annual report
2009

GENOLIER
Swiss Medical Network

annual report 2009

we manage

your HEALTH

GENOLIER

Swiss Medical Network

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	Key Figures
501	Available beds
561	Admitting physicians
1'072	Employees
14'351	Surgical interventions
9.0%	Year-on-Year turnover growth
CHF 8.9 million	EBITDA 2009
CHF 139.3 million	Turnover 2009

www.gsmn.ch

Profile Genolier Swiss Medical Network SA (GSMN) is a major private hospital network in Switzerland. Its growth strategy focuses on the development of a national network through the acquisition of clinics and the integration of their operations. GSMN's main goal is to provide top-quality hospital care to Swiss and foreign patients. GSMN stands out through its high-quality services, brand value, congenial working environment and an entrepreneurial and experienced management team. GSMN manages 6 private establishments in Switzerland (Clinique de Genolier, Clinique de Montchoisi, Clinique Valmont, Clinique Générale, Centre médico-chirurgical des Eaux-Vives and Privatklinik Bethanien), with over 550 admitting physicians and 1'072 employees. With the acquisition of Privatklinik Bethanien, GSMN now has a springboard for subsequent expansion in German-speaking Switzerland and continues to examine development opportunities. The Group is listed on the main segment of the SIX Swiss Exchange (GSMN:SW).

letter to the SHAREHOLDERS

Dear Shareholders,

With the sale of Agefi and the acquisition of the Bethanien Clinic in Zurich, 2009 was a significant year for our Group, despite subdued results. The costs of acquisition, development and restructuring have had an impact on consolidated operating income according to IFRS, but most of our units are still growing and generating improved results. The integration of Bethanien on 1 January 2010 was achieved without any need to increase resources and will help improve group profitability in 2010.

Furthermore, the Board of Directors made the decision to abandon IFRS accounting standards and switch to Swiss GAAP FER as of 1 January 2010. The unsuitability of the IFRS standards for a company such as GSMN was becoming increasingly apparent, particularly regarding the pension fund and acquisition costs.

The difficult legislative and economic environment will continue to affect our industry over the coming months, but this situation will probably encourage consolidation in the sector, which is gaining in importance as the population ages. Our foreign client base continues to develop in a difficult environment, and increasing our pool of potential patients remains our key concern. Accordingly, we have increased the number of collaborative agreements with foreign institutions in order to maintain growth in a sector that has been so heavily impacted by the financial crisis. The Swiss authorities have also recognized the importance of this export sector and are starting to implement, with varying degrees of success, measures for promoting Switzerland as a health destination via the "Swiss Health" platform.

Numerous legislative uncertainties are also bearing down on the private clinic sector with the forthcoming introduction of new provisions in the Federal Law on Health Insurance (LaMal) in 2012. In addition to the free movement of patients with basic insurance and other changes that will affect us less directly, the anticipated provisions will introduce health planning at the cantonal level and the creation of hospital lists. Private clinics are already being required to make decisions about hospital lists at this early stage. Although inclusion on these lists would doubtless enable our clinics to benefit from the same subsidies enjoyed by the public sector, this would be at the expense of state-imposed constraints that would significantly impact the Group's strategic development and investment options as well as the operations of our clinics.

The GSMN Board of Directors is tackling this problem selectively, clinic by clinic and canton by canton, but essentially wants to preserve a differentiated, private product within the healthcare market. The Board has already decided to opt for "Regime 2" for its clinics in the Canton of Vaud, i.e. Genolier, Montchoisi and Valmont. Reviews of the situation for Clinique Générale in Fribourg (already on the cantonal hospital list) and Bethanien in Zurich are still in their initial stages. Here, too, we aim to retain our entrepreneurial freedom so that we can adapt our range of services to the needs of a demanding private clientele.

These decisions do not mean that we are dissociating ourselves from meeting the healthcare needs of the cantons. On the contrary, our entrepreneurial freedom has allowed us to adapt our services to the needs of our regional clients and to occupy an important and vital role in the healthcare landscape without requiring any subsidies. Our desire is to enter into sector-based service contracts and remain partners for cantonal healthcare coverage, and we will continue our active dialogue on this subject with the various health departments. The basic philosophy of the GSMN Group follows a free market approach, and we believe that an entrepreneurial spirit and the demands of the healthcare market are best suited to define the quality of services provided to and in the interest of patients. Moreover, we believe that healthy competition between the private and public sectors helps to contain and even reduce costs. In this same spirit, the GSMN Group is open to the idea of public-private partnerships and is working on fostering contacts to this end, particularly with teaching hospitals.

Apart from the quality of the healthcare and medical services provided to patients, our priority objectives remain improving the profitability of the network and all our institutions, as well as expanding the Group by means of acquisitions and partnerships. In 2010 we have already begun actively exploring the market in several regions of Switzerland and have encountered interest in our model among numerous contacts. This also marks the emerging acknowledgement of a business philosophy whose success is rooted in an entrepreneurial spirit and the quality of the services provided by the women and men who embody this spirit: independent physicians, nursing and administrative staff and members of the management team. Thanks to them, their motivation, team spirit and talent, GSMN will achieve its vision, focused largely on the interests of our patients, but also on those of an efficient healthcare system and, in particular, of our shareholders. Thank you for your support.

Raymond Loretan
Executive Chairman

Antoine Hubert
Managing Director

operating
REPORT

Operating report

Genolier Swiss Medical Network

Turnover of the Genolier Swiss Medical Network in 2009 amounted to CHF 139.3 million, an increase of 9.0% over 2008. Since the Centre médico-chirurgical des Eaux-Vives has been consolidated since March 2009, the increase would have been 3.6% on a like-for-like basis. The EBITDA according to IFRS, decreasing by 15.4% to CHF 8.9 million, was adversely affected by acquisition and development costs, the restructuring of the Clinique Valmont and the temporary closure of Montchoisi for renovations. These exceptional charges were offset by the gains made on the transfer of 51% of Agefi, and the net result showed a significant increase to CHF 1.9 million. Operating cash flow remained flat at CHF 9 million, primarily because of the acquisition and development costs.

Regenius has been given a re-engineering mandate with the aim of optimizing group purchases. A review designed to reduce the number of referenced items and supply sources is being conducted with GSMN's independent physicians, with the aim of optimizing the costs of goods. Considerable potential for improving margins has been identified in this area.

The overheads have been significantly reduced and the costs associated with the general management of the group now represent just 2.9% of turnover, compared to 3.8% in 2008. In 2010, since the integration of Bethanien did not involve any additional commitments, this percentage will drop to 2.6%.

Clinique de Genolier

Clinique de Genolier remains the flagship of the Group with a turnover of CHF 74.1 million, representing 53% of Group turnover. However, the contribution of Bethanien will significantly reduce this percentage. Developments at Genolier continued apace in 2009, and the arrival of new physicians should help sustain growth in 2010.

Les Hauts de Genolier, a secure healthcare residence adjacent to and operated by Clinique de Genolier, will eventually have a turnover in excess of CHF 12 million and has therefore increased its capacity. The costs associated with the opening of this Residence have had an adverse impact of almost CHF 1 million on Genolier's results in 2009, but the effect should be neutral in 2010 and positive from 2011.

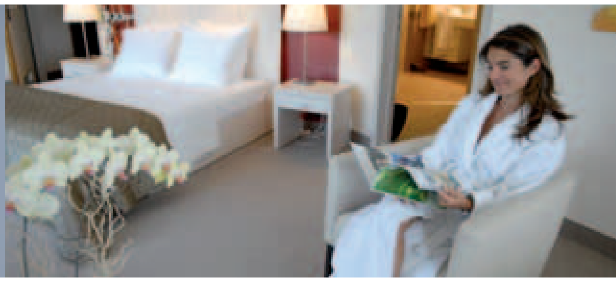
Genolier plans to renovate its operating suite in 2010-2012, turning it into a state-of-the-art facility and increasing operating capacity by 25%. This facility forms the heart of the institution, and the planned investment of around CHF 13 million will help sustain Genolier's growth over the next 10 years. In 2010, Genolier is expected to achieve a turnover of almost CHF 80 million.

Clinique de Montchoisi

With a turnover of over CHF 16.9 million, Clinique de Montchoisi has proved to be the most productive institution in the Group by bed and per m^2. An extension to the radiology unit of 370 m^2 and a car park with 45 spaces will increase capacity at Montchoisi from October 2010. The extension work, which was started in June 2009, has somewhat disrupted operations at Montchoisi and will continue until September. Montchoisi had to be closed from 15 December 2009 to 12 January 2010 to enable the two buildings to be joined. EBITDA in 2009 was adversely affected by this work by about CHF 0.5 million, resulting in a slight drop to CHF 1.4 million. Eventually, the extension and particularly the new radiology unit will help increase turnover by more than 35%, especially in orthopaedics. Of the total investment of CHF 18 million, CHF 10 million was paid by the owning company and CHF 8 million by GSMN. Ophthalmology has become a key clinical focus, and more than 20 ophthalmological surgeons practise in this department. The range of services was recently supplemented by a retina centre in March 2010, although the installation costs associated with the centre were entered in the 2009 accounts. Montchoisi should achieve a turnover of over CHF 18 million in 2010.

Clinique Générale

After more than 10 years of chronic deficits, Clinique Générale, a result of the merger of the clinics of Garcia and St Anne in 2007, posted a net result of CHF 0.1 million and an EBITDA of CHF 2.2 million for a turnover of CHF 27.5 million. It has taken three years since the end of the refurbishment work for this establishment to reach cruising speed. Apart from orthopaedics, for which Clinique Générale has been given the exclusive right to practice by the "Planification Hospitalière" of the Canton of Fribourg, gynaecology is developing rapidly following the arrival of two new surgeons in 2010. New private rooms due for completion by the end of 2010 will increase the existing capacity and enable Clinique Générale to respond to the growing patient demand. Clinique Générale is expected to achieve a turnover of CHF 29.5 million in 2010.


Clinique Valmont

An in-depth analysis of fee structures has prompted the Board of Directors to accept management's proposal to relinquish cardiac rehabilitation at Valmont. This specialism, which is poorly reimbursed and very labour-intensive, was withdrawn in August 2009, entailing the need for a fundamental review of the allocation of resources. While this restructuring process generated a loss in 2009, the resulting reorientation and refocusing on neurological and orthopaedic rehabilitation exclusively for private and semi-private patients will eventually lead to improved profitability. Valmont is expected to achieve a turnover of CHF 11.5 million in 2010.

Centre médico-chirurgical des Eaux-Vives

Acquired in March 2009, CMEV has contributed some CHF 6.9 million to Group turnover and CHF 0.8 million to EBITDA. The radio-oncology centre, opened in September 2007, now treats almost 30 patients a day, a figure that is eventually expected to rise to 40. Associated with Clinique de Genolier, the centre benefits from Genolier's 15 years of experience in radio-oncology. It offers exceptional technical facilities to the physicians and patients from Geneva. Ideally located for international clients, CMEV offers "all-inclusive" radiotherapy products to foreign patients.

Privatklinik Bethanien

Although it was not consolidated in GSMN in 2009, Bethanien would have contributed some CHF 52.2 million to Group turnover and CHF 3.6 million to EBITDA. Following formal negotiations in 2009, the company Privatklinik Bethanien AG was consolidated into GSMN on 1 January 2010. Bethanien will contribute almost CHF 50 million to the Group's turnover in 2010 and is expected eventually to post an EBITDA of almost CHF 10 million. A 3-year, CHF 15 million investment plan aims to modernize the facilities and bring Bethanien up to the Group's standards, enabling the company to expand its Swiss and international client base. Apart from the traditional specialties of GSMN, the renowned maternity unit at Bethanien rounds off the range of services offered to international clients.

Development of the Group

The financial and economic crisis has significantly reduced the multiples applied to transactions in this sector. Together with the uncertain legislative environment, this factor obviously opens up interesting acquisition prospects for our company. We are currently in discussion with several potential acquisition candidates and have conducted a due diligence process for the Stephanshorn clinic in St. Gallen with this in mind.

From an organic standpoint, Clinique de Genolier has the capacity to enjoy significant growth, and is currently focusing on the recruitment of new panel physicians and new agents in other countries. As of October, Clinique de Montchoisi will have some impressive new assets at its disposal in the form of its radiology unit, restaurant and car park. A commercial director has recently been appointed to the management team to assume responsibility for business development. At the Clinique Générale in Fribourg and Clinique Valmont in Montreux, intensive efforts focusing on the patient mix should enable us to achieve qualitative growth in turnover and EBITDA.

A minority holding and a licensing contract have been granted for the creation and marketing of a line of cosmeceuticals under the brand name "Laboratoire Genolier". These products are designed to prevent and slow down the ageing process and will be launched on the market in 2010. As well as providing a return on investment in the medium term, the "Laboratoire Genolier" product range will serve as a key promotion and communication tool for the "Genolier" brand.

PORTFOLIO overview

nous ne serons jamais
une **CLINIQUE** comme les autres

GENOLIER
Clinique

Clinique de Genolier, Genolier

The flagship facility of Genolier Swiss Medical Network

Clinique de Genolier, GSMN's largest facility with 168 beds, is recognised as one of Switzerland's leading private clinics. It combines excellence in medical services, state-of-the-art technology, an experienced medical team and premier-quality hotel services. Located between Geneva and Lausanne, the Clinic offers sweeping views of Lake Geneva, the Mont-Blanc and the Alps. A presidential suite and junior suites have been arranged and furnished in order to meet the most stringent requirements in terms of hospitality, service and patient care. Clinique de Genolier welcomes a wide range of clients thanks to a strong local presence combined with an influx of foreign patients.

Clinique de Genolier offers a wide range of medical specialties and excels in orthopaedics, oncology, general surgery and aesthetics. It also proposes laser eye surgery, an up-to-date medical imaging department, cardiology, gynaecology and anti-aging specialty units. The radio-oncology centre ranks among Europe's most modern facilities and Clinique de Genolier is the first centre in Switzerland to offer Intra-Operative Radio Therapy (IORT) as an alternative treatment for breast cancer. Ambulatory consultations at Clinique de Genolier include a wide range of medical specialities, available for all insured patients.

The Clinic's success is based on strong partnerships with independent physicians, who can take advantage of an optimal work environment and technical platform to treat their customers. The Genolier brand is well established in both the French-speaking part of Switzerland as well as in many foreign countries.

	Key figures
168	Available beds
160	Admitting physicians
297	Employees
2'629	Surgical interventions
2'704	Admissions (IPD)
20'067	Policlinic (OPD)
CHF 74.1 million	Turnover 2009

	Revenue breakdown
66%	Inpatient
34%	Outpatient

	Customer mix
95%	Private/semi-private
5%	General

www.genolier.net

vivez en toute **SÉRÉNITÉ**
à la clinique de genolier

LES HAUTS DE GENOLIER

RÉSIDENCE

Residence Les Hauts de Genolier

Residential living at Clinique de Genolier, for your peace of mind

Les Hauts de Genolier is a unique concept, a subtle alliance between premier hotel services for residential living and Clinique de Genolier. Located adjacent to the Clinique de Genolier, the secured and medical residence "Les Hauts de Genolier" offers assisted living facilities to its residents, who can be retirees or persons whose health condition requires regular medical assistance. This luxurious high-end facility counts a total of 63 spacious junior suites, a restaurant, leisure rooms, fitness and animation. Refinement, comfort and safety: these are the key benefits of each apartment unit designed with the latest technologies and amenities in mind. Residents enjoy unlimited access to a complete range of personalised guest services as well as to all of the hospitality and medical services available from Clinique de Genolier.

www.leshautsdegenolier.ch

au cœur de la cité
au cœur de la SANTÉ

MONTCHOISI
Clinique

Clinique de Montchoisi, Lausanne

State-of-the-art ophthalmology

Clinique de Montchoisi has been a leading member of the sanitary network in Lausanne since 1934. Since it was acquired by Genolier Swiss Medical Network in 2003, the facility has been entirely renovated. The clinic is ideally located in the heart of Lausanne and from all rooms, patients can enjoy an unobstructed view over Lake Geneva and the Alps. A presidential suite and junior suites are located on the top floor of the building. They have been arranged and furnished in order to meet the most stringent requirements in terms of hospitality and service.

Clinique de Montchoisi offers a high-quality medicine, performed by a team of top surgeons and physicians in a modern technological environment. Its key specialties include Orthopaedics, Gynaecology, General and Aesthetic surgery and Medical Imaging. Clinique de Montchoisi has also strengthened its position as a leading ophthalmology centre, with over 20 renowned FMH specialists. Within this department, surgical procedures are mainly associated with ocular pathologies, in particular glaucoma, cataracts, retina and macular degeneration.
Ophthalmology, orthopaedics and aesthetics constitute the core activity for the years to come.

The Clinic continues to expand with the opening at the end of 2010 of a new state-of-the-art radiology unit, an underground 45-space car park and a restaurant open to the public. This reorganisation will free up space for welcoming additional physicians and create more rooms.

