annual report 2010

GENOLIER
Swiss Medical Network

we manage
your HEALTH

GENOLIER
Swiss Medical Network

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	Key Figures at 31 December 2010
486	Available beds
557	Admitting physicians
925	Employees
16'152	Surgical interventions
38%	Year-on-Year turnover growth
CHF 15.2 million	EBITDA 2010
CHF 192.1 million	Turnover 2010

www.gsmn.ch

A group of private clinics on a national scale Genolier Swiss Medical Network SA (GSMN) is the 2nd network of private clinics in Switzerland. Its aim: to offer a range of high quality hospital care to its Swiss and foreign patients. GSMN sets itself apart from its competitors by its excellent care, personalised welcome and pleasant surroundings both for the patients and their families. With facilities equipped with the latest medical technology, Genolier Swiss Medical Network is synonymous with reliability, knowledge and well-being. The Group's growth strategy is based on building a national network of clinics by acquiring facilities and restructuring them. GSMN is listed on the Domestic Standard of the SIX Swiss Exchange (GSMN: SW).

letter to the SHAREHOLDERS

Dear Shareholders,

2010 ended on a subdued note following the events of the summer, but we remain well positioned to cope with the various challenges in the short and medium term, thanks to a determined strategy. Without elaborating on the sad events of the past, it must be said that we are paying an extremely heavy price - economically and politically, as well as in terms of our image and our credibility - for the three-month-long fight by shareholders, which only came to a conclusion during the Extraordinary General Meeting of 6 September 2010. The new Board of Directors, from which Mr. Schroeder and Mr. Zerkowski resigned on 10 February 2011, has since taking office focused on stabilising the Group and on re-establishing an atmosphere of calm amongst its physicians and employees. It is against this background of renewed trust that we have been able to confirm our development strategy and resume our efforts to realise it. There are, however, an important number of costs resulting from that troubled period, which still have to be dealt with. The new Board of Directors of GSMN is working to correct the negative effects stemming both directly and indirectly from the events of the summer.

The events of summer 2010 have demonstrated the importance of a stable shareholder base. The Board of Directors is therefore pleased with the formation of a very strong group of main shareholders who clearly identify with our vision and actively support it. The procedure for a mandatory tender offer allows those shareholders who do not wish to follow this route to sell their shareholdings. This reinforced stability will help us to pursue the realisation of our vision, the creation of a major healthcare player in Switzerland with a presence in the majority of the cantons. This long-term objective is ambitious, but it represents an essential component in assuring the survival of private medical care in Switzerland and will guarantee the sustainability of our establishments, based on the activities of independent doctors. Although the failed bid to acquire the Klinik Stephanshorn in St. Gallen during the summer crisis - just when we were in the final stages of negotiations - represented a major strategic loss for our Group, we remain determined to continue our efforts in the coming months and years to explore all interesting avenues that will allow us to achieve our strategic goals. The acquisition of a minority stake in the Klinik Lindberg in Winterthur will reinforce our position in the canton of Zurich. Numerous other contacts have been established with regard to acquisitions, collaborations and synergies. Priority is being given to German-speaking Switzerland and Ticino in order to support our national strategy. As far as French-speaking Switzerland is concerned, our presence in the canton of Geneva needs to be strengthened.

The uncertain legislative and economic environment will continue to weigh heavily on our industry in the coming months, but this situation may well facilitate consolidation in the sector, the importance of which is growing markedly with the aging of the population. The development of our international clientele continues in a difficult environment, and increasing our sources of patients remains our primary preoccupation. We have increased our collaboration agreements abroad to support growth in this sector, which has been badly hit by the financial crisis. The federal authorities also understand the importance of this export sector and have started to put in place – with varying degrees of success – measures to promote “Health Destination Switzerland” via the Swiss Health platform set up by OSEC, Business Network Switzerland.

On an operational level (see the operational report for details), business in 2010 has been mixed, as the increase in our turnover and results is essentially due to the acquisition of Bethanien. The shareholder crisis this past summer had a dramatic effect on the profitability of the Group and, in particular, on the Clinique de Genolier. Apart from the quality of care and medical services provided to patients, an improvement in the profitability of our whole network and its development via acquisitions and partnerships remain our priorities.


CURIA CONFOEDERATIONIS HELVETICAE

Swiss health policy is in an increasing state of turmoil, with the Federal Council and the different players in this sector coming out with a multiplicity of different ideas and popular initiatives. Numerous legislative uncertainties weigh heavily on the private clinic sector with the prospect of the entry into force of new provisions in the law governing health insurance (LAMal) in 2012. Apart from the free movement of insured persons with basic health insurance, as well as other modifications that affect the Genolier Group less directly, these provisions anticipate cantonal health plans and the creation of hospital lists which the private clinics have to decide on today. These legislative uncertainties are likely to influence the future of the Genolier Group, although it is not yet possible to determine to what degree. Moreover, this development reinforces the need for the Board to develop a long-term development strategy and to enlarge its critical mass in order to be able to generate profit.

The Board of Directors is tackling this problem in a case-specific manner, clinic by clinic and canton by canton, but it hopes fundamentally to preserve a differentiated, private product on the healthcare market. It has already decided on option 2 (not to be put on the hospital lists) for its clinics in the canton of Vaud, namely Genolier, Montchoisi and Valmont, as well as the Klinik Bethanien in Zurich. Deliberations concerning the Clinique Générale in Fribourg, which is already on the cantonal hospital list, are still underway. Here as well, the Genolier Group wishes to preserve its freedom of enterprise in order to be able to adapt its service offering to the needs of its demanding private clientele. This does not, however, mean that we will disassociate ourselves from the healthcare needs of the cantons. On the contrary, our freedom of enterprise allows us to adapt our services to the demands of our regional clientele and to hold an important and indispensable position in the healthcare environment, without resorting to any form of subsidy. We hope to conclude service contracts within the sector in order to remain partners for cantonal health coverage, and we will maintain an active dialogue with the different health departments to this end.

However, it is of primary importance that the cantonal governments apply the federal law in all fairness and that they respect the spirit in which it was conceived. The first bills seem to exhibit a certain reticence on the part of the cantonal executives to enact the relevant legislation, which could cause difficulties for the management of their hospital networks. Applying the DRGs to the letter should above all lead to healthy competition between all the operators regarding quality and efficiency and also lead to a restructuring of public hospitals. GSMN has a very clear policy on this subject and hopes to help unite the Swiss private clinics around the efforts of the Swiss Association of Private Clinics to defend what is, at the end of the day, in the direct interest of patients and taxpayers.

We are in a fascinating period in the life of our young enterprise, and we must redouble our efforts to restore confidence, recover our calm and restore the image of our Group. We need the support of all the players of GSMN, those players who, during the crisis, remained loyal to the company despite the turbulence. We would like to reiterate our thanks here. We would also like to thank the shareholders who placed their trust in us and on whose support we can rely to return together to a dynamic of constructive development and a positive aura.

Raymond Loretan
Executive Chairman

Antoine Hubert
Managing Director

operating REPORT


PHILIPS

Operational report

Genolier Swiss Medical Network

Genolier Swiss Medical Network posted a turnover of CHF 192.3 million in 2010, an increase of 38% year-on-year. Most of the growth was achieved through the acquisition of the Privatklinik Bethanien in Zurich. EBITDA according to Swiss GAAP increased by 45.6% to CHF 15.2 million and reflects an improvement in operational profitability and a reduction in ordinary expenses. The numerous extraordinary expenses linked primarily to the events of the summer and an exceptional tax charge resulting from the lowering of the forecasts placed a heavy burden on the net results, which are posted at CHF -7.1 million. Operational cash flow increased by 41% to CHF 12.9 million. Since 1 January 2010 the company has been using the new Swiss GAAP FER accounting standards, and the accounts for 2009 have therefore been adjusted for the purpose of comparability.
Because the Group functions as an umbrella organisation, it was possible to integrate the Privatklinik Bethanien at practically no additional cost, and expenses related to the general management of the Group therefore represent no more than 4.12% of turnover, compared with 5.6% in 2009. Moreover, the current structure will allow the integration of several units without any noticeable increase in resources.

Clinique de Genolier

The Clinique de Genolier remains the flagship of the Group with a turnover of CHF 72.7 million, representing 37.8% of the total Group turnover, but it has clearly failed to reach its objectives. Work at Genolier was heavily disrupted during the summer and turnover decreased sharply in Q3. Special efforts were made in Q4, and business in the first months of 2011 show that growth has returned. Thanks to optimisation programs that were put in place, EBITDA has improved slightly compared with 2009. The arrival of new doctors should further support growth in 2011. Genolier will have finished the refurbishment of its operating theatre in June, thereby positioning the establishment as cutting edge and growing its capacity by 25%. The agreed investment will reach a final figure of CHF 14.5 million and will represent a dramatic improvement in the safety and comfort of patients and doctors. After a chaotic 2010, Genolier is set to realise a turnover of almost CHF 78 million in 2011 and continue in its development.

Privatklinik Bethanien

Consolidated since 1 January 2010, Bethanien has contributed CHF 52 million to the turnover and CHF 6 million to the EBITDA of the Group. Important work has been carried out to improve the clinic's medical offering and hotel services, and an underground car park is currently under construction. These works will somewhat impact activities in 2011 but will result in a clear improvement to the clinic's security and reception capacity. Bethanien has enjoyed a solid medical reputation for many years and has enormous potential for development. As the figurehead of GSMN in German-speaking Switzerland, Bethanien will serve as the development platform for the Group in the coming years.

Clinique de Montchoisi

Montchoisi's venture in 2010 has paid off as it posted a turnover of almost CHF 19 million, an increase of more than 12% despite important extension work. A cutting edge radiology centre and a car park with 45 spaces have rounded off the clinic's offering since December. EBITDA in 2010 rose 14% to CHF 3 million. Eventually, the new radiology centre, which offers innovative technologies for diagnostics and treatment, will generate almost 25% of the clinic's business. Ophthalmology remains the clinic's beacon discipline and a retina centre that has been operating since March 2010 completes the clinic's range of offerings. Montchoisi is expected to generate a turnover of more than CHF 20 million in 2011.

Clinique Générale

Price pressure has slightly eroded the turnover and EBITDA of the Clinique Générale. Special efforts should be agreed to in 2011 to confirm the recovery of this establishment, which mainly specialises in orthopaedics and gynaecology. New private rooms completed the existing offering at the end of 2010 and are a clear success with the patients. The Clinique Générale is expected to post a turnover of CHF 28 million in 2011.

