AEVIS Holding SA – Annual Report 2013

AEVIS Holding Annual Report 2013

AEVIS HOLDING

Investing for a better life

Highlights

- Growth strategy successfully continued with the integration of another 3 clinics
- Turnover tops CHF 450 million for the first time
- EBITDA improved to 13.4%
- Financing capacities enlarged by issue of CHF 100 million bond and CHF 47 million of capital increase
- One new clinic acquisition secured for 2014
- Further acquisitions planned

Key Figures

(In thousands of CHF unless otherwise stated)	FY2013	FY2012
Revenue	454'669	344'406
EBITDA	60'755	39'968
EBITDA margin	13.4%	11.6%
Depreciation and amortisation	33'828	23'227
EBIT	26'927	16'741
EBIT margin	5.9%	4.9%
Financial result	15'325	8'158
Profit for the period	8'675	3'325
Number of FTE employees at year-end	1'858	1'435
Market price per share at 31.12 in CHF	33.20	28.00
Number of outstanding shares	14'339'845	12'746'529
Market capitalisation	476'083	356'903

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Profile of the Group

AEVIS Holding SA – Investing for a better life

AEVIS Holding SA invests in services to people, healthcare, life sciences, hotels and lifestyle. AEVIS's main shareholdings are Genolier Swiss Medical Network, the 2nd largest group of private clinics in Switzerland, Victoria-Jungfrau Collection AG, a luxury hotels group managing four palaces in Switzerland, Swiss Healthcare Properties AG, a real estate company specialised in medical real estate, NESCENS SA, a brand dedicated to better aging, Les Hauts de Genolier SA, a company managing assisted living residences and AS Ambulances Services SA. AEVIS Holding's development is focused on supporting and complementary services along the value chain of its strategic focus and chosen field: LIFE. AEVIS wishes to progressively develop new sectors of activity, amongst others in outpatient surgical centres, radiology or dental medicine, in hotels or hotel-related activities. AEVIS Holding SA is listed on the Domestic Standard of the SIX Swiss Exchange (AEVS). **www.aevis.com**

Genolier Swiss Medical Network SA – 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 14 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, Privatklinik Obach, Privatklinik Villa im Park and Schmerzklinik Basel), with around 1'200 admitting physicians and 2'400 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 are accelerating 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 unique healthcare real estate company in Switzerland. The portfolio of SHP, with a market value of CHF 607.1 million and a rental surface of 111'000 sqm as per 31.12.2013, consists of 25 quality entities situated in premium locations. All properties are fully let, mainly to the various GSMN clinics, and have been bought or constructed in the context of the development of the group. SHP's properties present a development potential of 15'000 to 20'000 sqm. SHP has a buy/build & hold strategy with a long-term perspective of ongoing renovation and maintenance programs. The real estate company is committed over the long-term to the clinic's operations growth but also aims to realise healthcare-related real estate acquisitions with reliable operators outside the GSMN network. SHP is a 100% subsidiary of AEVIS Holding. **www.shp.net**

Les Hauts de Genolier SA – 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.hdg.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 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 Laboratoires Genolier – 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.

Laboratoires Genolier – CSPV Genève 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 Laboratoires Genolier – CSPV Genève SA. **www.nescens.com**

Victoria-Jungfrau Collection AG – A Swiss luxury hotels group

The luxury hotels group Victoria-Jungfrau Collection regroups four leading five-star hotels in Switzerland: Victoria-Jungfrau Grand Hotel & Spa in Interlaken, Palace Luzern, Eden au Lac in Zurich and Bellevue Palace in Bern. The individually managed historic establishments with Swiss tradition offer luxurious accommodation, gourmet cuisine, wellness and contemporary infrastructure to their guests. The Victoria-Jungfrau Collection yearly counts more than 148'000 overnight bookings. AEVIS Holding owns 71.5% of the Interlaken based luxury hotel group **www.vjc.ch**

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

Swiss Advanced Vision – Intraocular Lens SA is a start-up company from the canton of Neuchâtel developing and commercialising a polyfocal lens for patients suffering from the cataract disease. AEVIS Holding is a 20% shareholder of this company. This investment fits the company's growth strategy in the health and life science sectors.

GENOLIER
Swiss Medical Network

SHP
Swiss Healthcare Properties

VICTORIA-JUNGFRAU COLLECTION
INTERLAKEN | LUZERN | ZÜRICH | BERN

nescens
swiss anti-aging science

LES HAUTS DE GENOLIER
RÉSIDENCE

Share and bond information

Number of shares

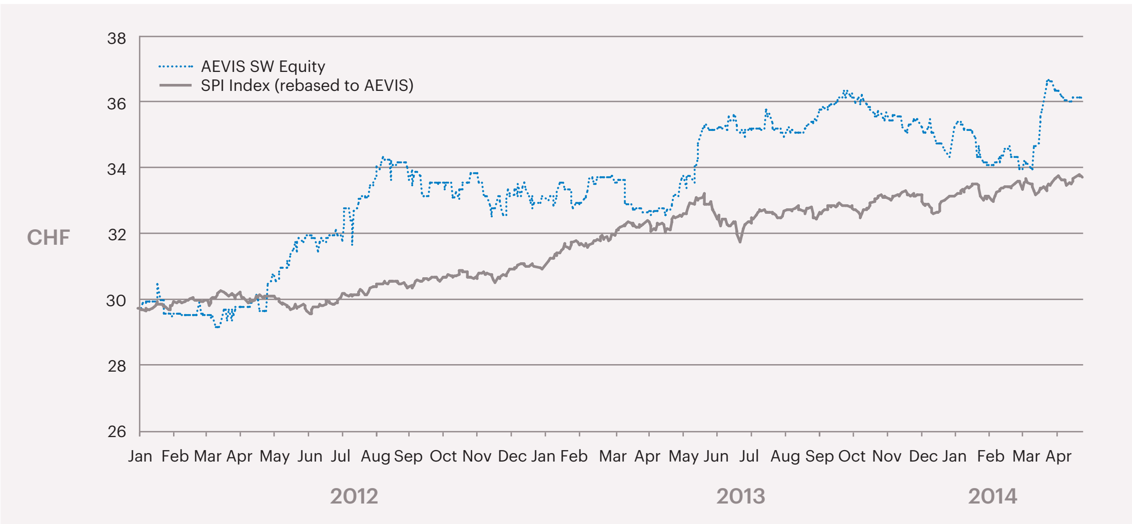
	31.12.2013	31.12.2012
Share capital	71'699'225	63'732'645
No. of registered shares issued	14'339'845	12'746'529
Nominal value per registered share	5	5
Treasury shares	10'267	123'800
No. of registered shares outstanding	14'329'578	12'622'729

Data per share

	31.12.2013	31.12.2012
Earnings per share*	0.69	0.34
High	36.50	31.00
Low	26.45	17.35
End price	33.20	28.00
Average volume per day	2'544	1'530
Market capitalisation	476'082'854	356'902'812

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

Share price performance



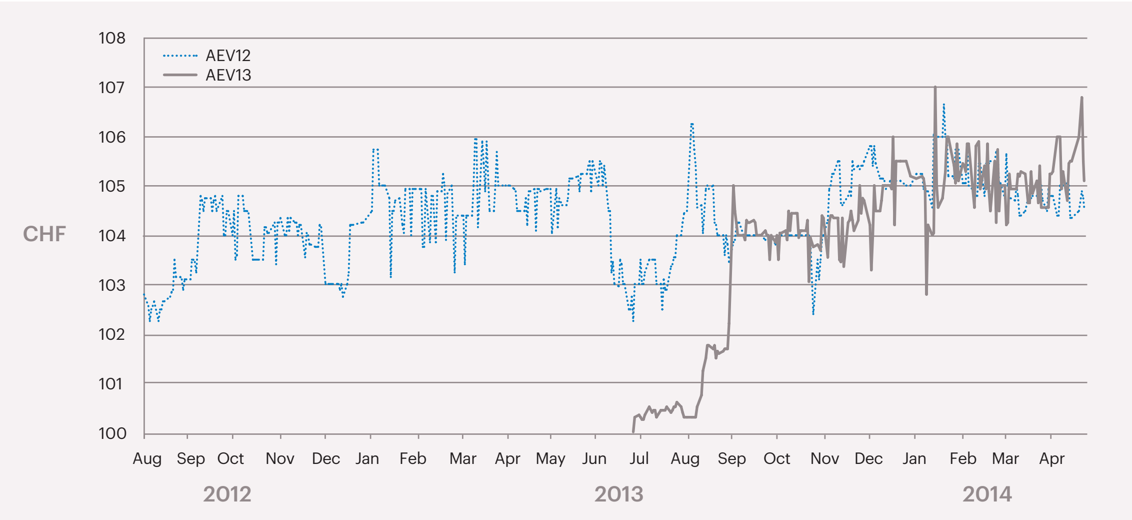
The registered shares of AEVIS Holding SA are traded on the Domestic Standard of SIX Swiss Exchange.

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

AEVIS Holding SA Bonds

In August 2012, AEVIS Holding has successfully issued a 4-year bond in the amount of CHF 80 million maturing on 3 August 2016. The coupon was set at 4.25%. The AEVIS Holding SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV12 / ISIN CH0187896698).

In July/August 2013, AEVIS Holding has successfully issued a 5-year bond in the amount of CHF 100 million maturing on 2 July 2018. The coupon was set at 3.5%. The AEVIS Holding SA bond is traded on SIX Swiss Exchange (Valor symbol: AEV13 / ISIN CH0214926096).



Major shareholders

The following shareholders held more than 3% on 31 December 2013:

Group A. Hubert / M. Reybier / MRSI	**83.17%**
Total shareholders (31 December 2013):	**319**

Financial reporting

May 2014	**Publication of 1Q2014 Turnover**
4 June 2014	**Ordinary General Meeting for the year 2013 (in Fribourg)**
30 September 2014	**Publication Half Year Results 1H2014**
November 2014	**Publication of 3Q2014 Turnover**

Share Register

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Letter to the shareholders

Dear Shareholder,

AEVIS Holding SA (AEVIS) can look back on a successful year in 2013 as we made further progress in the implementation of our expansion strategy. Total revenues soared by 32.0% to CHF 454.7 million (CHF 344.4 million in 2012). Excluding acquisition effects, organic growth amounted to 3.3% in the year under review. EBITDA increased to CHF 60.8 million, 52.0% above the previous year (CHF 40.0 million). Profit for the reporting period amounted to CHF 8.7 million or CHF 0.69 per share. As anticipated, our results improved during the last twelve-month period and therefore the Board of Directors will propose to the General Meeting to increase the distribution from capital contribution reserves to CHF 0.55/share.

Both the business and financing environment remained favourable, allowing us to nearly double the size of our Group in less than two years, while the number of shares increased by only 15%. Going forward, AEVIS will be able to strengthen its market presence with the addition of the prestigious luxury hotel group Victoria-Jungfrau Collection while diversifying its revenue streams. All our subsidiaries will continue to be managed independently – we put great emphasis on an entrepreneurial management style at our companies. We firmly believe that the financial results will be substantially improved over the long run with such a structure, and that our key teams, consisting of highly experienced people with sound skills in management, economics as well as politics, will be able to advance their businesses.

GSMN grows to 14 clinics

Genolier Swiss Medical Network (GSMN) remains the largest subsidiary of AEVIS, with a turnover of CHF 434.0 million and an EBITDA of CHF 37.9 million in 2013. GSMN pursued its growth and consolidation strategy and finalised several acquisitions. Its position has been further strengthened with the integration of Hôpital de la Providence in Neuchâtel, Clinique de Valère in Sion and Privatklinik Villa im Park in Rothrist. In early 2014, GSMN finalised the takeover of Schmerzklinik Basel. As a result of these four additional acquisitions, GSMN was able to improve its market position in the listed hospitals segment, as all of them belong to this segment. During the year under review, GSMN invested more than CHF 35 million in medical equipment, infrastructure, hotel services and on-going quality enhancement at different levels. Furthermore, GSMN maintains close and good relations with public authorities and secured additional long-term contracts.

It remains our goal to create a major player in the healthcare sector in Switzerland, bringing together a network of private clinics established in the largest possible number of cantons, based on a liberal approach to medicine and healthcare. This objective is indeed ambitious, but GSMN is convinced that the activity of healthcare companies, which are independent of the state, is a key factor for the survival of private medicine in Switzerland, for guaranteeing the right of patients to choose their doctors freely, for the sustainability and improvement of the quality of care as well as for allowing independent doctors to continue to practise in a competitive environment. Today, the clinic's network covers 14 clinics in ten cantons and is still the only one implanted in all three linguistic regions of the country, which in itself is an undeniable asset for future development.