	Key figures
21	Available beds
97	Admitting physicians
98	Employees
4'307	Surgical interventions
1'003	Admissions (IPD)
CHF 16.9 million	Turnover 2009

	Revenue breakdown
51%	Inpatient
49%	Outpatient

	Customer mix
96%	Private/semi-private
4%	General

www.montchoisi.ch

un lieu unique
uniquement pour la **RÉADAPTATION**

VALMONT
Clinique privée de réadaptation

Clinique Valmont, Glion sur Montreux

Rehabilitation clinic

Clinique Valmont joined Genolier Swiss Medical Network in 2006. This century old landmark clinic enjoys a unique location above Lake Geneva. It is ideally located in a natural environment, yet close to the city of Montreux. The facility has been entirely renovated, offering high-class hospitalities, 85 spacious and modern rooms as well as an up-to-date technical platform. A restaurant, an inside pool, a fitness and gymnastics area as well as a beautiful garden are available on site.

Valmont is exclusively dedicated to orthopaedic and neurological rehabilitation and takes care of patients suffering from multiple trauma, degenerative diseases or any other patient on the way to rehabilitation. The 2 specialized physicians are accompanied by an experienced team of neuropsychologists, physiotherapists, occupational therapists, speech therapists, sports coaches and dieticians. Valmont is a reference rehabilitation centre for physicians and hospitals in the region.

Clinique Valmont is GSMN's only rehabilitation centre and thus benefits from a patient influx coming from all the Group's facilities.

In 2009, the clinic has adopted a new identity and let go of the name Clinique Valmont-Genolier, in favour of Valmont, Private rehabilitation clinic. Having turned most doubles rooms into single renovated ones, in 2010 Valmont will focus on the segment of patients with semi-private or private insurance and those non insured in Switzerland.

	Key figures
78	Available beds
2	Admitting physicians
104	Employees
1'031	Admissions
CHF 13.6 million	Turnover 2009

	Revenue breakdown
90%	Inpatient
10%	Outpatient

	Customer mix
72%	Private/semi-private
28%	General

www.cliniquevalmont.ch

la clinique générale
pour les fribourgeois en PARTICULIER

CLINIQUE GÉNÉRALE
Ste-Anne

Clinique Générale, Fribourg

Leading private hospital in the Canton of Fribourg

This clinic, which has been acquired by Genolier Swiss Medical Network in 2005, is the result of the merger between Clinique Garcia and Clinique Sainte-Anne. Today, the activities of both hospitals have been centralised in the fully renovated building of Clinique Sainte-Anne.

Clinique Générale has operated a successful turnaround since its acquisition by GSMN. Its four state-of-the-art operating rooms are among the most modern in Europe and its new private and semi-private rooms provide a unique positioning in the Canton of Fribourg. Clinique Générale presents an elegant restaurant "Le Carré", accessible to the public.

The medical specialities are focused on orthopaedics, neurosurgery and Ear, Nose & Throat (ENT), as Clinique Générale has been given the exclusive right of practice of those specialities by the "Planification Hospitalière" of the Canton of Fribourg. Orthopaedic surgery accounts for 70% of its total surgical activity. Beginning of 2010, Clinique Générale opened a centre of excellence in gynaecology. Other specialities include general surgery and medicine.

Clinique Générale has signed a medical partnership with the well-known Swiss hockey team Fribourg-Gottéron and the basketball team Fribourg Olympic. The Clinic manages the athletes' health through a check-up and the treatment of potential injuries, particularly in the field of orthopaedics.

	Key figures
60	Available beds
84	Admitting physicians
140	Employees
3'407	Surgical interventions
6'021	Admissions
CHF 27.5 million	Turnover 2009

	Revenue breakdown
95%	Inpatient
5%	Outpatient

	Customer mix
30%	Private/semi-private
70%	General

www.cliniquegenerale.ch

votre santé est au **CENTRE**
de nos préoccupations

EAUX-VIVES
Centre médico-chirurgical

Centre médico-chirurgical des Eaux-Vives, Geneva

State-of-the-art medical and oncology centre

An integrated part of the health landscape and meeting the requirements of Geneva's population, Centre médico-chirurgical des Eaux-Vives (CMEV) has been managed since January 2006 by Genolier Swiss Medical Network and fully acquired in March 2009. This multidiscipline medical centre on Geneva's left bank, which opened in 1968, regroups a total of 20 physicians' practices in Rue du Nant 4. In addition to general medicine, the main specialities are oncology, angiology, cardiology, dermatology, gynaecology, paediatrics, neuropaediatrics, sports medicine, pneumology and geriatrics. The centre operates a radiology service and walk-in consultations.

CMEV opened Geneva's first private radio-oncology centre at Rue Maunoir 26 in October 2007. This out-patient centre provides radiotherapy and chemotherapy treatments for all types of cancer to all patients with basic health insurance. Equipped with the most recent technologies (Clinac accelerator; on-board imaging; intensity-modulated radiotherapy; image guided radiotherapy) and an experienced team of physicians, the centre guarantees a first-class cancer treatment.

The Centre medico-chirurgical des Eaux-Vives currently welcomes more than 130 patients each day.

	Key figures
20	Admitting physicians
35	Employees
31'465	Admissions (CMEV)
7'215	Admissions (Centre de radio-oncologie)
CHF 6.9 million	Turnover 2009

	Revenue breakdown
100%	Outpatient

www.cmev.ch
www.geneveonco.ch

ihre gesundheit
ist uns **WERTVOLL**

BETHANIEN
Privatklinik

Privatklinik Bethanien, Zurich

Leading private hospital in Zurich

Representing the latest acquisition of GSMN, Privatklinik Bethanien counts 111 beds and treats over 5'000 patients yearly. With around 180 admitting physicians, Bethanien Clinic specialties include general surgery, gynaecology and obstetrics, ear, nose and throat (ENT), maxilla-facial surgery, orthopaedic surgery, plastic and reconstructive surgery, urology and abdominal surgery.

The roots of Bethanien Clinic go back to the philosophy of the charitable foundation of the same name. The Clinic is situated on a prime elevated site on the Zürichberg and is surrounded by established woodland. It is easily accessible by public transport or car.

Bethanien Clinic offers its patients security and comfort in its medical services and personal care as well as in its infrastructure. The emphasis is on medical care of the utmost quality and the personal, careful und authentic care and wellbeing of the patients. Professional competence, conscientiousness and absolute discretion are crucial for Bethanien Clinic. In 1995 Bethanien Clinic won ISO 9001 certification as a leading clinic in Switzerland. Bethanien Clinic is a member of the "Swiss Leading Hospitals."

GSMN plans to invest in the medical and hospitality infrastructure of Privatklinik Bethanien. One of the first projects involved the refurbishment and construction of rooms and suites. The sterilisation facilities of the operating suite will also be refurbished. The diaconate that owns the clinic real estate plans to construct a building comprising physicians' practices and an underground car park. This new project will allow the existing temporary buildings to be removed and a park to be created.

	Key figures
111	Available beds
196	Admitting physicians
297	Employees
4'008	Surgical interventions
4'240	Admissions
433	Deliveries
CHF 52.2 million	Turnover 2009

	Revenue breakdown
93%	Inpatient
7%	Outpatient

	Customer mix
97%	Private/semi-private
3%	General

www.klinikbethanien.ch

CORPORATE governance

Corporate Governance report of Genolier Swiss Medical Network SA

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

1 Group Structure

1.1 Group structure

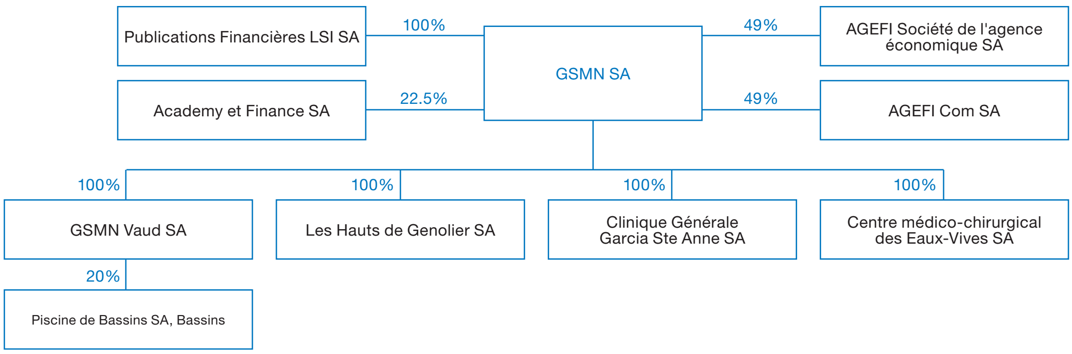
Genolier Swiss Medical Network SA (GSMN SA), the Group's parent company (hereinafter "the Company"), is a listed corporation headquartered at 1272 Genolier (Switzerland). The Company's shares are listed on the SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2009, its market capitalisation stood at CHF 92.70 million. The Genolier Swiss Medical Group (hereinafter "the Group") is active as a healthcare provider.

As at 31 December 2009, the Group had following subsidiaries, none of which are listed:

Name	Registered office	Activity	Share capital (in thousands CHF)	%
GSMN Vaud SA	Genolier	Clinics	10'000	100.0
Clinique Générale Garcia Ste-Anne SA	Fribourg	Clinic	1'500	100.0
Les Hauts de Genolier SA	Genolier	Residence	200	100.0
Centre médico-chirurgical des Eaux-Vives SA	Geneva	Day clinic	400	100.0
Publications Financières LSI SA	Geneva	Publishing	100	100.0
Agefi Société de l'agence économique et financière SA	Lausanne	Publishing	665	49.0
Agefi Com SA	Geneva	Publishing	200	49.0
Academy & Finance SA	Geneva	Organisation of seminars	250	22.5
Piscine de Bassins SA	Bassins	Public swimming pool		20.0

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

As at 31 December 2009, the organisational chart and structure of the Group is the following:



On 17 March 2009, GSMN acquired 100% of Centre médico-chirurgical des Eaux-Vives SA. The acquisition was financed through the issue of 560'000 GSMN shares from the authorised capital.

On 27 March 2009, GSMN handed over the control of its publishing division (Agefi) to the French-Swiss financier and industrial Alain Duménil, who acquired 51% of this company's capital.

On 26 June 2009, GSMN merged its four entities located in Canton de Vaud. Montchoisi SA, that absorded Clinique de Valmont SA, and GSMN Management & Services SA merged with Clinique de Genolier SA. This entity changed its name into GSMN Vaud SA.

On 9 December 2009, GSMN subscribed an amount of CHF 133'333 for 22'233 shares to the capital increase of Swiss centre for the prevention of aging Ltd. The investment of GSMN represents 13.3% of this company's capital.

On 4 January 2010, GSMN acquired 100% of Privatklinik Bethanien AG.

1.2 Significant shareholders

The following notifications pertaining to the holdings of a significant shareholder have been disclosed for the year under review:

Publication date	Shareholders	Number of registered shares	Shareholding
27.02.2009	Antoine Hubert & Géraldine Reynard-Hubert Route de la Moubra 26 3963 Crans-Montana	872'717 637'717 shares 235'000 options [1]	15.47% 11.31% 4.16%
05.06.2009	Jaime Rosell Route de Vermala 71 3963 Crans-Montana	667'704	10.77%
03.07.2009	Antoine Hubert & Géraldine Reynard-Hubert Route de la Moubra 26 3963 Crans-Montana	1'603'834 768'834 shares 835'000 options [1]	25.87% 12.40% 13.47%
03.07.2009	Jaime Rosell Route de Vermala 71 3963 Crans-Montana	676'539 1 call option on 600'000 shares	10.91% 9.68%
13.10.2009	Vontobel Fonds Services AG Gotthardstrasse 43, 8022 Zurich Note: under the 3% threshold on 08.10.2009	163'100	2.63%

[1] Antoine Hubert gave up 235'000 options on 5 February 2010.

The Company's shareholders holding directly or indirectly 3% or more of the share capital are:

	31.12.2009		31.12.2008	
	Number of shares	%	Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	1'795'474 [1]	28.96	637'717	11.31
Dr Michael Schroeder & Katrin Reincke-Schroeder	823'370	13.28	603'370	10.71
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	501'463	8.08	501'463	8.90
Jaime Rosell	691'831 [2]	11.16	516'001	9.15
Alain Fabarez	368'700	5.94	368'700	6.54
CIC Finance	260'000	4.19	260'000	4.61
Vontobel Fonds Services AG	–	–	229'600	4.07

[1] Including 1'000'484 options.
[2] Including one call option on 600'000 shares.
Including the shares held by Garsol International Ltd, Tortola, BVI, Olmen Enterprises Ltd, Tortola, BVI, beneficially owned by Jaime Rosell.

1.3 Cross-shareholdings

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

2 Capital Structure

2.1 Capital

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

31.12.2009	Number of shares	Total Nominal value
Share capital	6'200'600	31'003'000
Conditional capital	2'909'400	14'547'000
Authorised capital	2'210'000	11'050'000

As at 31 December 2009, the share capital of GSMN SA amounted to CHF 31'003'000, representing 6'200'600 registered shares of a nominal value of CHF 5. The conditional capital amounted to CHF 14'547'000 representing 2'909'400 registered shares of a nominal value of CHF 5. The authorised capital amounted to CHF 11'050'000 representing 2'210'000 registered shares of a nominal value of CHF 5.

2.2 Authorised and conditional capital in particular

Authorised capital

The Board of Directors is also authorised to issue up to a maximum of CHF 11'050'000 divided into a maximum of 2'210'000 fully paid-up registered shares with a nominal value of CHF 5 each until 10 June 2011. The issue price, type of payment, timing, the beginning date for dividend entitlement and the conditions for the exercise of subscription rights attached to such shares would have to be determined by the Board of Directors. Preferred subscription rights which have been granted but not exercised are at the disposal of the Board of Directors, which can use them in the interest of the Company.

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

Conditional capital

a The share capital may be increased, through the exercise of conversion rights by a maximum of CHF 11'050'000 divided into a maximum of 2'210'000 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10 bis of the Articles of Association, conversion rights can be granted to holders of convertible bonds.

b The share capital may be increased, through the exercise of option rights by a maximum of CHF 3'497'000 divided into a maximum of 699'400 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10 ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries (the beneficiaries) and in accordance with a stock-option plan as defined by the Board of Directors.

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

During 2009, 314'050 options were granted. The options the Company has issued are for the management and employees' compensation plan as described in note 21.3 of the IFRS consolidated financial statements.

2.3 Changes in capital

The changes in capital for 2007, 2008 and 2009 are as follows:

	Number of shares	Share capital (in CHF)
Balance at 1 January 2007	5'540'000	27'700'000
Capital increase - exercise of employees stock options	100'600	503'000
Balance at 31 December 2007	5'640'600	28'203'000
Balance at 31 December 2008	5'640'600	28'203'000
Centre médico-chirurgical des Eaux-Vives acquisition issue of 560'000 shares from the authorised capital	560'000	2'800'000
Balance at 31 December 2009	6'200'600	31'003'000

In 2007, 100'600 options granted to management and key employees in connection with the 2006 acquisition of GSMN were exercised.

On 17 March 2009, GSMN acquired 100% of the Centre medico-chirurgical des Eaux-Vives SA. The acquisition was financed through the issue of 560'000 GSMN shares from the authorised capital. This brings the total number of shares at 6'200'600, with a share capital standing at CHF 31'003'000.

2.4 Shares and participation certificates

As at 31 December 2009, GSMN SA's share capital is composed of 6'200'600 registered shares with a nominal value of CHF 5 each. According to Article 16 of the Articles of Association, each share confers the right to one vote. Voting rights may, however, only be exercised if the holder is registered in the share register with voting rights.

There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

Registered shares of the Company can be transferred without restriction, save that the Company requires the holder to declare that the shares have been acquired on own account and own benefit to register the holder in the share register with voting rights. There are no further registration restrictions (e.g. percentage limitation). The registration of nominees with voting rights is permitted but is subject to the consent of the Board of Directors and is conditional upon the signature by the nominees of an agreement specifying their status. At the date of the report, the Board of Directors has never received a request for registration of nominees with voting rights.

2.7 Convertible bonds and options

The Company has not issued any convertible bonds. The only options the Company has issued are for its management and employees' compensation plan as described in note 21.3 of the IFRS consolidated financial statements.

3 Board of Directors

3.1 Members of the Board of Directors

As at 31 December 2009, the Board of Directors of Genolier Swiss Medical Network is comprised of the following members:

- **Raymond Loretan,** *Executive Chairman of the Board*

Born 1955, Swiss citizen, first election November 2006

Raymond Loretan holds a law degree from the University of Fribourg and a diploma in European Organizations from the University of Strasbourg. 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 advisor 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. Raymond Loretan joined the Group in January 2007 and is Chairman of the Board Executive Committee and was elected Chairman of the Board during the Ordinary General Meeting of shareholders on 13 June 2007. He is also founding associate of the consultancy practice Fasel Balet Loretan, Pully and Director of the "Société Suisse des Explosifs" and of the "Vins des Chevaliers". In October 2008, he was elected as Member of the Constitutional Assembly of the Canton of Geneva.

Within the Group, Raymond Loretan is also Chairman of GSMN Vaud SA, Genolier, Centre médico-chirurgical des Eaux-Vives SA, Geneva, Les Hauts de Genolier SA, Genolier and Publications Financières LSI SA, Geneva. He is Vice-Chairman of Clinique Générale Garcia Ste-Anne SA, Fribourg and Vice-Chairman of the Board of Agefi, société de l'agence économique et financière SA, Lausanne.

