (see note 35). On 21 December 2011, the Company issued 877'879 registered shares from authorised capital. These capital increases are summarised as follows:

	Number of shares	Share capital (in thousands of CHF)	Share premium (in thousands of CHF)
Balance at 1 January 2011	**6'200'600**	**31'003**	**96'645**
Capital increase	877'879	4'389	11'050
Balance at 31 December 2011	7'078'479	35'392	107'695
Capital increases	5'668'050	28'341	97'557
Balance at 31 December 2012	**12'746'529**	**63'733**	**205'252**

27.2 Authorised capital

At the ordinary shareholders' meeting of the Company on 6 June 2012, the shareholders resolved to extend the deadline and to increase the amount of authorised capital, thus authorising the Board of Directors to increase the share capital of a maximum of CHF 17.7 million through the issuance of a maximum of 3'539'239 fully paid-up registered shares with a nominal value of CHF 5 each until 5 June 2014.

27.3 Conditional capital

a) At the ordinary shareholders' meeting of the Company on 6 June 2012, the shareholders resolved to increase the amount of conditional capital, thus authorising the Board of Directors to increase the share capital of a maximum of CHF 14.2 million through the issuance of a maximum of 2'839'839 fully paid-up registered shares with a nominal value of CHF 5 each pursuant to the exercises of conversion rights that are granted to holder of convertible bonds.

b) At the ordinary shareholders' meeting of the Company on 11 June 2008, the shareholders resolved to authorise the Board of Directors to increase the share capital of a maximum of CHF 3.5 million through the issuance of a maximum of 699'400 fully paid-up registered shares with a nominal value of CHF 5 each pursuant to the exercises of stock option rights that are granted to employees, members of the Board of Directors as well as consultants under a stock option plan to be established by the Board of Directors. In connection with the issuance of stock options the preferred subscription rights of the existing shareholders are excluded. On 28 December 2012, the Company issued 68'050 shares in relation to share-based payment plan (see note 35).

At 31 December, the conditional capital of the Company consists of the following:

	2012		2011	
	Quantity	Nominal value (in CHF)	Quantity	Nominal value (in CHF)
Conditional capital a)	2'839'839	14'199'195	2'210'000	11'050'000
Conditional capital b)	631'350	3'156'750	699'400	3'497'000
Balance at 31 December	**3'471'189**	**17'355'945**	**2'909'400**	**14'547'000**

27.4 Transactions with treasury shares

In 2012, the Company purchased a total of 133'006 treasury shares at an average price of CHF 27.56 (2011: nil) and sold 87'309 shares at an average price of CHF 24.23 (2011: 2'660 at CHF 18.87). In order to maintain sufficient liquidity on the market, the Company outsources the trading of its treasury shares.
At 31 December 2012, the Group held 123'800 treasury shares (2011: 78'103) of which 123'600 shares are intended for the share-based payment plans. Treasury shares are deducted from equity in a total amount of CHF 3.4 million (2011: CHF 2.4 million).

27.5 Significant shareholders

Information on significant shareholders is mentioned under section 1.2 of the Corporate Governance Report.

28. Non-cancellable operating leases

As Swiss Healthcare Properties AG is part of the Group since July 2012 and will also acquire the buildings in which Privatklinik Bethanien is operating, following information of future non-cancellable operating lease rentals only refers to third parties contracts (previous year figures have been restated for comparative purposes):

(In thousands of CHF)	2012	2011 (for comparative purposes)	2011 (as published)
Less than one year	1'981	1'080	17'376
Between one and five years	6'554	4'128	74'286
More than five years	4'589	3'958	381'118
Total non-cancellable operating lease rentals	13'124	9'166	472'780

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

29. Capital commitments

The Group has commitments to complete leasehold improvements and to purchase equipment for a total amount of CHF 6.0 million as at 31 December 2012 (2011: CHF 5.1 million).

30. Contingent liabilities

As part of the introduction on 1 January 2012 of the new Swiss Health Insurance Act, providers and insurers have to negotiate a baserate and submit it to the state (canton) authority for confirmation. For now, states have not confirmed any definitive baserate and the federal price supervisor has been consulted. Therefore most of invoices are based on provisional baserate published by the state or on non-confirmed baserate. Due to these uncertainties, the Group is not able to assess with sufficient reliability the impact on its financial statements of such final decisions regarding the DRGs' prices but is confident that the provisional rates used in 2012 will not materially differ from final baserates to be applied and therefore did not set up provisions.
The Group entered into leasing agreement with CIT Group (Switzerland) SA. As part of the contract signed, the Group is jointly responsible for any default of payment of its affiliates.
In 2011, the Group was committed to issue a guarantee for the leased premises of CHF 8.4 million to Swiss Healthcare Properties AG.