Victoria-Jungfrau Grand Hotel & Spa in Interlaken

SHP continues to expand

Patrimonium Healthcare Property Advisors continued to manage the SHP portfolio with caution and was able to further advance SHP's scope of activity. The real estate pillar provides additional stability to AEVIS's business model and is an important contributor to operational profits, as reflected in an EBITDA of CHF 23.8 million in the year under review. In 2013, the real estate portfolio of SHP grew to 25 entities located at 10 specific sites, with a total rental surface of 111'000 m². The integration of the buildings of Clinique de Valère in Sion and of Privatklinik Bethanien in Zurich was successfully completed. In early 2014, an additional two buildings of Privatklinik Villa im Park in Rothrist and a building of Air Glacier in Sion were acquired. At the end of the reporting period, all properties were fully let (no vacancies) and represented a market value of CHF 607.1 million.

New developments and investments

AEVIS is pursuing an expansion of its scope of activity, with participating interests and investments in services to people, healthcare, life sciences, hotels and lifestyle. With its better-aging brand «Nescens», AEVIS has established a transversal relationship linking cosmeceutical (Laboratoires Genolier CSPV SA), medical (check-up centres of the clinics), aesthetic (Clinique Nescens – Paris Spontini) and hotel-related activities (SPAs – La Réserve Hotels). In the future, AEVIS plans in particular to develop those activities that are not part of the regulated health system.

Acquisition of Victoria-Jungfrau Collection AG

We are delighted to report an additional major event that occurred after the closing of the financial year 2013. AEVIS will build a third main pillar of activities, which started with the launch of a public tender offer for the luxury hotel chain Victoria-Jungfrau Collection AG (VJC) in autumn 2013. The transaction was successfully completed in April 2014 after our contested offer was regarded as superior, at a price of CHF 310 per VJC share. Today, AEVIS holds 72% of VJC and intends to run the hotel business as an independent subsidiary of the Group. The four luxury hotels belonging to VJC are the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the Palace in Lucerne, the Eden au Lac in Zurich and the Bellevue Palace in Berne. These four properties comprise a total of 529 rooms and suites and realised a turnover of CHF 72.2 million and an EBITDA of CHF 2.1 million in 2013.

AEVIS plans to invest substantially in the establishments of VJC in order to refine the positioning of each hotel, promote the brand on an international scale and increase occupancy rates, thereby laying the foundations for the luxury hotel business to return to profitable growth in the years to come. Within AEVIS, the hotel activities could in the mid-term achieve a similar level of importance to GSMN's clinic network in terms of assets and revenues. It is our goal to reach critical mass by setting up a luxury hotel chain compromising 8-10 establishments which will be considered the benchmark for a five-star hotel experience in Switzerland.

Distribution to shareholders to be almost doubled

Based on the solid results, the Board of Directors proposes to the General Meeting the distribution of CHF 0.55/share (a total of CHF 7.8 million) from capital contribution reserves. This would be the second payout by the Group after the distribution of CHF 0.30 per share a year ago. This substantial increase, representing a payout ratio of 79.6%, demonstrates our ability to advance the company in a stepwise manner.

Capital increase in late 2013

AEVIS executed a capital increase in December 2013 based on the existing authorised capital. Existing shareholders were offered the opportunity to subscribe for one new registered share at a subscription price of CHF 30.00 for 8 existing registered shares. 91.99% of the subscription rights were exercised. The Group's majority shareholder, M.R.S.I., supported the transaction and subscribed for new registered shares for a value of CHF 40.9 million.

Second successful bond issuance

In July 2013, AEVIS issued its second fixed rate bond in the amount of CHF 65 million with a 3.5% coupon and maturity in 2018. Due to strong investor demand, the issue size was reopened and increased to an overall volume of CHF 100 million. This success underlines the confidence of the capital markets in our unique business model and allows AEVIS to diversify its financing sources. We might return to the capital markets with an additional bond issue to take advantage of the favourable refinancing conditions currently available.

Solid share performance

The Group's encouraging development and diversification were associated with a share price surge of 18%. On 31 December 2013, AEVIS shares closed at CHF 33.2 compared to a closing price of CHF 28.00 a year earlier. This corresponds to a market capitalisation of CHF 476.1 million. Including the distribution of CHF 0.55/share granted in 2013, this equates to a performance of 19.6% for the year as a whole.

Outlook 2014

AEVIS will continue the growth strategy of GSMN, evaluate further opportunities in the healthcare-related real estate market and further develop the luxury hotel and hotel-related activities. AEVIS expects to reach revenues of more than CHF 600 million for fiscal year 2014 based on both internal growth and the integration of Victoria-Jungfrau Collection AG. Furthermore, the Group plans to continue investing in complementary activities supporting its overall strategy, such as outpatient medical centres, medical residences or life sciences. In the mid-term, AEVIS expects to realise an EBITDA of more than 20% based on the optimisation of its existing facilities and the diversification of its activities. In addition, AEVIS plans to further reinforce its distribution policy to shareholders in 2014.

On behalf of the Board of Directors and the physicians, employees and collaborators of the Group, we wish to thank you for the trust you have placed in us.

Christian Wenger	**Antoine Hubert**
Chairman of the Board	Delegate of the Board

Operating report

Genolier Swiss Medical Network fosters leading market position

Genolier Swiss Medical Network (GSMN) continued its acquisition strategy with the purchase of another four clinics in 2013. At the end of the reporting period, GSMN operated 850 beds and counted more than 1'200 admitting physicians who conducted nearly 40'000 surgical interventions in 2013. These integrations as well as organic growth of 4.5% led to a turnover of CHF 434.0 million, 35.9% above the previous year. EBITDA surged by 13.5% from CHF 33.4 million in 2012 to CHF 37.9 million in the year under review due to optimisation efforts that resulted in further efficiency gains. Despite a lower 2013 EBITDA margin due to acquisitions, GSMN's objective in the long-term is to realise an EBITDA of around 22 to 23% of its revenues, which is essential to the development and growth of our network over the long-term. Most of our mature clinics are above this level, demonstrating the ability of GSMN to achieve successful turnarounds.

	2012	% Rev	2012	% Rev	2012	% Rev
	2011 perimeter		2012 acquisitions*		consolidated	
Revenue	201'670	100.0%	117'636	100.0%	319'306	100.0%
Medical services	14'218	7.1%	23'271	19.8%	37'489	11.7%
Net revenue	187'452	92.9%	94'365	80.2%	281'817	88.3%
Production expenses	43'468	21.6%	19'965	17.0%	63'433	19.9%
Personnel expenses	81'471	40.4%	44'389	37.7%	125'860	39.4%
Other expenses	29'401	14.6%	9'176	7.8%	38'577	12.1%
EBITDAR	33'112	16.4%	20'835	17.7%	53'947	16.9%
Rental expenses	15'187	7.5%	5'385	4.6%	20'572	6.4%
EBITDA	17'925	8.9%	15'450	13.1%	33'375	10.5%
Amortisation	13'685	6.8%	2'684	2.3%	16'369	5.1%
Profit from operating activities	4'240	2.1%	12'766	10.9%	17'006	5.3%

* Only the 12 months consolidated acquisitions.

	2013	% Rev	%exp	2013	% Rev	2013	% Rev	%exp
	2012 perimeter			2013 acquisitions		consolidated		
Revenue	333'367	100.0%	4.5%	100'597	100.0%	433'973	100.0%	35.9%
Medical services	43'270	13.0%	15.4%	8'592	8.5%	51'862	12.0%	38.3%
Net revenue	290'106	87.0%	3.1%	92'005	91.5%	382'111	88.0%	35.6%
Production expenses	61'810	18.5%	-2.6%	28'402	28.2%	90'212	20.8%	42.2%
Personnel expenses	121'517	36.5%	-3.5%	46'397	46.1%	167'914	38.7%	33.4%
Other expenses	43'066	12.9%	12.5%	10'855	10.8%	53'921	12.4%	39.8%
EBITDAR	63'713	19.1%	18.1%	6'351	6.3%	70'064	16.1%	29.9%
Rental expenses	27'007	8.1%	31.3%	5'187	5.2%	32'194	7.4%	56.5%
EBITDA	36'706	11.0%	10.0%	1'164	1.2%	37'870	8.7%	13.5%
Amortisation	17'184	5.2%	5.0%	5'537	5.5%	22'721	5.2%	38.8%
Profit from operating activities	19'522	5.9%	14.8%	-4'373	-4.3%	15'149	3.5%	-10.9%

Flagship establishments with solid results

With a turnover of CHF 241.0 million for 7 clinics in portfolio, the French-speaking part of Switzerland remains the most important for GSMN, followed by the German-speaking part (CHF 100.3 million turnover, 4 clinics) and Ticino (CHF 92.7 million turnover, 2 clinics). Clinique de Genolier is the largest establishment, followed by Clinica Ars Medica, Clinica Sant'Anna and Privatklinik Bethanien. It is important for GSMN to be present in all linguistic regions of Switzerland not only as an undeniable asset for its future development but also to present a critical mass, which allows us to be recognised as a real political actor in the Swiss health policy and as an undeniable negotiation partner for all stakeholders in the medical sector.

Acquisition strategy successfully continued

Today, GSMN is the second largest network of private clinics in Switzerland and the only one present in all three linguistic regions. This unique and broad market presence has been fostered in the year under review. At the beginning of the reporting period, Hôpital de la Providence in Neuchâtel (Canton Neuchâtel) and Clinique de Valère in Sion (Canton Valais) were purchased. Clinique de Valère is an attractive alternative to the public hospitals for both patients and physicians in Canton Valais and is consolidated since 1 January 2013. Hôpital de la Providence, which figures on the canton's hospital list until 2016, is consolidated since 1 March 2013. In summer 2013 Privatklinik Villa im Park was acquired. It figures on Aargau's cantonal hospital list and fulfils an essential role in the medical landscape of the region. The clinic employs 124 people and its 56 admitting physicians offer treatments in ENT (ear, nose and throat), urology, orthopaedics as well as gynaecology. The consolidation started on 1 July 2013. The latest member of the network is Schmerzklinik Basel, which offers multidisciplinary pain treatments such as neurosurgery, neurology and rheumatology, and will become GSMN's competence centre in this field of activity. Schmerzklinik Basel figures on the canton's hospital list and employs 110 people including 32 physicians. The consolidation has started as of 1 January 2014. The GSMN network now consists of 14 clinics in 10 different cantons throughout Switzerland.

Substantial investments

GSMN has invested more than CHF 35 million in medical equipment, infrastructure, hotel services and on-going quality enhancement at different levels. Privatklinik Bethanien, which celebrated its 101st anniversary in 2013, now also contains an intensive care unit including a recovery room and a physiotherapy centre. Furthermore, an extensive renovation of all patient rooms and clinic facilities was concluded as planned. Investments of more than CHF 15 million were made in medical services and the hotel-like infrastructure. Moving forward, a new management team will ensure that Privatklinik Bethanien will be able to exploit market opportunities and achieve sustainable growth rates. At Clinique de Genolier, the entrance, the restaurant area and an entire floor have been renovated, while the offering for VIP patients has been further strengthened. Additionally, a new recovery room began operations. At Clinica Sant'Anna, a Nescens check-up centre has been opened and the entrance of the clinic has been renovated. Further, an agreement was reached with Ente Ospedaliero Cantonale about the opening of a joint maternity located at Clinica Sant'Anna. Renovations and the construction of a new facility at Clinica Ars Medica continue, with the goal of realising a separate unit for privately insured patients. A new private floor with 10 suites and junior suites was opened at Clinique Valmont in the fourth quarter of 2013.

Long-term insurance contracts agreed

GSMN maintains close and good relations with public authorities. We were able to improve our market position in the listed hospitals segment through the four additional acquisitions, all of which are listed hospitals. In addition, we were able to secure base rate contracts for these clinics that will last until the end of 2015 or longer. GSMN and its contracted clinics are regarded as preferred providers by many key insurers and we were therefore able to sign additional long-term agreements. Cooperation between insurers and the Group was intensified in many cases, and we firmly believe that our growing network is seen as a strong and reliable partner.

Political stakes

The introduction of the SwissDRG (Swiss Diagnosis Related Groups) and the revision of the hospital financing legislation in 2012 created the base for a more transparent healthcare financing system throughout the country, as well as competitive conditions between the public and private sector. Although the new regulatory framework requires that public and private clinics settle all costs according to fixed rates per medical act, a recent survey (by Polynomics* on behalf of Comparis) clearly shows that direct and indirect financial support of public hospitals by the public hand is still a current practice in the name of the cantonal sovereignty in health policy. The clear will of the federal legislator to institute a competition favouring quality medical acts at a fair price is often not being enforced. Some cantons are even limiting the number of healthcare services delivered by the private clinics accepted on their hospital list. Several parliamentary interventions at federal level are intended to fight these abuses in cantonal state planning. In fact, it is often this protective system that continues to prevail, while the principle of free circulation of the patient, the central element of the new hospital financing system, is not yet really implemented.