- **Robert Pennone,** *Vice-chairman of the Board, Non-Executive member*

Born 1944, Swiss citizen, first election June 1998

Robert Pennone qualified as a Swiss certified accountant in 1974, and became a Partner with Deloitte. In 1979 he joined Fiduciaire Revex, which was affiliated with the law firm Lenz & Staehelin which he developed in his role as Managing Director through to its merger with Ernst & Whitney in 1987. Further to the firm's merger to become Ernst & Young, Robert Pennone became the Managing Director in charge of Mergers & Acquisitions in Europe. In 1993 he launched Pennone & Partners SA. Robert Pennone also was a co-founder of the MC Securities Group and acted as CEO of its bank, Marcuard Cook & Cie, until 2000. Robert Pennone is Co-Founder and Vice-Chairman of Banque Bénédict Hentsch & Cie SA, Director of Pennone & Partners SA and Director of Compagnie Financière Tradition.

Within GSMN, Robert Pennone is Chairman of the Nomination and Compensation Committee and member of the Audit Committee.

- Antoine Hubert, *Managing Director*

Born 1966, Swiss citizen, first election June 2009

Prior to acquiring a stake in Clinique de Genolier in 2002 and founding GSMN 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 was a major shareholder of Centre médico-chirurgical des Eaux-Vives SA, acquired by GSMN in 2009. He is also shareholder and Chairman of the Board of Unigerim SA, a real estate company which owns the premises of the clinics and shareholder of Bio Tissue GmbH Freiburg, a biotechnology company (see note 31 of the IFRS consolidated financial statements).

Within the Group, Antoine Hubert is Vice-chairman of the Board of GSMN Vaud SA, Genolier, Centre médico-chirurgical des Eaux-Vives SA, Geneva and Les Hauts de Genolier, Genolier. He is member of the Board of Clinique Générale Garcia Ste-Anne SA, Fribourg, Agefi, société de l'agence économique et financière SA, Lausanne and Publications Financières LSI SA, Geneva.

- Michael Schroeder, *Non-Executive member of the Board*

Born 1956, Swiss citizen, first election November 2006

Dr Michael Schroeder studied architecture at the University of Wuppertal and medicine at the Universities of Munich and Freiburg-im-Breisgau, Germany. He holds various positions in hospitals and medical centres and is also active in the property and real estate industry. Dr. Michael Schroeder is shareholder and member of the Board of Unigerim SA, Geneva, a real estate company which owns the premises of the Clinics and shareholder of Bio Tissue GmbH Freiburg, a biotechnology company (see note 31 of the IFRS consolidated financial statements). Mrs Katrin Reincke-Schroeder was a major shareholder of Centre médico-Chirurgical des Eaux-Vives SA, a company which was acquired by GSMN in 2009.

Within the Group, Michael Schroeder is also member of the Board of GSMN Vaud SA, Genolier, Clinique Générale Garcia Ste-Anne SA, Fribourg, Centre médico-chirurgical des Eaux-Vives SA, Geneva and Publications Financières LSI SA, Geneva.

- Antoine Kohler, *Non-Executive Member of the Board*

Born in 1956, Swiss citizen, first election June 2008

With a law degree from the University of Geneva and following postgraduate studies at the Graduate Institute of International Studies, Geneva, Antoine Kohler has been practicing law as a qualified attorney in Geneva since 1983. He is a senior partner of the law firm Perréard, de Boccard, Kohler, Ador & Associés, with offices in Geneva and Zurich. Antoine Kohler is, amongst others, Chairman of Cicor Technologies, Boudry and Deputy Chairman of Mitsubishi UFJ Wealth Management Bank (Switzerland) Ltd., Geneva. He is a member of the Board of COS Computer Systems AG, Baden and Sixt AG, Sixt rent-a-car AG and Sixt Leasing AG in Basel. Within GSMN, Antoine Kohler is Chairman of the Audit Committee.

Within the Group, Antoine Kohler is member of the Board of Centre médico-chirurgical des Eaux-Vives SA, Geneva and Les Hauts de Genolier SA, Genolier.

- Hans-Reinhard, *Non-Executive Member of the Board*

Born in 1954, German citizen, first election June 2008

A professor of cardio-thoracic surgery, Hans-Reinhard Zerkowski, is President and CEO of LIFEBRIDGE Medizintechnik AG, Ampfing/Bavaria, Germany.

Born in 1954, Professor Hans-Reinhard Zerkowski is a doctor, scientist, manager and publicist. Professor Zerkowski is the scientific advisor of several medical technology companies. He looks back over 20 years experience in management of research groups, guideline commissions, political committees, medical professional associations and non-profit organizations.

Hans-Reinhard Zerkowski attained his doctors' Degree of Medicine (MD) in 1980 and passed his thesis as lecturer (Habilitation) in 1987 at Essen University Medical School. In 1985 he received the Ernst-Derra Award of the German Society for Thoracic- and Cardiovascular Surgery.

In 1994 he began his professorship of surgery as Surgeon-in-Chief and head of Cardio-Thoracic Surgery (Chair) at Martin-Luther-University Halle-Wittenberg of Halle, Germany. He was responsible for restructuring the university hospital's real estate, medical technology development, and was co-initiator of the Mid-German Thoracic Organ Transplantation Network (MDTV). In 1998, Professor Zerkowski was appointed full Professor of Cardio-Thoracic Surgery (Ordinarius) and Surgeon-in-Chief at University Hospital Basel, Switzerland. He was Chairman of the Department of Surgery and a member of the hospital managing board until 2006. He was co-founder and scientific consultant in the development of several medical technology enterprises and products such as perfusion technology, innovative artificial heart valves and defibrillator systems.

Apart from his long medical experience in clinical surgery and basic research, he is the author of several important text books as well as editor of the professional journal "Herz-Thorax-Gefässchirurgie", the postgraduate training platform of the German Society for Thoracic and Cardiovascular Surgery, and serves as president of the society's guidelines' committee. He is also venture partner for the investment group BioMedPartners AG in Basel and a medical consultant for the distinguished international medical consultancy group mck, Hamburg, restructuring hospitals in Germany, as well as board member of Medtentia Int'l Oy, Helsinki, Finland.

Within GSMN, Hans-Reinhard Zerkowski is member of the Audit Committee. Within the Group, Hans-Reinhard Zerkowski is also member of the Board of Clinique Générale Ste-Anne SA, Fribourg.

3.2 Other activities and vested interests

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

3.3 Elections and terms of office

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

3.3.1 Election procedure

The members of the Board are elected by the Annual General Meeting for a period of one year. Re-election is permitted. Elections are collective unless a shareholder requests individual elections.

All elections and motions at the Annual General Meeting are taken by open vote unless requested otherwise by the majority of votes.

3.3.2 First election and remaining term of office

Date of first election	Members	Duration
June 1998	Robert Pennone	Until the next Annual General Meeting in 2010
November 2006	Raymond Loretan	Until the next Annual General Meeting in 2010
November 2006	Michael Schroeder	Until the next Annual General Meeting in 2010
June 2008	Hans-Reinhard Zerkowski	Until the next Annual General Meeting in 2010
June 2008	Antoine Kohler	Until the next Annual General Meeting in 2010
June 2009	Antoine Hubert	Until the next Annual General Meeting in 2010

3.4 Internal organisational Structure

According to its organisational rules, the Board of Directors meets at least four times a year. In 2009, the Board of Directors met 4 times and 6 times via conference call. The Chief Financial Officer of the Group is invited to attend the meetings. The average length of meeting is 6 hours.

Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. The Board fulfils the function of defining the Group strategy, monitoring and directly controlling management. During its meetings, the Board reviews the activities of the Group with reference to operating reports. Once a year at least, the auditor is invited to take part in a Board meeting, in the course of which the results of the auditor's work are presented.

Meetings are prepared by the Chairman. Decisions are taken by the full Board. The Board can decide when more than half of its members are present. It decides by majority of votes. In case of a tie, the vote of the Chairman decides.

The Board constitutes an Audit 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, Robert Pennone and Hans-Reinhard Zerkowski. The Chairman of the Board, the Managing Director, the Chief Financial Officer and the auditor are invited to the Committee. In 2009, the Committee met twice. 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 members of the Board, the members of the Senior Management and the key Executive Officers. Approvals of proposals of the Committee are granted by the full Board. The Committee is composed of Robert Pennone, Chairman of the Committee and casting vote, Antoine Hubert and Eric Denzler, independent partner and Director of Denzler & Partner SA in Nyon. The Chairman of the Board and the Chief Financial Officer are invited to the Committee. In 2009, the Committee met twice. The average length of meeting is 2.5 hours.

3.5 Definition of areas of responsibility

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

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

According to the organisational rules, the Board has delegated the day-to-day management and controlling of ongoing operations as well as the follow-up of the risk analysis to the Managing Director Antoine Hubert and the members of the Senior Management. Since the appointment of Antoine Hubert as Managing Director on the General Shareholders' Meeting in June 2009, the Executive Committee has been replaced by regular coordinating meetings between the Executive chairman of the Board and the Managing Director.

The Managing Director in particular is responsible for the implementation of the decisions taken by the Board of Directors.

Name	Board of Directors	Nomination and Compensation Committee	Audit Committee
Raymond Loretan	X		
Robert Pennone	X	X	X
Antoine Hubert	X	X	
Antoine Kohler	X		X
Michael Schroeder	X		
Hans-Reinhard Zerkowski	X		X
Eric Denzler		X	

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

The Managing Director conducts the operational management of the Company pursuant to the organisational rules and reports to the Board of Directors on a regular basis. The Executive Chairman of the Board is invited to the monthly held Management Operation Reviews of each legal entity.

Members of the Senior Management report on operational business issues to the Managing Director on a weekly basis either during a meeting or by means of telephone conferencing.

4 Management

4.1 Senior Management and key Executive Officers

Senior Management

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

- **Antoine Hubert,** *Managing Director*

  Born 1966, Swiss citizen

  Prior to acquiring a stake in Clinique de Genolier in 2002 and founding GSMN 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 was a major shareholder of Centre médico-chirurgical des Eaux-Vives SA, acquired by GSMN in 2009. He is also shareholder and Chairman of the Board of Unigerim SA, a real estate company which owns the premises of the clinics and shareholder of Bio Tissue GmbH Freiburg, a biotechnology company (see note 31 of the IFRS consolidated financial statements).

  Within the Group, Antoine Hubert is Vice-chairman of the Board of GSMN Vaud SA, Genolier, Centre médico-chirurgical des Eaux-Vives SA, Geneva and Les Hauts de Genolier, Genolier. He is member of the Board of Clinique Générale Garcia Ste-Anne SA, Fribourg, Agefi, société de l'agence économique et financière SA, Lausanne and Publications Financières LSI SA, Geneva.

- **Valérie Dubois-Héquet,** *Chief Operating Officer*

  Born 1969, French citizen

  Valérie Dubois holds a French diploma (BTS) in international trade. She started her career as a sales representative in the healthcare sector with Sofamor Danek Group before joining Surgitec in 1995, a distributor of medical products, as Chief Marketing and Sales Officer. In 1999 she joined Clinique de Genolier as Chief Marketing Officer and is since, in charge of commercial development especially for the foreign clientele. She became member of the Senior Management Team in April 2009 and Chief Operating Officer in September 2009.

- Louis Martin, *Chief Financial Officer*

Born 1964, Canadian & Swiss citizen

Louis Martin began his international healthcare career in 1987 with Humana Inc. in the USA. In 1991 he went to Geneva, Switzerland and occupied both financial and operational responsibilities with Hospital de la Tour, owned and operated by Hospital Corporation of America (HCA). In 2000, he became the General Manager of Vietnam International Hospital in Hanoi, Vietnam. In January 2003, he joined the management team of Bumrungrad Hospital International where he occupied the function of Director, Financial Operations and reported to the Group CFO and Director International Development. In early 2006, he became the Chief Financial Officer (CFO) of Bangkok Hospital Medical Center. Louis Martin holds an Accounting & Finance degree (USA), an International Business Administration degree from the American College in Paris (France) and a MBA from the University of Geneva (Switzerland). He also has completed an Executive International Management Program with Stanford University (USA - Singapore). He joined the Company in January 2008 and became Chief Financial Officer in September 2009, replacing Mr Georges Gard. In April 2009, he also became Managing Director of Centre médico-chirurgical des Eaux-Vives.

- Beat Röthlisberger, *Chief Administrative Officer*

Born 1966, Swiss citizen

Beat Röthlisberger holds a degree in accounting and finance from the University of St-Gall. He has held positions in the controlling and finance departments of Biberist and Allseas Group. Prior to joining Clinique de Genolier in 2006, he had acquired a stake in and served as chief financial officer to Reymond SA in Lausanne, a distributor of luxury products and accessories. Beat Röthlisberger is member of the Committee of Cliniques Privées Suisses (Private Hospitals Switzerland). Beat Röthlisberger became Chief Administrative Officer in September 2009.

Key Executive Officers

Key Executive Officers report directly to the Managing Director or the Chief Operating Officer.
Key Executive Officers are not considered as part of the Senior Management.

- Laurent Bertrand, *Managing Director Clinique de Genolier*

Born 1966, Swiss and French citizen

Laurent Bertrand is expert in hospital management and holder of a Master in Management. He has been active in the healthcare sector for about 13 years. Before joining Clinique de Genolier as Managing Director on 01.03.2009, Laurent Bertrand managed the Clinique La Lignière in Gland. Laurent Bertrand is member of the Committee and vice-president of VAUDCliniques (Association Vaudoise des Cliniques Privées).

- Pietro Fabrizio, *Managing Director Clinique Générale*

Born 1968, Swiss citizen

Pietro Fabrizio holds a federal degree in accounting. From 1998 to 2007 he was Chief Administration Officer and deputy CEO of Hôpital Daler in Fribourg. In June 2007 he joined Clinique Générale Ste-Anne as Managing Director.

- Benoît Fallot, *Managing Director Clinique de Montchoisi*

Born 1952, French citizen

Benoît Fallot holds a diploma from the nursing school in Lausanne. Benoît Fallot held various positions with medical clinics in the Suisse Romande. In 1999, he was appointed deputy Managing Director of Clinique de Montchoisi in Lausanne, before being appointed Managing Director in 2003.

- **Guy Reynard,** *Managing Director Clinique Valmont, Marketing Director GSMN*

  Born 1957, Swiss citizen

  Before he joined GSMN in November 2006, Guy Reynard was in charge of a car concession during 10 years. He was also in charge of seven local retailers. Guy Reynard became Marketing Director of GSMN in April 2009.

- **Dara Meykadeh**

  Born 1950, Swiss citizen

  Dara Meykadeh became Managing Director of the Residence Les Hauts de Genolier in July 2009. He has been working on the development of this project for the last 6 years. Previously, he was the Managing Director of a Senior residence in Geneva.

- **Séverine Van der Schueren,** *Secretary-General*

  Born 1970, Belgian citizen

  Séverine Van der Schueren holds a law degree from the Katholieke Universiteit Leuven. 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 of GSMN SA (non member) in December 2008. In her capacity as Secretary to the Board, Mrs Van der Schueren reports directly to the Executive Chairman of the Board. She is a member of the PR/Image Commission of the Private Hospitals Switzerland Association.

Changes operated in 2010

- **Rainer Stelzer,** *Managing Director Privatklinik Bethanien*

  Born 1960 – Swiss citizen

  Rainer Stelzer became Managing Director of Privatklinik Bethanien in Zurich in March 2010. He has a degree of the EHL (Ecole Hôtelière de Lausanne) and the Ecole Supérieure de Commerce of Neuchâtel. Before joining Privatklinik Bethanien, Rainer Stelzer was Operating Director Clinic St-Raphael in Kusnacht and Clinique Pyramide in Schwerzenbach.

- **Thierry Esmilaire,** *Managing Director Clinique Valmont*

  Born 1966, Swiss and French citizen

  Thierry Esmilaire became Managing Director of Clinique Valmont in April 2010. He has been Managing Director of private clinics for over 10 years. He has successively managed clinics of the French groups Lecomte, Clininvest, Tonkin and Santé Retraite. He was Director for 4 years of Clinique du Parc de Vanves, a rehabilitation clinic of 72 beds in Paris and Clinique Alleray Labrouste, a clinic of 172 beds specialised in Surgery and Medicine, also in Paris. He holds a Agronomist degree and a «Certificat d'Aptitude à l'Administration des Entrprises».

- **Guy Reynard,** *Marketing Director GSMN*

  Born 1957, Swiss citizen

  Guy Reynard handed over the management of Clinique Valmont to Thierry Esmilaire in April 2010 and is now Marketing Director of GSMN.

4.2 Other activities and vested interests

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

4.3 Management contracts

The company has signed no management contracts.

5 Compensation, shareholdings and loans

Content and method of determining the compensation and the share-ownership programs.
Compensation and shareholding programs are defined by the Board of Directors based on a proposal of the Nomination and Compensation Committee. Members of the Senior Management receive a base compensation and stock options. The additional variable part of compensation, which vary between 10 to 30% of the base compensation is subject to business success (percentage of EBITDA) as well as to meeting personal objectives.

The Nomination and Compensation Committee is in charge of defining the remuneration of the ten highest remuneration of the management, overseeing and discussing the remuneration principles for the Company and the Group. He 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, and keeps the Board updated on the overall remuneration policy of the Group.
Compensation of the members of the Board of Directors and the Senior Management is detailed as per art. 663b bis CO in note 9 of the 2009 statutory financial statements of Genolier Swiss Medical Network.