31. Related parties

Compensation of the members of the Board of Directors and the Senior Management:

2012

(In thousands of CHF)	Board of Directors	Senior Management	Total
Salaries	308	1'769	2'077
Directors' fees	262	–	262
Pension scheme	23	194	217
Share-based payments*	–	508	508
Total	593	2'471	3'064

* These amounts correspond to the value of the options at grant date

2011

(In thousands of CHF)	Board of Directors	Senior Management	Total
Salaries	420	1'046**	1'466
Directors' fees	240	–	240
Pension scheme	60	103	163
Share-based payments*	40	71	111
Total	760	1'220	1'980

* These amounts correspond to the value of the options at grant date

** In 2011 compensation of Antoine Hubert was entirely calculated on a variable basis, except for professional representation allowance of CHF 60.0 thousands. As the Group did not achieve all the requested objectives, no compensation was paid to Antoine Hubert. An amount of CHF 396.0 thousands representing monthly prepayment has been classified as Accounts receivable from related parties (see table below: outstanding amounts with related parties).

Information requested by Swiss Code of Obligations on remuneration is disclosed in the notes of the statutory financial statements of AEVIS Holding SA.

Other transactions with related parties

In July 2012, the Group issued 5'600'000 new registered shares with a nominal par value of CHF 5 per share in exchange of all outstanding shares of Swiss Healthcare Properties AG (SHP). The transaction was accounted for at a price value of CHF 22.31 per share and a share premium of CHF 96.9 million was recognised. SHP was indirectly owned by Antoine Hubert and Michel Reybier through their holding companies, respectively HR Finance & Participations SA (HRFP) and EMER Holding SA (EMER).

During the second half-year of 2012, SHP transferred CHF 1.2 million to each of HRFP and EMER. These current accounts bear interest rate of 3.25%. At the date of acquisition of SHP, positions with those two entities already existed.

SHP made, during the second half-year of 2012, several transfers to M.R.S.I. Medical Research, Services & Investments S.A. (MRSI) a company jointly controlled by Antoine Hubert and Michel Reybier, for a total amount of CHF 0.9 million. On the other hand, SHP compensated an amount of CHF 1.7 million which was due by an affiliate of the Group to MRSI. At the date of acquisition of SHP, positions with MRSI already existed. This current account bears interest rate of 3.25%.

GCC Global Consulting et Communication S.à r.l. (GCC), Geneva, a company controlled by Antoine Hubert, charged management fees to SHP amounting to CHF 0.2 million for the second half-year of 2012. At the date of acquisition of SHP, positions with GCC already existed. In 2011, the Group invoiced an amount of CHF 0.2 million to GCC. In August 2012, a subsidiary of the Group sold to GCC a vehicle for an amount of CHF 53 thousands.

SHP charged to HRFP, EMER, MRSI and GCC a total amount of CHF 0.2 million as interests for the six months ended 31.12.2012.

Related parties rental expenses relate to the premises which belong to Swiss Healthcare Properties AG. This company joined the Group in July 2012. Those transactions are eliminated in the consolidation process since July 2012. Thus, the Group only discloses the first six months rental expenses as related parties transactions. In 2012, during the first six months, rent amounted to CHF 6.5 million (2011: CHF 12.0 million for the whole year). In 2011, the Group charged Swiss Healthcare Properties AG a total amount of CHF 0.2 million relating to maintenance costs of the buildings and service fees of CHF 0.1 million (2012: nil). In January 2011, Swiss Healthcare Properties AG transferred to Les Hauts de Genolier SA leasehold improvements for an amount of CHF 7.6 million and charged CHF 0.3 million as interests and CHF 0.2 million for the first six months of 2012.

Since July 2012, Centre Médico-Chirurgical des Eaux-Vives SA leases premises pertaining to the pension fund Institution of the Group which were acquired in June 2012. Rent amounted to CHF 0.4 million.

GSMN Zurich AG (previously Privatklinik Bethanien AG) in which Jürg Bitzer is Vice-Chairman of the Board, rents premises owned by BETHA Immobilien AG in which Mr Bitzer is Chairman. Total rent for 2012 amounted to CHF 4.6 million. As announced on 18.03.2013, the Group will acquire in 2013 the buildings in which GSMN Zurich AG is operating.

Olivier Gonin shareholder and Chairman of the Board of AS Ambulances Services SA (AS), has a current account payable to AS. This current account bears interest rate of 3.75%. During the last quarter of 2012, the Group charged interest of CHF 2.9 thousands. At the date of acquisition of AS Ambulances Services SA, positions with Olivier Gonin already existed.