Clinique Valmont

Since the end of 2009, Valmont has focused on neurological and orthopaedic rehabilitation, exclusively in the private and semi-private segments. Despite turnover being down by more than 22% at CHF 10.5 million, it was possible to improve EBITDA, demonstrating the effectiveness of the shift in focus of the activities. Valmont is now pursuing its growth path and it is anticipated that it will once again post a turnover of almost CHF 13 million in 2011.

Centre médico-chirurgical des Eaux-Vives

The Centre for Oncology, which is linked to the Clinique de Genolier, suffered a difficult 2010 due to an excess of supply in Geneva associated with the opening of a competing centre. CMEV strengthened its medical team and offers exceptional technical facilities for doctors and patients in Geneva. The development of an international and cross-border clientele is, however, equally important, and CMEV is now offering patients radiotherapy products and multidisciplinary oncology treatment.

Les Hauts de Genolier

Les Hauts de Genolier fell somewhat behind due to problems connected with the completion of the building. This secure medical residence, attached to the clinic, will eventually achieve a turnover of more than CHF 12 million and its success is increasing steadily. The expenses related to its opening had a negative impact on GSMN's results in 2010, but a positive contribution to the Group EBITDA in 2011 is expected.

Development of the Group

The problems of summer 2010 following the attempt by some shareholders to seize control of the Group caused the bid to take over the Klinik Stephanshorn in St Gallen to fall through, even though GSMN was the favourite. However, other opportunities have been explored, certain of which have already materialised or are at the point of completion. The acquisition of a minority stake with a purchase option has been concluded with the Klinik Lindberg, thereby reinforcing Zurich as an area of activity for the Group and contributing to the realisation of its strategy. Other acquisitions are currently being explored and negotiated and should soon allow GSMN to exceed the CHF 300 million turnover mark.

GSMN's clinics have important organic growth capacity and recruitment of new doctors continues. The agent network is also developing intensively, and a strong accent will be placed on preventive medicine with the opening of check-up centres.

The Genolier laboratories launched a cosmeceutical line in December 2010 that is designed to prevent aging. The "Nescens" brand offers a range of nine products, available exclusively within the Group's facilities and on the Internet. The development of "Nescens" and preventive medicine represents a priority for GSMN in the coming years.

	REVENUES		EBITDA	
	2010	2009	2010	2009
Clinique de Genolier	72'681	74'127	11'822	11'086
Clinique de Montchoisi	18'973	16'909	3'083	2'223
Clinique Générale	26'994	27'460	2'870	3'379
Clinique Valmont	10'594	13'580	442	390
Centre médico-chirurgical des Eaux-Vives	7'859	6'894	240	1'111
Unchanged portfolio	**137'101**	**138'970**	**18'457**	**18'189**
Les Hauts de Genolier	2'793	-	(1'546)	-
Privatklinik Bethanien	52'111	-	6'170	-
Operational	192'005	138'970	23'081	18'189
Corporate	372	362	(7'932)	(7'784)
Total	**192'377**	**139'332**	**15'149**	**10'405**

PORTFOLIO overview

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

GENOLIER
Clinique

Clinique de Genolier, Genolier

The health solution

Founded in 1972, Clinique de Genolier is the flagship facility of GSMN. With 168 beds and almost as many physicians, it is one of the largest private clinics in Switzerland. Genolier offers specialist medical care, state-of-the-art technology, an experienced medical team and premier-quality hotel services all under one roof.

Ideally located between Geneva and Lausanne, Genolier offers sweeping views of Lake Geneva, Mont Blanc and the Alps. A presidential suite and junior suites furnished in contemporary style and «La Table», a gourmet restaurant, ensure an exceptional standard of hospitality for the patients.

Clinique de Genolier has built a strong reputation in the treatment of cancer with its radiation oncology centre ranking among Europe's most modern facilities. Genolier is also the first facility in Switzerland to offer Intra-Operative Radio Therapy (IORT) as an innovative treatment for breast cancer.

With its up-to-date medical imaging department, the clinic excels in general surgery, orthopaedics and aesthetic surgery. Gynaecology, neurology and even cardiology complete the range. The Clinic also has an outpatient center, providing specialised consultations, outpatient health-care services, laboratory investigations and radiology services to all patients, whether they are private, semi-private or state insured.

Clinique de Genolier will inaugurate its new operating theaters in June 2011, which will integrate state-of-the-art surgery technologies such as telemedicine. The Genolier brand is well established in the French-speaking part of Switzerland and many foreign countries.

	Key figures at 31 December 2010
168	Available beds
160	Admitting physicians
290	Employees
2'419	Surgical interventions
2'593	Admissions (IPD)
CHF 72.7 million	Turnover

	Revenue breakdown
67%	Inpatient
33%	Outpatient

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

www.genolier.net

ihre gesundheit
ist uns **WERTVOLL**

BETHANIEN
Privatklinik

Privatklinik Bethanien, Zurich

Leading clinic in the Zurich region

Acquired by Genolier Swiss Medical Network at the beginning of 2010, Privatklinik Bethanien is situated on a prime elevated site on the Zürichberg and is surrounded by woodland. The clinic is committed to continually improving its services.

With 96 beds, and nearly 200 admitting physicians, Privatklinik Bethanien's specialties include general surgery, gynaecology and obstetrics, ENT, maxillo-facial surgery, orthopaedic surgery, plastic and reconstructive surgery, urology and abdominal surgery. The emphasis is on medical care of the utmost quality and on providing personal, flexible care for patients.

In 2010, Privatklinik Bethanien inaugurated a new maternity and VIP rooms.

Firmly focused on the well-being and safety of its patients, Privatklinik Bethanien guarantees maximum comfort. The VIP «Diamond Care» concept offers its clientele the benefit of an excellent service under the motto «state-of-the-art medicine and first-class hotel services».

	Key figures at 31 December 2010
96	Available beds
196	Admitting physicians
275	Employees
4'124	Surgical interventions
371	Deliveries
4'194	Admissions (IPD)
CHF 52.0 million	Turnover

	Revenue breakdown
87%	Inpatient
13%	Outpatient

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

www.klinikbethanien.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 was acquired by Genolier Swiss Medical Network in 2005, is the result of the merger between Clinique Garcia and Clinique St-Anne.
Thanks to its 4 state-of-the-art operating theatres and its private and semi-private rooms, the clinic enjoys a unique position in the Canton of Fribourg.

Its medical specialties focus on orthopaedics, neurosurgery and ENT. In recognition of its competences, Clinique Générale has been granted the exclusive right of practice of these specialties by the «Planification Hospitalière» of the Canton of Fribourg. Orthopaedic surgery accounts for 70% of its total surgical activity. Other specialties offered include general surgery and medicine.

In 2010, Clinique Générale opened a centre of excellence in gynecology and VIP rooms.

The Clinic's elegant gourmet restaurant, «Le Carré», which is open to the public, is one of the best in the canton.

	Key figures at 31 December 2010
60	Available beds
82	Admitting physicians
140	Employees
4'304	Surgical interventions (1'015 ambulatory)
3'280	Admissions (IPD)
CHF 27.0 million	Turnover

	Revenue breakdown
95%	Inpatient
5%	Outpatient

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

www.cliniquegenerale.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 always been one of the most reputable facilities in the Canton of Vaud since it was founded in 1932. Having been acquired by Genolier Swiss Medical Network in 2003, the clinic has been entirely renovated and modernised. Located right in the heart of Lausanne, all the rooms enjoy an unrestricted view over Lake Geneva and the Alps. The top floor contains a presidential suite and spacious and comfortable junior suites.

Clinique de Montchoisi has key competence in ophthalmology. With over 20 renowned FMH (Swiss Medical Association) specialists heading this department, it provides efficient treatment for diseases such as glaucoma, cataracts, reticular and macular degeneration.

As a multidisciplinary facility, the clinic offers quality services in general surgery, orthopaedics, gynaecology and plastic surgery. The medical imaging unit of Clinique de Montchoisi, inaugurated at the end of 2010, is dedicated to neuro-radiology, osteo-articular radiology and women's radiology. The centre is the first in Switzerland to treat uterine fibroids by MRI-guided focused ultrasounds.

The clinic opened an underground 45-space car park, and «La Pergola», a restaurant open to the public.

	Key figures at 31 December 2010
21	Available beds
97	Admitting physicians (28 full time)
98	Employees
5'305	Surgical interventions (of which 3'805 ophtalmology)
1'129	Admissions (IPD)
CHF 19.0 million	Turnover

	Revenue breakdown
43%	Inpatient
57%	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

Combining modernity and tradition

With a century of history behind it, Clinique Valmont has had the privilege of welcoming royalty, politicians and famous artists from around the world. Set above Montreux in peaceful, green surroundings, it offers an outstanding view over Lake Geneva and the Alps.

Acquired by Genolier Swiss Medical Network in 2006, it has been entirely renovated yet retains all its old-world charm. Clinique Valmont specialises in orthopaedic and neurological rehabilitation. The rehabilitation consultants are assisted by an experienced team of neuropsychologists, physiotherapists, occupational therapists, speech therapists, sports coaches and dieticians.

The clinic is a referral rehabilitation centre for physicians and hospitals in the region. It offers spacious, comfortable rooms meeting the requirements of the most discerning patients. The facility offers its patients an indoor swimming pool, a fitness centre and gym as well as a gourmet restaurant «Côté Lac» featuring a terrace with a spectacular view.

Clinique Valmont is GSMN's only rehabilitation clinic and caters for the needs of privately insured patients or otherwise.

	Key figures at 31 December 2010
78	Available beds
2	Admitting physicians
87	Employees
611	Admissions
CHF 10.6 million	Turnover

	Revenue breakdown
92%	Inpatient
8%	Outpatient

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

www.cliniquevalmont.ch

un espoir de **GUÉRISON**
qui se concrétise chaque jour

EAUX-VIVES
Centre médico-chirurgical

Centre d'oncologie et Centre médico-chirurgical des Eaux-Vives, Geneva

Efficient and welcoming oncology and multidisciplinary medical centre in Geneva

Radiotherapy for all types of cancer, systemic treatments (chemotherapy, immunotherapy and hormone therapy) and interdisciplinary consultations, all offered as an outpatient service in a peaceful environment, a stone's throw away from the Jet d'Eau fountain of Geneva. The Centre d'oncologie des Eaux-Vives was the first private facility of this kind to be created in Geneva. It provides access to this range of treatments for cancer patients whether they are privately or state insured. The centre provides a high-energy linear accelerator enabling more than 30 patients to be treated each day using high precision technologies. The centre also has several chemotherapy and immunotherapy rooms. It provides treatment for all types of cancer. Practising physicians are able to treat their patients without waiting times and benefit from the technical infrastructure and the staff at the centre.