Share-based payments to members of the Board and to employees is detailed in note 23.3 to the IFRS consolidated financial statements. For details about transactions with related parties see note 31 to the 2009 IFRS consolidated financial statements. No loans have been granted.

6 Shareholders' Participation

6.1 Voting rights and representation restrictions

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

6.2 Statutory quorums

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda

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

6.5 Inscriptions into the share register

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

7 Changes of Control and defence measures

7.1 Duty to make an offer

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

7.2 Clauses on changes of control

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

8 Auditing body

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

In compliance with statutory conditions, the General Meeting of the Shareholders of Genolier Swiss Medical Network SA each year appoints an auditing company and auditor for the Group's accounts. KPMG Fides SA, Lausanne branch was appointed for the first time on 19 May 2005. The term of office is renewable each year for a period of one year by the General Meeting.

On 10 June 2009, the General Meeting re-appointed KPMG SA, Lausanne branch, as the auditing company and auditor for the Group's accounts for the fiscal year ending 31 December 2009. Michel Faggion, the auditor in charge at KPMG SA, has been supervising the auditing of the statutory annual accounts and consolidated accounts of Genolier Swiss Medical Network SA for the first time in 2009.

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

8.2 Auditing fees

Auditing fees of KPMG for the group amounted to CHF 200'000 for the business year 2009.

8.3 Additional fees

During 2009, KPMG charged additional fees for IFRS compliance advices of CHF 75'000.

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 a Audit Committee meeting in the course of which the results of the auditor's work are presented. At the beginning of the each interim and final audit, the Managing Director and the Chief Financial Officer of the Group meet with the auditor in charge. A report by the Chief Financial Officer is regularly made to the Board of Directors. The Audit Committee reviews the remuneration for the services provided by the external auditors on an annual basis.
The external auditors submit a detailed report of their main findings, which are analysed and discussed with the Audit Committee before being drawn up for the Board of Directors prior to the approval of the annual financial statements for 2009 by the Board.
During 2009, the auditor participated to one Board of Directors meeting and 2 meetings 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.gsmn.ch), press releases, the presentation of the financial statements for media and financial analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter. As a company listed on the SIX Swiss Exchange, the Group is obliged to publish information that is relevant to its share price (ad hoc publicity, article 53 of rules governing quoted companies "Règlement de cotation"). These rules can be viewed under www.six-swiss-exchange.com. For specific questions regarding the Group, contact Séverine Van der Schueren, Secretary-General (Tel. +41 22 366 99 87, investor.relations@gsmn.ch).

The General Meeting of shareholders for the 2009 fiscal year will take place at the Clinique de Genolier in 1272 Genolier, on Wednesday 9 June 2010 at 11:00 a.m.

CONSOLIDATED financial statements of GSMN SA

Consolidated Statement of Financial Position

(in thousands of CHF)	Notes	31.12.2009	31.12.2008
Assets			
Equipment and leasehold improvements	7	46'704	35'374
Goodwill and other intangible assets	8	89'804	85'056
Cash deposit	10	-	3'300
Investments in equity accounted investees	9	21	46
Other investment	33.4	133	-
Pension plan asset	23.4	1'034	971
Deferred tax assets	11	4'870	3'467
Total non-current assets		142'566	128'214
Inventories	12	4'934	4'456
Accrued income and prepaid expenses	13	1'884	1'462
Trade receivables	14	23'167	25'064
Other receivables	15	5'364	5'576
Cash and cash equivalents	16	6'928	4'211
Assets held for sale	4	-	2'462
Total current assets		42'277	43'231
Total assets		184'843	171'445
Equity			
Share capital	17	31'003	28'203
Share premium	17.1	96'645	91'353
Other reserves		323	323
Treasury shares	17.4	(2'947)	(2'868)
Accumulated deficit		(791)	(2'989)
Total equity attributable to equity holders of the Company		124'233	114'022
Liabilities			
Bank loan	18	1'875	2'375
Finance lease liabilities	19	6'129	5'245
Deferred income		975	-
Deferred tax liabilities	11	1'261	1'148
Total non-current liabilities		10'240	8'768
Bank overdraft and current portion of bank loan	20	14'626	11'434
Finance lease liabilities	19	2'479	2'620
Trade payables	21	28'532	28'191
Current tax liability		463	451
Accrued expenses and deferred income	22	4'270	3'785
Liabilities held for sale	4	-	2'174
Total current liabilities		50'370	48'655
Total liabilities		60'610	57'423
Total equity and liabilities		184'843	171'445

Consolidated Statement of Comprehensive Income for the years ended 31 December

(in thousands of CHF)	Notes	2009	2008
Revenue		139'332	127'844
Medical services		(10'498)	(8'709)
Net revenue		**128'834**	**119'135**
Production expenses		(31'288)	(28'355)
Personnel expenses	23.2	(55'080)	(50'132)
Rental expenses		(10'695)	(9'215)
Acquisition-related expenses	24	(1'963)	(344)
Other operating expenses	25	(20'959)	(20'625)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		**8'849**	**10'464**
Depreciation	7	(9'019)	(7'380)
(Loss) / profit from operating activities		**(170)**	**3'084**
Finance income	26	20	212
Finance expenses	26	(1'408)	(1'375)
Net finance expenses		**(1'388)**	**(1'163)**
Share of (loss) / profit of equity accounted investees		(25)	15
(Loss) / profit before income tax		**(1'583)**	**1'936**
Income tax income / (expenses)	27	521	(633)
(Loss) / profit for the year from continuing operations		**(1'062)**	**1'303**
Discontinued operation			
Profit / (loss) for the year from discontinued operation, net of tax	4	3'007	(1'139)
Profit for the year		**1'945**	**164**
Total comprehensive income for the year*		**1'945**	**164**
Total operations			
Basic earnings per share (in CHF)	32	0.33	0.03
Diluted earnings per share (in CHF)	32	0.33	0.03
Continuing operations			
Basic earnings per share (in CHF)	32	(0.18)	0.23
Diluted earnings per share (in CHF)	32	(0.18)	0.23

* The Group has no items of "other comprehensive income"

Consolidated Statements of Changes in Equity for the years ended 31 December

(in thousands of CHF)	Number of shares (thousands)	Share capital	Share Premium	Other reserves	Treasury shares	Accumulated deficit	Total
Changes in equity for 2008							
Balance at 1 January 2008	5'641	28'203	91'353	323	(2'854)	(3'227)	113'798
Profit for the year	-	-	-	-	-	164	164
Total comprehensive income for the year*	-	-	-	-	-	164	164
Purchase of treasury shares (see note 17.4)	-	-	-	-	(145)	-	(145)
Sale of treasury shares (see note 17.4)	-	-	-	-	131	-	131
Share based payments (see note 23.3)	-	-	-	-	-	74	74
Balance at 31 December 2008	**5'641**	**28'203**	**91'353**	**323**	**(2'868)**	**(2'989)**	**114'022**
Changes in equity for 2009							
Balance at 1 January 2009	5'641	28'203	91'353	323	(2'868)	(2'989)	114'022
Profit for the year	-	-	-	-	-	1'945	1'945
Total comprehensive income for the year*	-	-	-	-	-	1'945	1'945
Capital increase (see note 17.1)	560	2'800	5'292	-	-	-	8'092
Purchase of treasury shares (see note 17.4)	-	-	-	-	(197)	-	(197)
Sale of treasury shares (see note 17.4)	-	-	-	-	118	(8)	110
Share based payments (see note 23.3)	-	-	-	-	-	261	261
Balance at 31 December 2009	**6'201**	**31'003**	**96'645**	**323**	**(2'947)**	**(791)**	**124'233**

* The Group has no items of "other comprehensive income".

Consolidated Statement of Cash Flows for the years ended 31 December

(in thousands of CHF)	Notes	2009	2008*
Cash flow from operating activities			
Profit for the year		1'945	164
Income tax	27	(521)	633
Adjustments for:			
Depreciation	7	9'019	7'550
Income related to pension plans	23.4	(63)	(971)
Share of loss / (profit) of equity accounted investees		25	(15)
Gain on sale of discontinued operation, net of tax	4	(3'889)	-
Equity settled share based payments expenses	23.3	261	74
Net finance expenses	26	1'388	1'235
Movement of allowance for doubtful debts		(326)	(226)
Change in trade and other receivables		4'894	1'069
Change in inventories		(409)	(535)
Change in accrued income and prepaid expenses		(317)	84
Change in trade and other payables		(2'774)	2'906
Change in accrued expenses and deferred income		190	(86)
Change in non-current deferred income		975	-
Interest paid		(1'408)	(1'374)
Net cash flow from operating activities		**8'990**	**10'508**
Interest received		20	139
Purchase of equipment and leasehold improvements	7	(11'444)	(5'678)
Disposal of discontinued operation, net of cash disposed of	4	2'314	-
Repayment of cash deposit	10	3'300	300
Acquisition of subsidiary, net of cash acquired	5	175	-
Acquisition of other investment	33.4	(133)	-
Net cash flow used in investing activities		**(5'768)**	**(5'239)**
Payment of finance lease liabilities		(3'183)	(3'228)
Purchase of treasury shares	17.4	(197)	(145)
Sale of treasury shares	17.4	110	132
Repayment of bank loan	18/20	(500)	(500)
Proceeds from bank loan	18/20	-	2'875
Change in bank overdraft	20	2'345	(4'974)
Net cash flow used in financing activities		**(1'425)**	**(5'840)**
Net increase/(decrease) in cash and cash equivalents		**1'797**	**(571)**
Cash and cash equivalents at beginning of the year		5'131	5'702
Cash and cash equivalents at end of the year *	16	**6'928**	**5'131**

* The statement of cash flows presents the cash flows from all operations of the Group. See note 4 for cash flows relating to the discontinued operation. See note 17.1 for a description of a non-cash increase of the share capital.

Notes to the Consolidated Financial Statements

1 Reporting group of entities

Genolier Swiss Medical Network SA (hereafter «The Company») has its registered and principal offices at 1272 Genolier, 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.
The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries ("the Group") and interests in associates.

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.
The consolidated financial statements were authorised for issue by the Board of Directors on 28 April 2010. Final approval is subject to acceptance by the annual general meeting of shareholders on 9 June 2010.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except where a standard requires a different measurement basis.

Functional and presentation currency

The consolidated financial statements are presented in Swiss Francs (CHF), which is the functional currency of all entities in the Group. All financial information presented in CHF has been rounded to the nearest thousand.

Use of estimates and judgements

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.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described hereafter:

Goodwill: an estimate of the fair value of the acquired assets and liabilities is made at the date of acquisition. The difference between acquisition cost and fair value of the net assets acquired is the goodwill. Goodwill is not amortised but is subject to an annual impairment test. Impairment tests require a number of assumptions to be made, which are based on medium and long term estimates and include growth rates of turnover, margins and discount rates. These estimates are affected by both internal data and external factors. Actual outcomes could vary significantly from estimated future cash flows. Factors such as occupation rates and attendance of VIP clients could result in lower growth rate of turnover.

Deferred tax assets: deferred tax assets arise from deductible temporary differences and tax loss carry-forwards where it is considered probable that the tax losses will provide future benefits. The estimate of whether the tax loss carry forward can be used depends on the forecasts made by the taxable entity. If these forecasts prove to be either incorrect or imprecise, adjustments will have to be recognised in profit or loss as additional tax expenses.

Leases: The group is party to leasing arrangements as lessee. The transactions in the financial statements are mainly determined by whether the lease is considered operating lease or finance lease. In making this assessment, management looks at the substance as well as the legal form and makes a judgement about whether substantially all of the risks and ownership are transferred.

Change in accounting policies resulting from adoption of new and amended standards and interpretations

Starting as of 1 January 2009, the adoption of the new and amended Standards had an impact on the following areas:

- Determination and presentation of operating segments
- Accounting for business combinations
- Presentation of financial statements

(i.) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to Senior Management which is the Group's chief operating decision maker ("CODM"). This change is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. For further information about the impact of adopting IFRS 8 refer to note 6.

(ii.) Accounting for business combinations

IFRS 3 revised Business Combinations (2008) is effective for business combinations for which the acquisition date occurs in annual periods beginning on or after 1 July 2009. Acquisitions costs were expensed during this period relating to a business combination which was effective in January 2010 (see notes 24 and 34). According to IFRS 3 (2008), acquisitions costs related to this business combination have to be expensed as incurred. The business combination that took place during the first part of 2009 was treated according to IFRS 3 (2004) (see note 5).

(iii.) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. The adoption of revised IAS 1 had a minor impact on the presentation of the financial statements. Comparative information has been re-presented so that it also is in conformity with the revised standard.

The adoption of the other new or revised Standards or Interpretations which are effective for the current financial period had no, or no material, effect on these consolidated financial statements.

New and revised standards and interpretation not yet adopted

From 2010 onwards, the Group will be applying the Swiss GAAP FER instead of IFRS (refer also to note 34). Due to this, no overview is presented with regard to the new or revised Standards or Interpretations which have been issued by the IASB and the IFRIC but are not yet effective.

3 Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities, unless stated below.

Basis of consolidation

(i.) 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 full consolidation method is used whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements.

(ii.) Associates

Associates are those entities in which the Group has significant influence, but not control, 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, after adjustments to align the accounting policies with those of the Group, 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.

(iii.) 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

Consolidated companies and changes in scope of consolidation

As of the end of the reporting period, the following entities, all located in Switzerland, were included in the consolidation circle:

Name	Location	Activity	% 2009	% 2008
GSMN Vaud SA*	Genolier	Clinics	100.0	100.0
Clinique Générale Garcia-Ste Anne SA	Fribourg	Clinic	100.0	100.0
Centre Médico-Chirurgical des Eaux-Vives SA	Geneva	Day clinic	100.0	N/A
Les Hauts de Genolier SA	Genolier	Medicalised residence	100.0	N/A
Agefi Société de l'agence économique et financière SA**	Lausanne	Publishing	49.0	100.0
Agefi Com SA	Geneva	Publishing	49.0	100.0
Academy & Finance SA**	Geneva	Organisation of seminars	22.5	22.5
Piscine de Bassins SA	Bassins	Swimming pool	20.0	20.0

* In June 2009, Montchoisi SA, Clinique Valmont-Genolier SA and GSMN Management et Services SA were merged with Clinique de Genolier SA which changed its name into GSMN Vaud SA.

** As the company has negative equity, no financial figures have been reported in the financial statements. The Group has no obligation in respect of the losses of the company (refer also to note 9)

In 2009, the Group acquired 100% of Centre Médico-Chirurgical des Eaux-Vives SA (refer to note 5).
In 2009, the group sold 51% of both Agefi Société de l'agence économique et financière SA and Agefi Com SA (refer to note 4).
The Group also set up Les Hauts de Genolier SA in 2009.

In 2008, there was no change to the scope of consolidation.

Foreign currency

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 profit or loss. The consolidated financial statements do not include any assets or liabilities denominated in foreign currencies and the Group does not have any foreign operations.

Equipment and leasehold improvements

(i.) Measurement

Items of equipment and leasehold improvements 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.

When parts of an item of equipment and leasehold improvements have different useful lives, they are accounted for as separate items (major components) of equipment and leasehold improvements.

(ii.) Subsequent costs

The cost of replacing part of an item of equipment and leasehold improvements 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 equipment and leasehold improvements are recognised in profit or loss as incurred.

(iii.) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment and leasehold improvements. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

- Medical machinery and equipment 5-8 years
- Leasehold improvements 15 years

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

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.

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

Goodwill and other intangible assets

Goodwill

Goodwill represents the future economic benefits arising from net assets acquired in a business combination that are not capable of being individually identified and separately recognised.

The cost of a business combination is determined in accordance with IFRS 3 and is equal to the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree plus any costs directly attributable to the business combination (as mentioned in section 2 (ii), the acquisition costs incurred in 2009 relating to a business combination effective in January 2010 have been expensed during the period).

At the acquisition date (date on which the Group effectively obtains control of the acquiree), the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.
Any excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill.
If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised as described above exceeds the cost of the business combination, the Group reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognises immediately in profit or loss any excess remaining after the reassessment.
After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that there might be an impairment.

Other intangible assets

Other intangible assets include intellectual property acquired from a third party and are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 5 years.
Intangible assets acquired in a business combination are recognised separately from goodwill if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated.
Expenditure on internally generated goodwill and brands is expensed as incurred. Start-up, pre-operating, re-organisation, training and marketing costs are not recognised as intangible assets but expensed as incurred, since they do not meet the recognition criteria for intangible assets.

Inventories

Inventories mainly comprise medical supplies and pharmaceutical products. They are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle.

Financial instruments

(i.) Non derivative financial instruments

Non derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Non derivative financial instruments are recognised and measured as described below.

(ii.) Equity securities

The Group has investments in equity securities that do not have a quoted market price in an active market. These securities are classified as available for sale with fair value changes recognised in other comprehensive income.

(iii.) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses.

(iv.) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank, call deposits and petty cash.

(v.) Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost using the effective interest method.