The Group charged management fees to Privatklinik Lindberg, before full integration in May 2012, for an amount of CHF 0.5 million (2011: CHF 0.7). In 2011, the Group charged management fees to Privatklinik Obach for an amount of CHF 0.6 million. In January 2012, the clinic joined the Group.

Loans to associates (see note 19)

(In thousands of CHF)	**2012**	**2011**
Piscine de Bassins SA*	–	100
CSPV-Centre Suisse de Prévention du Vieillissement SA	1'152	600
Agefi SA (net of an allowance of CHF 1.8 million)	–	–

* The Group did not subscribe to the capital restructuring of Piscine de Bassins SA and therefore derecognised its financial participation and reclassified the loan in other financial assets.

As at the end of the reporting period, the Group had the following outstanding amounts with related parties:

(In thousands of CHF)	2012 Receivable	2012 Payable	2011 Receivable	2011 Payable
Antoine Hubert*	794	–	2'693	–
Swiss Healthcare Properties AG [1]	–	–	132	6'866
MRSI	2'511	–	–	–
EMER	5'012	–	–	–
HRFP	5'012	–	–	–
GCC Global Consulting et Communication S.à r.l.	1'340	–	200	–
Olivier Gonin	289	–	–	–
BETHA Immobilien AG	–	380	–	–
Privatklinik Obach AG [1]	–		576	–
Total	14'958	380	3'601	6'866

* In 2011, Antoine Hubert substituted himself for some outstanding amounts, previously receivable from Swiss Healthcare Properties AG, in order to close some former transactions occurred before Michel Reybier joined this company. In 2012 the Group charged interests of CHF 61.1 thousands (2011: CHF 77.5 thousands) on this current account.

[1] At the reporting date, Swiss Healthcare Properties AG and Privatklinik Obach AG are included in the scope of consolidation. In 2011, payables to Swiss Healthcare Properties AG of CHF 6.6 million related to capital expenditures (see note 22) and CHF 0.3 million related to rental expenses (see note 21).

32. Earnings per share

Earnings per share are determined based on profit/(loss) of the Group divided by the weighted average number of shares outstanding during the year, excluding treasury shares.

Earnings per share

(In thousands of CHF)	2012	2011
Profit for the period	3'325	471

(In thousands of shares)	2012	2011
Weighted average number of outstanding shares	9'825	6'146
Weighted average number of outstanding shares adjusted for dilutive options	10'516	6'279

(In CHF)	2012	2011
Basic earnings per share	0.34	0.08
Diluted earnings per share	0.32	0.08

33. Acquisition of subsidiaries

The acquisitions made in 2012 were accounted for using the purchase method. The following amounts of assets and liabilities acquired were included in the consolidated financial statements at the date of acquisition (see note 3.6). On 4 January 2010, the Company acquired 100% of Privatklinik Bethanien AG. A deferred instalment of CHF 1.7 million was paid in 2012.

(In thousands of CHF)	2012
Cash and cash equivalents	5'496
Other current assets	114'364
Lands and buildings	386'077
Intangible assets and trademarks	12'380
Other non-current assets	44'739
Assets	563'056
Short-term financial liabilities	64'149
Other current liabilities	54'261
Long-term financial liabilities	198'854
Deferred tax liabilities and provisions	49'279
Liabilities	366'543
Total net assets acquired	196'513
Goodwill	3'582
Cost of the business combinations	200'095

The cost of the business combinations were calculated as follows:

(In thousands of CHF)	2012
Purchase consideration paid in cash	54'019
5.6 million of shares exchanged at price value of CHF 22.31 per share	124'936
Purchase consideration paid with treasury shares	385
Deferred considerations	14'166
Intercompany accounts acquired at the acquisition date	1'197
Direct costs related to the acquisitions*	5'392
Cost of the business combinations	200'095

* of which CHF 2.8 million paid in 2011

The net cash outflows are summarised as follows:

(In thousands of CHF)	2012
Purchase consideration paid in cash	(54'019)
Direct costs paid during the year of acquisitions	(2'562)
Cash acquired	5'496
Total cash outflows on acquisition of subsidiaries during the year	(51'085)
Deferred instatements of subsidiaries acquired in 2010	(1'713)
Total cash outflows on acquisition of subsidiaries	(52'798)

34. Goodwill

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

(In thousands of CHF)	2012	2011
Cost		
Balance at 1 January	100'007	96'596
Additions through business combinations	11'685	3'411
Disposal	(1'551)	–
Balance at 31 December	110'141	100'007
Accumulated amortisation		
Balance at 1 January	92'849	76'636
Amortisation for the year (5 years)	3'632	16'213
Disposal	(792)	–
Impairments	–	–
Balance at 31 December	95'689	92'849
Carrying amounts		
At 31 December	14'452	7'158