An integrated part of the health landscape, Centre médico-chirurgical des Eaux-Vives fully meets the requirements of Geneva's population. Acquired by GSMN in 2009, this multidisciplinary medical centre on Geneva's left bank groups together a total of 20 physicians' practices in a pleasant, welcoming environment. With its main emphasis on general medicine, this friendly centre has built up specialties in practically all disciplines with pneumology and pediatrics being two of its key specialties. The centre has its own radiology service and offers outpatient consultations.

	Key figures at 31 December 2010
20	Admitting physicians
35	Employees
20'550	Admissions (OPD)
CHF 7.8 million	Turnover

	Revenue breakdown
100%	Outpatient

www.eaux-vives.com

vivez en toute SÉRÉNITÉ à la clinique de genolier

LES HAUTS DE GENOLIER

RÉSIDENCE

Residence Les Hauts de Genolier

A new «home from home»

«Les Hauts de Genolier» is a unique concept in Switzerland, an alliance between premier hotel services and medical care supplied by the Clinique de Genolier. The residents can have full confidence in the clinic's equipment, technical know-how, and most up-to-date medical practices.

This facility is designed for residents of all ages who wish to remain independent while benefitting from tailor-made services, during long-term or short-term stays within a secure medical environment.

The 63 spacious suites with balcony benefit from a magnificent view over Lake Geneva and Mont Blanc and meet the highest standards in comfort and safety.

The residents have access to various communal areas, such as a panoramic restaurant, a library, a games and billiards room, an occupational therapy studio, a wellness area offering a beauty salon, hairdressing salon and therapeutic massage.

Refinement, comfort and safety: these are the three keywords enabling «Les Hauts de Genolier» to meet its objectives: achieving excellence at all levels.

	Key figures at 31 December 2010
63	Suites
CHF 3.0 million	Turnover

www.hdg.ch


PRODUCTION
QUALITY ASSURANCE

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

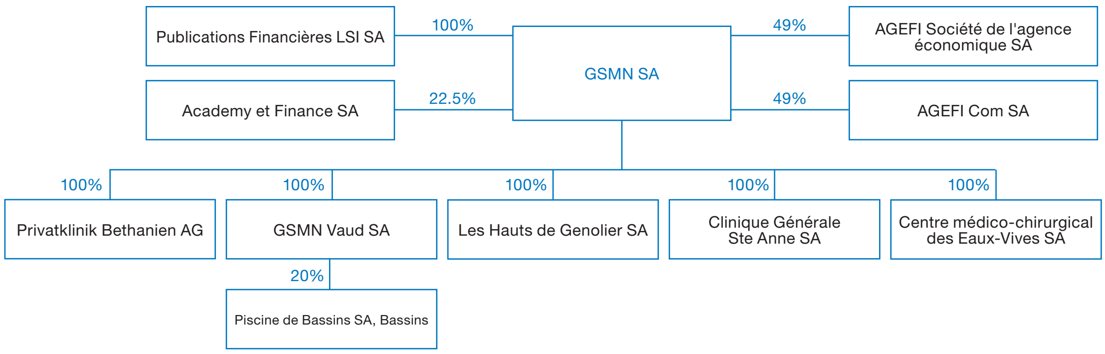
Genolier Swiss Medical Network SA (GSMN SA), the Group's parent company (hereinafter "the Company"), is a listed corporation headquartered at Route du Muids 3, Case Postale 100, 1272 Genolier (Switzerland). The Company's shares are listed on the Domestic Standard of SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2010, its market capitalisation stood at CHF 108.82 million. The Genolier Swiss Medical Group (hereinafter "the Group") is active as a healthcare provider.

As at 31 December 2010, 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 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
Privatklinik Bethanien AG	Zurich	Clinic	500	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 2010, the organisational chart and structure of the Group is the following:



GSMN SA holds 13.33% of Centre Suisse de Prévention du Vieillissement SA.
On 4 January 2010, GSMN acquired 100% of Privatklinik Bethanien AG.

1.2 Significant shareholders

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

	31.12.2010		31.12.2009	
	Number of shares	%	Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	2'011'604	32.44	1'795'474 [1]	28.96
Dr Michael Schroeder & Katrin Reincke-Schroeder	190'000	3.06	823'370	13.28
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	373'792	6.03	501'463	8.08
Jaime Rosell	310'230 [3]	5.003	691'831 [2]	11.16
Alain Fabarez	368'700	5.94	368'700	5.94
CM-CIC Capital Finance	255'000	4.11	260'000	4.19

[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.
[3] Including the shares held by Olmen Entreprises Ltd, Tortola, BVI beneficially owned by Jaime Rosell.

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

Publication date	Shareholders / Group	Number of registered shares	Shareholding
29.12.2010	Antoine Hubert & Géraldine Reynard-Hubert & Anger Holding Rte de la Moubra 26 - 3963 Crans-Montana	2'011'604 shares	32.44%
28.12.2010	Dr Michael Schroeder & Katrin Reincke-Schroeder 1204 Geneva	190'000 shares	3.06%
03.11.2010	Dr Michael Schroeder & Katrin Reincke-Schroeder 1204 Geneva	790'000 shares (of which 600'000 in sale position)	12.74% (9.68%)
03.11.2010	Antoine Hubert & Géraldine Reynard-Hubert & Anger Holding Rte de la Moubra 26 - 3963 Crans-Montana	1'398'872 shares 1 option on 200'000 shares 1 option on 400'000 shares	32.24%
09.09.2010	Lincoln Vale European Partners Master Fund L.P Lincoln North, 55 Old Bedford Road Lincoln, MA 01773 USA	460'410 shares	7.43%
08.09.2010	Antoine Hubert & Géraldine Reynard-Hubert & Anger Holding Rte de la Moubra 26 - 3963 Crans-Montana	1'399'708 shares 1 option on 100'000 shares	24.19%
01.09.2010	Jaime Rosell Rte de Vermala 71 - 3963 Crans-Montana	310'241 shares	5.003%
10.08.2010	Jaime Rosell Rte de Vermala 71 - 3963 Crans-Montana	210'853 shares	3.40%
26.07.2010	Antoine Hubert & Géraldine Reynard-Hubert & Anger Holding Rte de la Moubra 26 - 3963 Crans-Montana Lincoln Vale European Partners Master Fund L.P., Grand Pavillon Commercial Center 802 West Bay Road, PO Box 30599 Grand Cayman KY, 1203 Cayman Islands	1'860'118 shares 1 option on 65'484 shares 1 option on 100'000 shares	32.669%
02.07.2010	Dr Michael Schroeder & Katrin Reincke-Schroeder 1204 Geneva	823'370 shares	13.28%
01.07.2010	Jaime Rosell Rte de Vermala 71 - 3963 Crans-Montana	148'807 shares	2.40%
28.06.2010	Antoine Hubert & Géraldine Reynard-Hubert Route de la Moubra 26 3963 Crans-Montana	1'399'708 shares 1 option on 65'484 shares 1 option on 100'000 shares	25.24%
24.06.2010	Alain Fabarez Ch. de Primerose 15 - 1007 Lausanne	368'700 shares	5.94%
24.06.2010	Jaime Rosell Rte de Vermala 71 - 3963 Crans-Montana	698'807 shares (of which 600'000 in sale position)	11.27% (9.68%)

24.06.2010	Lincoln Vale European Partners Master Fund L.P Grand Pavillon Commercial Center 802 West Bay Road PO Box 30599 Grand Cayman KYI-1203 Cayman Islands	460'410 shares	7.42%
23.06.2010	Lincoln Vale European Partners Master Fund L.P Grand Pavillon Commercial Center 802 West Bay Road PO Box 30599 Grand Cayman KYI-1203 Cayman Islands Olmen Enterprises Ltd VG Road Town, Tortola, BVI Garsol International Ltd VG Road Town, Tortola, BVI Alain Fabarez Chemin de Primerose 15 - 1007 Lausanne	-	-
11.06.2010	Lincoln Vale European Partners Master Fund L.P Grand Pavillon Commercial Center 802 West Bay Road PO Box 30599 Grand Cayman KYI-1203 Cayman Islands Olmen Enterprises Ltd VG Road Town, Tortola, BVI Garsol International Ltd VG Road Town, Tortola, BVI Alain Fabarez Chemin de Primerose 15 - 1007 Lausanne	1'520'941 shares (of which 600'000 in sale position)	24.53% (9.68%)
05.02.2010	Antoine Hubert & Géraldine Reynard-Hubert Route de la Moubra 26 3963 Crans-Montana	906'518 shares 1 option on 65'484 shares 1 option on 100'000 shares 1 option on 600'000 shares	26.97%

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

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

1.3 Cross-shareholdings

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

2 Capital Structure

2.1 Capital

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

31.12.2010	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 2010, 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 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 2010, 0 options were granted.

2.3 Changes in capital

The changes in capital for 2008, 2009 and 2010 are as follows:

	Number of shares	Share capital (in CHF)
Balance at 1 January 2008	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
Balance at 31 December 2010	6'200'600	31'003'000

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 authorized 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 2010, 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 35 (page 89).

3 Board of Directors

3.1 Members of the Board of Directors

As at 31 December 2010, the Board of Directors of Genolier Swiss Medical Network was composed 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 FBL associés (www.fbla.ch), Geneva, Director and Chairman of the Board of the "Société Suisse des Explosifs" and Director 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 Ste-Anne SA, Fribourg and Vice-Chairman of the Board of Agefi, société de l'agence économique et financière SA, Lausanne.

- Hans-Reinhard Zerkowski, *Vice-chairman of the Board, Non-Executive member*

  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. Professor Hans-Reinhard Zerkowski is a doctor, scientist, manager and publicist. He is the scientific advisor of several medical technology companies.

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 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. 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 is also venture partner for the investment group BioMedPartners AG in Basel and a medical consultant for the international medical consultancy group mck, Hamburg, restructuring hospitals in Germany, as well as board member of Medtentia Int'l Oy, Helsinki, Finland.

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

- 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 is shareholder and Chairman of the Board of Unigerim SA, a real estate company which owns the premises of the clinics see note 31 (page 85).