(vi.) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Impairment

(i.) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. Impairment losses on trade receivables are recognised on an individual basis or on portfolio basis where there is objective evidence that impairment losses have been incurred. Collective impairment loss is measured either on the basis of past losses or using information provided by external sources. As long as impairment loss remains merely probable, it is recorded in an allowance for doubtful receivables. Once it is realised (bankruptcy or cessation of payment), the carrying amount of the related asset is offset directly.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii.) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date (or more often, if deemed necessary) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (on a pro rata basis).
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Share capital

(i.) Ordinary shares

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

(ii.) Treasury shares

When own equity instruments (treasury shares) are repurchased, the amount of the consideration paid (including directly attributable costs) is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

Employee benefits

(i.) Post-employment benefits

The Group entities contribute to a common pension fund for the benefit of their employees, which is a separate legal entity in accordance with the legal requirements in Switzerland, except for the newly acquired subsidiary "Centre Medico-Chirurgical des Eaux-Vives" which is affiliated to a multi-employer plan. All Swiss pension schemes are accounted for as defined benefit plans.
The employer net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted to determine the Group's net asset or liability. The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating the terms of the entities' obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising from subsequent calculations are recognised to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets and that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(ii.) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii.) Share based payment

The Group has equity-settled payment transactions (share option plans).

The grant date fair value of options granted to employees are recognised in profit or loss as personnel expenses with a corresponding increase in equity over the vesting period, if any. All plans have a service condition attached to them.

The fair values of the options are measured using the Black and Scholes model. The cost of equity settled share-based payment transactions is adjusted to reflect the numbers of options for which the related service conditions are expected to be met as of vesting date.

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.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Revenue includes hotel revenue, fees and auxiliary income from activities conducted in the clinics and diagnostics activities.

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.

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.

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are expensed as incurred. The Group currently does not have any qualifying assets.

Finance income and expenses

Finance income includes interest income on bank accounts. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance expenses include interest expense on bank borrowings and leasings and commission on credit cards. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is 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 tax is 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 by 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 difference 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.

Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. The asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement.
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

4 Assets and liabilities held for sale and discontinued operation

On 27 March 2009, the Company sold 51% of its investments in Agefi Société de l'Agence Economique et Financière SA and Agefi Com SA (former Publishing division). Total consideration for the sale amounted to CHF 5'100. At the date of disposal, an amount of CHF 2'100 was paid to the Company. A second instalment of CHF 1'000 was paid on 30 June. The third instalment of CHF 1'000 was paid on 30 September 2009. The Company received the last instalment of CHF 1'000 on 6 January 2010 (refer also to note 34).
The Publishing division was presented as a disposal group held for sale at year-end 2008 and as a discontinued operation for 2008 and for the first quarter 2009 (see below). The remaining holdings in these companies are accounted for as associates by applying the equity method (refer to note 9).
According to the Sale & Purchase agreement, the Group has granted to the buyer a call option on the remaining 49%. Exercise price of the option will be calculated as follows:
((Average of this business' EBITDA for the years 2009, 2010 and 2011) * 6) * 49%. The option can be exercised 60 days following the date of the audit report on the 2011 financial year.

Results of the discontinued operation

(in thousands of CHF)

	2009 (3 months)	2008 (12 months)
Revenue	1'829	11'591
Commissions	(274)	(1'993)
Net revenue	**1'555**	**9'598**
Expenses	(2'436)	(10'730)
Loss from operating activities	**(881)**	**(1'132)**
Net finance expenses	(1)	(7)
Loss for the period	**(882)**	**(1'139)**
Gain on sale of discontinued operations	3'889	-
Profit/(loss) for the period	**3'007**	**(1'139)**
Basic and diluted earnings per share (in CHF)	0.50	(0.20)

Cash flows from discontinued operation

(in thousands of CHF)

	2009 (3 months)	2008 (12 months)
Net cash flows used in operating activities	(329)	(1'070)
Net cash flows from / (used in) investing activities	2'314	(20)
Net cash flows from financing activities	-	1'200
Net cash from/(used in) discontinued operation	**1'985**	**110**

Effect of disposal (in 2009) on the financial position of the Group

(in thousands of CHF)

	27.3.2009	31.12.2008
Equipment and leasehold improvements	133	115
Intangible assets	400	400
Trade receivables	494	725
Other receivables	187	188
Accrued income and prepaid expenses	107	114
Cash and cash equivalents	581	920
Total assets	**1'902**	**2'462**
Trade and other payables	(608)	(635)
Accrued expenses and deferred income	(1'888)	(1'539)
Total liabilities	**(2'496)**	**(2'174)**
Net (liabilities)/assets	**(594)**	**288**

The gain on sale of discontinued operations is calculated as follow:

Sales price	5'100
Receivables given up	(600)
Transaction costs	(1'205)
Net liabilities disposed of	594
Net gain	**3'889**

The sale of discontinued operations had the following effect on the Group's cash flow:

Sales Price	5'100
Final payment received in 2010 (note 34)	(1'000)
Total consideration received in cash during the period	4'100
Sales transaction costs	(1'205)
Cash and cash equivalents disposed of	(581)
Net cash inflow for the period	**2'314**

5 Acquisition of subsidiary

On 17 March 2009, the Company acquired 100% of the share capital of Centre Médico-Chirurgical des Eaux-Vives SA (CMEV). In the period ended 31 December 2009, CMEV contributed revenue of CHF 6'894, EBITDA of CHF 769 and loss of CHF -651. If the acquisition had occurred on 1 January 2009, management estimates that the Group's consolidated revenue would have been CHF 140'483, the Group's consolidated EBITDA for the period would have been CHF 8'301 and the profit for the period would have been CHF 1'266.

The acquisition is 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.

(in thousands of CHF)	Pre-acquisition carrying amount of assets and liabilities	Fair value adjustments	Recognised values upon acquisition
Equipment and leasehold improvements	8'437	-	8'437
Deferred tax assets	769	-	769
Inventories	69	-	69
Trade and other receivables	1'622	-	1'622
Cash and cash equivalents*	327	-	327
Assets	**11'224**	**-**	**11'224**
Finance lease liabilities	3'458	-	3'458
Bank overdraft	847	-	847
Trade and other payables*	1'187	-	1'187
Accrued expenses and deferred income	308	-	308
Liabilities	**5'800**	**-**	**5'800**
Identifiable net assets			**5'424**
Goodwill			4'748
Cost of the business combination**			**10'172**

* Compared to its half-year report 2009, the Group has adjusted the following:
- Presentation of "Cash and cash equivalents" in the amount of CHF 327 as a separate line item. Cash and cash equivalents acquired were previously netted against "Trade and other payables".
- The pre-acquisition carrying amounts of and the fair value adjustments on "Trade and other payables".

The adjustment relating to the cash and cash equivalents led to an increase of previously reported net identifiable assets acquired by an amount of CHF 327 to CHF 5'424 (previously reported CHF 5'097). For the impact on the goodwill and cost of the business combination, refer to comments on next page.

The cost of the business combination is calculated as follows:

(in thousands of CHF)	Exchange of shares	Total
560'000 shares exchanged at estimated fair value at the date of exchange (CHF 14.45 per share)	8'092	8'092
Receivable contributed (existing account receivable on the acquiree before the acquisition)**		1'928
Transaction costs		152
Cost of the business combination**		10'172

** Compared to its half-year report 2009, the Group has adjusted the following:
- The description of the current line item "Receivables contributed" (previously described as "accounts payable to acquiree, net of cash").
- Cash and cash equivalents in the amount of CHF 327 were netted against "Receivables contributed" (previously described as "accounts payable to acquire, net of cash").

The adjustment relating to the netting of cash and cash equivalents led to an increase of the totalcost of the business combination by CHF 327 to CHF 10'172 (previously reported cost was CHF 9'845)." The impact of this adjustment and the adjustment relating to the amount of net assets previously reported (see above) had no impact on the amount of previously reported goodwill presented (CHF 4'748).

The fair value of shares issued was based on the listed share price of the Company at 17 March 2009.

The net cash outflow is as follows:

Consideration paid in cash	-
Transaction costs	(152)
Cash acquired	327
Net cash inflow***	175

*** Compared to its half-year report 2009, the Group adjusted the following:
- Inclusion of a non-cash item ("Receivables contributed", previously described as "Accounts payable to acquire, net of cash") in the amount of CHF1'601.
- "Cash acquired" amounting to CHF 327 is now considered when calculating the cash impact.

These adjustments resulted in a net cash inflow of CHF 175 instead of the previously reported net cash outflow of CHF 1'753 relating to this business combination. Accordingly, the line item "Acquisition of CMEV, net of cash acquired" in the statement of cash flows in the half-year report 2009 was incorrect. As per half-year 2009, net cash flow from operating activities and net cash flow used in investing activities would have been lower by CHF 1'928 had this error not occurred.

Goodwill

The goodwill includes expected synergies from the acquisition, the work force and potentially other intangible assets that did not meet the criteria to be recognised separately from goodwill.

6 Segment information

Under IAS 14, the Company presented two reportable primary segments (Healthcare and Publishing).

The adoption of IFRS 8 Operating Segments has led to a change in the basis of segmentation as follows: The standard introduces the "management approach" to segment reporting. The introduction of a management approach required a change in the presentation and disclosure of segment information, based on the internal reports regularly reviewed by the Group's Senior Management (Chief Operating Decision Maker) in order to assess each segment's performance and to allocate resources to them.
Comparative figures have been re-presented.

Following the adoption of IFRS 8, the Group's structure was changed as follows:
- Disposal of the reportable segment "Publishing" in March 2009 (see note 4).
- Acquisition of the reportable segment "Centre Medico-Chirurgical des Eaux-Vives" in March 2009 (see note 5).

As per 31 December 2009, the Group has 5 operating segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately because they are run separately by distinctive management and they are subject to different legal frame and marketing strategies. Strategic decisions and services offered also vary from one entity to another.
For each of the strategic business units, Senior Management reviews internal management reports on a monthly basis.

Operating and reportable segments are the following:
- Clinique de Genolier, Genolier (orthopaedics, oncology, general surgery and aesthetics)
- Clinique de Montchoisi, Lausanne (orthopaedics, ophthalmology, gynaecology, general and aesthetic surgery and medical imaging)
- Clinique Valmont, Glion s/Montreux (orthopaedic and neurological rehabilitation)
- Clinique Générale St-Anne, Fribourg (orthopaedic, neurosurgery and ear, nose & throat (ENT))
- Centre Médico-Chirurgical des Eaux-Vives, Geneva (multidiscipline medical centre, radio-oncology centre).

Segment performance is evaluated based on profit or loss before income tax. The accounting policies of the reportable segments are the same as described in these consolidated financial statements.
"Corporate" includes Group headquarter and corporate coordination functions and eliminations and consolidation adjustments.
The Group is only operating in Switzerland. There is no single customer that represents more than 10% of the Group's total revenue.
Since information related to entity wide disclosures of products and services can not be derived from the internal reporting system and the cost to develop it would be excessive, such information has not been disclosed.

Comparative information has been re-presented accordingly.

Information about reportable segments

(In thousands of CHF) 2009	Clinique de Genolier****	Clinique de Montchoisi	Clinique Générale St-Anne	Clinique Valmont	Centre Medico-Chirurgical des Eaux-Vives *****	Total reportable segment	Corporate/ reconciling items***	Total Continuing operations	Publishing discontinued	Total
External Revenue	74'127	16'909	27'460	13'580	6'894	138'970	362	139'332	1'829	141'161
EBITDA Earnings before interest, taxes, depreciation and amortisation	7'566	1'425	2'195	(85)	769	11'870	(3'021)	8'849	(881)	7'968
Depreciation	(4'271)	(1'074)	(1'574)	(676)	(1'074)	(8'669)	(350)	(9'019)	-	(9'019)
Net finance expenses	(227)	(191)	(555)	(185)	(346)	(1'504)	116	(1'388)	(1)	(1'389)
Profit/(loss) before income tax	3'068	160	66	(946)	(651)	1'697	(3'280)	(1'583)	(882)	(2'465)
Segment assets, including goodwill	92'057	21'094	32'398	15'521	14'643	175'713	9'130	184'843	-	184'843
Capital expenditure*	9'227	848	723	878	98	11'774	138	11'912	-	11'912
Segment liabilities	30'922	6'287	10'904	3'327	4'998	56'438	4'172	60'610	-	60'610

(In thousands of CHF) 2008	Clinique de Genolier****	Clinique de Montchoisi	Clinique Générale St-Anne	Clinique Valmont	Centre Medico-Chirurgical des Eaux-Vives *****	Total reportable segment	Corporate/ reconciling items***	Total Continuing operations	Publishing discontinued	Total
External Revenue	70'046	16'678	24'824	15'625		127'173	671	127'844	11'591	139'435
EBITDA Earnings before interest, taxes, depreciation and amortisation	6'255	1'637	1'144	295		9'331	1'133	10'464	(862)	9'602
Depreciation	(3'890)	(1'106)	(1'479)	(653)		(7'128)	(252)	(7'380)	(270)	(7'650)
Net finance expenses	(114)	(235)	(535)	(229)		(1'113)	(50)	(1'163)	(7)	(1'170)
Profit / (loss) before income tax	2'251	296	(870)	(587)		1'090	846	1'936	(1'139)	797
Segment assets**	39'606	9'889	16'856	8'649		75'000	8'927	83'927	2'462	86'389
Capital expenditure*	5'753	1'207	321	1'872		9'153	117	9'270	115	9'385
Segment liabilities	29'597	7'268	12'778	3'518		53'161	2'088	55'249	2'174	57'423

* Consists of additions to non-current assets other than financial instruments, deferred tax assets and pension plan assets.

** Segment assets in 2008 exclude goodwill of CHF 85'056, as goodwill in the past was allocated to the former Healthcare division, (see further note 8).

*** Major reconciling items include:
- Corporate cost, assets and liabilities not directly attributable to each segment
- Holding company assets and liabilities
- Investment in associates and the resulting share of profit or loss.

**** In 2009, Clinique de Genolier segment includes Les Hauts de Genolier operations (residential living).

***** Centre Médico-Chirurgical des Eaux-Vives SA was acquired by the Group in 2009.

7 Equipment and leasehold improvements

(in thousands of CHF)	Medical machinery and equipment	Leasehold improvements	Total
Cost			
Balance at 1 January 2008	25'455	19'334	44'789
Transfer to assets held for sale	(4'724)	-	(4'724)
Additions	5'815	3'455	9'270
Disposals	(398)	-	(398)
Balance at 31 December 2008	**26'148**	**22'789**	**48'937**
Additions through business combinations	5'120	3'317	8'437
Other additions	6'952	4'960	11'912
Disposals	(758)	(430)	(1'188)
Balance at 31 December 2009	**37'462**	**30'636**	**68'098**
Accumulated depreciation			
Balance at 1 January 2008	8'944	1'705	10'649
Transfer to assets held for sale	(4'466)	-	(4'466)
Depreciation for the year	5'906	1'474	7'380
Balance at 31 December 2008	10'384	3'179	13'563
Disposal	(758)	(430)	(1'188)
Depreciation for the year	6'666	2'353	9'019
Balance at 31 December 2009	**16'292**	**5'102**	**21'394**
Carrying amounts			
At 31 December 2008	**15'764**	**19'610**	**35'374**
At 31 December 2009	**21'170**	**25'534**	**46'704**

Leased equipment

The Group leases machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see note 19). At 31 December 2009 the net carrying amount of leased medical machinery and other equipment was CHF 8'088 (2008: CHF 7'805). The additions in 2009 amount to CHF 468 (2008: 3'414).

8 Goodwill and other intangible assets

(In thousands of CHF)	Other intangible assets	Goodwill
Cost		
Balance at 1 January 2008	500	111'246
Transfer to assets held for sale	(500)	-
Balance at 31 December 2008	-	111'246
Additions through business combinations	-	4'748
Balance at 31 December 2009	-	115'994
Accumulated amortisation and impairment losses		
Balance at 1 January 2008	100	26'190
Transfer to assets held for sale	(100)	-
Balance at 31 December 2008	-	26'190
Balance at 31 December 2009	-	26'190
Carrying amounts		
At 31 December 2008	-	85'056
At 31 December 2009	-	89'804

In 2007 the Group acquired all intellectual properties of Audace Publishing, which includes "Profil Femme", a magazine for women. Total consideration paid amounted to CHF 500. At 31 December 2008, intellectual properties were presented in assets held for sale that were disposed of in 2009 (see note 4).
In 2009, the Group acquired Centre Médico-Chirurgical des Eaux-Vives SA. The goodwill related to that acquisition amounts to CHF 4'748 (see note 5).

Goodwill and Impairment test

Goodwill recognised in the statement of financial position has been allocated to the Group's cash generating units (CGUs), which are defined as operating as well as reportable segments, and was subject to an annual impairment test as of 31 December 2009.

	Carrying amount of goodwill as of 31.12		Recoverable amount exceeds carrying amount of net assets by as of 31.12		Assumptions: Forecast growth rate of revenue		Assumptions: Pre-tax discount rate	
(In thousands of CHF)	2009	2008	2009	2008	2009	2008	2009	2008
Clinique de Genolier	49'232	-	63'633	-	6.6%	-	9.9%	-
Clinique de Montchoisi	12'058	-	15'668	-	11.2%	-	9.6%	-
Clinique Générale St-Anne	16'606	-	15'713	-	5.9%	-	9.8%	-
Clinique Valmont	7'160	-	11'390	-	5.8%	-	9.8%	-
Centre Médico-Chirurgical des Eaux-Vives	4'748	-	3'686	-	9.9%	-	9.6%	-
Former Healthcare division	-	85'056	-	28'593	-	5.9%	-	11.6%
Total	89'804	85'056	110'090	28'593				

Goodwill has been re-allocated on 1 January 2009 based on the new basis of segmentation (see note 6). In 2008 goodwill was allocated to the Healthcare division, which included Clinique de Genolier, Clinique de Montchoisi, Clinique Générale St-Anne and Clinique Valmont. In 2009, these clinics are presented as separate reportable segments together with the newly acquired Centre Médico-Chirurgical des Eaux-Vives.