Impact on net earnings and balance sheet:

(In thousands of CHF)	2012	2011
Profit/(loss) for the period	3'325	471
Amortisation of the goodwill	(3'632)	(16'213)
Impairment of the goodwill	–	–
Net earnings with capitalised goodwill	(307)	(15'742)
Equity	161'540	33'847
Capitalised goodwill	14'452	7'158
Equity with capitalised goodwill	175'992	41'005

35. Share-based payment plans

In 2009, 74'050 options were granted to Group Management and 5'000 options were granted to Group Senior Management, each giving rights to subscribe for one share at a unit price of CHF 15. Options can be exercised at maturity date, at 31 December 2012. In case of resignation, non-vested options are forfeited.

In 2011, a stock option plan in favour of Group Senior Management and Group Management was implemented. 42'250 options were granted to Group Senior Management and 17'700 options were granted to Group Management, each giving rights to subscribe for one share at a unit price of CHF 19.

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

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

Plan	Beneficiary/grant date	Number of instruments/exercise price	Vesting conditions	Exercise date	Expiry date
05/09	Group Management September 2009	5'000 CHF 15	Service condition	31 December 2012	31 December 2012
10/09	Group Management September 2009	74'050 CHF 15	Service condition	31 December 2012	31 December 2012
10/11A	Group Senior Management and Group Management September 2011	59'950 CHF 19	Service condition	31 December 2014	31 December 2014
12-A	Group Senior Management, Group Management and consultants December 2012	630'500 CHF 28	Service condition	Options can be exercised at any time during the period	31 December 2016

The movements of share-based payment plans during 2012 and 2011 are the following:

Plans	05/09	10/09	10/11A	12-A
Outstanding share options at 01.01.2011	5'000	68'050	–	–
Expired during the year	–	–	–	–
Granted during the year	–	–	59'950	–
Outstanding share options at 31.12.2011	5'000	68'050	59'950	–
Exercised during the year[1]	–	(68'050)	–	–
Expired during the year	(5'000)	–	–	–
Granted during the year	–	–	–	630'500
Outstanding share options at 31.12.2012	–	–	59'950	630'500

[1] The share capital increase related to the exercised options was completed in December 2012.

36. Pension plan institutions

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

(In thousands of CHF)	Surplus/ (deficit)	Economic part of the Company		Change of economic part with impact in current result	Contribu-tions con-cerning the business period	Pension plan expenses in personnel expenses	
	31.12.2012	31.12.2012	31.12.2011			2012	2011
Pension institutions with surplus	4'959	522	1'040*	(518)	4'278	4'796	–
Pension institutions without surplus/deficit	–	–	–	–	–	2'133	4'014
Total	4'959	522	1'040	(518)	4'278	6'929	4'014

* The economic part of the Company was obtained in the course of an acquisition of a subsidiary in 2012.

GSMN pension fund reported a cover ratio of 115.6% (2011: 112.6%). In 2012 Privatklinik Bethanien employees joined the GSMN pension fund. In 2011 Privatklinik Bethanien was part of a common pension fund institution, and individual information was not available. The fund reported a cover ratio of 111.2%. The reserve fluctuation value of both pension funds were not yet fully provisioned in 2011, therefore they did not report a surplus. Group companies that are not included in GSMN pension fund are part of common pension institutions which reported cover ratios of 100% (2011: 100.0%) and are fully reinsured.

37. Subsequent events

On 01.03.2013, Genolier Swiss Medical Network SA executed the acquisition of Hôpital de la Providence, located in the canton of Neuchâtel. GSMN's newly created subsidiary GSMN Neuchâtel SA took over the clinic's operational management.

On 11.03.2013, AEVIS Holding SA took a minority interest in the company Swiss Advanced Vision – Intraocular Lens SA. This start-up from the canton of Neuchâtel develops and commercialises a polyfocal lens for patients suffering from the cataract disease. AEVIS Holding subscribed to a capital increase of the company and became a 20% shareholder. This CHF 2 million investment fits the company's growth strategy in the health and life science sectors.

On 18.03.2013, Swiss Healthcare Properties AG announced the acquisition of 3 buildings on the site of Privatklinik Bethanien in Zurich. The main clinic building is entirely let to Privatklinik Bethanien. The two other buildings are directly connected to the clinic and comprise 5 apartments, 2 medical practices and 42 rooms.

On 22.03.2013, Swiss Healthcare Properties AG executed the acquisition of 100% of Clinique de Valère Immobilière SA, a company owning a surface right from the Bourgeoisie de Sion and the building of Clinique de Valère in Sion.