* http://www.polynomics.ch/dokumente/Polynomics_Spitalregulierung_Schlussbericht.pdf

Clinique Valmont - Glion sur Montreux

Highly efficient clinics

With its flexible strategy of both listed and contracted clinics, GSMN was able to quickly adapt to the new financing system and once again demonstrated its cost-effectiveness in the reporting period. As such, GSMN is a significant contributor to a more efficient healthcare system. As we continue to believe that many treatments can be offered more cost-effectively by privately operated clinics, the market share occupied by private clinics is likely to increase in the years to come. In addition, further regulatory changes should be expected with the effect that the consolidation movement in the sector could become even more accentuated. This would present additional growth potential for GSMN, because with its decentralised and federal structure, we will be able to reinforce our attractiveness for private independent clinics wishing to integrate and benefit from a national network.

Canton	Clinic	Available beds	Admitting physicians	Employees
	Contracted clinics			
Vaud	**Clinique de Genolier**	**128**	**198**	**350**
Vaud	**Clinique de Montchoisi**	**23**	**100**	**75**
Vaud	**Clinique Valmont**	**59**	**4**	**85**
Zurich	**Privatklinik Bethanien**	**96**	**230**	**210**
Zurich	**Privatklinik Lindberg**	**73**	**72**	**150**
Zurich	**Pyramide am See***	**56**	**125**	**127**
	Listed clinics			
Fribourg	**Clinique Générale-Ste Anne**	**60**	**85**	**150**
Geneva	**Centre Médical des Eaux-Vives**	**-**	**25**	**30**
Neuchâtel	**Hôpital de la Providence**	**56**	**25**	**250**
Valais	**Clinique de Valère**	**40**	**50**	**180**
Solothurn	**Privatklinik Obach**	**65**	**45**	**125**
Aargau	**Privatklinik Villa im Park**	**40**	**56**	**124**
Ticino	**Clinica Sant'Anna**	**80**	**90**	**220**
Ticino	**Clinica Ars Medica**	**75**	**32**	**175**
Basel	**Schmerzklinik Basel****	**15**	**32**	**110**
	Total	**866**	**1'169**	**2'361**

* affiliated clinic
** integrated as of 1 January 2014

Outlook 2014

Our long-term approach is bearing fruits step-by-step and we will plan to expand our unique network with additional collaborations or acquisitions. GSMN will continue to optimize 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. GSMN is well positioned to successfully face the future challenges of a highly regulated economic sector, where private actors are essential for maintaining the basic values of a liberal society based on freedom and solidarity. As such, we should be able to profit from the on-going consolidation in the industry and the expected future cost pressures especially affecting public hospitals and poorly managed private clinics.

Raymond Loretan
Executive Chairman
of the Board

Beat Röthlisberger
CEO

First full year consolidation of Swiss Healthcare Properties

Swiss Healthcare Properties (SHP) is a Swiss real estate company with a focus on premises meeting specific demands of the healthcare industry. After the integration into AEVIS in July 2012, the year under review marks the first twelve-month consolidation period within the Group. As anticipated, the real estate pillar provides additional stability to the business model of AEVIS and is an important contributor to the generation of operational profits. SHP acts with a long-term perspective, with on-going maintenance and renovation programs for all its properties in order to sustain their value and offer its tenants attractive premises. Rental income in 2013 was CHF 28.4 million, up from CHF 17.1 million a year earlier. The equity ratio is a solid 50% as per 31 December 2013 and the average interest rate on the various mortgages was 1.9% at the end of the reporting period.

Growing portfolio

The real estate portfolio of SHP grew to 25 entities located at 10 specific sites with a total rental surface of 111’000 m² in the year under review. The integration of the buildings of Clinique de Valére in Sion and of Privatklinik Bethanien in Zurich was successfully completed. Almost all SHP properties are rented and operated by GSMN. At the end of the reporting period, the properties were fully let (no vacancies) and represented a market value of CHF 607.1 million per 31 December 2013 as estimated by Wüest & Partner. In early 2014, an additional two buildings of Privatklinik Villa im Park in Rothrist and a building of Air Glacier in Sion were acquired. The current portfolio has a further development potential of approximately 15’000 to 20’000 rentable m².

Privatklinik Bethanien - Zurich

Canton	Building	Main use	Rental area (m^2)	Parking spaces
Vaud	Clinique de Genolier	Multi-specialty clinic	18'724.2	
Vaud	Bâtiment CRG	Medical practices, offices	4'039.0	
Vaud	Les Hauts de Genolier	Medical and assisted living	10'140.5	
Vaud	Genolier parking	Indoor/outdoor parking	-	388
Vaud	Clinique de Montchoisi	Multi-specialty clinic	3'441.0	43
Vaud	Clinique Valmont	Rehabilitation clinic	6'733.0	22
Fribourg	Clinique Générale	Multi-specialty clinic	6'540.1	
Ticino	Clinica Ars Medica	Multi-specialty clinic	7'397.1	123
Ticino	Clinica Sant'Anna	Multi-specialty clinic	11'555.5	
Ticino	Sant'Anna villa 1	Medical related use	631.3	
Ticino	Sant'Anna villa 2	Medical practices and offices	1'977.9	
Ticino	Sant'Anna parking indoor	Indoor parking		76
Ticino	Sant'Anna parking outdoor	Outdoor parking	-	112
Ticino	Sant'Anna villa Meridiana	Residential use	344.0	
Zurich	Privatklinik Lindberg	Multi-specialty clinic	11'543.5	27
Zurich	Personalhaus Buchegg	Offices	1'016.6	54
Zurich	Personalhaus Tannegg	Offices	518.5	2
Zurich	Parkhaus Lindberg	Indoor/outdoor parking	-	34
Solothurn	Privatklinik Obach	Multi-specialty clinic	4'186.5	11
Solothurn	Obachpark	Offices	1'652.4	81
Solothurn	Obachstrasse 33	Medical practices and offices	193	1
Valais	Clinique de Valère	Multi-specialty clinic	3'605.0	
Zurich	Privatklinik Bethanien	Multi-specialty clinic	14'613.0	68
Zurich	Restelbergstrasse 25-27	Medical practices and offices	1'756.0	
Zurich	Restelbergstrasse 29	Residential use		
			110'608	1'042

Attractive niche market

Patrimonium Healthcare Property Advisors continued to manage the SHP portfolio with caution and was able to further advance SHP's scope of activity. Healthcare-related real estate in prime locations remains an attractive niche market that is not exposed to the dangers the commercial and residential real estate market in Switzerland might face due to bubble-like price levels or shrinking demand in certain regions.

Furthermore, the existing hospital financing law continues to put cost pressures on public hospitals, cantons and health insurance providers. Only investments in core medical services can be financed via the DRG system, while all other external investments for renovations, facility upgrades and modernization efforts must be financed with private funds. State subsidies are no longer tolerated. This framework opens the market for new financing solutions and real estate management know-how provided by third parties.

The need for external funds will therefore continue to increase and enable innovative market participants to exploit opportunities. This trend is being accelerated by the fact that many healthcare-related properties in Switzerland are quite old and will need substantial investments to meet patient requirements. SHP plans to take advantage of these market conditions and expand its scope of activity. It is foreseen that SHP will offer its expertise not only to GSMN clinics but also to public service providers or healthcare-related companies in the future. There are numerous healthcare-related real estate transaction opportunities from which SHP would like to benefit. A first diversification step has been achieved with the purchase of the buildings of Air Glacier in Sion in early 2014. Additional transactions to broaden the tenant base of SHP with new partner operators are under negotiation and remain a strategic goal in the years to come.

Outlook 2014

SHP plans to grow its portfolio and is evaluating further acquisitions of real estate in healthcare-related fields. In 2014 the property portfolio of SHP is estimated to generate a rental income of nearly CHF 35 million. Further investments in the renovation or modernization of its buildings have been planned in 2014 in order to maintain or improve their value. Additionally, selective internal development projects are currently being studied in order to sustain the growth of GSMN’s clinics.

Antoine Hubert
Chairman of the Board

Christoph Syz
CEO

Other participations

Les Hauts de Genolier

Les Hauts de Genolier is a unique concept, offering an alliance between premier hotel services and medical care supplied by adjacent 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 achieved higher occupancy rates in its 63 prestigious apartments leading to a turnover of more than CHF 9.1 million and an EBITDA of CHF 1.2 million (representing 13.3% of its revenues) in the year under review. AEVIS has the intention to reproduce this patient hotel concept in other locations.

Ambulance services

AS Ambulances Services is the largest private ambulance operator in Geneva. The company is specialised in repatriations, urgent patient transports and hospital transfers. AS Ambulances Services operates 12 vehicles and achieved sales of CHF 6.2 million in 2013. AEVIS, which holds a majority stake of 80% in the company, intends to proceed with several acquisitions in the ambulance sector, in order to increase this activity and to manage it as an independent subsidiary.

Nescens

With its better-aging activities, AEVIS has established a unique position covering different domains under one single brand "Nescens". The four pillars of this division are: Nescens Check-up Centres (linked with GSMN Clinics), Nescens better-aging therapies (linked with La Reserve Hotel & Spa), Nescens aesthetic surgery and medicine (Clinique Nescens – Paris Spontini) and Nescens cosmeceuticals (Laboratoires Genolier). AEVIS holds 33% of Nescens SA, the company managing the better-aging brand, and 33.3% of Genolier Laboratoires, which is producing the cosmeceuticals. AEVIS holds 100% of Clinique Spontini SAS, which realised a turnover of CHF 3.4 million and an EBITDA of CHF –1.9 million in the year under review. The break-even point should be reached in 2014 and first profits are expected in 2015. AEVIS has the ambition to replicate this concept in other capitals or important cities worldwide.

Subsequent acquisition: Victoria-Jungfrau Collection AG

On 21 October 2013, AEVIS launched a public tender offer for Victoria-Jungfrau Collection AG, which finally succeeded in March 2014 and was executed on 3 April 2014. Victoria-Jungfrau Collection operates four luxury hotels in Switzerland: the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the Palace in Lucerne, the Eden au Lac in Zurich and the Bellevue Palace in Berne. The four properties comprise a total of 529 rooms and suites. In 2013, financial results included a turnover of CHF 72.2 million and an EBITDA of CHF 2.1 million. The properties in Interlaken and Zurich are held by the Group, while the establishments in Lucerne and Berne are operated under long-term management contracts granted by the owners, Credit Suisse and the Government of Switzerland, respectively.

Victoria-Jungfrau Collection stands for a tradition set in historical buildings, unique spa & wellness experiences, culinary diversity, genuine hospitality, modern luxury and pure emotions. AEVIS intends to pursue and intensify the repositioning strategy initiated by the current management of Victoria-Jungfrau Collection AG while running the business as an independent subsidiary of the Group. AEVIS will support the necessary investments in the establishments of Victoria-Jungfrau Collection AG as well as the growth strategy adopted by the management once the currently ongoing in-depth analysis of the hotels has been completed. The Board of Directors of Victoria-Jungfrau Collection AG will be strengthened with new members at the next Annual General Meeting, scheduled for 28 May 2014 in Interlaken.

AEVIS and its key shareholders have a proven track record in successfully repositioning companies and are therefore well suited to refine the positioning of the hotels, increase their occupancy rates and return the luxury hotel business to profitable growth. It is our goal to upgrade each hotel and transform Victoria-Jungfrau Collection into the benchmark for luxury hotels in Switzerland. We are convinced that Switzerland offers considerable additional tourism potential and AEVIS will be able to strengthen its market position with the addition of Victoria-Jungfrau Collection while diversifying its revenue streams.

Key facts	Number of rooms	of which junior suites/ suites	Number of room bookings	Total surface (in m²)	Employees
Victoria-Jungfrau Grand Hotel & Spa*	224	102	43'790	44'269	256
Eden au Lac*	50	5	10'704	1'419	53
Palace Luzern	129	65	24'511	3'337	116
Bellevue Palace	126	24	19'274	3'296	130

* Buildings fully-owned by Victoria-Jungfrau Collection AG.

Within AEVIS, the hotel activities could in the mid-term achieve a similar level of importance to GSMN's clinic network in terms of assets and revenues through the setting up of a luxury hotel chain compromising of 8-10 establishments. Substantial synergies could be developed in property management, finance, procurement, training and marketing activities.

Beat Sigg
Chairman of the Board
and CEO

Patrick Bachmann
CFO

Eden au Lac - Zurich

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, produced by SIX Swiss Exchange and 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 rue Georges-Jordil 4, 1700 Fribourg (Switzerland). The Company's shares are listed on the Domestic Standard of SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2013, its market capitalisation stood at CHF 476 million. The AEVIS Group (hereinafter "the Group") is active in the healthcare sector, life sciences, services to people, lifestyle, hotel and hotel-related activities.