The recoverable amount of each cash-generating unit was based on its value in use calculated by the discounted cash flow (DCF) method. The future cash flows are based on cash flow forecasts for 2010-2014 approved by management. Growth assumptions are based on market expectations and measures taken in accordance with group strategy. Average growth rates disclosed above relate to revenue forecasts 2010 - 2014. Growth rate used to extrapolate revenue projection beyond the period covered by the forecast amounts to 1.5%, which does not exceed the long-term average growth rate for the industry.

The discount rate was estimated based on an industry average weighted average cost of capital.

As of 31 December 2009 the impairment test did not result in a goodwill impairment (2008: none).

The discount rate and the forecast growth rate in revenue have a significant influence on the sensitivity of the impairment test. Following changes in the assumptions made for the calculation of the recoverable amount of a CGU would result in the carrying amount equalling the recoverable amount:

	Change in forecast growth rate of revenue in order for carrying amount to equal recoverable amount		Change in pre-tax discount rate in order for carrying amount to equal recoverable amount	
	2009	2008	2009	2008
Clinique de Genolier	-8.4 pts	-	6.6 pts	-
Clinique de Montchoisi	-8.5 pts	-	4.9 pts	-
Clinique Générale St-Anne	-6.9 pts	-	4.6 pts	-
Clinique Valmont	-8.7 pts	-	6.5 pts	-
Centre Médico-Chirurgical des Eaux- Vives	-3.3 pts	-	2.0 pts	-
Former Healthcare division	-	-0.8 pts	-	2.0 pts

9 Investment in equity accounted investees

Investments in equity accounted investees include the associates Piscine de Bassins SA, Agefi société de l'agence économique et financière SA (Agefi SA) and Agefi Com SA (due to the disposal of 51% Agefi SA and Agefi Com SA - refer also to note 4).
Investments in equity accounted investees are not significant. Since Agefi SA is overindebted, the investment in this company is carried at nil. The Group has no obligation in respect of the losses of the company.

10 Cash deposit

The amount of CHF 3'300 in 2008 represented a cash deposit pledged in favour of a financing company to guarantee certain lease commitments. The amount was fully paid at the expiry of the lease contracts in 2009.

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
(in thousands of CHF)	2009	2008	2009	2008	2009	2008
Equipment and leasehold improvements	(15)	(133)	463	413	448	280
Trade and other receivables	-	-	405	569	405	569
Inventories	-	-	166	166	166	166
Pension plan asset	-	-	227	-	227	-
Finances lease	(114)	(49)	-	-	(114)	(49)
Tax loss carry-forwards	(4'741)	(3'285)	-	-	(4'741)	(3'285)
Net tax (assets)/liabilities	**(4'870)**	**(3'467)**	**1'261**	**1'148**	**(3'609)**	**(2'319)**

Management considers it probable that future taxable profits will be available against which the tax loss-carry forwards can be utilised.

Movement in deferred tax during the year

(in thousands of CHF)	Balance 01.01.08	Recognised in profit or loss	Balance 31.12.08	Recognised in profit or loss	Change in consolidation scope	Balance 31.12.09
Equipment and leasehold improvements	842	(562)	280	168	-	448
Trade receivables	441	128	569	(164)	-	405
Inventories	-	166	166	-	-	166
Pension plan assets	-	-	-	227	-	227
Finances lease	(13)	(36)	(49)	(65)	-	(114)
Tax loss carry-forwards	(3'787)	502	(3'285)	(687)	(769)	(4'741)
Total	**(2'517)**	**198**	**(2'319)**	**(521)**	**(769)**	**(3'609)**

Tax loss carry-forwards recognised are all calculated using the domestic tax rate of 22%. They relate to the fiscal years 2003 to 2009 and are available to be set off against future taxable income for a period of seven years as follows:

(in thousands of CHF) Period	2009 Deferred tax assets	Expiry	2008 Deferred tax assets
2002	-	2009	90
2003	495	2010	106
2004	966	2011	258
2005	499	2012	441
2006	1'095	2013	1'115
2007	775	2014	1'011
2008	548	2015	264
2009	363	2016	-
Total recognised tax loss carry-forwards	4'741		3'285

Unrecognised deferred tax assets

For certain entities, deferred tax assets amounting to CHF 355 (also calculated using the domestic tax rate of 22%) relating to tax loss carry-forwards for periods from 2003 to 2009 (2008: CHF 2'473 for periods from 2002 to 2008) have not been recognised, which are available to be set off against future taxable income for a period of seven years as follows:

(in thousands of CHF) Period	2009 Unrecognised deferred tax assets	Expiry	2008 Unrecognised deferred tax assets
2002	-	2009	284
2003	-	2010	711
2004	-	2011	779
2005	-	2012	269
2006	-	2013	71
2007	355	2014	161
2008	-	2015	198
2009	-	2016	-
Total unrecognised tax loss carry-forwards	355		2'473

Deferred tax assets have not been recognised because it is not probable that, for certain entities, sufficient future taxable profit will be available in the period of seven years, against which the Group could utilise the benefits there from. The recognition in 2009 of certain previously unrecognised deferred tax assets is mainly due to the legal merger of group entities located in the Canton de Vaud, which increases the potential compensation with future taxable profits.

Summary of tax loss carry-forwards

2009 (in thousands of CHF) Of which expiring	Not recognised	Recognised	2009 Total
Within one year	-	2'247	2'247
Within two to five years	1'615	15'159	16'774
After more than five years	-	4'144	4'144
Total tax loss carry-forwards	1'615	21'550	23'165

2008 (in thousands of CHF) Of which expiring	Not recognised	Recognised	2008 Total
Within one year	1'290	406	1'696
Within two to five years	8'317	8'720	17'037
After more than five years	1'632	5'808	7'440
Total tax loss carry-forwards	11'239	14'934	26'173

12 Inventories

(in thousands of CHF)	2009	2008
Medical supplies	3'456	3'277
Pharmaceutical products	1'056	824
Hotel and restaurant goods	134	126
Other inventories	288	229
Total inventories	4'934	4'456

Inventories are regularly adjusted to their net realisable value by the systematic elimination of out-of-date items. Write-down of inventories to net realisable value are included in production expenses.

13 Accrued income and prepaid expenses

(in thousands of CHF)	2009	2008
Prepayments	1'140	594
Accrued income	522	699
Other	222	169
Total accrued income and prepaid expenses	1'884	1'462

Investments in equity accounted investees were previously presented in "Accrued income and expenses" as not being material (CHF 46 as per 31 December 2008). Due to the disposal of 51% of Agefi société de l'agence économique et financière SA and Agefi Com SA, investments in equity accounted investees are now presented separately on the face of the statement of financial position (refer also to notes 4 and 9). Comparative numbers have been re-presented.

14 Trade receivables

At 31 December 2009 trade receivables are shown net of an allowance for doubtful receivables of CHF 1'298 (2008: 1'624).

Aging of trade receivables

(in thousands of CHF)	2009 gross	allowance	2009 net	2008 gross	allowance	2008 net
Not past due	16'374	-	16'374	15'154	-	15'154
Past due 1-30 days	2'833	-	2'833	2'852	-	2'852
Past due 31-150 days	2'443	-	2'443	4'399	-	4'399
Past due 151-330 days	884	-	884	1'687	-	1'687
Past due more than 330 days	1'931	(1'298)	633	2'596	(1'624)	972
Total trade receivables	24'465	(1'298)	23'167	26'688	(1'624)	25'064

On the basis of past experience, the Group sees no need to make additional provisions for receivables that are not yet due. 63% (2008: 69%) of the balance relates to insurance companies.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(in thousands of CHF)	2009	2008
Balance at 1 January	1'624	1'850
(Reversal of) / additional impairment loss recognised	(326)	(226)
Balance at 31 December	1'298	1'624

15 Other receivables

(in thousands of CHF)	2009	2008
Other receivables		
• from related parties	3'432	3'879
• from third parties	1'832*	1'597
Loans to associates		
(net of an allowance of CHF 1'780; 2008: CHF 0)	100	100
Total other receivables	5'364	5'576

* of which CHF 1'000 receivables from the acquirer of the discontinued operation (see notes 4 and 34).

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.

16 Cash and cash equivalents

(in thousands of CHF)	2009	2008
Bank current accounts	6'852	4'130
Petty cash	76	81
Total cash and cash equivalents	6'928	4'211
Cash included in assets held for sale (note 4)	-	920
Cash and cash equivalents as per consolidated statement of cash flows	6'928	5'131

17 Equity

At 31 December 2009, the share capital of CHF 31'003 (2008: 28'203) consists of 6'200'600 fully paid registered shares (2008: 5'640'600) of par value CHF 5 each.

17.1 Capital increase

In March 2009, 560'000 ordinary shares were issued and the share capital of the Company was increased by CHF 2'800 for the acquisition of Centre Médico-Chirurgical des Eaux-Vives (CMEV) (see also note 5).

The 2009 capital increase is summarised as follows:

	Number of shares	Share capital (in thousands of CHF)	Share premium (in thousands of CHF)
Balance at 31 December 2008	5'640'600	28'203	91'353
Capital increase - acquisition of subsidiary (note 5)	560'000	2'800	5'292
Balance at 31 December 2009	6'200'600	31'003	96'645

17.2 Authorised capital

At the ordinary shareholders meeting of the Company on 10 June 2009, the shareholders resolved to extend the authorisation for the Board of Directors to issue up to a maximum of CHF 11'050 divided into a maximum of 2'210'000 fully paid-up shares with a nominal value of CHF 5 each until 10 June 2011.

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 set the preferred subscription rights of shareholders aside in case of the acquisition of an enterprise, parts of an enterprise or participations in a company or any similar transaction.

17.3 Conditional capital

At the ordinary shareholders meeting of the Company on 11 June 2008, the shareholders resolved to authorise the Board of Directors to issue up to a maximum of CHF 3'497 divided into a maximum of 699'400 fully paid-up 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 the ordinary shareholders meeting of the Company on 10 June 2009, the shareholders resolved to authorise the Board of Directors to issue up to a maximum of CHF 11'050 divided into a maximum of 2'210'000 fully paid-up shares with a nominal value of CHF 5 each pursuant to the exercises of conversion rights that are granted to holder of convertible bonds.
At December 31, 2009 the conditional capital of the Company consists of the following:

	Quantity	Nominal value (in CHF)
Balance at 31 December 2007	199'400	997'000
Issuance at 11 June 2008	500'000	2'500'000
Balance at 31 December 2008	699'400	3'497'000
Issuance at 10 June 2009	2'210'000	11'050'000
Balance at 31 December 2009	2'909'400	14'547'000

17.4 Transactions with treasury shares

In 2009, the Company had the following transactions with treasury shares:

	Purchase		Sale	
	Quantity	Average unit price	Quantity	Average unite price
March	300	14.64	4'500	14.80
April	5'985	13.91	1'151	14.82
May	7'700	14.23	1'201	16.08
December	-	-	999	14.96

In 2009, total amounts paid and received for transaction with treasury shares amounted to CHF 197 and CHF 110, respectively (2008: CHF 145 and CHF 131). In this regard, a total of 13'985 treasury shares were purchased and a total of 7'851 treasury shares were sold (2008: 5'768 and 5'320). In order to maintain sufficient liquidity on the market, Genolier Swiss Medical Network SA outsources the trading of its treasury shares to a company in which a director of the Company is associated.
At 31 December 2009, the Group held 93'500 treasury shares or 1.51% of the share capital (2008: 87'366 or 1.55%) which are deducted from equity in a total amount of CHF 2'947 (2008: CHF 2'868).

17.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. The Group monitors capital on the basis of the equity ratio which is the ratio of the equity to total assets.

(in thousands of CHF)	2009	2008
Equity	124'233	114'022
Total assets	184'843	171'445
Equity ratio	67%	67%

The Group holds a certain number of its own shares, firstly to cover obligations related to its share and option plans and secondly to finance acquisitions.
Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

17.6 Dividends

No dividends have been paid in 2009 (2008: Nil), or proposed after the balance sheet date to be paid relating to the financial year 2009.

17.7 Significant shareholders

At 31 December 2009 and 2008, the significant shareholders are as follows:

	31.12.2009 Number of shares	%	31.12.2008 Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	1'795'474[1]	28.96	637'717	11.31
Dr Michael Schroeder & Katrin Reincke-Schroeder	823'370	13.28	603'370	10.70
Jaime Rosell[2]	691'831[3]	11.16	516'001	9.15
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	501'463	8.08	501'463	8.90
Alain Fabarez	368'700	5.94	368'700	6.54
CIC FInance	260'000	4.19	260'000	4.61
Vontobel Fonds Services AG	-	-	229'600	4.07

1) Including 1'000'484 options.
2) Including the shares held by the companies Garsol International Ltd, Tortola, BVI and Olmen Enterprises Ltd, Tortola, BVI, beneficially owned by Jaime Rosell.
3) Including one call option on 600'000 shares.

18 Bank loan

The Group has a bank loan facility of CHF 2'375 (2008: 2'875) maturing in 2014 and reimbursable on a quarterly basis. Interest rate is 5.6%. An amount of CHF 500 (2008: CHF 500) due within one year is classified as a current liability.

19 Finance lease liabilities

At 31 December 2009 and 2008 finance lease liabilities are payable as follows:

2009 (in thousands of CHF)	Minimum lease payments	Interest	Principal
Less than one year	2'795	316	2'479
Between one and five years	6'603	474	6'129
Total finance lease liabilities 2009	9'398	790	8'608

2008 (in thousands of CHF)	Minimum lease payments	Interest	Principal
Less than one year	2'904	284	2'620
Between one and five years	5'604	359	5'245
Total finance lease liabilities 2008	8'508	643	7'865

Finance lease liabilities have a fixed average interest rate of 4.6% (2008: 4.7%).

20 Bank overdraft

A bank loan portion of CHF 500 (2008: CHF 500) is classified as current (see note 18). The 2009 average interest rate on bank overdraft was 4.29% (2008: 5.56%). As a guarantee, the Group pledged trade receivables for an amount of CHF 14'197 as at December 2009 (2008: CHF 18'586). Bank overdrafts amount at the end of the reporting period to CHF 14'126 (2008: CHF 10'934).

21 Trade payables

(in thousands of CHF)	2009	2008
Trade payables due to third parties	17'517	17'855
Trade payables due to related parties	545	389
Trade payables due to doctors	10'470	9'947
Total trade payables	**28'532**	**28'191**

22 Accrued expenses and deferred income

(in thousands of CHF)	2009	2008
Accrued personnel expenses	1'725	1'768
Accrued marketing expenses	46	797
Other accrued expenses	2'199	1'220
Deferred income-current	300	-
Total accrued expenses and deferred income	**4'270**	**3'785**

23 Employee benefits

23.1 Number of employees

Full Time Equivalent	2009	2008
Total direct employees	547	523

23.2 Personnel expenses

(in thousands of CHF)	2009	2008
Wages and salaries	47'288	44'079
Pension expenses (see note 23.4)	2'129	1'429
Social security contributions	4'584	4'053
Share based payments	261	74
Other	818	497
Total personnel expenses	55'080	50'132

23.3 Share-based payments

In October 2006, a stock option plan in favour of the existing non-executive members of the Board of Directors of Agefi SA was implemented. 12'648 options were granted, each giving rights to subscribe to one share at a unit price of CHF 25. This plan is divided in three vesting periods, 31 October 2007, 2008 and 2009. None of these options were exercised. They all expired.
In 2007, a stock option plan in favour of the Group Senior Management was implemented. 37'500 options were granted, each giving rights to subscribe to one share at a unit price of CHF 30. Options can be exercised at maturity date, at 31 December 2010. In case of resignation, non vested options are forfeited.

In 2008, a stock option plan in favour of the Group Senior Management was implemented. 4'500 options were granted, each giving rights to subscribe to one share at a unit price of CHF 30. Options can be exercised at maturity date, at 31 December 2010. In case of resignation, non vested options are forfeited.

In 2009, the following four stock option plans in favour of the Group Senior Management and Management were implemented. Options can be exercised at maturity date, at 31 December 2012. In case of resignation, non vested options are forfeited.

- 135'000 and 100'000 options were granted to Group Senior Management, each giving rights to subscribe to one share at a unit price of CHF 25 and CHF 17 respectively.
- 74'050 options were granted to Group Management and 5'000 options were granted to Group Senior Management, each giving rights to subscribe to one share at a unit price of CHF 15.