Within GSMN, Antoine Hubert is a member of the Nomination and Compensation Committee and Chairman of the Investment Committee.
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 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 centers and is also active in the property and real estate industry. Dr Michael Schroeder is shareholder of Bio Tissue GmbH Freiburg, a biotechnology company see note 31 (page 86).

Within the Group, Michael Schroeder is also member of the Board of GSMN Vaud SA, Genolier, Clinique Générale 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 SA, 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 Sixt AG, Sixt rent-a-car AG, Sixt Leasing AG in Basel and Charles Jourdan Holding AG, Geneva.

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

- Dr Philippe Glasson, *Non-Executive Member of the Board*

  Born in 1948, Swiss citizen, first election September 2010

  With a Federal Degree in Medicine from the University of Geneva, Philippe Glasson has practiced medicine since 1975. Dr Glasson is active at Clinique de Genolier since 1985. He is the Responsible Doctor for the Clinic and for the Internal Medicine division. He is Chairman of the Medical Commission and Chairman of the Infection Control Committee. Dr Glasson is also Médecin Délégué du Médecin Cantonal since 1990.

  Within GSMN, Dr Philippe Glasson is a member of the Audit Committee and the Medical Committee.
  Within the Group, Dr Philippe Glasson is a member of the Board of Directors of GSMN Vaud SA.

- Dr Christian Le Dorze, *Non-Executive Member of the Board*

  Born in 1951, French citizen, first election September 2010

  Christian Le Dorze obtained a doctor's diploma at the Faculty of Dijon in France. In the beginning of his carreer, Christian Le Dorze was active as an oncologist and managed two Oncology Centers in Dijon and Chalon-sur-Saône. From 1993 to 2006, he was Managing Director of Généridis, a subsidiary of Générale de Santé managing 15 oncology centers, Managing Director of Générale de Santé Cliniques, Responsible of several Service centers at Générale de Santé and Managing Director of Clinique Hartmann. In April 2006, Dr Christian Le Dorze created Vitalia Group, which is the second largest private healthcare provider in France with 49 clinics. Today, he is the Chairman of Vitalia Group.

  Within GSMN, Dr Christian Le Dorze is a member of the Nomination and Compensation Committee, the Investment Committee and the Medical Committee.

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

Born in 1952, Swiss citizen, first election September 2010

Dr Cédric A. George obtained a Medical degree and doctor's diploma at the Medical Faculty of Zurich University. Specialised in Plastic, Reconstructive and Aesthetic Surgery (Swiss Board Certified), he is the Head physician and Managing Director of Clinic Pyramid which he founded in 1993. Dr George founded a private Centre for Plastic Surgery in Zurich where he also runs a private medical practice.

Within GSMN, Dr Cédric A. George is Chairman of the Nomination and Compensation Committee and a member of the Medical Committee. Within the Group, Dr Cédric A. George is a member of the Board of Directors of Privatklinik Bethanien AG.

- Johannes Boot, *Non-Executive Member of the Board*

Born in 1968, Dutch citizen, first election September 2010

Johannes Boot is a Portfolio manager at Lincoln Vale European Partners, a fund taking concentrated position in Western European small and midcaps. Previously, Johannes Boot worked as a banker at ABN AMRO, in the Private Equity department with Allianz AG and in the Fund Management division with Lincoln Vale. Johannes Boot is member of the Board of Directors of Berentzen AG (Germany) and Investunity AG (Germany).

Within GSMN, Johannes Boot is a member of the Audit Committee and the Investment Committee.

- Changes operated in 2011

Following the resignation of Hans-Reinhard Zerkowski and Michael Schroeder from the Board of Directors of Genolier Swiss Medical Network SA on 10 February 2011, Dr Philippe Glasson was elected Vice-chairman of the Board of Directors.

Hans-Reinhard Zerkowski is no longer a member of the Board of Directors of Clinique Générale Ste-Anne SA, Fribourg. Michael Schroeder is no longer a member of the Board of Directors of GSMN Vaud SA, Genolier, Clinique Générale Ste-Anne SA, Fribourg, Centre médico-chirurgical des Eaux-Vives SA, Geneva, and Publications Financières LSI SA, Geneva.

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
November 2006	Raymond Loretan**	Until the next Annual General Meeting in 2011
November 2006	Michael Schroeder	Until the next Annual General Meeting in 2011*
June 2008	Hans-Reinhard Zerkowski	Until the next Annual General Meeting in 2011*
June 2008	Antoine Kohler**	Until the next Annual General Meeting in 2011
June 2009	Antoine Hubert**	Until the next Annual General Meeting in 2011
September 2010	Cédric A. George	Until the next Annual General Meeting in 2011
September 2010	Philippe Glasson	Until the next Annual General Meeting in 2011
September 2010	Christian Le Dorze	Until the next Annual General Meeting in 2011
September 2010	Johannes Boot	Until the next Annual General Meeting in 2011

* Hans-Reinhard Zerkowski and Michael Schroeder resigned from the Board of Directors of Genolier Swiss Medical Network on 10 February 2011.
** Raymond Loretan, Antoine Hubert and Antoine Kohler have not been members of the Board between 9 June 2010 and 6 September 2010.

3.4 Internal organisational Structure

According to its organisational rules, the Board of Directors meets at least four times a year. In 2010, the Board of Directors met 10 times in its regular composition and 11 times in its reduced composition during the period from 9 June 2010 and 6 September 2010. The Chief Financial Officer of the Group is invited to attend the meetings. The average length of meeting is 3 to 6 hours. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. The Board fulfils the function of defining the Group strategy, monitoring and directly controlling management. During its meetings, the Board reviews the activities of the Group with reference to operating reports. Once a year at least, the auditor is invited to take part in a Board meeting, in the course of which the results of the auditor's work are presented. Meetings are prepared by the Chairman. 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, Johannes Boot and Philippe Glasson. The Chairman of the Board, the Managing Director, the Chief Financial Officer and the auditor are invited to the Committee. In 2010, the Committee met 7 times. The average length of meeting is 2.5 hours.

The Board constitutes a Nomination and Compensation Committee that annually submits proposals regarding annual compensation of its members, the members of the senior management and the key executive officers. The Nomination and Compensation Committee also proposes employee participation schemes. In the frame of approved programs, it also submits proposals concerning allocation of shares and share options to 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 Cédric A. George, Chairman of the

Committee and casting vote, Antoine Hubert and Christian Le Dorze. The Chairman of the Board and the Chief Financial Officer are invited to the Committee. In 2010, the Committee met once. 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 CEO Beat Röthlisberger. The Managing Director, the CEO and the Executive Chairman of the Board hold regular coordinating meetings.

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

Name	Board of Directors	Nomination and Compensation Committee	Audit Committee	Investment Committee	Medical Committee
Raymond Loretan	x				
Antoine Hubert	x	x		x	
Antoine Kohler	x		x		
Michael Schroeder	x				
Hans-Reinhard Zerkowski	x				
Cédric A. George		x			x
Dr Christian Le Dorze	x	x		x	x
Dr Philippe Glasson	x		x		x
Johannes Boot	x		x	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.

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 is shareholder and Chairman of the Board of Unigerim SA, a real estate company which owns the premises of the clinics see note 31 (page 85).

  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 Ste-Anne SA, Fribourg, Agefi, société de l'agence économique et financière SA, Lausanne and Publications Financières LSI SA, Geneva.

- **Beat Röthlisberger,** *Chief Executive Officer and Chief Financial Officer*

  Born 1966, Swiss citizen

  Beat Röthlisberger (born 1966, Swiss citizen) holds a degree in accounting and finance from the University of St. Gallen HSG. He has held positions in the controlling and finance departments of Biberist and Allseas Group. Prior to joining Clinique de Genolier in 2006, he acquired a stake in and served as Chief Financial Officer at Reymond SA in Lausanne, a distributor of luxury products and accessories. Beat Röthlisberger is a member of the Committee of Cliniques Privées Suisses (Private Hospitals Switzerland). Beat Röthlisberger became Chief Administrative Officer in September 2009, Chief Financial Officer in May 2010 and Chief Executive Officer in December 2010.

- **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.

- **Changes operated in 2011**

  Guy Reynard became Chief Sales Officer and member of the Senior Management team with effect on the 1st of May 2011.

  Ayhan Güzelgün will become Chief Financial Officer and member of the Senior Management team as of the 1st of August 2011.

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.

- Walter Chételat, *Real Estate Director GSMN*

  Born 1947, Swiss citizen

  Walter Chételat joined Genolier Swiss Medical Network in 2003 as a Director of Projects. He became Real Estate Director in 2005. Before joining GSMN, he founded and managed Immobilières Etudes et Gestion in 1988. He currently is member of the Board of BISA (Geneva). He worked as Managing Director for BISA, as Commercial Director for Pain d'Or and in the Sales and marketing department of Coca-Cola International. Walter Chételat holds a Commercial degree and a degree in business and management.

- Eric Frey, *Development Director GSMN*

  Born 1964, French citizen

  Eric Frey joined Genolier Swiss Medical Network in 2006. He is also the manager of BioTissue AG, a biothech company developing cell tissues. From 1989 to 2004, Eric Frey was active in the franchising of leather furniture and has set up his own company. Until 30 June 2007, Eric Frey was Chief Operating Officer of the healthcare division and employee of the Group. Since that date, Eric Frey is in charge of the development projects for the Group.

- Guy Reynard, *Marketing Director GSMN*

  Born 1957, Swiss citizen

  Guy Reynard joined GSMN in November 2006 as General Manager of Clinique Valmont. He became Marketing Director of the Group in April 2009. Before joining GSMN, Guy Reynard was in charge of a car concession during 10 years. He was also in charge of seven local retailers.

- 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.

- Yannick Long, *General Manager Clinique de Genolier and Centre medico-chirurgical des Eaux-Vives*

  Born 1980, Swiss citizen

  Yannick Long became General Manager of Clinique de Genolier in November 2010. He joined Clinique de Genolier in January 2010 as Deputy Director. Yannick Long has worked for almost 10 years in the healthcare sector and gained experience in finance, quality, marketing and management.

- **Rainer Stelzer,** *General Manager Privatklinik Bethanien*

  Born 1960, Swiss citizen

  Rainer Stelzer became General Manager 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.

- **Pietro Fabrizio,** *General Manager of 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 General Manager.

- **Benoît Fallot,** *General Manager 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 General Manager of Clinique de Montchoisi in Lausanne, before being appointed General Manager in 2003.