AEVIS Holding SA has successfully issued two straight bonds in 2012 and 2013 (CHF 80 million at 4.25% maturing in 2016 and CHF 100 million at 3.50% maturing in 2018). Both bonds are traded on SIX Swiss Exchange (Valor symbols: AEVS12 / ISIN CH0187896698 and AEVS13/ISIN CH0214926096).

As at 31 December 2013, the Company had following subsidiaries, none of which are listed:

Name	Registered office	Activity	Share capital (in CHF)	%
Genolier Swiss Medical Network SA	Genolier (VD)	Holding company of private clinics division	100'000	100.0
Swiss Healthcare Properties AG	Baar (ZG)	Healthcare real estate	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 (VD)	Medicalised residence	200'000	100.0
AS Ambulances Services SA	Geneva (GE)	Ambulance services	500'000	79.6
Laboratoires Genolier - CSPV Genève SA	Geneva (GE)	Cosmetics	166'700	33.33
NESCENS SA	Geneva (GE)	Better-aging	300'000	33.0
SHI Swiss Hotels Investment SA	Fribourg (FR)	Hotel investments	200'000	100.0
SAV-IOL SA	Hauterive (NE)	Ophthalmology	199'005	20.0
AGEFI, Société de l'Agence Economique et Financière S.A.	Lausanne (VD)	Publishing	665'000	49.0
Agefi Com SA	Geneva (GE)	Publishing	200'000	49.0
Academy & Finance SA	Geneva (GE)	Organisation of seminars	250'000	22.5
Publications Financières LSI SA	Geneva (GE)	Publishing (dormant)	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, GSMN Neuchâtel SA, Klinik Villa im Park 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 86.88% of Clinique Médico-Chirurgicale de Valère SA, 80% of GSMN Zürich AG (Privatklinik Bethanien and Privatklinik Lindberg) and 20% of Klinik Pyramide am See AG. Schmerzklinik Basel AG became a 100% subsidiary of Genolier Swiss Medical Network SA on 1 January 2014.

Swiss Healthcare Properties AG is activein healthcare real estate and holds 100% of Immobiliare Villa Anna SA (owning the buildings located in canton Ticino) and Clinique de Valère Immobilière SA (owning the building of Clinique Médico-Chirurgicale de Valère SA).

Laboratoires Genolier - CSPV Genève 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.

SHI Swiss Hotels Investment SA was created in October 2013 to manage hotel and hotel-related activities.

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.

In the context of the Public Tender Offer for the luxury hotel group **Victoria-Jungfrau Collection AG,** AEVIS Holding SA and the persons acting in concert with her (Antoine Hubert, Géraldine Hubert-Reynard, Michel Reybier and the companies they are controlling), held 13.53% of Victoria-Jungfrau Collection AG at 31.12.2013.

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:

	31.12.2013 Number of shares	31.12.2013 %	31.12.2012 Number of shares	31.12.2012 %
Group Hubert/Reybier/ M.R.S.I. Medical Research, Services and Investments SA/A. Fabarez*	**11’927’105**	**83.17**	**11’307’490**	**88.71**
CHH Financière S.A. – SPF	**-**	**-**	**396’649**	**3.11**

* 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. Alain Fabarez (deceased on 13.02.2013) was a part of the group until 15.05.2013.

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

Publication date	Shareholders/Group	Number of registered shares	Shareholding (in %)
02.02.2013	CHH Financière S.A. – SPF 65, Bld Grande Duchesse Charlotte L-1331 Luxembourg	403’899	3.1686
15.05.2013	Antoine Hubert/Géraldine Hubert Route de la Moubra 26 3963 Montana Michel Reybier Batterie des Esserts II – 2632 1936 Verbier	 11’221’517 shares 150’000 options	89.21 88.04 1.18
14.08.2013	AEVIS Holding SA	383’925	3.01
30.08.2013	AEVIS Holding SA	-	< 3
18.12.2013	CHH Financière S.A. – SPF 65, Bld Grande Duchesse Charlotte L-1331 Luxembourg	403’899	2.8166

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 listed company.

2 Capital Structure

2.1 Capital

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

31.12.2013	Number of shares	Total
Share capital	**14'339'845**	**71'699'225**
Conditional capital	**6'300'000**	**31'500'000**
Authorised capital	**3'406'684**	**17'033'420**

As at 31 December 2013, the share capital of GSMN SA amounted to CHF 71'699'225, representing 14'339'845 registered shares of a nominal value of CHF 5.

The conditional capital amounted to CHF 31'500'000 representing 6'300'000 registered shares of a nominal value of CHF 5. The authorised capital amounted to CHF 17'033'420 representing 3'406'684 registered shares of a nominal value of CHF 5.

2.2 Authorised and conditional capital

Authorised and conditional capital are defined in Articles 10, 10bis and 10ter of the Articles of Association.

Authorised capital
The Board of Directors is authorised to increase the share capital of a maximum of CHF 17'033'420 through the issuance of a maximum of 3'406'684 fully paid-up registered shares with a nominal value of CHF 5 each until 4 June 2015. 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
The share capital may be increased, through the exercise of conversion rights by a maximum of CHF 25'000'000 through the issuance of a maximum of 5'000'000 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10bis of the Articles of Association, conversion rights can be granted to holders of convertible bonds.

The share capital may be increased, through the exercise of option rights by a maximum of CHF 6’500’000 divided into a maximum of 1’300’000 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries (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 2013, no option rights were granted nor exercised.

2.3 Changes in capital

The changes in capital for 2011, 2012 and 2013 are as follows:

	Number of Shares	Share capital (in CHF)
Balance at 1 January 2011	**6’200’600**	**31’003’000**
Capital increase on 21 December 2011	877’879	4’389’395
Balance at 31 December 2011	**7’078’479**	**35’392’395**
Contribution in kind of Swiss Healthcare Properties AG (on 2 July 2012)	5’600’000	28’000’000
Conditional capital increase (executed on 14 February 2013)	68’050	340’250
Balance at 31 December 2012	**12’746’529**	**63’732’645**
Capital increase at 16 December 2013	1’593’316	7’966’580
Balance at 31 December 2013	**14’339’845**	**71’699’225**

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.

On 14 February 2013, 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.

On 16 December 2013, AEVIS successfully completed a capital increase out of the authorised capital and issued 1’593’316 new registered shares.

2.4 Shares and participation certificates

As at 31 December 2013, AEVIS’ share capital is composed of 14’339’845 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 Restrictions on transferability and registration of nominees

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

2.7 Convertible bonds and options

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.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of AEVIS Holding SA, of which the composition is unchanged since July 2012, is adapted to the optimal management of its holdings and relations with its shareholders. Its members cover the necessary financial, legal and political skills to address the challenges of AEVIS' scope of business and have an in-depth knowledge of the Swiss healthcare sector.

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.

As at 31 December 2013, the Board of Directors of AEVIS Holding SA was composed of the following members.

Christian Wenger, Chairman
Member of the Audit and Compliance Committee
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. Dr. Christian Wenger represents the shareholdings of CHH FINANCIERE SA.

Raymond Loretan, Vice-Chairman
Member of the Strategy and Investment Committee
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" and Vice-chairman of the Cave "Vins des Chevaliers". Since 1 January 2012, he is Chairman of the Association SRG SSR and of the Board of Directors of the Swiss Broadcasting Corporation (SRG SSR).

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 and Publications Financières LSI SA. He is Vice-chairman of the Board of Directors of Clinique Générale Ste-Anne SA, Ars Medica Clinic SA, Salus Medica Clinic SA, Privatklink Obach AG, Clinique Médico-Chirurgicale de Valère SA and Klinik Villa im Park AG. Raymond Loretan is also Board member of GSMN Neuchâtel SA, Klinik Pyramide am See AG and SHI Swiss Hotels Investments SA. Since January 2014, Raymond Loretan is also Chairman of Schmerzklinik Basel AG.

Antoine Hubert, Delegate of the Board
Member of the Strategy and Investment Committee
Member of the Nominations and Remuneration Committee
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. Antoine Hubert is Board member of Patrimonium Healthcare Property Advisors and of Lifewatch (since February 2014).

Within the Group, Antoine Hubert is Delegate of the Board of Genolier Swiss Medical Network SA, Chairman of the Board of Swiss Healthcare Properties AG, Immobiliare Villa Anna SA, Clinique de Valère Immobilière SA and Société Clinique Spontini SAS, 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, GSMN Neuchâtel SA, Clinique Médico-Chirurgicale de Valère SA and Klinik Villa im Park AG, NESCENS SA, Laboratoires Genolier –

CSPV Genève SA, SHI Swiss Hotels Investments SA, Agefi, société de l'agence économique et financière SA and Publications Financières LSI SA. Since January 2014, Antoine Hubert is also Board member of Schmerzklinik Basel AG.

Michel Reybier, Non-Executive Member
Chairman of the Strategy and Investment Committee
Member of the Audit and Compliance Committee
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 industry. He is founder and owner of the La Réserve hotel Group and a co-founder and shareholder of the Mama Shelter hotels. Furthermore, he holds a 30% stake in Zeiler Hotels Zermatt AG. In this context, Michel Reybier holds several board memberships. Michel Reybier is also Board member of Patrimonium Healthcare Property Advisors.

Within the Group, Michel Reybier is a Board member of Genolier Swiss Medical Network SA, Swiss Healthcare Properties AG, Clinique de Valère Immobilière SA, Immobiliare Villa Anna SA, Les Hauts de Genolier SA, NESCENS SA and SHI Swiss Hotels Investments SA.

Antoine Kohler, Non-Executive Member
Chairman of the Audit and Compliance Committee
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 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
Chairman of the Nominations and Remuneration Committee
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 the Group, Dr Cédric A. George is a Board member of Genolier Swiss Medical Network SA and GSMN Zürich AG.

3.2 Other activities and interests

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

3.3 Cross-involvements

There is no mutual participation on the Boards of Directors of listed companies.

3.4 Election and terms of office

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

Date of first election	Members	Remaining term of Office
July 2012	**Christian Wenger**	**Until the next Annual General Meeting in June 2014**
November 2006	**Raymond Loretan***	**Until the next Annual General Meeting in June 2014**
June 2009	**Antoine Hubert***	**Until the next Annual General Meeting in June 2014**
June 2011	**Michel Reybier**	**Until the next Annual General Meeting in June 2014**
June 2008	**Antoine Kohler***	**Until the next Annual General Meeting in June 2014**
September 2010	**Cédric A. George**	**Until the next Annual General Meeting in June 2014**

* Raymond Loretan, Antoine Hubert and Antoine Kohler were not member of the Board between 9 June 2010 and 6 September 2010.

3.5 Internal organisation

According to its organisational rules, the Board of Directors of AEVIS Holding SA meets at least four times a year. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. In 2013, the Board of Directors met 4 times and 4 times by means of telephone conferencing. The average length of meeting is 3 to 6 hours. The Board fulfills 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. 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.

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

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, Christian Wenger and Michel Reybier. The Vice-Chairman of the Board, the Delegate of the Board, the Chief Financial Officer and the auditor are invited to the Committee. In 2013 the Committee met 2 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 2013, 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, Dr Cédric George and Dr Philippe Glasson (Board member of Genolier Swiss Medical Network SA). In 2013, the Committee met twice. The average length of meeting is 2.5 hours.

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

3.6 Definition of areas of responsibility

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

- Provide the ultimate governance of the Company and issue the necessary instructions;
- Determine the Company's organisation;

- Set the principles of accounting, financial control and financial planning as far as required for the Company's management;
- Appoint and revoke the persons entrusted with the management and representation of the Company;
- Provide the ultimate supervision of the persons entrusted with the management of the company, especially in view of their compliance with the law, the Articles of Association, regulations and instructions given;
- Establish the annual report, prepare the Annual General Meeting and carry out its resolutions;
- Notify the judge in the event of over-indebtedness.

According to the organisational rules, the Board has delegated the day-to-day management, the controlling of ongoing operations as well as the risk analysis follow-up to the Delegate of the Board, who is assisted in his task by the members of the Senior Management (amongst which the CEO of Genolier Swiss Medical Network SA), the Managing Director of AEVIS Holding SA and the CEO of 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.

In addition, the Delegate of the Board of AEVIS Holding SA, the executive Chairman of Genolier Swiss Medical Network and the CEO of Genolier Swiss Medical Network hold regular coordinating meetings regarding the clinic's operations. The Delegate of the Board and the CEO of Swiss Healthcare Properties AG hold regular coordinating meetings regarding the real estate operations. The Delegate of the Board and the Managing Director of AEVIS hold regular coordinating meetings regarding the other subsidiaries and the further development projects of the Group outside the clinics and real estate operations.