The details of existing share-based payment plans at 31 December 2009 are presented below:

Arrangement	Beneficiary / grant date	Number of instruments / exercise price	Vesting conditions	Exercise date	Expiry date
Plan 10/06	Non-executive members of the Board of Agefi Group SA October 2006	12'648 CHF 25	Beneficiary should not have resigned at the date of exercise	31 October 2009	31 October 2009 (Expired)
Plan 12/07	Group Senior Management December 2007	37'500 CHF 30	Service condition	31 December 2010	31 December 2010
Plan 01/08	Group Senior Management January 2008	4'500 CHF 30	Service condition	31 December 2010	31 December 2010
Plan 02/09A	Group Senior Management February 2009	135'000 CHF 25	Service condition	31 December 2012	31 December 2012
Plan 02/09B	Group Senior Management February 2009	100'000 CHF 17	Service condition	31 December 2012	31 December 2012
Plan 05/09	Group Senior Management September 2009	5'000 CHF 15	Service condition	31 December 2012	31 December 2012
Plan 10/09	Group Management September 2009	74'050 CHF 15	Service condition	31 December 2012	31 December 2012

The movements of share based payments arrangements during the period are the followings:

	Plans 10/06	12/07	08/01	02/09A	02/09B	05/09	01/09
Outstanding share options at 01.01.2008	12'648	37'500	-	-	-	-	-
Granted during the year	-	-	4'500	-	-	-	-
Outstanding share options at 01.01.2009	12'648	37'500	4'500	-	-	-	-
Granted during the year	-	-	-	135'000	100'000	5'000	74'050
Expired during the year	(12'648)	-	-	-	-	-	-
Outstanding share options at 31.12.09	-	37'500	4'500	135'000	100'000	5'000	74'050
Weighted average price of exercised options	n.a	n.a	n.a	n.a	n.a	n.a.	n.a.
Weighted average price of outstanding options	n.a	CHF 30	CHF 30	CHF 25	CHF 17	CHF 15	CHF 15

Fair value of share options and key assumptions:

2008 Grant date	Share price	Exercice price	Expected volatility (historic)	Option life	Expected dividends	Risk-free interest rate	Fair value at grant date
Plan 10/06	CHF 35.7	CHF 25	44.75%	2 years	-	2.45%	CHF 16.71
Plan 12/07	CHF 27.9	CHF 30	30.00%	3 years	-	2.80%	CHF 5.95
Plan 01/08	CHF 26.0	CHF 30	30.00%	3 years	-	2.80%	CHF 5.95

2009 Grant date	Share price	Exercice price	Expected volatility (historic)	Option life	Expected dividends	Risk-free interest rate	Fair value at grant date
Plan 10/06	CHF 35.7	CHF 25	44.75%	2 years	-	2.45%	CHF 16.71
Plan 12/07	CHF 27.9	CHF 30	30.00%	3 years	-	2.80%	CHF 5.95
Plan 01/08	CHF 26.0	CHF 30	30.00%	3 years	-	2.80%	CHF 5.95
Plan 02/09A	CHF 13.9	CHF 25	37.04%	3 years	-	2.75%	CHF 1.44
Plan 02/09B	CHF 13.9	CHF 17	37.40%	3 years	-	2.75%	CHF 2.96
Plan 05/09	CHF 14.0	CHF 15	36.60%	3 years	-	2.75%	CHF 3.55
Plan 10/09	CHF 14.3	CHF 15	34.75%	3 years	-	2.75%	CHF 3.77

In 2009, total expenses related to share-based payments amounts to CHF 261 (2008: CHF 74).

23.4 Employee benefits

(i.) Plans situation

(in thousands of CHF)	2009	2008
Present value of funded defined benefit obligations	46'357	45'624
Fair value of plan assets	(45'684)	(43'923)
Deficit	673	1'701
Unrecognised actuarial losses	(1'707)	(2'672)
Asset recognised in the statement of financial position	(1'034)	(971)

(ii.) Pension expense recognised in profit or loss

(in thousands of CHF)	2009	2008
Current service cost	2'381	2'187
Interest cost	1'501	1'362
Expected return on plan assets	(1'704)	(1'968)
Settlement loss recognised	92	-
Pension expense recognised	2'270	1'581
Pension expenses related to discontinued operations	(141)	(152)
Consolidated pension expenses	2'129	1'429

The settlement loss recognised relates to the defined benefit plan of both Agefi Société de l'agence économique et financière SA and Agefi Com SA which were disposed of in 2009 (see note 4).
The Group expects to have to pay contributions of CHF 3'974 in 2010. This amount includes the change in scope of consolidation due to the acquisition of Privatklinik Bethanien AG as of 4 January 2010 (refer to note 34).

(iii.) Change in the fair value of plan assets

(in thousands of CHF)	2009	2008
Plan assets as of 1 January	43'923	44'693
Expected return on plan assets	1'704	1'968
Actuarial gain / (loss)	398	(2'187)
Change in scope of consolidation	(2'737)	-
Employer contributions	2'446	2'553
Employee contributions	2'334	2'418
Benefits paid by the plan	(2'191)	(4'603)
Premiums paid	(193)	(919)
Plan assets as of 31 December	45'684	43'923

(iv.) Change in the present value of defined benefit obligations

(in thousands of CHF)	2009	2008
Obligation as of 1 January	45'624	41'260
Current service cost	2'381	2'187
Interest cost	1'501	1'362
Employee contributions	2'334	2'418
Actuarial (gain) / loss	(383)	3'919
Change in scope of consolidation	(2'716)	-
Benefits paid by the plan	(2'191)	(4'603)
Premiums paid	(193)	(919)
Obligation as of 31 December	46'357	45'624

(v.) Historical information

(in thousands of CHF)	2009	2008	2007	2006
Plan assets as of 31 December	45'684	43'923	44'693	43'171
Actual return on plan assets as of 1 January	2'102	(219)	1'049	145
in % of plan assets as of 31 December	4.6%	-0.5%	2.3%	0.3%
Difference between the actual and the expected return on plan assets: gain / (loss)	398	(2'187)	(974)	(27)
in % of plan assets as of 31 December	0.9%	-5.0%	-2.2%	-0.06%
Plan obligations as of 31 December	(46'357)	(45'624)	(41'260)	(39'600)
Experience gain / (loss) on plan obligations	2'418	(70)	315	(19)
in % of plan obligations as of 31 December	5.0%	-0.2%	0.8%	-0.04%
(Deficit) / surplus in the plan	(673)	(1'701)	3'433	3'571

According to the provision of IAS 19 Employee Benefits, this information is presented prospectively.

(vi.) Actuarial assumptions

	2009	2008
Discount rate at 31 December	3.1%	3.6%
Interest on individual accounts	2.0%	2.8%
Expected return on plan assets on 1 January	4.1%	4.5%
Future salary increases	2.0%	2.0%
Future pension increases	0.0%	0.0%
Mortality tables	LPP 2005	EVK 2000
Disability tables	LPP 2005	1.5 x EVK 2000

The expected return on plan assets is based on the average of expected returns by asset categories.

(vii.) Plan assets allocation

	2009	2008
Equity securities	10%	10%
Bonds	29%	20%
Real estate	46%	47%
Other	15%	23%
Total	**100%**	**100%**

24 Acquisition-related expenses

(in thousands of CHF)	2009	2008
Direct acquisition costs	1'356	-
Group development expenses	607	344
Total acquisition-related expenses	**1'963**	**344**

Direct acquisition costs relate to the acquisition of Privatklinik Bethanien AG, which is effective in January 2010 (see note 34). In accordance with IFRS 3 Business Combinations (2008) applicable for acquisitions in 2010, related acquisition costs are expensed as incurred.
Group development expenses include on-going costs regarding various projects for business developments and acquisitions opportunities.
For comparative purposes acquisition-related expenses have been reclassified.

25 Other operating expenses

(in thousands of CHF)	2009	2008
Administrative expenses	5'141	5'792*
Marketing expenses	3'556	3'438
F & B, cleaning and laundry	5'324	3'912
Maintenance	2'803	2'720
Energy expenses	1'882	1'848
Other expenses	2'253	2'915
Total other operating expenses	**20'959**	**20'625**

* For comparative purposes acquisition-related expenses have been reclassified (see note 24).

26 Finance expenses / income

(in thousands of CHF)	2009	2008
Finance expenses:		
Interest expenses on bank overdrafts and finance lease obligations	(1'247)	(1'234)
Commission on credit card	(161)	(141)
Total finance expenses	(1'408)	(1'375)
Finance income:		
Interest income from banks	20	212
Total finance income	20	212
Net finance expenses	**(1'388)**	**(1'163)**

27 Income tax

Components of income tax expense:

(in thousands of CHF)	2009	2008
Current tax expense - current year	-	(435)
Deferred tax expense - tax loss carry forward	687	(502)
Deferred tax expense - temporary difference	(166)	304
Total income tax expense	**521**	**(633)**

Reconciliation of effective tax rate:

(in thousands of CHF)	2009	2008
Profit for the year	1'945	164
Income tax income / (expense)	521	(633)
Profit excluding income tax income / (expense)	1'424	797
Income tax using the entities' domestic tax rate (22%)	(313)	(175)
Recognition of previously unrecognised tax losses - discontinued.	-	(1'316)
Recognition of previously unrecognised tax losses - continued	1'111	858
Non deductible expenses	(585)	-
Effect of the non-taxable profit on discontinued operations	662	-
Deferred tax under provided in prior periods	(354)	-
Total income tax income / (expense)	**521**	**(633)**

28 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are presented as follows:

(in thousands of CHF)	2009	2008
Less than one year	12'313	8'919
Between one and five years	53'938	38'451
More than five years	114'755	88'315
Total non-cancellable operating lease rentals	**181'006**	**135'685**

The lease rentals are mainly related to the buildings in which the clinics are operating.

Rental expenses

Rental expenses include lease rentals of premises for the clinics which are calculated on the following basis:

- basis of calculation: 6% of the net revenue (minimum lease):
CHF 7'274 (2008: CHF 6'463); maximum lease: CHF 10'780 (2008: CHF 9'833) 2009 minimum and maximum leases include rental expenses for new premises (Centre Médico-Chirurgical des Eaux-Vives) and adjustments of CHF 186 for price indexation.
- duration: 15 years (expiration 2021) with a renewal option for the premises of GSMN Vaud SA and Clinique Générale Garcia-Ste Anne SA.
16 years (expiration 2022) for premises of Centre Médico-chirurgical des Eaux Vives.

Les Hauts de Genolier premise:

- fixed annual rent: CHF 2'650, starting from 2010
- duration: 17 years and 4 month (expiration 2026) with renewal options

The revenue used for the calculation of the rental commitment is based on the estimated future operating revenue. The minimum and maximum lease amounts are adjusted to the cost of the Swiss consumer price index. For further information refer to note 31.

29 Capital commitments

The Group has commitments to purchase equipment for an amount of CHF 741 as at 31 December 2009 (2008: CHF 3'669).

30 Contingent liabilities

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.
The Group is committed to issue a guarantee for the leased premises of CHF 6'226 (2008: CHF 4'580) to Unigerim SA (see also note 31).

31 Related parties

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

2009 (in thousands of CHF)	Board of Directors	Senior Management	Total
Salaries	609	970	1'579
Directors' fees	232	-	232
Pension scheme	50	69	119
Share based payments*	562	131	693
Other compensation	120	-	120
Total	1'573	1'170	2'743

2008 (in thousands of CHF)	Board of Directors	Senior Management	Total
Salaries	504	784	1'288
Directors' fees	193	-	193
Pension scheme	50	68	118
Share based payments*	30	7	37
Total	777	859	1'636

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

The total sum of fees for non executive Directors for the 2009 fiscal year amounted to CHF 232 (2008: CHF 193).
In 2009, Mr Raymond Loretan, Executive Chairman of the Board of Directors received an annual salary of CHF 504 a bonus of CHF 105 and participated in Company's stock-option schemes (CHF 79). In 2008, he received an annual salary of CHF 504 and participated in share-based payments (CHF 30).
The total remuneration paid to members of the Senior Management team is CHF 1'170 (2008: CHF 859). Shares and options attributed to Board of Directors members and Senior Management are described under note 23.3.
Other compensation represents reimbursement of expenses paid to Antoine Hubert, Managing Director of the Group.

Other transaction with related parties

A liquidity contract has been concluded with Banque Bénédict Hentsch SA (of which Robert Pennone is also member of the Board and shareholder) for an unlimited period and may be terminated at any time by either of the parties. Fees and interest paid to Banque Bénédict Hentsch in 2009 amount to CHF 10 (2008: CHF 27).

In relation to the acquisition of Centre Médico-Chirurgical des Eaux-Vives SA, the law firm Perréard, de Boccard, Kohler, Ador et Associés (of which Antoine Kohler is a partner) billed an amount of CHF 31.

The Group leases premises which belong to Unigerim SA, Geneva, a real estate company controlled by Antoine Hubert and Dr Michael Schroeder (see also note 28). Prior to the acquisition of Genolier Swiss Medical Network (GSMN) by the Company in 2006, the real estate and properties that used to belong to GSMN, including the buildings of the clinics, were acquired by Unigerim SA and operating lease agreements were entered into with the respective GSMN group companies for a time period of 15 years. For the premises of GSMN Vaud SA, Clinique Générale St-Anne and Centre Medico-Chirurgical des Eaux-Vives, the Group pays annual rent of 6% of the net revenue of the clinics with a minimum amount which is adjusted on a yearly basis to the Swiss consumer price index. For Les Hauts de Genolier premise, the group will pay a fixed rent of CHF 2'650 starting 2010. From 2012, this rent will be adjusted on a yearly basis to the Swiss consumer price index. The lease conditions are at arm's length.

In 2009, rent amounted to CHF 8'310 (2008: CHF 7'352). In 2009, the Group charged Unigerim a total amount of CHF 8 as interest charges and service fees CHF 475 (2008: CHF 449).

The Group pays fees and expenses to GCC Global Consulting et Communication S.à r.l., Geneva, a company controlled by Antoine Hubert. Total amount paid in 2009 was CHF 209 (2008: nil).

Loans to associates (in CHF) (see note 15):	2009	2008
Piscine de Bassins SA:	100	100
AGEFI SA (net of an allowance of CHF 1'780):	-	-

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

(in thousands of CHF)	2009 Receivable	Payable	2008 Receivable	Payable
Unigerim SA	3'432	545	1'922	389
Genorad	-	-	310	-
CMEV (included in the consolidation circle in 2009)	-	-	1'799	-
Bio Tissue GmbH	5	-	-	-
GCC Global Consulting et Communication S.à r.l.	10	-	-	-
Total	3'447	545	4'031	389

Centre Médico-Chirurgical des Eaux-Vives SA (CMEV, see note 5) was wholly owned by Mrs Katrin Reincke-Schoeder and Antoine Hubert prior to its acquisition by the Company. CMEV had a commercial relationship with GSMN until its acquisition in March 2009. For the first quarter 2009, GSMN charged an amount of CHF 133 as service fees to the clinic (2008: CHF 1'094).
Bio Tissue GmbH, Freiburg, Germany, is a biotechnology company manufacturing and distributing tissue replacement products made from autologous cells. The Company is owned 78% by Antoine Hubert and Michael Schroeder and is a medical supplier for the Group. In 2009, Bio Tissue billed an amount of CHF 49 to the Group (2008: CHF 49).

32 Earnings per share

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

Weighted average number of shares

(in thousands of CHF)	2009	2008
Issued ordinary shares at 1 January	5'641	5'641
Effect of increase of share capital	420	-
Effect of treasury shares held	(92)	(88)
Weighted average number of ordinary shares outstanding at 31 December	5'969	5'553

Earnings per share

(in thousands of CHF)	2009	2008
Net (loss) / profit for the year from continuing operations	(1'062)	1'303
Profit for the year	1'945	164
(in thousands of shares)		
Weighted average number of outstanding shares	5'969	5'553
Weighted average number of outstanding shares adjusted for dilutive options	5'972	5'604
(in CHF)		
Basic earnings per share from continuing operations	(0.18)	0.23
Diluted earnings per share from continuing operations	(0.18)	0.23
Basic earnings per share, total operations	0.33	0.03
Diluted earnings per share, total operations	0.33	0.03

33 Financial risk management objectives and policies

This note presents information about the Group's exposure to each of the below risks, the Group's objectives and policies and processes for measuring and managing risk. Some other notes contain additional quantitative disclosures about exposure to risk.
The Board of Directors has the overall responsibility for organising and supervising risk management. It has compiled a list of risks which is periodically updated.
The Board of Directors approves yearly budgets and delegate the responsibility of implementation to the Senior management.
Senior Management meets once a month to review the entities financial reporting and current operations and reports on a weekly basis to the Chairman of the Board.
The Chief Financial Officer reports regularly to the Executive Committee of the Board.
Company's representatives are involved in various professional organisations to ensure any potential regulatory modifications are identified and the potential effects on the Group operations evaluated.
Carrying amounts of the financial instruments (assets and liabilities) as per IAS 39-categories are as follows:

	Carrying amout	
(in thousands of CHF)	2009	2008
Loans and receivables		
Cash deposit (note 10)	-	3'300
Trade receivables (note 14)	23'167	25'064
Other receivables (note 15)	5'264	5'476
Loans to associates (net of an allowance of CHF 1'780) (note 9)	100	100
Accrued income (note13)	522	699
Bank current accounts (note 16)	6'852	4'130
Total	**35'905**	**38'769**
Available for sale		
Other investment (note 33.4)	133	-
Total	**133**	**-**
Financial liabilities carried at amortised cost		
Bank loans (notes 18 and 20)	(2'375)	(2'875)
Finance lease liabilities (note 19)	(8'608)	(7'865)
Trade payables (note 21)	(28'532)	(28'191)
Accrued expenses (note 22)	(3'970)	(3'785)
Bank overdraft (note 20)	(14'126)	(10'934)
Total	**(57'611)**	**(53'650)**

The Group has exposure to the following risks from its use of financial instruments:
• credit risk
• liquidity risk
• market risk (interest rate risk)

The Group does not apply hedge accounting.