- **Thierry Esmilaire,** *General Manager Clinique Valmont*

  Born 1966, Swiss and French citizen

  Thierry Esmilaire became General Manager of Clinique Valmont in April 2010. He has been General Manager 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 Entreprises».

- **Dara Meykadeh,** *General Manager Les Hauts de Genolier*

  Born 1950, Swiss citizen

  Dara Meykadeh became General Manager 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 General Manager of a Senior residence in Geneva

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 at least once a year, and keeps the Board updated on the overall remuneration policy of the Group. The Managing Director is member of the Nomination and Compensation Committee but abstains to vote on his own remuneration.
Compensation of the members of the Board of Directors and the Senior Management is detailed as per art. 663b bis CO in note 9 (pages 100-101) of the 2010 statutory financial statements of Genolier Swiss Medical Network.

Share-based payments to members of the Board and to employees is detailed in note 35 (pages 89-90). For details about transactions with related parties see note 31 (page 84). 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 organizational reasons, subsequent to closing the share register (see item 6.5) no further registrations can be executed.

6.2 Statutory quorums

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda

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

6.5 Inscriptions into the share register

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

7 Changes of Control and defense measures

7.1 Duty to make an offer

The Company does not have a provision on opting out or opting up in the Articles of Association. Thus, according to article 9 of the Articles of Association, the provisions regarding the legally prescribed threshold of 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. In the context of the transfer to Swiss GAAP FER, Berney et Associés SA Société Fiduciaire, Geneva was appointed for the first time on 9 June 2010 as the auditing company and auditor for the Group's accounts for the fiscal year ending 31 December 2010. The term of office is renewable each year for a period of one year by the General Meeting.

Cosimo Picci, the auditor in charge at Berney et Associés SA Société Fiduciaire, has been supervising the auditing of the statutory annual accounts and consolidated accounts of Genolier Swiss Medical Network SA for the first time in 2010.

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

8.2 Auditing fees

Auditing fees of Berney et Associés SA Société Fiduciaire for the group amounted to CHF 200'000 for the business year 2010.

8.3 Additional fees

During 2010, Berney et Associés SA Société Fiduciaire charged additional fees for tax and other advisory services of CHF 62'500.

8.4 Informational instruments pertaining to an external audit

The Audit Committee is responsible for the evaluation of the external auditors and examines the mission, independence and planning and conduct of the work of the external auditors on an annual basis. At least once a year, the auditor is invited to take part in an Audit Committee meeting in the course of which the results of the auditor's work are presented. At the beginning of the each interim and final audit, the 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 2010 by the Board.

During 2010, the auditor participated to 1 meeting of the Audit Committee. The auditor was also invited to participate in conference calls with the Board of Directors when deemed necessary.

9 Information Policy

The Group has an open and up to-date information policy that treats all target groups of the capital investment market equally. The most important information tools are the Annual and Half-yearly Reports, the website (www.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 2010 fiscal year will take place at the Clinique de Genolier, Route du Muids 3, Case Postale 100 in 1272 Genolier, on Wednesday 8 June 2011 at 11:00 a.m.

CONSOLIDATED financial statements of GSMN SA

Commentary of Group Management to the financial report 2010 of Genolier Swiss Medical Network

Genolier Swiss Medical Network (GSMN) groups together 6 private clinics in Switzerland. Its aim is to offer a range of high quality hospital care to its Swiss and foreign patients. The Group's growth strategy is based on building a national network of clinics by acquiring facilities and restructuring them. Headquartered in Switzerland, GSMN employs a total workforce of around 1100. GSMN is a limited company under Swiss law, listed on the Domestic Standard of the SIX Swiss Exchange (GSMN: SW).

Economic climate and company objective

The economic climate and company objective is described in the letter to the shareholders (see page 12).

Commentary of the annual results 2010

Genolier Swiss Medical Network implemented Swiss GAAP FER accounting standards as a whole as per 1 January 2010. The impacts of the change to Swiss GAAP FER are explained in Note 2 of the consolidated financial statements (see page 64). The increase in balance sheet positions as at 31 December 2010, compared to the statements as at 31.12.2009 are mainly due to the acquisition of Privatklinik Bethanien and several investments in the existing clinics. The fixed assets increase is detailed in Note 4 (page 70) and the balance sheet of Bethanien at the date of acquisition is presented in Note 33 (page 87). The bank loans and other borrowings increased from CHF 1.9 million to CHF 32 million due to the financing of the investments in the clinics and the acquisition of Bethanien. The clinics revenues for 2010 have been contrasted (see operational report page 18). The 38% turnover increase is mainly due to the acquisition of Clinique Bethanien. The total revenue amounts CHF 192.4 million and the net revenue to CHF 181.5 million. The increase in EBITDA from CHF 10.4 million to CHF 15.1 million is also mainly due to the acquisition of Bethanien. The 2010 shareholders crisis has strongly influenced the group's profitability and lead to an extraordinary loss of CHF 4.8 million. The loss for the period amounts to CHF 7.1 million, compared to a profit of CHF 3.7 million in 2009, generated by the sale of 51% of the publishing division L'Agefi.

Outlook

Besides providing quality medical care to its patients, GSMN will work on improving the productivity of its network and entities. GSMN will also focus on the development through acquisitions and partnerships. Genolier Swiss Medical Network expects to generate a turnover of CHF 200 million in 2011.

Consolidated Balance Sheet

(in thousands of CHF)	Notes	31.12.2010	31.12.2009 Restated[1]
Assets			
Fixed assets	4	84'450	46'704
Intangible assets	5	205	-
Financial assets	6	654	254
Deferred tax assets	7	3'183	4'870
Total non-current assets		**88'492**	**51'828**
Inventories	8	6'626	4'934
Accrued income and prepaid expenses	9	2'578	3'240
Trade receivables	10	35'471	23'167
Other receivables	11	5'075	5'264
Cash and cash equivalents	12	6'883	6'928
Total current assets		**56'633**	**43'533**
Total assets		**145'125**	**95'361**
Equity			
Share capital		31'003	31'003
Share premium		49	6'841
Treasury shares		(2'484)	(2'947)
(Accumulated loss) / retained earnings		(7'269)	81
Total equity	13	**21'299**	**34'978**
Liabilities			
Bank loans and other borrowings	14	32'049	1'875
Finance lease liabilities, long term	15	10'435	6'129
Deferred income		675	975
Deferred tax liabilities	7	2'751	1'034
Total non-current liabilities		**45'910**	**10'013**
Bank overdrafts, current portion of bank loans and other borrowings	14	23'679	14'626
Finance lease liabilities, short term	15	4'328	2'479
Trade payables	16	32'740	24'216
Other liabilities	17	6'403	4'316
Accrued expenses and deferred income	18	6'875	4'733
Short-term provisions	19	3'891	-
Total current liabilities		**77'916**	**50'370**
Total liabilities		**123'826**	**60'383**
Total equity and liabilities		**145'125**	**95'361**

[1] The previous year's figures have been restated due to the change to Swiss GAAP FER (see note 2).

Consolidated Income Statement

(in thousands of CHF)	Notes	2010	2009 Restated[1]
Revenue		192'377	139'332
Medical services		(10'892)	(10'498)
Net revenue		**181'485**	**128'834**
Production expenses	20	(39'932)	(31'288)
Personnel expenses	21	(80'565)	(54'880)
Rental expenses	22	(16'180)	(10'695)
Other operating expenses	23	(29'659)	(21'566)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		**15'149**	**10'405**
Depreciation	4	(13'404)	(9'019)
Amortisation	5	(367)	-
Profit from operating activities		**1'378**	**1'386**
Financial result	24	(2'129)	(1'413)
Ordinary result		**(751)**	**(27)**
Extraordinary result	25	(4'848)	3'007
Earnings before taxes		**(5'599)**	**2'980**
Income tax (expenses)/income	26	(1'524)	746
(Loss) / profit for the period		**(7'123)**	**3'726**

[1] The previous year's figures have been restated due to the change to Swiss GAAP FER (see note 2).

Consolidated Statement of Changes in Equity

(in thousands of CHF)	Number of shares (thousands)	Share capital	Share Premium	Other reserves	Treasury shares	Retained earnings/ (Accumulated deficit)	Total
Balance at 1 January 2009 (as previously disclosed in IFRS)	5'641	28'203	91'353	323	(2'868)	(2'989)	114'022
Restatement effect (Note 2)	-	-	(85'056)	-	-	(971)	(86'027)
Legal reserves reclassified into retained earnings	-	-	-	(323)	-	323	-
Balance at 1 January 2009 (restated) [1]	5'641	28'203	6'297	-	(2'868)	(3'637)	27'995
Profit for the period	-	-	-	-	-	3'726	3'726
Capital increase	560	2'800	5'292	-	-	-	8'092
Goodwill directly offset with equity	-	-	(4'748)	-	-	-	(4'748)
Purchase of treasury shares	-	-	-	-	(197)	-	(197)
Sale of treasury shares	-	-	-	-	118	(8)	110
Balance at 31 December 2009 (restated)	6'201	31'003	6'841	-	(2'947)	81	34'978
Loss for the period	-	-	-	-	-	(7'123)	(7'123)
Goodwill directly offset with equity	-	-	(6'792)	-	-	-	(6'792)
Purchase of treasury shares	-	-	-	-	(77)	-	(77)
Sale of treasury shares	-	-	-	-	540	(227)	313
Balance at 31 December 2010	6'201	31'003	49	-	(2'484)	(7'269)	21'299

[1] The previous year's figures have been restated due to the change to Swiss GAAP FER (see note 2).