3.7 Information and control instruments with regard to 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 the regular coordinating meetings. The Board of Directors meets regularly and receives prior to the Board meetings all relevant key data, including the condensed report. The data is analysed in detail during each Board meeting and Board members are informed on the operational business.

The company has implemented an Internal Control System, which is coordinated on group level and implemented in its subsidiaries. The Internal Control System is managed by the Group's Controlling Department. 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 identified risks (see also Note 38).

4 Management

AEVIS Holding wants the management 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

As at 31.12.2013, the Senior Management team of AEVIS Holding SA was composed of the following persons:

Antoine Hubert, Delegate of the Board
Born 1966, Swiss citizen
(see 3.1)

Beat Röthlisberger, Chief Executive Officer of Genolier Swiss Medical Network SA
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, Klinik Villa im Park AG and Klinik Pyramide am See AG. Since January 2014, Beat Röthlisberger is also Board member of Schmerzklinik Basel AG.

Gilles Frachon, Chief Financial Officer
Born 1950, French citizen

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 HMC Gestion 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 also Board member of Clinique Générale – Ste-Anne SA, Ars Medica Clinic SA, Salus Medica Clinic SA, Immobiliare Villa Anna SA, Clinique de Valère Immobilière SA and Société Clinique Spontini SAS.

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.

Changes operated in 2014
Since 30.04.2014, the Senior Management team of AEVIS Holding SA is composed of Antoine Hubert, Delegate of the Board, and Gilles Frachon, Chief Financial Officer.

4.2 Key Executive Officers

Key Executive Officers report directly to the Senior Management or the Delegate of the Board of AEVIS Holding. 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 counseling firm for SME's. He has amongst others counseled 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).

Within the Group, Pierre-Olivier Haenni is Board member of AS Ambulances Services SA, SAV-IOL SA and Clinique Medico-Chirurgicale de Valère SA.

Roberto Tancredi, Deputy CFO AEVIS Holding SA
Born 1975, Swiss citizen

Roberto Tancredi was appointed Deputy CFO of AEVIS in 2012. He started his professional career as accountant in 1995. In 2001 Roberto Tancredi joined Clinique de Montchoisi as Chief Accountant and held different positions within companies of the Group for several years as Finance Manager. In 2010, he became Accounting Manager of Genolier Swiss Medical Network. Roberto Tancredi graduated from the Ecole Superieure de Commerce de Lausanne and obtained a federal certification in Accounting and a federal diploma as Expert in Finance and controlling.

Christoph Syz, CEO of Swiss Healthcare Properties AG
Born 1965, Swiss citizen, first election in 2013.

Christoph Syz is a founder and the CEO of Patrimonium and CEO of Swiss Healthcare Properties AG. 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.

Christoph Syz is also a Board member of Immobiliare Villa Anna SA, Clinique de Valère Immobilière SA and Patrimonium Healthcare Property Advisors SA.

Changes operated in 2014
Since 30.04.2014, Beat Röthlisberger, CEO of GSMN, and Séverine Van der Schueren, CAO of AEVIS, are Key Executive Officers.

4.3 Other activities and interests

Other activities of the Senior Management and the Key Executive Officers are listed under 4.1. and 4.2.

4.4 Management contracts

The Company has signed no management contracts.

The subsidiary Swiss Healthcare Properties AG has signed an agreement with Patrimonium Healthcare Property Advisors for the management and development of its real estate properties (see also Note 31).

5 Compensation, shareholdings and loans

5.1 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. 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.

Members of the Senior Management receive a base compensation and stock options. The additional variable part of compensation, which varies 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.

Board members receive a fixed compensation. At least 20% and up to 50% of their compensation must be converted in AEVIS shares, with a lock-up period of 2 years.

5.2 Compensation in 2013

Compensation of the Board members and the members of the Senior Management is detailed as per art. 663 b bis CO in Note 35 of the 2013 consolidated financial statements of AEVIS Holding SA. Share-based payments to Board members, members of the Senior Management team and employees are detailed in Note 35. For details about transactions with Related Parties see Note 31.

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.

In respect of the Ordinance against Excessive Compensation (OaEC), voting representation by governing bodies of the Company itself and/or custodians will no longer be possible as of 1 January 2014. The Company will only propose the independent proxy to represent shareholders. Individual proxies given by the shareholders will continue to be allowed.

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 pub- lished 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 thresh- old of 33 ⅓ % 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 Senior management 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 Annual General Meeting 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 Annual General Meeting.

Gregor Wrzosowski is the auditor in charge for supervising the auditing of the statutory annual accounts and consolidated accounts of AEVIS Holding SA at 31 December 2013. 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 450'000 for the business year 2013.

8.3 Additional fees

During 2013, Berney & Associés SA Société Fiduciaire charged additional auditing fees of CHF 141'995 and other tax and advisory services of CHF 204'975. The total additional fees amounted to CHF 346'970.

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

The Audit 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 by the Board.

During 2013, 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 listed 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 2013 fiscal year will take place in Fribourg on Wednesday 4 June 2014.

Consolidated financial statements of AEVIS Holding SA

Consolidated Income Statement

(In thousands of CHF)	Notes	31.12.2013	31.12.2012
Revenue		449'540	342'836
Other revenue	4	5'129	1'570
Total revenue		**454'669**	**344'406**
Medical services		(52'217)	(37'612)
Net revenue	**4**	**402'452**	**306'794**
Production expenses	5	(90'898)	(67'398)
Personnel expenses	6	(177'985)	(138'420)
Rental expenses	7	(7'512)	(15'258)
Other operating expenses	8	(65'302)	(45'750)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		**60'755**	**39'968**
Depreciation		(29'660)	(20'258)
Amortisation		(4'168)	(2'969)
Profit from operating activities		**26'927**	**16'741**
Financial result	9	(15'325)	(8'158)
Share of loss of equity accounted investees		(161)	(2'849)
Ordinary result		**11'441**	**5'734**
Non-operating result	10	–	(1'295)
Extraordinary result	11	(123)	(1'185)
Result before taxes		**11'318**	**3'254**
Income taxes	12	(4'341)	570
Minority interests		1'698	(499)
Profit for the period		**8'675**	**3'325**

Consolidated Balance Sheet

(In thousands of CHF)	Notes	31.12.2013	31.12.2012
Assets			
Cash and cash equivalents		29'065	9'796
Trade receivables	13	100'819	86'049
Other receivables	14	23'592	16'639
Accrued income and prepaid expenses	15	19'703	11'668
Inventories	16	14'000	11'610
Total current assets		**187'179**	**135'762**
Fixed assets	17	782'323	573'957
Intangible assets	18	17'805	12'792
Financial assets	19	7'358	3'784
Deferred tax assets	20	10'992	8'153
Total non-current assets		**818'478**	**598'686**
Total assets		**1'005'657**	**734'448**
Liabilities and equity			
Trade payables	21	73'690	59'044
Other liabilities	22	13'755	12'913
Short-term financial liabilities	23	211'667	200'664
Other borrowings	24	1'467	13'837
Accrued expenses and deferred income	25	31'078	22'252
Short-term provisions	26	2'773	495
Total current liabilities		**334'430**	**309'205**
Long-term financial liabilities	23	344'573	190'026
Other borrowings	24	12'635	13'646
Other liabilities	22	12'584	-
Deferred income		3'339	2'700
Long-term provisions	26	456	2'251
Deferred tax liabilities	20	64'721	55'080
Total non-current liabilities		**438'308**	**263'703**
Total liabilities		**772'738**	**572'908**
Equity			
Share capital	27.1	71'699	63'733
Share premium		239'591	205'252
Offset goodwill		(85'899)	(103'956)
Treasury shares	27.4	(344)	(3'428)
Currency translation differences		10	(23)
Retained earnings / (accumulated loss)		5'171	(4'056)
Equity before minority interests		**230'228**	**157'522**
Minority interests		2'691	4'018
Total Equity including minority interests		**232'919**	**161'540**
Total liabilities and equity		**1'005'657**	**734'448**

Consolidated Statement of Changes in Equity

(In thousands of CHF)	Share capital	Share premium	Offset goodwill	Treasury shares	Currency translation differences	Retained earnings / (accumulated deficit)	Total before minority interests	Minority interests	Total equity
Balance at 1 January 2012	**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**
Profit for the period						8'675	8'675	(1'698)	6'977
Capital contribution distribution	-	(3'755)		-	-	-	(3'755)	-	(3'755)
Capital increase	7'966	38'094		-	-	-	46'060	-	46'060
Acquisition of subsidiaries	-	-	18'057	-	-	-	18'057	371	18'428
Purchase of treasury shares	-	-		(17'565)	-	-	(17'565)	-	(17'565)
Sale of treasury shares	-	-		20'649	-	552	21'201	-	21'201
Currency translation differences	-	-		-	33	-	33	-	33
Balance at 31 December 2013	**71'699**	**239'591**	**(85'899)**	**(344)**	**10**	**5'171**	**230'228**	**2'691**	**232'919**

Consolidated Cash Flow Statement

(In thousands of CHF)	Notes	31.12.2013	31.12.2012
Profit for the period		8'675	3'325
Adjustments for:			
Minority interests		(1'698)	499
Income taxes		4'341	(570)
Changes in provisions		(5'067)	(330)
Non-operating result		-	1'295
Depreciation and amortisation		33'828	23'227
Share of loss of equity accounted investees		161	2'849
Change in contribution reserve and other non-cash items		1'013	2'837
Cash flow from operating activities before changes in working capital		**41'253**	**33'132**
Change in trade receivables		(4'320)	(18'025)
Change in inventories		(1'024)	(2'019)
Change in other receivables and prepaid expenses		(14'948)	(1'535)
Change in trade payables		9'677	7'768
Change in other liabilities and accrued expenses		11'036	(6'185)
Cash flow from operating activities		**41'674**	**13'136**
Purchase of fixed assets		(148'611)	(66'514)
Purchase of intangible assets		(2'193)	(2'661)
Acquisition of subsidiary, net of cash acquired		(48'616)	(52'798)
Acquisition of financial assets and loans to associate		(1'562)	(1'939)
Cash flow used in investing activities		**(200'982)**	**(123'912)**
Distribution to shareholders		(3'755)	-
Proceeds from issuance of share capital, net of costs		46'060	1'021
Proceeds from issuance of bond		100'000	80'000
Sale / (purchase) of treasury shares		(12'871)	(1'961)
Change in short-term financial liabilities		8'277	6'845
Change in long-term financial liabilities		41'281	23'110
Change in other long-term liabilities and borrowings		(280)	(2'685)
Cash flow from financing activities		**178'712**	**106'330**
Currency translation effect on cash and cash equivalents		(135)	-
Change in cash and cash equivalents		**19'269**	**(4'446)**
Cash and cash equivalents at beginning of the period		9'796	14'242
Cash and cash equivalents at the end of the period		**29'065**	**9'796**

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 27 April 2014. Final approval is subject to acceptance by the annual general meeting of shareholders on 4 June 2014.

3. Accounting policies

3.1 Consolidation

The consolidated financial statements of the Company for the year ended 31 December 2013 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 are depreciated over the shorter of useful life or lease term: 10–30 years

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

3.4.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified at inception as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets under finance leases are depreciated over their estimated useful lives (4 to 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 include IT software, internet websites, trademarks and other intangible assets issued from acquisitions. Intangible assets are amortised over their estimated useful lives (1 to 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.

3.5.1 Change in accounting method

During 2013, the Group was given the opportunity to acquire several medical leased machineries, at the end of the lease contract. These contracts were previously considered as operating leases. Thus, the Group reclassified these leasing in finance leases. The change was accounted for prospectively and the positive effect in 2013 is CHF 1.1 million, mainly due to the difference between the length of the lease contract (4 to 5 years) and the estimated useful lives of medical machinery (7 to 8 years).

3.6 Changes in scope of consolidation

In January 2013, the Group acquired 86.88% of Clinique Médico-Chirurgical de Valère SA and 100.0% of Clinique de Valère immobilière SA. On 1 March 2013, the company set up the subsidiary GSMN Neuchâtel SA, which took over the operating business of the hospital La Providence and some operational assets. Also on 1 March 2013, a minority interest of 20.0% of SAV-IOL SA was bought. On 1 July 2013 the company acquired 100.0% of Klinik Villa im Park AG. The company SHI Swiss Hotels Investments was founded on 16 October 2013 for a new business division, the group holds 100.0%. Also the company IRP Institut de Radiologie Providence SA was founded in December 2013. 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 Bethanien AG on July 2012, which changed its name into GSMN Zurich 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 Zurich AG.