33.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all significant customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. 63% of the total balance of trade receivables relates to insurance companies (2008: 69%). There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash equivalents, cash deposits and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date was:

	Carrying amout	
(in thousands of CHF)	2009	2008
Trade receivables (note 14)	23'167	25'064
Other receivables (note 15)	5'264	5'476
Loans to associates (net of an allowance of CHF 1'780) (note 9)	100	100
Accrued income (note 13)	522	699
Bank current accounts (note 16)	6'852	4'130
Cash deposit (note 10)	-	3'300
Total	35'905	38'769

Other receivables include an amount due by Unigerim SA, Geneva (see note 31). Rents due to Unigerim can be offset against that receivable.

33.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables) and projected cash flows from operations.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's objective is to improve the balance between continuity of funding and flexibility through the use of bank overdrafts and finance leases.

The Group's policy is to provide limited financial guarantees for wholly-owned subsidiaries.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows including interest. It is not expected that the cash flow included in the below maturity analysis could occur significantly earlier or at significantly different amounts.

(in thousands of CHF) Year ended 31 December 2009	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bank overdraft	14'126	14'331	14'331	-	-	-	-
Finance lease liabilities	8'608	9'398	1'469	1'326	2'460	4'016	127
Bank loan	2'375	2'628	553	553	1'126	396	-
Trade payables	28'532	28'532	28'532	-	-	-	-
Accrued expenses	3'970	3'970	3'970	-	-	-	-
Total	**57'611**	**58'859**	**48'855**	**1'879**	**3'586**	**4'412**	**127**

(in thousands of CHF) 31 December 2008	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bank overdraft	10'934	11'094	11'094	-	-	-	-
Finance lease liabilities	7'865	8'508	1'519	1'385	1'996	3'101	507
Bank loan	2'875	3'254	566	566	1'182	940	-
Trade payables	28'191	28'191	28'191	-	-	-	-
Accrued expenses	3'785	3'785	3'785	-	-	-	-
Total	**53'650**	**54'832**	**45'155**	**1'951**	**3'178**	**4'041**	**507**

Investments bank facilities

(in thousands of CHF) 2009	Maximum amount	Available amount *	Amount used	Amount available	Term of credit line	Draw
Credit lines	16'500	14'197	14'126	71	On call	On call
Credit line**	3'000	3'000	3'000**	-	On call	On call
Bank loan	2'375	2'375	2'375	-	31.07.2014	On call
Total	**21'875**	**19'572**	**19'501**	**71**		

* As a guarantee for certain credit lines trade receivables are pledged. Available amount represents a percentage of the pledged trade receivables between 60% and 80%. These credit lines cannot exceed the maximum amount.

** Used a guarantee for certain lease commitments.

33.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's profit or loss or the value of its holding of financial instruments. The Group operates only in Switzerland and is not exposed to currency risk as sales and borrowings are all denominated in CHF which corresponds to the functional currency of all Group entities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk it the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans and investments at variable interest rates expose the Group to cash flow interest rate risk. Loans and investment at fixed interest rates expose the Group to fair value interest rate risk.

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's short-term debt obligations with variable interest rates and long-term debt obligations with fixed interest rates primarily resulting from leasing of equipments. The Group's exposure is limited due to the short-term nature of the majority of its debt and interest-bearing assets.

At the reporting date, the interest profile of the Group's interest bearing financial assets and liabilities was as follows:

Fixed rate instruments

(in thousands of CHF)

	Note	2009	2008
Other receivables	15	-	1'770
Finance lease liabilities	19	(8'608)	(7'865)
Bank loan	18	(2'375)	(2'875)
Total	-	(10'983)	(8'970)

Variable rate instruments

(in thousands of CHF)

	Note	2009	2008
Bank current accounts	16	6'852	4'130
Cash deposit	10	-	3'300
Bank overdraft	20	(14'126)	(10'934)
Total	-	(7'274)	(3'504)

The Group's policy is to manage its interest cost using a mix of bank overdrafts with variable rates and financing lease with fixed rates. The Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest.

Fair value sensitivity analysis – fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under the fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss. A change would also not have a material impact on other comprehensive income (equity) as the Group does not have significant securities classified as available for sale.

Cash flow sensitivity analysis – variable rate instruments

A change of 1% in interest rates at the reporting date would have decreased the Group's profit by CHF 165 (2008: CHF 148) due to changed interest payments on variable rate interest bearing borrowings. The Group does not designate derivatives (interest rate swaps) as hedging instruments under the cash flow hedge accounting model or has any securities classified as available for sale. Therefore, a change in interest at the reporting date would not affect other comprehensive income (equity).

33.4 Fair value information

The carrying amount of financial assets and liabilities approximates their fair value as the majority of the financial assets and liabilities are classified as current.

Fair Value hierarchy

The different levels of valuation method to determine fair value have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly (i.e.as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 December 2009, the only financial asset measured at fair value with a carrying amount of CHF 133 (previous year: Nil) is an investment in unquoted equity securities in a start-up company (ownership 13%). This investment is classified as available for sale securities and at Level 3 in the fair value hierarchy. Due to the start-up phase of the enterprise, fair value at the reporting date equals to cost at the reporting date.
The fair values of the non-current fixed rate interest-bearing liabilities are not materially different from their carrying amounts. The fair value of the lease liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest determined by reference to similar lease agreements.

34 Subsequent events

Change of financial reporting standard

From 2010 onwards, the Group will be applying the Swiss GAAP FER instead of IFRS which have been used until 2009. The reason for such a change is that the complexity of IFRS causes unjustified administrative costs for a small and medium sized group such as GSMN.
The Group will continue to apply the true and fair view principle in order to maintain the quality of the financial information. As far as Swiss GAAP FER will permit, the same basis of valuation as used under IFRS will be used. This change of accounting standard will occur in the context of the transfer of the GSMN shares listing from the Main Standard to the Domestic Standard of the SIX Swiss Exchange.

Disposal of discontinued operation: payment of last instalment

With regard to the disposal of its 51% investments in Agefi Société de l'Agence Economique et Financière SA and Agefi Com SA (see note 4), the Company received the last instalment of CHF 1'000 on 6 January 2010.

Acquisition of Privatklinik Bethanien AG, Zurich

In line with its expansion objectives, the Company signed, in March 2009, a letter of intent in view of acquiring a minimum of 90% of Privatklinik Bethanien AG, Zurich. On 22 October 2009, the Company entered into a Sale & Purchase agreement with the main shareholders of the clinic representing together 74.04% of the share capital. The execution date was set to be 4 January 2010 and was submitted to the condition that the Company would be able to purchase an additional portion of at least 15.96% of the share capital from the remaining shareholders in order to meet the 90% threshold. All shareholders had agreed to sell their shares before 4 January 2010. As a consequence, the Company now owns 100% of the share-capital of Privatklinik Bethanien AG. The date of acquisition under IFRS is 4 January 2010. The acquisition price amounts to CHF 18'500 of which CHF 16'500 were paid on 4 January 2010 and CHF 2'000 will be paid on 4 January 2012.

The Group is currently in the process of preparing the purchase price accounting. The Group is not in a position to present all required disclosures required by IFRS for business combinations taking place after the year end but before the consolidated financial statements have been authorized for issue.

Report of the Statutory Auditor on the Consolidated Financial Statements 2009 to the General Meeting

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of **Genolier Swiss Medical Network SA, Genolier**

As statutory auditor, we have audited the accompanying consolidated financial statements of Genolier Swiss Medical Network SA, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes (pages 59 to 108 of the annual report) for the year ended 31 December 2009.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) 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.

Auditor's 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 as well as International Standards on Auditing. 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 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) 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.

KPMG SA

Michel Faggion
Licensed Audit Expert
Auditor in Charge

Marco D'Amore

Lausanne, 28 April 2010

STATUTORY financial statements of GSMN SA

Statutory Balance Sheet

(in thousands of CHF)	31.12.2009	31.12.2008
Assets		
Investments	53'731	51'089
Accounts receivable from subsidiaries	11'443	4'963
Accounts receivable from associate, (net of an allowance of CHF 1'780; 2008: 1'000)	-	2'033
Accounts receivable from related parties	350	-
Total non-current assets	65'524	58'085
Account receivable from third parties	1'013	-
Prepaid expenses	1'508	699
Treasury shares	1'398	1'310
Cash and cash equivalents	2'854	4'438
Total current assets	6'773	6'447
Total assets	72'297	64'532
Equity		
Share capital	31'003	28'203
General reserve	46'358	40'002
Reserve for treasury shares	2'947	2'868
Accumulated deficit	(8'896)	(7'340)
Total equity	71'412	63'733
Liabilities		
Bank overdraft	238	496
Accounts payable	470	144
Accrued expenses	177	159
Total current liabilities	885	799
Total equity and liabilities	72'297	64'532

Statutory Income Statement

(in thousands of CHF)	2009	2008
Gain on sale of investment, net	1'176	-
Interest income	95	96
Net gain on treasury shares	6	-
Total revenue	**1'277**	**96**
General and administrative expenses	(1'072)	(884)
Impairment for doubtful account receivable from associate and investment	(1'608)	-
Net loss on treasury shares	-	(1'181)
Taxes on capital	(74)	(115)
Total expenses	**(2'754)**	**(2'180)**
Net loss for the year	**(1'477)**	**(2'084)**
Accumulated deficit at the beginning of the year	**(7'340)**	**(5'242)**
Dotation to reserve for treasury shares	**(79)**	**(14)**
Accumulated deficit at the end of the year	**(8'896)**	**(7'340)**

Notes to the Statutory Financial Statements

1 Introduction

The financial statements of Genolier Swiss Medical Network SA were prepared in accordance with accounting principles required by Swiss law. They are prepared under the historical cost convention and on the accruals basis.

2 Investments in group companies

Investments are recorded at acquisition cost less any write downs when deemed necessary. At 31 December 2009, the company owns the following investments:

Name	Location	Activity	2009 %	2009 share capital*	2008 %	2008 share capital*
Agefi Société de l'agence économique et financière SA	Lausanne	Publishing	49.0	665	100.0	665
Agefi Com SA	Geneva	Financial information via the internet	49.0	200	100.0	200
Publications Financières LSI SA	Geneva	Publishing	100.0	100	100.0	100
Academy & Finance SA	Geneva	Organisation of seminars	22.5	250	22.5	250
GSMN Vaud SA (formerly Clinique de Genolier SA)	Genolier	Clinic	100.0	10'000	100.0	10'000
GSMN Management et Services SA **	Genolier	Management and administration	-	-	100.0	100
Piscine de Bassins SA	Bassins	Swimming pool	20.0	500	20.0	500
Montchoisi SA **	Lausanne	Clinic	-	-	100.0	500
Clinique de Valmont SA **	Montreux	Clinic	-	-	100.0	600
Clinique Générale Garcia-Ste Anne SA	Fribourg	Clinic	100.0	1'500	100.0	1'500
Centre Medico-Chirurgical des Eaux-Vives SA	Genèva	Day clinic	100.0	400	-	-
Les Hauts de Genolier SA	Genolier	Residence	100.0	200	-	-
Centre suisse de prévention du vieillissement SA	Geneva	Prevention of aging	13.3	167	-	-

* In thousands of CHF.
** Merged with GSMN Vaud SA as of 1 January 2009.

3 Shareholders' equity

(in thousands of CHF)	Number of shares (thousands)	Share capital	General reserve	Reserve for treasury shares	Accumulated earnings / (loss)	Total
Balance at 1 January 2008	5'641	28'203	40'002	2'854	(5'242)	65'817
Purchase of treasury shares, net	-	-	-	14	(14)	-
Loss for the year	-	-	-	-	(2'084)	(2'084)
Balance at 31 December 2008	**5'641**	**28'203**	**40'002**	**2'868**	**(7'340)**	**63'733**
Capital increase – acquisition of Centre Medico-Chirurgical des Eaux-Vives SA	560	2'800	6'356	-	-	9'156
Purchase of treasury shares, net	-	-	-	79	(79)	-
Loss for the year	-	-	-	-	(1'477)	(1'477)
Balance at 31 December 2009	**6'201**	**31'003**	**46'358**	**2'947**	**(8'896)**	**71'412**

4 Authorised capital

Information on authorised capital is mentioned under note 17.2 to the IFRS consolidated financial statements.

5 Conditional capital

Information on conditional capital is mentioned under note 17.3 to the IFRS consolidated financial statements.

6 Treasury shares

Information on treasury shares is mentioned under note 17.4 to the IFRS consolidated financial statements.

7 Significant shareholders

Information on significant shareholders is mentioned under note 17.7 to the IFRS consolidated financial statements.

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 2009, the total commitments amounted to CHF 0 (2008: CHF 4'500).

9 Additional information requested by the Swiss Code of Obligations on remuneration

Annual remuneration of the Board of Directors
(in thousands of CHF)

Name	Position	2009	2008
Raymond Loretan[1]	Executive Chairman	-	-
Robert Pennone	Vice-Chairman	57	55
Antoine Hubert[2]	Managing Director	-	-
Michael Schroeder	Member of the Board	55	55
Antoine Kohler	Member of the Board	62	28
Prof. H.-R. Zerkowski	Member of the Board	58	28
Claude Haegi	Member of the Board	-	28
Total		232	194

[1] Raymond Loretan is employee of the Group and does not receive directors' remuneration (see below).
[2] Antoine Hubert does not receive directors' remuneration (see below).

Loans to members of the Board of Directors
At 31 December 2009 and 2008 there were no loans outstanding to executive and non-executive members of the Board of Directors or closely related parties.

Additional fees and remunerations of the Board of Directors (in thousands of CHF)
An amount of CHF 120 (2008: nil) representing reimbursement of expenses, was paid to Antoine Hubert, Managing Director of the Group. In addition he received 235'000 stock options in 2009, for a total value at grant date of CHF 483. He gave up these options on 5 February 2010.
There are no other additional fees or remunerations paid by Genolier Swiss Medical Network SA or one of its Group companies, directly or indirectly, to members of the governing body or closely related parties.

Remuneration of the Senior management (in thousands of CHF)
Members of the Senior management are detailed in note 4.1 of the Corporate Governance report and includes Raymond Loretan, Executive Chairman.
Total remuneration of the members of the Senior management (including pension scheme employer contributions) amounts to CHF 1'698 (2008: CHF 1'406). In addition, stock options were granted for an amount of CHF 210 (2008: CHF 37).

Highest total compensation for a member of the management (in thousands of CHF)
In 2009 and 2008, the highest total compensation for a member of the Senior management was conferred to Raymond Loretan, Executive Chairman.

(in thousands of CHF)	2009	2008
Annual base salary	504	504
Bonus	105	-
Stock options	79	30
Pension scheme contribution	50	50
Total	738	584

Share and stock options ownership of the Board of Directors and the management and closely related parties

31 December 2009 Name	Position	Number of shares held	Number of options held
Raymond Loretan	Executive Chairman	9'210	25'000
Michael Schroeder[1]	Member of the Board	823'370	-
Antoine Kohler	Member of the Board	2'424	-
Antoine Hubert[2]	Member of the Board	794'990	1'000'484
Georges Gard	CFO up to September 2009	9'010	12'500
Louis Martin	CFO from September 2009	1'100	9'500
Beat Röthlisberger	CAO	7'000	6'000
Valérie Dubois-Héquet	COO	5'000	8'500
Total		**1'652'104**	**61'500**

[1] Michael Schroeder holds these shares together with his wife, Katrin Reincke-Schroeder.
[2] Antoine Hubert holds these shares together with his wife, Géraldine Reynard-Hubert.

31 December 2008 Name	Position	Number of shares held	Number of options held
Raymond Loretan	Executive Chairman	8'450	5'000
Robert Pennone	Vice-Chairman	-	6'324[2]
Michael Schroeder	Member of the Board	603'370	-
Antoine Hubert[1]	CEO	637'717	-
Georges Gard	CFO	9'010	2'500
Louis Martin	Division Chief Operating Officer	-	4'500
Eric Valette	Division Chief Operating Officer	-	25'000
Total		**1'258'547**	**43'324**

[1] Antoine Hubert holds these shares together with his wife, Géraldine Reynard-Hubert.
[2] Of which 2'108 subject to vesting.

Loans to member of the Senior management

At 31 December 2009 and 2008, 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 2009 and 2008, there were no additional fees or remunerations paid by Genolier Swiss Medical Network 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 2009 and 2008, there were no additional fees or remunerations paid by Genolier Swiss Medical Network SA or one of its Group companies, directly or indirectly, to former members of the Senior management or closely related parties.

10 Risk assessment disclosure

Genolier Swiss Medical Network 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 Genolier Swiss Medical Network SA are also covered by this risk analysis.

Report of the Statutory Auditor on the Financial Statements 2009 to the General Meeting

Report of the Statutory Auditor on the Financial Statements to the General Meeting of
Genolier Swiss Medical Network SA, Genolier

As statutory auditor, we have audited the accompanying financial statements of Genolier Swiss Medical Network SA, which comprise the balance sheet, income statement and notes (page 113 to 118 of the annual report) for the year ended 31 December 2009.

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.

Auditor's 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 2009 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

KPMG SA

Michel Faggion
Licensed Audit Expert
Auditor in Charge

Marco D'Amore

Lausanne, 28 April 2010