Consolidated Cash Flow Statement

(in thousands of CHF)	Notes	2010	2009 Restated [1]
(Loss) / profit for the period		(7'123)	3'726
Adjustments for:			
Income taxes	26	1'524	(746)
Provisions		3'891	-
Depreciation and amortisation		13'771	9'019
Share of loss of equity accounted investees	24	-	25
Gain on sale of subsidiary, net of tax	25	-	(3'889)
Deferred income		(300)	975
Cash flow from operating activities before changes in working capital		11'763	9'110
Change in trade receivables		(1'711)	4'356
Change in other receivables		(652)	212
Change in inventories		(427)	(409)
Change in accrued income and prepaid expenses		343	(851)
Change in trade payables		6'754	(5'215)
Change in other payables		(2'678)	2'441
Change in accrued expenses and deferred income		209	190
Cash flow from operating activities		13'601	9'834
Purchase of fixed assets		(15'409)	(11'444)
Purchase of intangible assets		(308)	-
Proceeds from disposal of subsidiary	25	1'000	2'314
Repayment of cash deposit		-	3'300
Acquisition of subsidiary, net of cash acquired	33	(17'895)	(649)
Acquisition of other investment	6	-	(133)
Loan to associate	6	(400)	-
Cash flow used in investing activities		(33'012)	(6'612)
Payment of finance lease liabilities		(3'597)	(3'183)
Purchase of treasury shares	13.4	(77)	(197)
Sale of treasury shares, net of sale expenses	13.4	313	110
Repayment of bank loans and other borrowings		(7'000)	(500)
Proceeds from bank loans and other borrowings		21'674	-
Change in bank overdrafts		8'053	2'345
Cash flow from financing activities		19'366	(1'425)
Change in cash and cash equivalents		(45)	1'797
Cash and cash equivalents at beginning of the period		6'928	5'131
Cash and cash equivalents at the end of the period		6'883	6'928

[1] The previous year's figures have been restated due to the change to Swiss GAAP FER (see note 2).

Notes to the Consolidated Financial Statements

1 General information

Genolier Swiss Medical Network SA (hereafter «The Company») has its registered and principal offices at Route du Muids 3, Case Postale 100, 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.

2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis in accordance with Swiss GAAP FER. They comply with the requirements of the Swiss law and with the listing rules of the SIX Swiss Exchange. The Swiss GAAP FER apply to all companies included in the scope of consolidation. The principle of individual valuation has been applied to assets and liabilities. The consolidated financial statements were authorised for issue by the Board of Directors on 27 April 2011. Final approval is subject to acceptance by the annual general meeting of shareholders on 8 June 2011.

Change to Swiss GAAP FER

The Group implemented Swiss GAAP FER accounting standards as a whole as per 1 January 2010. Prior year figures have been restated to meet Swiss GAAP FER requirements and allow comparisons.

The change of accounting standard from IFRS to Swiss GAAP FER had following impacts on the accounting policies described in the Group's 2009 annual report:

- Goodwill Under IFRS, goodwill is recognised as an intangible asset with an indefinite useful life and tested annually for impairment. In accordance with Swiss GAAP FER, goodwill must be recognised as an intangible asset, usually amortised over a period of five years, or offset against equity at the date of acquisition. The Group decided to offset the goodwill against equity to enable comparison with previous years statements.
- Pension plan Under IFRS, the Group's pension schemes are considered as defined benefit plans and require an annual actuarial calculation to determine pension net asset or liability. In accordance with Swiss GAAP FER, an annual assessment based on the financial statements of the pension fund determines whether the Group has economic obligation or benefit. Assessment of prior years did not result in economic obligation or benefit and therefore the Group, under Swiss GAAP FER, has not recorded any asset in connection with the Group's pension schemes. Hence the Group also reversed related deferred tax liabilities.
- Direct acquisition costs Under IFRS, the direct acquisition costs are expensed as incurred. In accordance with Swiss GAAP FER, these costs are included in the total cost of the business combination at the date of the acquisition. The acquisition of Privatklinik Bethanien took place in 2010. Thus the related directly attributable costs have been restated.
- Share based payments The Group has equity-settled payment transactions (share option plans). Under IFRS 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. This issue is not addressed by Swiss GAAP FER and the Group decided not to recognised the charges related to share based payments but will disclose all required information.

The effects of the restatements described above on the Group's equity and net profit are disclosed in the tables below:

Restatement effects on equity (in thousands of CHF)	Equity as per IFRS	Restatement related to goodwill	Restatement related to direct acquisition costs	Restatement related to employee benefits, net of tax	Equity as per Swiss GAAP FER
1 January 2009	114'022	(85'056)	-	(971)	27'995
31 December 2009	**124'233**	**(89'804)**	**1'356**	**(807)**	**34'978**

Restatement effects on net profit (in thousands of CHF)	Net profit as per IFRS	Restatement related to goodwill	Restatement related to direct acquisition costs	Restatement related to employee benefits, net of tax	Net profit as per Swiss GAAP FER
Year ended 31 December 2009	1'945	-	1'356	425	3'726

3 Accounting policies

The consolidated financial statements are presented in Swiss Francs (CHF), which is the functional currency of all entities in the Group.

3.1 Consolidation

The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and its subsidiaries ("the Group") and interests in associates.
The assets and liabilities of newly acquired companies are recognised at fair value at the date of acquisition. Entities controlled by the Group are consolidated by applying the purchase method.

3.1.1 Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control effectively commences until the date control ceases. The full consolidation method is used whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements.

3.1.2 Associates

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

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

3.1.3 Transactions eliminated on consolidation

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

3.2 Foreign currency

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.

3.3 Balance sheet

3.3.1 Fixed assets

Items of fixed assets are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets.

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

- Medical machinery and equipment
  5-8 years

- Leasehold improvements
  Depreciated over the shorter of useful life or lease term: 2010: 15 to 30 years (in 2009: 15 years)

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

3.3.2 Leased assets

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

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

3.3.3 Intangible assets

Intangible assets consist of external costs for software and internet websites of the Group.

Intangible assets are amortised over their estimated useful lives (1 to 10 years).

3.3.4 Financial assets

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

3.3.5 Inventories

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

3.3.6 Trade and other receivables

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

3.3.7 Cash and cash equivalents

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

3.3.8 Impairment of assets

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

3.3.9 Bank loans and other borrowings

Bank loans and other borrowings are recognised at nominal value.

3.3.10 Trade and other payables

Trade and other payables are recognised at nominal value.

3.3.11 Share capital

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.

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.

3.3.12 Employee benefits

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

3.3.13 Provisions

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

3.3.14 Contingent liabilities

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

3.4 Income statement

3.4.1 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.

3.4.2 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.4.3 Income tax expense

Income tax expense comprises current and deferred tax. 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.

3.5 Accounting estimates and assumptions

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

3.6 Change in accounting estimate

Leasehold improvements

The useful life of the leasehold improvements was initially deemed to be 15 years. In order to adjust the useful life to the terms of the related lease agreements, the leasehold improvements are since 1 January 2010 depreciated over the shorter of useful life or lease term which can vary from 15 to 30 years depending on the premises. The change is accounted for prospectively. The positive effect in 2010 is CHF 0.1 million.

Leased assets

Leased assets were initially depreciated over the lease term. Some leased assets will be kept after the lease term (5 years). To better reflect the utilisation of these leased assets they are since 1 January 2010 depreciated over their estimated useful lives (7 - 8 years). The change is accounted for prospectively. The positive effect in 2010 is CHF 0.3 million.

3.7 Changes in the scope of consolidation

In January 2010, the Group acquired Privatklinik Bethanien AG, Zurich (see note 33 Acquisition of subsidiary). In 2009, the Group acquired 100% of Centre Médico-Chirurgical des Eaux-Vives SA (see note 33 Acquisition of subsidiary).
In 2009, the Group sold 51% of both AGEFI, Société de l'Agence Economique et Financière S.A. and Agefi Com SA (see note 25). The Group also set up Les Hauts de Genolier SA end of 2009.

4 Fixed assets

(in thousands of CHF)	Medical machinery and equipment	Leasehold improvements	Under construction	Vehicles	TOTAL
Cost					
Balance at 1 January 2009	26'148	22'789	-	-	48'937
Change in scope of consolidation	6'465	4'117	-	-	10'582
Additions	6'952	4'960	-	-	11'912
Disposals	(758)	(430)	-	-	(1'188)
Balance at 31 December 2009	38'807	31'436	-	-	70'243
Change in scope of consolidation	7'113	22'880	-	-	29'993
Additions	12'260	6'218	8'195	640	27'313
Disposals	(945)	-	-	-	(945)
Balance at 31 December 2010	57'235	60'534	8'195	640	126'604
Accumulated depreciation					
Balance at 1 January 2009	10'384	3'179	-	-	13'563
Change in scope of consolidation	1'345	800	-	-	2'145
Depreciation for the year	6'666	2'353	-	-	9'019
Disposal	(758)	(430)	-	-	(1'188)
Balance at 31 December 2009	17'637	5'902	-	-	23'539
Change in scope of consolidation	4'376	1'780	-	-	6'156
Depreciation for the year	7'661	5'637	-	106	13'404
Disposal	(945)	-	-	-	(945)
Balance at 31 December 2010	28'729	13'319	-	106	42'154
Carrying amounts					
At 31 December 2009	21'170	25'534	-	-	46'704
At 31 December 2010	28'506	47'215	8'195	534	84'450

Leased equipment

The Group leases vehicles, machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see note 15). At 31 December 2010 the net carrying amount of leased vehicles, medical machinery and other equipment was CHF 15.0 million (2009: CHF 8.1 million). The additions in 2010 amount to CHF 9.5 million, without impact on cash flow from investing activities (2009: 0.5 million).

The insurance value of tangible assets and inventories is CHF 110.0 million (2009: CHF 75.0 million).

5 Intangible assets

(in thousands of CHF)

Cost	Software	Other intangible assets
Balance at 1 January 2009	-	500
Change in scope of consolidation	-	(500)
Balance at 31 December 2009	-	-
Change in scope of consolidation	592	-
Additions	308	-
Disposals	(55)	-
Balance at 31 December 2010	845	-

Accumulated amortisation	Software	Other intangible assets
Balance at 1 January 2009	-	100
Change in scope of consolidation	-	(100)
Balance at 31 December 2009	-	-
Change in scope of consolidation	328	-
Amortisation for the year	367	-
Disposal	(55)	-
Balance at 31 December 2010	640	-

Carrying amounts	Software	Other intangible assets
At 31 December 2009	-	-
At 31 December 2010	205	-

6 Financial assets

(in thousands of CHF)	2010	2009
Agefi SA and Agefi Com SA*	-	-
Piscine de Bassins SA**	21	21
Centre suisse de prévention du vieillissement SA	133	133
Loan to associates ***	100	100
Loan to Centre suisse de prévention du vieillissement SA	400	-
Total financial assets	654	254

* Net of an allowance of CHF 0.9 million (2009: CHF 0.9 million). Since Agefi SA and Agefi Com SA are being overindebted, the investments in those companies are carried at nil. The Group has no obligation in respect of the losses of the companies.