On 22.03.2013, Genolier Swiss Medical Network SA executed the acquisition of 86.88% of Clinique médico-chirurgicale de Valère SA. The results of this new entity will be consolidated retroactively as at 01.01.2013. GSMN SA will offer to repurchase the shares of the minority shareholders, representing 13.12% of the capital. With 12 clinics and one ambulatory centre, GSMN is now active in 8 Swiss cantons.

38. Risk assessment disclosure

The Senior management proceeds to an annual review of the risks and protection measures based on the risk management software Optimiso. Risk assessment is reviewed by the Senior Management discussed in the audit committee and approved by the Board of Directors.

39. List of Group companies

Name	Location	Activity		% 2012	% 2011
AEVIS Holding SA	Fribourg	Holding company	a)	100.0	100.0
Genolier Swiss Medical Network SA	Genolier	Holding company of private clinics division	a)	100.0	–
Private clinics					
GSMN Vaud SA	Genolier	Clinics	a)	100.0	100.0
Clinique Générale – Ste-Anne SA	Fribourg	Clinic	a)	100.0	100.0
Centre Médico-Chirurgical des Eaux-Vives SA	Geneva	Day clinic	a)	100.0	100.0
GSMN Zürich AG (previously Privatklinik Bethanien AG) [1]	Zurich	Clinic	a)	80.0	100.0
Klinik Lindberg AG [1]	Winterthur	Clinic	a)	–	49.0
Privatklinik Obach AG	Solothurn	Clinic	a)	100.0	–
Ars Medica Clinic SA	Gravesano	Clinic	a)	100.0	–
Salus Medica Clinic SA	Sorengo	Clinic	a)	100.0	–
Klinik Pyramide am See AG	Zurich	Clinic	b)	20.0	–
Other healthcare and wellness activities					
Les Hauts de Genolier SA	Genolier	Medicalised residence	a)	100.0	100.0
Société Clinique Spontini SAS	Paris	Aesthetic clinic in France	a)	100.0	–
AS Ambulances Services SA	Geneva	Ambulance services	a)	79.6	–
CSPV – Centre Suisse de Prévention du Vieillissement SA	Geneva	Cosmetics	b)	33.3	13.3
NESCENS SA	Geneva	Better-aging	b)	33.0	33.0
Piscine de Bassins SA	Bassins	Swimming pool	b)	–	20.0
Real estate					
Swiss Healthcare Properties AG	Baar	Medical real estate	a)	100.0	–
Immobiliare Villa Anna SA	Sorengo	Medical real estate	a)	100.0	–
Publishing					
Publications Financières LSI SA	Geneva	Publishing (dormant)	a)	100.0	100.0
AGEFI, Société de l'Agence Economique et Financière S.A.*	Lausanne	Publishing	b)	49.0	49.0
Agefi Com SA*	Geneva	Publishing	b)	49.0	49.0
Academy & Finance SA*	Geneva	Organisation of seminars	b)	22.5	22.5

a) Fully consolidated
b) Equity method

[1] GSMN Zurich AG and Klinik Lindberg AG merged with retroactive effect from 01.07.2012.
* As the company has negative equity, no financial figures have been reported in the financial statements. The Group has no obligation in respect of the losses of the company.

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

As statutory auditor, we have audited the consolidated financial statements of AEVIS Holding SA, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes presented on pages 50 to 80 for the year ended 31 December 2012.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

BERNEY & ASSOCIES SA
Société Fiduciaire

Claude HERI	Gregor WRZOSOWSKI
Licensed Audit Expert	Licensed Audit Expert
	Auditor in charge

Geneva, 30 April 2013

Statutory financial statements of AEVIS Holding SA

STATUTORY BALANCE SHEET

(In thousands of CHF)	Notes	31.12.2012	31.12.2011
Assets			
Investments, net	2	34'861	74'391
Accounts receivable from subsidiaries, net	3	171'475	8'500
Accounts receivable from associates, net	3	358	600
Intangible assets		26	–
Total non-current assets		206'720	83'491
Accounts receivable from third parties		246	267
Account receivable from shareholder	9	794	2'689
Prepaid expenses		2'404	3'009
Treasury shares		3'466	1'546
Cash and cash equivalents		128	11'496
Total current assets		7'038	19'007
Total assets		213'758	102'498
Equity			
Share capital		63'733	35'392
General statutory reserve:		54'740	57'407
– *Thereof general reserve*		*83*	*83*
– *Thereof capital contribution reserve*		*54'657*	*57'324*
Reserve for treasury shares		3'428	2'402
– *Thereof capital contribution reserve*		*3'428*	–
Accumulated deficit		(20'289)	(19'338)
Total equity		101'612	75'863
Liabilities			
Bank loans and other borrowings		14'467	6'000
Bond issued by the Company	10	80'000	–
Total non-current liabilities		94'467	6'000
Bank overdrafts, current portion of bank loans and other borrowings		15'533	10'459
Accounts payable		228	2'196
Accounts payable to subsidiaries		–	7'030
Accrued expenses		1'918	950
Total current liabilities		17'679	20'635
Total liabilities		112'146	26'635
Total equity and liabilities		213'758	102'498