The changes in scope of consolidation for 2013 are summarised as follows :

Entity	Date of change	31.12.2013
Clinique Médico-Chirurgical de Valère SA	**01.01.2013**	**86.9%**
Clinique de Valère immobilière SA	**01.01.2013**	**100.0%**
GSMN Neuchâtel SA	**01.03.2013**	**100.0%**
SAV-IOL SA	**01.03.2013**	**20.0%**
Klinik Villa im Park AG	**01.07.2013**	**100.0%**
SHI Swiss Hotels Investments	**16.10.2013**	**100.0%**
IRP Institut de Radiologie Providence SA	**11.12.2013**	**51.0%**

4. Net revenue and other revenue

(In thousands of CHF)	2013	2012
Private clinics	378'511	296'011
Other healthcare and wellness activities	18'725	9'998
Real estate revenue	29'670	10'045
Net revenue of the segments	**426'906**	**316'054**
Inter-segment transactions (mainly related to operating rent)	(29'335)	(10'027)
Reversal negative goodwill*	3'600	-
Corporate	1'281	767
Net consolidated revenue of the Group	**402'452**	**306'794**

* An amount of CHF 3.6 million of other revenue relates to the partial reversal of the provision for negative goodwill, which was set up at the date of acquisition (see note 26).

5. Production expenses

(In thousands of CHF)	2013	2012
Pharmaceutical and medical supplies	74’118	52’176
External subcontractors	9’473	9’759
Food and beverage	7’307	5’463
Total production expenses	**90’898**	**67’398**

6. Personnel expenses

(In thousands of CHF)	2013	2012
Salaries and wages	150’973	118’370
Social security expenses	16’232	11’854
Pension expenses	8’587	6’929
Other personnel expenses	2’193	1’267
Total personnel expenses	**177’985**	**138’420**
Number of employees		
Full Time Equivalents at year end	**1’858**	**1’435**

7. Rental expenses

(In thousands of CHF)	2013	2012
Related parties rental expenses (see note 31)	-	6’483
Third parties rental expenses	5’954	5’859
Other non-real estate rental expenses	1’558	2’916
Total rental expenses	**7’512**	**15’258**

8. Other operating expenses

(In thousands of CHF)	2013	2012
Administrative expenses	14’815	10’863
Marketing expenses	9’997	5’445
Cleaning and laundry	12’226	8’929
Maintenance	12’436	9’162
Energy expenses	5’503	4’667
Other expenses	10’325	6’684
Total other operating expenses	**65’302**	**45’750**

9. Financial result

(In thousands of CHF)	2013	2012
Interest income	700	878
Total financial income	**700**	**878**
Interest expenses	(14'485)	(7'458)
Other financial expenses	(1'540)	(1'578)
Total financial expenses	**(16'025)**	**(9'036)**
Financial result	(15'325)	(8'158)

The increase in interest expenses, compared to previous year's figures, is related to the real-estate segment acquired during the second half-year of 2012, the increase in mortgage loans for the acquisitions of real-estate and by the bonds issued by the Company (see note 23).

10. Non-operating result

The 2012 non-operating result of CHF 1.3 million related 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)	2013	2012
Restructuring costs	-	(1'301)
Extraordinary items related to the 2010 events	(123)	116
Extraordinary result	(123)	(1'185)

The Group received additional invoices during 2013 related to the extraordinary events of 2010 for an amount of CHF 0.5 million (2012: CHF 0.3 million). This amount was compensated respectively with the reversal of CHF 0.3 million (2012: CHF 0.4 million) resulting from the reassessment of the provision at the end of the period and the utilisation of the provision for an amount of CHF 0.1 million (see note 26).

As a consequence of the acquisition of the remaining 51% of Klinik Lindberg AG in 2012, the Group reorganised operational activities of the Clinic and incurred costs amounting to CHF 1.3 million.

12. Income taxes

(In thousands of CHF)	2013	2012
Current taxes	(4'766)	(797)
Deferred taxes	425	1'367
Total income taxes	**(4'341)**	**570**

13. Trade receivables

(In thousands of CHF)	2013	2012
Trade receivables	105’894	90’248
Allowance for doubtful receivables	(5’075)	(4’199)
Total trade receivables	**100’819**	**86’049**

14. Other receivables

(In thousands of CHF)	2013	2012
Other receivables:		
- from related parties	15’742	14’958
- from third parties	7’850	1’681
Total other receivables	**23’592**	**16’639**

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)	2013	2012
Prepayments*	12’532	7’589
Accrued income	6’463	3’037
Other	708	1’042
Total accrued income and prepaid expenses	**19’703**	**11’668**

* of which CHF 1.0 million related to acquisition costs (2012: CHF 0.4 million).

16. Inventories

(In thousands of CHF)	2013	2012
Medical supplies	10’557	7’612
Pharmaceutical products	1’892	2’735
Hotel and restaurants goods	391	343
Other inventories	1’160	920
Total inventories	**14’000**	**11’610**

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 2012	**-**	**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**
Change in scope of consolidation	50'265	8'776	34'794	-	18	93'853
Additions	109'305	17'471	9'396	12'986	611	149'769
Disposals	-	(7'971)	(461)	-	(130)	(8'562)
Translation adjustments	-	18	152	-	-	170
Reclassifications	(1'077)	(50)	23'725	(17'577)	-	5'021
Balance at 31 December 2013	**586'975**	**127'706**	**211'596**	**4'793**	**3'567**	**934'637**
Accumulated depreciation						
Balance at 1 January 2012	**-**	**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**
Change in scope of consolidation	21	4'459	1'283	-	5	5'768
Depreciation for the year	5'286	11'584	12'137	-	653	29'660
Impairment of assets	-	-	-	-	-	-
Disposals	-	(7'971)	(461)	-	(130)	(8'562)
Translation adjustments	-	(1)	(1)	-	-	(2)
Reclassifications	-	(19)	5'040	-	-	5'021
Balance at 31 December 2013	**7'337**	**87'953**	**55'128**	**-**	**1'896**	**152'314**
Carrying amounts						
At 31 December 2012	426'452	29'561	106'860	9'384	1'700	573'957
At 31 December 2013	579'638	39'753	156'468	4'793	1'671	782'323

Leased equipment

The Group leases vehicles, machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations. At 31 December 2013 the net carrying amount of leased vehicles, medical machinery and other equipment was CHF 16.7 million (2012: CHF 12.6 million).

Fire insurance value

The insurance value of tangible assets and inventories is CHF 726.7 million (2012: CHF 593.1 million).

18. Intangible assets

(In thousands of CHF)	Trademarks	Software and other intangible assets	Total
Cost			
Balance at 1 January 2012	**-**	**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**
Change in scope of consolidation	3’161	3’815	6’976
Additions	-	2’193	2’193
Disposals	-	(75)	(75)
Translation adjustments	-	12	12
Balance at 31 December 2013	**14’836**	**11’384**	**26’220**
Accumulated amortisation			
Balance at 1 January 2012	**-**	**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**
Change in scope of consolidation	-	-	-
Amortisation for the year	2’793	1’375	4’168
Disposal	-	(75)	(75)
Balance at 31 December 2013	**5’128**	**3’287**	**8’415**
Carrying amounts			
At 31 December 2012	9’340	3’452	12’792
At 31 December 2013	9’708	8’097	17’805

19. Financial assets

(In thousands of CHF)	2013	2012
Equity accounted investees[1]	4’470	2’133
Loan to associates[2]	-	357
Employer contribution reserves	1’251	522
Other financial assets	1’637	772
Total financial assets	**7’358**	**3’784**

1 Equity accounted investees are disclosed net of share losses of CHF 0.5 million (2012: CHF 0.2 million) and goodwill directly offset with equity of CHF 3.6 million (2012: CHF 3.6 million). This position is also disclosed net of an allowance regarding Agefi of CHF 0.9 million (2012: 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 these companies. The share of the Group in SAV-IOL was valued at 31.12.2013 at acquisition cost of CHF 2.0 million, as the Group will sell its share to a third party for this amount during 2014.

2 Net of an allowance of CHF 3.1 million (2012: CHF 2.6 million).

20. Deferred tax assets and liabilities

(In thousands of CHF)	Deferred tax assets	Deferred tax liabilities
Balance at 1 January 2012	**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**
Change in temporary differences	-	2'397
Utilisation of capitalised tax losses carried forward	(553)	-
Reversal of capitalised tax losses carried forward	-	-
Capitalisation of tax losses carried forward	3'375	-
Change in scope of consolidation	17	7'244
Balance at 31 December 2013	**10'992**	**64'721**

The Group did not recognise deferred tax assets of CHF 3.9 million (2012: CHF 2.4 million) relating to unused tax losses amounting to CHF 17.3 million (2012: CHF 10.0 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)	2013	2012
Within one year	4'369	-
Within two to five years	10'896	5'109
After more than five years	2'001	4'933
Total unrecognised tax losses	**17'266**	**10'042**

21. Trade payables

(In thousands of CHF)	2013	2012
Trade payables due to third parties	72'822	58'664
Trade payables due to related parties (see note 31)	868	380
Total trade payables	**73'690**	**59'044**

22. Other liabilities

(In thousands of CHF)	2013	2012
Pension plan liabilities (contributions)	855	2'033
Liabilities related to capital expenditure	3'488	7'131
Prepayment received	2'001	546
Other liabilities	19'995	3'203
Total other liabilities	**26'339**	**12'913**
of which short-term	13'755	12'913
Long-term	*12'584*	-

23. Financial liabilities

(In thousands of CHF)	2013	2012
Bank overdrafts	53'790	26'483
Current portion of bank loans	2'214	40'500
Finance lease liabilities	4'847	3'786
Current portion of mortgage loans*	150'816	129'895
Total short-term financial liabilities	**211'667**	**200'664**
Bank loans	27'714	1'803
Finance lease liabilities	4'622	6'436
Mortgage loans	132'237	101'787
Bonds issued by the company	180'000	80'000
Total long-term financial liabilities	**344'573**	**190'026**
Long-term financial liabilities expiring		
Between one and three years	121'561	59'726
More than three years	223'012	130'300
Total long-term financial liabilities	**344'573**	**190'026**

* 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 57.8 million as at 31 December 2013 (2012: CHF 34.6 million). Mortgage loans are secured by real estate, pledged for an amount of CHF 579.6 million (2012: 426.5). The information about the bonds issued by AEVIS Holding SA are detailed in the table below:

Valor Symbol	Nominal amount	Interest rate	Maturity
AEV12 CH0187896698	CHF 80.0 million	4.25%	03.08.2016
AEV13 CH0214926096	CHF 100.0 million	3.5%	02.07.2018

24. Other borrowings

At 31 December 2013 and 2012 other borrowings are payable as follows:

(In thousands of CHF)	2013	2012
Less than one year	1'467	13'837
Total short-term other borrowings	**1'467**	**13'837**
Between one and three years	2'100	2'767
More than three years	10'535	10'879
Total long-term other borrowings	**12'635**	**13'646**

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)	2013	2012
Accrued personnel expenses	4'655	4'953
Accrued tax expenses	4'412	5'194
Deferred income	861	1'492
Other accrued expenses	21'150	10'613
Total accrued expenses and deferred income	**31'078**	**22'252**

26. Provisions

(In thousands of CHF)	Extraordinary items	Negative goodwill	Others	Total
Balance at 1 January 2012	**2'781**	**-**	**-**	**2'781**
Change in scope of consolidation	-	-	295	295
Additions	-	-	170	170
Utilisation	-	-	-	-
Reversals	(420)	-	(80)	(500)
Balance at 31 December 2012	**2'361**	**-**	**385**	**2'746**
of which short-term	*110*	*-*	*385*	*495*
Long-term	*2'251*	*-*	*-*	*2'251*
Change in scope of consolidation	-	4'600	950	5'550
Additions	-	-	-	-
Utilisation	(110)	-	(117)	(227)
Reversals	(295)	(3'600)	(945)	(4'840)
Balance at 31 December 2013	**1'956**	**1'000**	**273**	**3'229**
of which short-term	*1'500*	*1'000*	*273*	*2'773*
Long-term	*456*	*-*	*-*	*456*

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. Long-term provisions were discounted at an interest rate of 2.5%.

27. Equity

At 31 December 2013, the share capital of CHF 71.7 million (2012: 63.7 million) consists of 14'339'845 fully paid-up registered shares (2012: 12'746'529) of par value CHF 5 each. The legally non-distributable reserves of the Company amount to CHF 30.7 million (2012: CHF 36.5 million).

27.1 Capital increase

On 16 December 2013, the Company issued 1'593'316 registered shares from authorised capital. 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). These capital increases are summarised as follows:

	Number of shares	Share capital (in thousands of CHF)
Balance at 1 January 2012	**7'078'479**	**35'392**
Capital increase	5'668'050	28'341
Balance at 31 December 2012	**12'746'529**	**63'733**
Capital increase	1'593'316	7'966
Balance at 31 December 2013	**14'339'845**	**71'699**

27.2 Authorised capital

At the ordinary shareholders' meeting of the Company on 5 June 2013, 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 25.0 million through the issuance of a maximum of 5'000'000 fully paid-up registered shares with a nominal value of CHF 5 each until 4 June 2015. After the 2013 capital increase, described in note 27.1, the Board of Directors is authorised to increase the share capital of a maximum of CHF 17.0 million through the issuance of a maximum of 3'406'684 fully paid-up registered shares with a nominal value of CHF 5 each until 4 June 2015.