** The net carrying amount is pledged in favour of a third party as a guarantee for a bank loan.

*** Net of an allowance of CHF 1.8 million (2009: CHF 1.8 million) regarding Agefi SA.

7 Deferred tax assets and liabilities

(in thousands of CHF)	Deferred tax assets	Deferred tax liabilities
Balance at 1 January 2009 (as previously disclosed)	3'467	1'148
Change in temporary differences	(53)	113
Capitalisation of tax losses carried forward	687	-
Change in scope of consolidation	769	-
Swiss GAAP FER restatement (note 2 pension plan)	-	(227)
Balance at 31 December 2009 restated	4'870	1'034
Change in temporary differences	-	(283)
Reversal of capitalised tax losses carried forward	(2'245)	-
Capitalisation of tax losses carried forward	558	-
Change in scope of consolidation	-	2'000
Balance at 31 December 2010	3'183	2'751

The Group did not recognise deferred tax assets of CHF 2.4 million (2009: CHF 0.4 million) relating to unused tax losses amounting to CHF 10.7 million (2009: CHF 1.6 million) because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The applicable average tax rate of the Group is 22% (prior year 22%) except for Privatklinik Bethanien 25% (2009: not part of the Group).

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

(in thousands of CHF)	2010	2009
Within one year	1'294	-
Within two to five years	6'315	1'615
After more than five years	3'119	-
Total unrecognised tax losses	10'728	1'615

8 Inventories

(in thousands of CHF)	2010	2009
Medical supplies	5'040	3'456
Pharmaceutical products	1'058	1'056
Hotel and restaurants goods	214	134
Other inventories	314	288
Total inventories	6'626	4'934

9 Accrued income and prepaid expenses

(in thousands of CHF)	2010	2009
Prepayments	1'531	2'496
Accrued income	826	522
Other	221	222
Total	**2'578**	**3'240**

10 Trade receivables

(in thousands of CHF)	2010	2009
Trade receivables	38'388	24'465
Allowance for doubtful receivables	(2'917)	(1'298)
Total trade receivables	**35'471**	**23'167**
Aging of trade receivables		
Not past due	24'903	16'374
Past due 1-30 days	6'173	2'833
Past due 31-150 days	3'520	2'443
Past due 151-330 days	2'025	884
Past due more than 330 days	1'767	1'931
Trade receivables	**38'388**	**24'465**
Allowance for doubtful receivables	(2'917)	(1'298)
Total trade receivables	**35'471**	**23'167**

66% (2009: 63%) of the balance relates to insurance companies.

11 Other receivables

(in thousands of CHF)	2010	2009
Other receivables:		
• from related parties	3'841	3'447
• from third parties	1'234	1'817*
Total other receivables	**5'075**	**5'264**

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.
* of which 1.0 million receivables from the acquirer of Agefi SA (see note 25).

Loans to associate have been reclassified in financial assets.

12 Cash and cash equivalents

(in thousands of CHF)	2010	2009
Bank current accounts	6'778	6'852
Petty cash	105	76
Total cash and cash equivalent	**6'883**	**6'928**

13 Equity

At 31 December 2010, the share capital of CHF 31.0 million (2009: 31.0 million) consists of 6'200'600 fully paid registered shares (2009: 6'200'600) of par value CHF 5 each.

The legally non-distributable reserves of Genolier Swiss Medical Network SA amount to CHF 26.8 million (2009: CHF 18.0 million).

13.1 Capital increase

In March 2009, 560'000 ordinary shares were issued and the share capital of the Company was increased by CHF 2.8 million for the acquisition of Centre Médico-Chirurgical des Eaux-Vives (CMEV) (see also note 33).

The 2009 capital increase is summarised as follows:

	Number of shares	Share capital (in thousands of CHF)	Share premium (in thousands of CHF)	Share premium after deduction of goodwill (in thousands of CHF)
Balance at 31 December 2008	5'640'600	28'203	91'353	6'297
Capital increase - acquisition of subsidiary (note 33)	560'000	2'800	5'292	5'292
Balance at 31 December 2009	6'200'600	31'003	96'645	6'841
Balance at 31 December 2010	6'200'600	31'003	96'645	49

13.2 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 11.1 million 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.

13.3 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 3.5 million 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 11.1 million 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 31 December 2010, 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
Balance at 31 December 2010	2'909'400	14'547'000

13.4 Transactions with treasury shares

In 2010, the Company purchased a total of 4'500 treasury shares at an average price of CHF 17.22 (2009: 13'985 shares at CHF 14.10) and sold 17'237 shares at an average price of CHF 18.36 (2009: 7'851 at CHF 15.02).

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 former director of the Company is associated.

At 31 December 2010, the Group held 80'763 treasury shares or 1.30% of the share capital (2009: 93'500 or 1.51%) which are deducted from equity in a total amount of CHF 2.5 million (2009: 2.9 million).

13.5 Significant shareholders

At 31 December 2010 and 2009, the significant shareholders are as follows:

	31.12.2010 Number of shares	%	31.12.2009 Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	2'011'604	32.44	1'795'474 [1]	28.96
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	373'792	6.03	501'463	8.08
Alain Fabarez	368'700	5.94	368'700	5.94
Jaime Rosell	310'230 [2]	5.00	691'831 [3]	11.16
CM-CIC Capital Finance	255'000	4.11	260'000	4.19
Dr Michael Schroeder & Katrin Reincke-Schroeder	190'000	3.06	823'370	13.28

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

14 Bank loans and other borrowings

(in thousands of CHF)	2010	2009
Bank overdrafts	20'891	13'756
Current portion of bank loans	2'000	870
Other borrowings short term	788	-
Total bank overdrafts and current portion of bank loans	**23'679**	**14'626**
Bank loans	17'637	1'875
Other borrowings long term	14'412	-
Total non-current bank loans and other borrowings	**32'049**	**1'875**
Non-current bank loans and other borrowings expiring		
Between one and five years	19'037	1'875
More than five years	13'012	-
Total bank loans and other borrowings	**32'049**	**1'875**

As a guarantee, the Group pledged trade receivables for an amount of CHF 17.2 million as at December 2010 (2009: CHF 14.2 million).

15 Finance lease liabilities

At 31 December 2010 and 2009 finance lease liabilities are payable as follows:

(in thousands of CHF)	2010	2009
Less than one year	4'328	2'479
Between one and five years	10'435	6'129
Total finance lease liabilities	**14'763**	**8'608**

16 Trade payables

(in thousands of CHF)	2010	2009
Trade payables due to third parties	20'067	13'201
Trade payables due to related parties (see note 31)	483	545
Trade payables due to doctors	12'190	10'470
Total trade payables	32'740	24'216

17 Other liabilities

(in thousands of CHF)	2010	2009
Pension plan liabilities (contributions)	1'012	446
Other liabilities	5'391	3'870
Total other liabilities	6'403	4'316

18 Accrued expenses and deferred income

(in thousands of CHF)	2010	2009
Accrued personnel expenses	2'307	1'725
Accrued tax expenses	414	463
Deferred income	303	300
Other accrued expenses	3'851	2'245
Total accrued expenses and deferred income	6'875	4'733

19 Short-term provisions

(in thousands of CHF)	Extraordinary items *	Others	TOTAL
Balance at 01 January 2010	-	-	-
Additions	3'345	546	3'891
Utilisation	-	-	-
Reversal	-	-	-
Balance at 31 December 2010	3'345	546	3'891

* These expenses have been contested by the Group. Legal proceedings are pending (see note 25).

20 Production expenses

Production expenses consist of the sum of costs for pharmaceutical and medical supplies, external subcontractors, food and beverage costs.

21 Personnel expenses

(in thousands of CHF)	2010	2009
Salaries and wages	67'963	47'288
Social security expenses	6'121	4'582
Pension expenses	4'389	2'192
Other personnel expenses	2'092	818
Total personnel expenses	80'565	54'880

Number of employees

Full Time Equivalents		
Total direct employees	832*	547

* The increase of number of employees is mainly due to the acquisition of Privatklinik Bethanien.

22 Rental expenses

(in thousands of CHF)	2010	2009
Related parties rental expenses (see note 31)	9'930	8'310
Third parties rental expenses	4'822	697
Other non-real estate rental expenses	1'428	1'688
Total rental expenses	**16'180**	**10'695**

23 Other operating expenses

(in thousands of CHF)	2010	2009
Administrative expenses	6'654	5'141
Marketing expenses	4'722	3'556
Cleaning and laundry	6'060	5'324
Maintenance	5'433	2'803
Energy expenses	2'580	1'882
Group development expenses	242	607
Other expenses	3'968	2'253
Total other operating expenses	**29'659**	**21'566**

24 Financial result

(in thousands of CHF)	2010	2009
Interest income	24	20
Total finance income	**24**	**20**
Interest expenses on bank loans and other borrowings	(1'441)	(731)
Interest expenses on finance lease obligations	(473)	(437)
Share of loss from equity accounted investees	-	(25)
Other financial expenses	(239)	(240)
Total finance expenses	**(2'153)**	**(1'433)**
Financial result	**(2'129)**	**(1'413)**

25 Extraordinary result

(in thousands of CHF)	2010	2009
Sale of subsidiary	-	3'007
Extraordinary items	(4'848)	-
Extraordinary result	**(4'848)**	**3'007**

The extraordinary items in 2010 relate to the direct expenses incurred by the Group resulting from the events occurred during the summer 2010 following the Ordinary General Meeting of the Shareholders of 9 June 2010 until the Extraordinary General Meeting of the Shareholders of 6 September 2010. The Group set up provisions for an amount of CHF 3.3 million regarding expenses which have been contested by the Group (see note 19).

On 27 March 2009, the Company sold 51 % of its intercompany loans and its investments in AGEFI, Société de l'Agence Economique et Financière S.A. and Agefi Com SA (former Publishing division). Total consideration for the sale amounted to CHF 5.1 million. At the date of disposal, an amount of CHF 2.1 million was paid to the Company. A second instalment of CHF 1.0 million was paid on 30 June 2009. The third instalment of CHF 1.0 million was paid on 30 September 2009. The Company received the last instalment of CHF 1.0 million on 6 January 2010 (see note 11). The remaining holdings in these companies are accounted for as associates applying the equity method (see note 6). According to the Sale & Purchase agreement, the Group has granted to the buyer a call option on the remaining 49% of the intercompany loans and the investments. Exercise price of the option will be calculated as follows:
((Average of the former Publishing division's 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.