STATUTORY INCOME STATEMENT

(In thousands of CHF)	Notes	2012	2011
Interest income		1'814	191
Net gain on treasury shares		370	178
Total revenue		2'184	369
General and administrative expenses		(1'209)	(489)
Impairment for doubtful accounts receivable from associates		(795)	(29)
Impairment for doubtful accounts receivable from subsidiaries and investments		–	(30)
Financial expenses		(3'415)	(635)
Taxes on capital		(118)	(83)
Total expenses		(5'537)	(1'266)
Extraordinary result	11	–	(454)
Net loss for the year		(3'353)	(1'351)

STATUTORY SHAREHOLDERS' EQUITY

(In thousands of CHF)	Number of shares (thousands)	Share capital	General statutory reserve		Reserve for treasury shares	Accumulated deficit	Total
			General reserve	Capital contribution reserve	Thereof capital contribution reserve		
Balance at 1 January 2011	6'201	31'003	83	46'275	2'484	(18'069)	61'776
Capital increase	877	4'389	–	12'290	–	–	16'679
Costs of capital increase	–	–	–	(1'241)	–	–	(1'241)
Change of reserve for treasury shares	–	–	–	–	(82)	82	–
Loss for the year	–	–	–	–	–	(1'351)	(1'351)
Balance at 31 December 2011	7'078	35'392	83	57'324	2'402	(19'338)	75'863
Capital increase	5'668	28'341	–	761	–	–	29'102
Change of reserve for treasury shares	–	–	–	(1'026)	1'026	–	–
Reclassification of reserve for treasury shares	–	–	–	(2'402)	–	2'402	–
Loss for the year	–	–	–	–	–	(3'353)	(3'353)
Balance at 31 December 2012	12'746	63'733	83	54'657	3'428	(20'289)	101'612

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

1. Introduction

The financial statements of AEVIS Holding SA were prepared in accordance with accounting principles required by Swiss law. They are prepared under the historical cost convention and on the accrual basis.

2. Investments in group companies

Investments are recorded at acquisition cost less any write downs when deemed necessary. The accumulated write downs as at 31 December 2012 amount to CHF 1.0 million (2011: CHF 5.1 million). The decrease in accumulated write downs is explained by the transfer of some subsidiaries, see table below.

At year end, the company owned the following investments:

Name	Location	Activity	2012 %	2012 share capital in thousand	2011 %	2011 share capital in thousand
Genolier Swiss Medical Network SA	Genolier	Holding company	100.0	CHF 100	–	–
Swiss Healthcare Properties AG	Baar	Medical real estate	100.0	CHF 200	–	–
Les Hauts de Genolier SA	Genolier	Medicalised residence	100.0	CHF 200	100.0	CHF 200
Société Clinique Spontini SAS	Paris	Aesthetic clinic in France	100.0	EUR 2'000	–	–
Publications Financières LSI SA	Geneva	Publishing (dormant)	100.0	CHF 100	100.0	CHF 100
AS Ambulances Services SA	Geneva	Ambulance services	79.6	CHF 500	–	–
AGEFI, Société de l'Agence Economique et Financière S.A.	Lausanne	Publishing	49.0	CHF 665	49.0	CHF 665
Agefi Com SA	Geneva	Publishing (dormant)	49.0	CHF 200	49.0	CHF 200
CSPV – Centre Suisse de Prévention du Vieillissement SA	Geneva	Cosmetics	33.3	CHF 167	13.3	CHF 167
NESCENS SA	Geneva	Better-aging	33.0	CHF 300	33.0	CHF 300
Academy & Finance SA	Geneva	Organisation of seminars	22.5	CHF 250	22.5	CHF 250
GSMN Vaud SA*	Genolier	Clinics	–	–	100.0	CHF 10'000
Clinique Générale – Ste-Anne SA*	Fribourg	Clinic	–	–	100.0	CHF 1'500
Centre Médico-Chirurgical des Eaux-Vives SA*	Geneva	Day clinic	–	–	100.0	CHF 400
Privatklinik Bethanien AG*	Zurich	Clinic	–	–	100.0	CHF 500
Klinik Lindberg AG*	Winterthur	Clinic	–	–	49.0	CHF 3'085

* In 2012, the Company transferred these investments in Genolier Swiss Medical Network SA, which was created to hold the Group's interests in Swiss private clinics.