27.3 Conditional capital

a) At the ordinary shareholders' meeting of the Company on 5 June 2013, 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 25.0 million through the issuance of a maximum of 5'000'000 fully paid-up registered shares with a nominal value of CHF 5 each. Conversion rights can be granted to holders of convertible bonds.

b) At the ordinary shareholders' meeting of the Company on 5 June 2013, the shareholders resolved to authorise the Board of Directors to increase the share capital of a maximum of CHF 6.5 million through the issuance of a maximum of 1'300'000 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.

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

	2013 Number of shares	2013 Nominal value (in CHF)	2012 Number of shares	2012 Nominal value (in CHF)
Conditional capital a)	**5'000'000**	**25'000'000**	**2'839'839**	**14'199'195**
Conditional capital b)	**1'300'000**	**6'500'000**	**631'350**	**3'156'750**
Balance at 31 December	**6'300'000**	**31'500'000**	**3'471'189**	**17'355'945**

27.4 Transactions with treasury shares

In 2013, the Company purchased a total of 556'270 treasury shares at an average price of CHF 31.58 (2012: 133'006 at CHF 27.56) and sold 669'803 shares at an average price of CHF 31.80 (2012: 87'309 at CHF 24.23). In order to maintain sufficient liquidity on the market, the Company outsources the trading of its treasury shares. At 31 December 2013, the Group held 10'267 treasury shares (2012: 123'800 shares). As at 31.12.2012, 123'600 treasury shares were intended for the share-based payment plans, while at 31.12.2013 the share-based payment plans are fully covered by conditional capital b) see note 27.3. Treasury shares are deducted from equity in a total amount of CHF 0.3 million (2012: CHF 3.4 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

Swiss Healthcare Properties AG will acquire the buildings in which Privatklinik Villa im Park AG is operating (see note 37), therefore following information of future non-cancellable operating lease rentals only refers to third parties contracts.

(In thousands of CHF)	2013	2012
Less than one year	3'982	1'981
Between one and three years	7'309	3'600
More than three years	50'943	7'543
Total non-cancellable operating lease rentals	**62'234**	**13'124**

The non-cancellable lease rentals are mainly related to the third party buildings in which some Group entities' are operating. The increase compared to previous year is mostly due to the change in scope of consolidation.

29. Capital commitments

The Group has commitments to complete leasehold improvements and to purchase equipment for a total amount of CHF 13.3 million as at 31 December 2013 (2012: CHF 6.0 million). The Company is also committed to purchase 135'000 of its own shares in January 2014, for a partial purchase consideration to be paid with treasury shares.

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, some states did not yet confirm the definitive baserate and the federal price supervisor has been consulted. Therefore, in some of the listed hospitals of the Group, part of the 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, based on the experience in the cantons where baserate are definitive, is confident that the provisional rates used in 2012 and 2013 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.

31. Transactions with related parties

The subsidiary Swiss Healthcare Properties AG signed an agreement for the management and the development of its real estate properties with Patrimonium Healthcare Property Advisors AG (PHPA), in which HRFP and EMER are shareholders at 50% and Antoine Hubert and Michel Reybier are members of the Board of Directors. PHPA 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. In 2013, PHPA invoiced a total amount including VAT of CHF 1.6 million (2012: nil) for these services.

The pension fund of Genolier Swiss Medical Network SA subscribed for 100'000 shares during the increase of capital of the Company in December 2013, representing a total amount of CHF 3.0 million.

As Antoine Hubert has no fixed compensation, the Group paid him monthly advances for a total amounting to CHF 0.4 million. As the Group missed its annual objectives (see note 35), these advances are classified as other receivable from related parties, and the current account bears interest at a rate of 4.2%. The Group also purchased shares of Générale Beaulieu Holding SA and Linde Holding Biel AG, both non-listed private clinic companies, from Antoine Hubert, for a total amounting to CHF 0.7 million.

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 (2013: nil) to each of HRFP and EMER. These current accounts bear interest at a rate of 4.2% (2012: 3.25%). At the date of acquisition of SHP, positions with those two entities already existed. In 2013, HRFP reimbursed an amount of CHF 0.2 million.

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 (2013: nil). On the other hand, SHP compensated an amount of CHF 1.7 million (2013: nil) 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 at a rate of 4.2% (2012: 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 (2013: nil). At the date of acquisition of SHP, positions with GCC already existed. In August 2012, a subsidiary of the Group sold to GCC a vehicle for an amount of CHF 53 thousands (2013: nil). The current account bears interest at a rate of 4.2% (2012: 3.25%).

The Group charged to HRFP, EMER, MRSI, Antoine Hubert and GCC a total amount of CHF 0.6 million (2012: CHF 0.2 million) as interests for these different current accounts.

Related parties rental expenses were attributable to the premises belonging to Swiss Healthcare Properties AG. This company joined the Group in July 2012 and those transactions are since then eliminated in the consolidation process. Thus, in 2012 the Group only disclosed the first six months rental expenses as related parties transactions, amounting to CHF 6.5 million. SHP also charged CHF 0.2 million as interests on current account for the same period.

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 0.7 million (2012: CHF 0.4 million).

GSMN Zurich AG (previously Privatklinik Bethanien AG) in which Jürg Bitzer is Vice-Chairman of the Board, rented premises owned by BETHA Immobilien AG in which Mr Bitzer is Chairman. The Group acquired in July 2013 these buildings for an amount of CHF 105.7 million. Total rent for 2013 first six months amounted to CHF 2.1 million (2012: CHF 4.6 million for the whole year).

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 at a rate of 3.75%. During 2013, the Group charged interest of CHF 15.1 thousands (2012: 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.

Loans made to associates (see note 19) are fully provisioned and disclosed for the record in the table below:

(In thousands of CHF)	2013	2012
Laboratoires Genolier – CSPV Genève SA, net of an allowance of CHF 1.1 million (2012: nil)	-	1’152
NESCENS SA, net of an allowance of CHF 0.2 million (2012: nil)	-	-
AGEFI SA, net of an allowance of CHF 1.8 million (2012: CHF 1.8 million)	-	-

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

(In thousands of CHF)	2013 Receivable	2013 Payable	2012 Receivable	2012 Payable
Antoine Hubert	1’227	-	794	-
MRSI	2’616	-	2’511	-
EMER	5’222	-	5’012	-
HRFP	5’020	-	5’012	-
GCC Global Consulting et Communication S.à r.l.	1’335	-	1’340	-
Patrimonium Healthcare Property Advisors AG	-	868	-	-
Olivier Gonin	322	-	289	-
BETHA Immobilien AG	-	-	-	380
Total	15’742	868	14’958	380

32. Acquisition of subsidiaries

The acquisitions made in 2013 were accounted for using the purchase method. The following amounts of assets and liabilities acquired were included in the consolidated financial statements at the date of acquisition (see note 3.6).

(In thousands of CHF)	2013	2012
Cash and cash equivalents	2'120	5'496
Other current assets	14'077	114'364
Lands and buildings	50'244	386'077
Intangible assets and trademarks	6'976	12'380
Other non-current assets	40'803	44'739
Assets	**114'220**	**563'056**
Short- term financial liabilities	3'641	64'149
Other current liabilities	10'440	54'261
Long-term financial liabilities	8'463	198'854
Other liabilities non-current	8'774	-
Deferred tax liabilities and provisions	12'794	49'279
Liabilities	**44'112**	**366'543**
Total net assets acquired	**70'108**	**196'513**
./. Minority interests	(371)	-
Total net assets acquired after minority interests	69'737	196'513
Badwill / Goodwill	(18'057)	3'582
Cost of the business combinations	**51'680**	**200'095**

The cost of the business combinations were calculated as follows :

(In thousands of CHF)	2013	2012
Purchase consideration paid in cash	34'655	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	16'507	385
Deferred considerations	-	14'166
Intercompany accounts acquired at the acquisition date	(3'139)	1'197
Direct costs related to the acquisitions*	3'657	5'392
Cost of the business combinations	**51'680**	**200'095**

* of which CHF 0.4 million paid the previous year (2012: CHF 2.8 million)

The net cash outflows are summarised as follows:

(In thousands of CHF)	2013	2012
Purchase consideration paid in cash	(34'655)	(54'019)
Direct costs paid during the year of acquisitions	(3'249)	(2'562)
Cash acquired	2'120	5'496
Total cash outflows on acquisition of subsidiaries during the year	**(35'784)**	**(51'085)**
Deferred instalments paid during the year	(12'832)	(1'713)
Total cash outflows on acquisition of subsidiaries	**(48'616)**	**(52'798)**

33. 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)	2013	2012
Cost		
Balance at 1 January	**110'141**	**100'007**
Additions through business combinations	7'049	11'685
Disposal	-	(1'551)
Balance at 31 December	**117'190**	**110'141**
Accumulated amortisation		
Balance at 1 January	**95'689**	**92'849**
Amortisation for the year (5 years)	6'403	3'632
Disposal	-	(792)
Impairments	-	-
Balance at 31 December	**102'092**	**95'689**
Carrying amounts		
At 31 December	15'098	14'452

Impact on net earnings and balance sheet:

(In thousands of CHF)	2013	2012
Profit / (loss) for the period	8'675	3'325
Amortisation of the goodwill	(6'403)	(3'632)
Impairment of the goodwill	-	-
Net earnings with capitalised goodwill	**2'272**	**(307)**
Equity	232'619	161'540
Capitalised goodwill	15'098	14'452
Equity with capitalised goodwill	**247'717**	**175'992**

34. 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.

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 2013 and 2012 are the following:

Plans	05/09	10/09	10/11A	12-A
Outstanding share options at 01.01.2012	**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**
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Granted during the year	-	-	-	-
Outstanding share options at 31.12.2013	**-**	**-**	**59’950**	**630’500**

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

35. Compensation and shareholdings

Annual remuneration of the Board of Directors

Name (in thousands of CHF)	Position	2013 Total	2013 Cash	2013 Blocked shares	2012 Total
Christian Wenger	Chairman (since July 2012)	100	70	30	50
Raymond Loretan[1]	Vice-Chairman (Chairman until July 2012)	-	-	-	-
Antoine Hubert[1]	Delegate of the Board	-	-	-	-
Cédric A. George	Member of the Board	50	40	10	48
Antoine Kohler	Member of the Board	50	25	25	49
Michel Reybier	Member of the Board (since June 2011)	50	25	25	48
Philippe Glasson	Vice-Chairman (until July 2012)	-	-	-	46
Christian Le Dorze	Member of the Board (until July 2012)	-	-	-	23
Total		**250**	**160**	**90**	**264**

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 2 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.

Remuneration of the Senior Management

Total remuneration of the members of the Senior Management (including pension scheme employer contributions) amounts to CHF 1.0 million (2012: CHF 2.3 million). In addition, stock options were granted in 2012 for an amount of CHF 0.5 million (2013: nil).

Highest compensation

The highest total compensation, for a member of the Senior Management, was conferred in 2013 to Beat Röthlisberger, CEO of GSMN and in 2012 to Antoine Hubert, Delegate of the Board.

(in thousands of CHF)	2013 Highest compensation	2013 Other members of the senior management*	2013 Total Senior Management	2012 Highest compensation	2012 Other members of the senior management	2012 Total Senior Management
Annual base salary	278	226	504	60	930	990
Variable cash compensation	50	256	306	436	652	1'088
Stock options	-	-	-	263	245	508
Pension scheme contribution	47	101	148	82	135	217
Total	**375**	**583**	**958**	**841**	**1'962**	**2'803**

* The Senior Management team has been modified and reduced following the repositioning strategy of the Group initiated in June 2012.

Antoine Hubert and Beat Röthlisberger, respectively Delegate of the Board and CEO of GSMN, did not receive their full variable cash compensation as the Group missed its annual objectives.

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

Name	Position	2013 Number of shares held**	2013 Number of options held	2012 Number of shares held	2012 Number of options held
Christian Wenger[1]	Chairman of the Board	404'799	-	396'649	-
Raymond Loretan	Executive Vice-Chairman	29'050	35'000	29'050	35'000
Antoine Hubert and Michel Reybier[2]	Members of the Board	11'927'105	150'000*	11'307'490	150'000*
Antoine Kohler	Member of the Board	970	-	1'496	-
Cédric A. George	Member of the Board	15'479	-	13'493	-
Gilles Frachon	CFO	65'000	40'000	65'000	40'000
Séverine Van der Schueren	CAO	1'535	42'500	1'535	42'500
Beat Röthlisberger	CEO of GSMN	23'000	75'000	25'000	75'000
Total		**12'466'938**	**342'500**	**11'839'713**	**342'500**

1 Representing the shareholdings of CHH Financière S.A. – SPF
2 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.
* Held by Antoine Hubert
** Including the blocked shares received as Board member compensation

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.