3. Accounts receivable from subsidiaries and associates

Accounts receivable from subsidiaries and associates are presented at 31 December 2012 net of an allowance of respectively CHF 0.0 million (2011: CHF 5.6 million) and CHF 2.6 million (2011: CHF 1.8 million). The decrease of allowance in accounts receivable from subsidiaries is explained by the transfer of some subsidiaries (see table in note 2), and related intercompany accounts.

4. Authorised capital

Information on authorised capital is mentioned under note 27.2 to the Swiss GAAP FER consolidated financial statements.

5. Conditional capital

Information on conditional capital is mentioned under note 27.3 to the Swiss GAAP FER consolidated financial statements.

6. Treasury shares

Information on treasury shares is mentioned under note 27.4 to the Swiss GAAP FER consolidated financial statements.

7. Significant shareholders

Information on significant shareholders is mentioned under section 1.2 of the Corporate Governance Report.

8. Commitments and contingent liabilities

The Company is committed to provide certain subsidiaries with sufficient funds to cover potential lack of liquidity. At 31 December 2012, the total commitments amounted to CHF 5.3 million (2011: CHF 13.0 million). At 31 December 2011, the Company was committed to increase its shareholding in CSPV-Centre Suisse de Prévention du Vieillissement SA from 13.33% to 33.33% which represented an amount of CHF 1.5 million. A first instalment of CHF 0.3 million was paid in 2011. The settlement of the remaining CHF 1.2 million was done in February 2012.
In 2011, the Company pledged the shares of Privatklinik Bethanien AG and Klinik Lindberg AG for a total amount of CHF 24.3 million (2012: nil) as a guarantee for bank loans of CHF 13.5 million (2012: nil).

9. Additional information requested by the Swiss Code of Obligations

Annual remuneration of the Board of Directors

(in thousands of CHF)

Name	Position	2012	2011
Christian Wenger	Chairman (since July 2012)	50	–
Raymond Loretan[1]	Vice-Chairman (Chairman until July 2012)	–	–
Antoine Hubert[1]	Delegate of the Board	–	–
Cédric A. George	Member of the Board	48	47
Antoine Kohler	Member of the Board	49	48
Michel Reybier	Member of the Board (since June 2011)	48	23
Philippe Glasson	Vice-Chairman (until July 2012)	46	52
Christian Le Dorze	Member of the Board (until July 2012)	23	46
Johannes Boot	Member of the Board (until June 2011)	–	24
Total		264	240

[1] Raymond Loretan and Antoine Hubert are employed by a Group's subsidiary and do not receive directors' remuneration.

Since July 2012, members of the Board of Directors of the Company have to convert at least 20% and up to 50% of their base compensation in shares, with a lock-up period of 3 years. The payment in cash and the conversion in shares are executed after the annual general meeting of the Company. The remuneration is accounted for using the accrual principle.

Loans to members of the Board of Directors

At 31 December 2012 and 2011, there were no loans outstanding to executive and non-executive members of the Board of Directors or closely related parties, except for the current account of Antoine Hubert classified as "Account receivable from shareholder" (see also note 31 Related parties from the Swiss GAAP FER consolidated financial statements). An interest rate of 3.5% is applied on this current account.

Additional fees and remunerations of the Board of Directors

There are no other additional fees or remunerations paid by AEVIS Holding SA or one of its Group companies, directly or indirectly, to members of the governing body or closely related parties.

Remuneration of the Senior Management (in thousands of CHF)

Members of the Senior Management are detailed in note 4.1.1 of the Corporate Governance report and included Raymond Loretan, Chairman of the Board, until July 2012.

Total remuneration of the members of the Senior Management (including pension scheme employer contributions) amounts to CHF 2'295 (2011: CHF 1'629). In addition, stock options were granted in 2012 for an amount of CHF 508 (2011: 111).

Highest compensation

In 2012, the highest total compensation for a member of the Senior Management was conferred to Antoine Hubert, Delegate of the Board. In 2011, the highest total compensation for a member of the Senior Management was conferred to Raymond Loretan, Executive Chairman.

(in thousands of CHF)	Antoine Hubert 2012	Raymond Loretan 2011	Antoine Hubert 2011
Annual base salary	60	413	60
Bonus	436	–	–
Salary in kind	–	7	–
Stock options	263	40	–
Pension scheme contribution	82	60	–
Total	841	520	60

In 2011, compensation of Antoine Hubert was entirely calculated on a variable basis, except for professional representation allowance of CHF 60.0 thousands. As the Group did not achieve all the requested objectives, no compensation was paid to Antoine Hubert. An amount of CHF 396.0 thousands representing monthly prepayment was classified as Account receivable from shareholder.

Share and stock options ownership of the Board of Directors and the Senior Management and closely related parties, as at 31 December 2012

Name	Position	Number of shares held	Number of options held
Christian Wenger [1]	Chairman of the Board	396'649	–
Raymond Loretan	Executive Vice-Chairman	29'050	35'000
Antoine Hubert and Michel Reybier [2]	Members of the Board	11'307'490	150'000*
Antoine Kohler	Member of the Board	1'496	–
Cédric A. George	Member of the Board	13'493	–
Gilles Frachon	CFO	65'000	40'000
Séverine Van der Schueren	CAO	1'535	42'500
Beat Röthlisberger	CEO of GSMN	25'000	75'000
Total		11'839'713	342'500

[1] Representing the shareholdings of CHH Financière S.A. – SPF

[2] Group A. Hubert/M. Reybier/ M.R.S.I. Medical Research, Services and Investments S.A/A. Fabarez : Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and HR Finance & Participations SA (HRFP). They hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI. Michel Reybier holds indirectly AEVIS shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA. He holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI. On 09 May 2012, Alain Fabarez (deceased on 13.02.2013) signed a shareholders agreement with M.R.S.I Medical Rsearch, Services and Investments S.A.

* Held by Antoine Hubert.

Share and stock options ownership of the Board of Directors and the Senior Management and closely related parties, as at 31 December 2011

Name	Position	Number of shares held	Number of options held
Raymond Loretan	Executive Chairman	9'350	35'000
Antoine Hubert and Michel Reybier*	Members of the Board	6'093'935	–
Antoine Kohler	Member of the Board	2'827	–
Philippe Glasson	Member of the Board	700	–
Cédric A. George	Member of the Board	300	–
Beat Röthlisberger	CEO	7'000	31'000
Valérie Dubois-Héquet	COO	5'000	18'500
Guy Reynard	CSO	2'000	5'000
Total		6'121'112	89'500

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

Loans to member of the Senior Management

At 31 December 2012 and 2011, there were no loans outstanding to any member of the Senior management or closely related parties.

Additional fees and remunerations of the Senior Management

In 2012 and 2011, there were no additional fees or remunerations paid by AEVIS Holding SA or one of its Group companies, directly or indirectly, to members of the Senior management or closely related parties.

Compensation for former members of Senior Management

In 2012 and 2011, there were no additional fees or remunerations paid by AEVIS Holding SA or one of its Group companies, directly or indirectly, to former members of the Senior management or closely related parties.

10. Bond issued by the Company

The bond issued by AEVIS Holding SA matures in August 2016 and bears interests of 4.25%.

11. Extraordinary result

In order to fulfil the requirements of the Swiss Financial Market Supervisory Authority (FINMA), relating to the M.R.S.I.'s public takeover offer, the Company incurred in 2011 expenses amounting to CHF 0.454 million.

12. Risk assessment disclosure

AEVIS Holding SA is fully integrated into the Group-wide risk assessment. The risks are reviewed by the Board at least on a yearly basis. The specific risks related to AEVIS Holding SA are also covered by this risk analysis.

Proposed appropriation of retained earnings

The Board of Directors proposes to the Annual General Meeting of Shareholders to approve following appropriation of accumulated deficit:

(in thousands of CHF)	2012	2011
Accumulated deficit carried forward	(19'338)	(18'069)
Loss of the year	(3'353)	(1'351)
Reclassification and change of reserve for treasury shares	2'402	82
Accumulated deficit at year-end to be carried forward	(20'289)	(19'338)

Proposed distribution from capital contribution reserve

The Board of Directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 0.30 per share from capital contribution reserve.

(in thousands of CHF)	2012
Capital contribution reserve before proposed distribution [1]	58'085
Distribution from capital contribution reserve [2]	(3'787)
Capital contribution reserve after proposed distribution	54'298

[1] The capital contribution reserve is a component of the general statutory reserve. An amount of CHF 3.4 million is used to cover the reserve for treasury shares and an additional amount to cover accumulated deficit of CHF 20.3 million.

[2] The distribution from capital contribution reserve is not subject to withholding tax. Treasury shares are not entitled to distribution.

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

As statutory auditor, we have audited the financial statements of AEVIS Holding SA, which comprise the balance sheet, income statement and notes presented on pages 84 to 93 for the year ended 31 December 2012.

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

We further confirm that the proposed appropriation of retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

BERNEY & ASSOCIES SA
Société Fiduciaire

Claude HERI
Licensed Audit Expert

Gregor WRZOSOWSKI
Licensed Audit Expert
Auditor in charge

Geneva, 30 April 2013

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AEVIS HOLDING

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