Employer contribution reserve – ECR (in thousands of CHF)	Nominal value ECR 31.12.2013	Waiver of usage 31.12.2013	Balance sheet 31.12.2013	Increase in 2013	Balance sheet 31.12.2012	Result from ECR in personnel expenses		Change in scope of consolidation
						2013	2012	
Pension institutions	746	-	746	224	522	-	518	-
Pension institutions without surplus/deficit	505	-	505	5	-	-	-	500
Total	1'251	-	1'251	229	522	-	518	500

Economical benefit / obligation and pension benefit expenses (in thousands of CHF)	Surplus / deficit 31.12.2013	Economical part of the organisation 31.12.2013	Economical part of the organisation 31.12.2012	Change to prior year or recognised in the current result of the period	Contributions concerning the business period*	Pension benefit expenses within personnel expenses 2013	Pension benefit expenses within personnel expenses 2012
Pension institutions	-	-	-	-	**7'811**	**7'811**	**4'796**
Pension institutions without surplus/deficit	-	-	-	-	**776**	**776**	**2'133**
Total	-	-	-	-	**8'587**	**8'587**	**6'929**

* Including result from employer contribution reserves

GSMN pension fund reported a cover ratio of 106.8% (2012: 115.6%). In 2013 the employees of Ars Medica Clinic SA, Salus Medica Clinic SA and GSMN Neuchâtel SA joined the GSMN pension fund. Group companies that are not included in GSMN pension fund are part of common pension institutions which reported cover ratios over 100.0% and are fully reinsured.

37. Subsequent events

On 3 April 2014, AEVIS Holding SA executed the public tender offer on all shares of Victoria-Jungfrau Collection, which was presented on 8 November 2013. After the closing of the offer period, AEVIS Holding SA held 71.47% of the shares and voting rights of Victoria-Jungfrau Collection AG. The luxury hotel group will be integrated into AEVIS Holding as a subsidiary. Its results are consolidated as of 01.04.2014.

On 28 February 2014, Swiss Healthcare Properties AG acquired two buildings in Rothrist (canton Argau): the building of Privatklinik Villa im Park (2'882 m²) and the neighbouring medical centre (1'438 m²).

On 18th February 2014, Swiss Healthcare Properties AG acquired the building of Air-Glaciers in Sion (canton of Valais), which is currently under construction. It will host 2 helicopter garages, a repair shop and administrative offices. Air-Glaciers will rent the surface of 2'285m² as of October 2014.

On 30 January 2014, Genolier Swiss Medical Network SA executed the integration of 100% of the pain clinic Schmerzklinik Basel AG in Basel (canton Basel-Stadt). The consolidation of the results of Schmerzklinik Basel will be retroactive at 01.01.2014.

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		% 2013	% 2012
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	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	80.0
Klinik Lindberg AG [1]	Winterthur	Clinic	a)	-	-
Privatklinik Obach AG	Solothurn	Clinic	a)	100.0	100.0
Ars Medica Clinic SA	Gravesano	Clinic	a)	100.0	100.0
Salus Medica Clinic SA	Sorengo	Clinic	a)	100.0	100.0
Klinik Pyramide am See AG	Zurich	Clinic	b)	20.0	20.0
GSMN Neuchâtel SA	Neuchâtel	Clinic	a)	100.0	-
Klinik Villa im Park AG	Rothrist	Clinic	a)	100.0	-
Clinique Médico-Chirurgical de Valère SA	Sion	Clinic	a)	86.88	-
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	100.0
AS Ambulances Services SA	Geneva	Ambulance services	a)	79.6	79.6
IRP Institut de Radiologie Providence SA	Neuchâtel	Radiology institute	a)	51.0	-
Laboratoires Genolier – CSPV Genève SA	Geneva	Cosmetics	b)	33.3	33.3
NESCENS SA	Geneva	Better-aging	b)	33.0	33.0
SAV-IOL SA	Hauterive	Ophthalmology	c)	20.0	-
Real estate and hotels					
Swiss Healthcare Properties AG	Baar	Healthcare real estate	a)	100.0	100.0
Immobiliare Villa Anna SA	Sorengo	Healthcare real estate	a)	100.0	100.0
Clinique de Valère Immobilière SA	Sion	Healthcare real estate	a)	100.0	-
SHI Swiss Hotels Investments SA	Fribourg	Hotel investments	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
c) The share of the Group in SAV-OL was valued at 31.12.2013 at acquisition cost of CHF 2.0 million, as the Group will sell its share to a third party for this amount during 2014.

[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 this company.

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

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of AEVIS Holding SA, which comprise the consolidated balance sheet as at 31 December 2013 and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flow statement and notes to the consolidated financial statement presented on pages 54 to 83 for the year then ended.

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 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

BERNEY & ASSOCIES SA
Société Fiduciaire

Gregor WRZOSOWSKI	**Claude HERI**
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, 30 April 2014

Statutory financial Statements of AEVIS Holding SA

Statutory Balance Sheet

(In thousands of CHF)	Notes	31.12.2013	31.12.2012
Assets			
Cash and cash equivalents		13'669	128
Marketable securities - treasury shares		341	3'466
Accounts receivable from third parties		4'829	246
Account receivable from shareholders and related parties	9	14'823	794
Prepaid expenses		4'687	2'404
Total current assets		**38'349**	**7'038**
Investments, net	2	35'329	34'861
Loans to subsidiaries	3	275'882	171'475
Loans to associates, net	3	-	358
Intangible assets		17	26
Total non-current assets		**311'228**	**206'720**
Total assets		**349'577**	**213'758**
Liabilities and shareholders' equity			
Current portion of bank loans and other borrowings		1'267	15'533
Accounts payable		1'314	228
Accounts payable to subsidiaries		25	-
Accrued expenses		3'959	1'918
Total current liabilities		**6'565**	**17'679**
Bank loans and other borrowings		14'850	14'467
Bonds issued by the Company	10	180'000	80'000
Total non-current liabilities		194'850	94'467
Total liabilities		**201'415**	**112'146**
Shareholders' equity			
Share capital		71'699	63'733
General statutory reserve:		92'163	54'740
Thereof general reserve		83	83
Thereof capital contribution reserve		92'080	54'657
Reserve for treasury shares		344	3'428
Thereof capital contribution reserve		344	3'428
Accumulated deficit		(16'044)	(20'289)
Total shareholders' equity		**148'162**	**101'612**
Total liabilities and shareholders' equity		**349'577**	**213'758**

Statutory Income Statement

(In thousands of CHF)	Notes	31.12.2013	31.12.2012
Dividend income		8'000	-
Financial income		6'169	2'184
Services and other income		46	-
Total income		**14'215**	**2'184**
General and administrative expenses		(1'062)	(1'327)
Depreciation on investments and loans		(2'640)	(795)
Financial expenses		(6'268)	(3'415)
Total expenses		**(9'970)**	**(5'537)**
Net income / (loss) for the year		**4'245**	**(3'353)**

Statutory Shareholders' equity

(In thousands of CHF)	Share capital	General statutory reserve		Reserve for treasury shares	Accu-mulated deficit	Total
		General reserve	Capital contribution reserve	Thereof capital contribution reserve		
Balance at 1 January 2012	**35'392**	**83**	**57'324**	**2'402**	**(19'338)**	**75'863**
Loss for the year	-	-	-	-	(3'353)	(3'353)
Capital increase	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	-
Balance at 31 December 2012	**63'733**	**83**	**54'657**	**3'428**	**(20'289)**	**101'612**
Profit for the year	-	-	-	-	4'245	4'245
Distribution from capital contribution reserve	-	-	(3'755)	-	-	(3'755)
Capital increase	7'966	-	38'094	-	-	46'060
Change of reserve for treasury shares	-	-	3'084	(3'084)	-	-
Balance at 31 December 2013	**71'699**	**83**	**92'080**	**344**	**(16'044)**	**148'162**

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 2013 amount to CHF 2.8 million (2012: CHF 1.0 million).

At year end, the company owned the following investments:

Name	Location	Activity	2013 %	2013 share capital in thousand	2012 %	2012 share capital in thousand
Genolier Swiss Medical Network SA	Genolier	Holding company of private clinics division	100.0	CHF 100	100.0	CHF 100
Swiss Healthcare Properties AG	Baar	Healthcare real estate	100.0	CHF 200	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	100.0	EUR 2'000
Publications Financières LSI SA	Geneva	Publishing (dormant)	100.0	CHF 100	100.0	CHF 100
SHI Swiss Hotels Investments S.A.	Fribourg	Hotel investments	100.0	CHF 200	-	-
AS Ambulances Services SA	Geneva	Ambulance services	79.6	CHF 500	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
Laboratoires Genolier – CSPV Genève SA	Geneva	Cosmetics	33.3	CHF 167	33.3	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
SAV-IOL SA	Hauterive	Ophthalmology	20.0	CHF 199	-	-

3. Loans to associates

Loans to associates are presented at 31 December 2013 net of an allowance of CHF 3.5 million (2012: CHF 2.6 million). Loans to subsidiaries include subordinated loans amounting to CHF 166.6 million (2012: nil).

4. Authorised capital

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

5. Conditional capital

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

6. Treasury shares

Information on treasury shares is mentioned in note 27.4 of 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 2013, the total commitments amounted to CHF 8.8 million (2012: CHF 5.3 million). A portion of the cash and cash equivalent position as at 31.12.2013 amounting to CHF 12.9 million, had restricted use as a guarantee in the Victoria-Jungfrau Collection public tender offer process (2012: nil). The Company is also committed to purchase 135'000 of its own shares in January 2014, for a partial purchase consideration to be paid with treasury shares.

The Company pledged the shares of Genolier Swiss Medical Network SA for a total amount of CHF 0.1 million (2012: nil) as a guarantee for bank loans of CHF 25.0 million (2012: nil).

9. Additional information requested by the Swiss Code of Obligations

Compensation and shareholdings
Information requested by Swiss Code of Obligations on compensation and shareholdings for members of the board of director and senior management is disclosed in note 35 of the Swiss GAAP FER consolidated financial statements.

Loans to members of the Board of Directors

At 31 December 2013 and 2012, 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 in "Account receivable from shareholders and related parties" (see also note 31 Related parties from the Swiss GAAP FER consolidated financial statements).

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.

Accounts receivable from shareholders and related parties

At 31 December 2013, a total amount of CHF 14.8 million (2012: CHF 0.8 million) was due to the Company by respectively the shareholders for an amount of CHF 3.4 million (2012: CHF 0.8 million) and by related parties for CHF 11.4 million (2012: nil).

Loans to member of the Senior Management

At 31 December 2013 and 2012, 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 2013 and 2012, 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 2013 and 2012, 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. Bonds issued by the Company

The bond of CHF 100.0 million issued in 2013 by AEVIS Holding SA matures in July 2018 and bears interests of 3.5%. The bond of CHF 80.0 million issued in 2012 by AEVIS Holding SA matures in August 2016 and bears interests of 4.25%.

11. 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)	2013	2012
Accumulated deficit carried forward	(20'289)	(19'338)
Profit / (loss) of the year	4'245	(3'353)
Reclassification and change of reserve for treasury shares	-	2'402
Accumulated deficit at year-end to be carried forward	(16'044)	(20'289)

Proposed distribution from capital contribution reserve

The Board of Directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 0.55 (2012: 0.30) per share from capital contribution reserve.

(in thousands of CHF)	2013	2012
Capital contribution reserve before proposed distribution[1]	92'424	58'085
Distribution from capital contribution reserve[2]	(7'848)	(3'787)
Capital contribution reserve after proposed distribution	84'576	54'298

1 The capital contribution reserve is a component of the general statutory reserve. An amount of CHF 0.3 million (2012: CHF 3.4 million) is used to cover the reserve for treasury shares and an additional amount to cover accumulated deficit of CHF 16.0 million (2012: CHF 20.3 million).

2 Based on distribution of CHF 0.55 per share on 14'268'999 eligible issued shares as at 22.04.2014 (2012: CHF 0.30 per share on 12'622'729 eligible issued shares). 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

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of AEVIS Holding SA, which comprise the balance sheet as at 31 December 2013 and the income statement and notes presented on pages 88 to 93 for the year then ended.

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 2013 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

Gregor WRZOSOWSKI	**Claude HERI**
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, 30 April 2014

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AEVIS HOLDING

Investing for a better life