Extraordinary result on sale of subsidiary

(in thousands of CHF)	2009 (3 months)
Revenue	1'829
Commissions	(274)
Net revenue	**1'555**
Expenses	(2'436)
Loss from operating activities	**(881)**
Net finance expenses	(1)
Loss for the period	**(882)**
Gain on sale of subsidiary	3'889
Extraordinary result	**3'007**

Cash flows from sale of subsidiary

(in thousands of CHF)	2009 (3 months)
Net cash flows used in operating activities	(329)
Net cash flows from investing activities	2'314
Net cash from sale of subsidiary	**1'985**

Effect of disposal (in 2009) on the balance sheet of the Group

(in thousands of CHF)	27.03.2009
Fixed assets	133
Intangible assets	400
Trade receivable	494
Other receivable	187
Accrued income and prepaid expenses	107
Cash and cash equivalents	581
Total assets	**1'902**
Trade and other payables	(608)
Accrued expenses and deferred income	(1'888)
Total liabilities	**(2'496)**
Net liabilities	**(594)**

26 Income tax

(in thousands of CHF)	2010	2009
Current tax	(120)	-
Deferred tax	(1'404)	746
Total income tax (expense) / income	**(1'524)**	**746**

27 Segment information

The Group does not have different type of business and only operates in Switzerland. Thus, segment information is not disclosed. For business units information refer to operational report (page 18).

Non-cancellable operating leases

The future non-cancellable operating lease rentals are as follows:

(in thousands of CHF)	2010	2009
Less than one year	17'823	12'313
Between one and five years	71'248	53'938
More than five years	355'583	114'755
Total non-cancellable operating lease rentals	444'654	181'006

The rental commitments are based on the minimum and maximum leases and the future estimated revenue at 6% (see table below).

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

Premises	Situation	Owner	Expiration	Renewal option	Basis of calculation
Clinique de Genolier	Genolier	Unigerim	2040	15	6% net revenue and fixed annual rent for parking and corporate offices
Clinique de Montchoisi	Lausanne	Unigerim	2030	15	6% net revenue (excluding radiology and parking net revenues) and fixed annual rent for new radiology extension
Clinique Générale - Ste-Anne	Fribourg	Unigerim	2040	15	6% of net revenue
Clinique Générale - Ste-Anne	Fribourg	Third party	2012 - 2013	-	Fixed annual rent
Clinique de Valmont	Glion-s/Montreux	Unigerim	2021	15	6% of net revenue
Les Hauts de Genolier	Genolier	Unigerim	2026	2x15	Fixed annual rent
Centre Médico-Chirurgical des Eaux-Vives	Genève	Unigerim	2022	-	Fixed annual rent
Centre Médico-Chirurgical des Eaux-Vives	Genève	Third parties	2011 - 2016	-	Fixed annual rent
Privatklinik Bethanien	Zurich	Third party	2034	2x10	Fixed annual rent

Minimum leases, including fixed annual rents, amount to CHF 15.9 million (2009: CHF 7.3 million); maximum leases, including fixed annual rents, amount to CHF 20.3 million (2009: CHF 10.8 million). 2010 minimum and maximum leases include rental expenses for new premises (Les Hauts de Genolier, Privatklinik Bethanien, radiology extension in Clinique de Montchoisi; parking and corporate offices in Genolier). The minimum and maximum lease amounts are adjusted to the cost of the Swiss consumer price index.

29 Capital commitments

The Group has commitments to complete leasehold improvements and to purchase equipment for a total amount of CHF 8.9 million as at 31 December 2010 (2009: CHF 0.7 million).

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 8.7 million (2009: CHF 6.2 million) to Unigerim SA (see also note 31).

31 Related parties

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

2010

(in thousands of CHF)	Board of Directors	Senior Management	Total
Salaries*	585	1'651**	2'236
Directors' fees***	224	-	224
Pension scheme	50	102	152
Total	859	1'753	2'612

* An amount of CHF 289 thousands for compensation of Senior Management in connection with the event occurred during the summer 2010 between the Ordinary General Meeting of the Shareholders of 9 June 2010 and the Extraordinary General Meeting of the Shareholders of 6 September has been considered as an extraordinary item, of which CHF 217 thousands are provisioned (see note 25).
** Compared to previous year, Antoine Hubert is employee of the Group. The increase is also due to the CHF 289 thousands above-mentioned.
*** The non-invoiced amounts of CHF 71 thousands are contested by the Group.

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

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

Information requested by Swiss Code of Obligations on remuneration is disclosed in the notes of the statutory financial statements of Genolier Swiss Medical Network SA.

Other transactions with related parties

A liquidity contract has been concluded with Banque Bénédict Hentsch SA (of which Robert Pennone, member of the Board of GSMN until 15 June 2010, 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 2010 amount to CHF 6.6 thousands (2009: CHF 10.4 thousands).

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 was a partner) billed an amount of CHF 31.2 thousands in 2009.

The Group leases premises which belong to Unigerim SA, Genolier, a real estate company of which Antoine Hubert is a shareholder. 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. The lease conditions are disclosed in note 28.

In 2010, rent amounted to CHF 9.9 million (2009: CHF 8.3 million). In 2010, the Group charged Unigerim a total amount of CHF 10.6 thousands (2009: CHF 8 thousands) as interest charges and service fees of CHF 0.3 million (2009: CHF 0.4 million).

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 2010 was CHF 11.0 thousands (2009: CHF 208.6 thousands).

Protect'Service SA a company in which François Brot has been a member of the Board of Directors until 6 December 2010 invoiced CHF 93.3 thousands for services rendered from June to September 2010. These invoices are fully contested and provisioned.

Loans to associates (see note 6)

(in thousands of CHF)	2010	2009
Piscine de Bassins SA	100	100
Centre suisse de prévention du vieillissement SA	400	-
Agefi SA (net of an allowance of CHF 1'780)	-	-

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

	2010		2009	
(in thousands of CHF)	Receivable	Payable	Receivable	Payable
Unigerim SA	3'841	482	3'432	545
Bio Tissue GmbH	-	-	5	-
GCC Global Consulting et Communication S.à r.l.	-	1	10	-
Total	**3'841**	**483**	**3'447**	**545**

Centre Médico-Chirurgical des Eaux-Vives SA was wholly owned by Katrin Reincke-Schoeder and Antoine Hubert prior to its acquisition by the Company. CMEV had a commercial relationship with GSMN until its acquisition on 17 March 2009. For the first quarter 2009, GSMN charged an amount of CHF 133 as service fees to the clinic.

Bio Tissue GmbH, Freiburg, Germany, is a biotechnology company manufacturing and distributing tissue replacement products made from autologous cells. The Company is owned for 83% by Michael Schroeder and is a medical supplier for the Group. In 2010, Bio Tissue billed an amount of CHF 9.7 thousands to the Group (2009 : CHF 49 thousands).

32 Earnings per share

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

Earnings per share

(in thousands of CHF)	2010	2009
(Loss) / profit for the period	(7'123)	3'726
(in thousands of shares)		
Weighted average number of outstanding shares	6'114	5'969
Weighted average number of outstanding shares adjusted for dilutive options	6'187	5'972
(in CHF)		
Basic earnings per share, total operations	(1.17)	0.62
Diluted earnings per share, total operations	(1.15)	0.62

33 Acquisition of subsidiary

On 4 January 2010, the Company acquired 100 % of Privatklinik Bethanien AG. Price amounts to CHF 18.5 million of which CHF 16.5 million were paid on 4 January 2010 and CHF 2.0 million will be paid on 4 January 2012.

On 17 March 2009, the Company acquired 100% of the share capital of Centre Médico-Chirurgical des Eaux-Vives SA (CMEV).

These acquisitions are 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)	2010	2009
Fixed and intangible assets	24'101	8'437
Deferred tax assets	-	769
Inventories	1'265	69
Trade and other receivables	10'735	1'622
Prepayments	507	-
Cash and cash equivalents	1'653	327
Assets	**38'261**	**11'224**
Deferred tax liabilities	2'000	-
Finance lease liabilities	274	3'458
Loans and borrowings	17'500	-
Bank overdraft	1'000	847
Trade and other payables	4'096	1'187
Accrued expenses and deferred income	1'811	308
Liabilities	**26'681**	**5'800**
Total net assets acquired	**11'580**	**5'424**
Goodwill	6'792	4'748
Cost of the business combination	**18'372**	**10'172**

The cost of the business combination are calculated as follows:

(in thousands of CHF)	2010	2009
560'000 shares exchanged at estimated fair value at the date of exchange (in CHF 14.45 per share)*	-	8'092
Receivable contributed	-	1'928
Purchase consideration settled in cash	16'500	-
Purchase consideration to settle in cash in 2012	2'000	-
Book profit on debt forgiveness	(4'000)	
Direct costs related to the acquisitions	3'872**	152
Cost of the business combination	**18'372**	**10'172**

* The fair value of shares issued was based on the listed share price of the Company at 17 March 2009.
** of which 824 thousands paid in 2009 (see table below).

The net cash outflows / (inflows) are as follows:

(in thousands of CHF)	2010	2009
Consideration paid in cash	(16'500)	-
Transaction costs paid during the year of the acquisition	(3'048)	(152)
Cash acquired	1'653	327
Total cash (outflow) / inflow related to the acquisition of the year	(17'895)	175
Transaction costs paid before the year of the acquisition	-	(824)
Total cash (outflow) / inflow	(17'895)	(649)

34 Goodwill

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

(in thousands of CHF)	2010	2009
Cost		
Balance at 1 January	89'804	85'056
Additions through business combinations (see note 33)	6'792	4'748
Balance at 31 December	96'596	89'804
Accumulated amortisation		
Balance at 1 January	52'951	35'188
Amortisation for the year (5 years)	15'608	17'763
Impairments	8'077	-
Balance at 31 December	76'636	52'951
Carrying amounts		
At 31 December	19'960	36'853

Impact on net earnings and balance sheet:

(in thousands of CHF)	2010	2009
(Loss) / profit for the period	(7'123)	3'726
Amortisation of the goodwill	(15'608)	(17'763)
Impairment of the goodwill	(8'077)	-
Net earnings with capitalised goodwill	(30'808)	(14'037)
Equity	21'299	34'978
Capitalised goodwill	19'960	36'853
Equity with capitalised goodwill	41'259	71'831

35 Share-based payment plans

In October 2006, a stock option plan in favour of the existing non-executive members of the Board of Directors of Agefi Group 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. None of these options were exercised and are expired.

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. None of these options were exercised and are expired.

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 CHF17 respectively. Antoine Hubert gave up these options on 5 February 2010.
- 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 share-based payment plans at the beginning of the schemes are as follows:

Plan	Beneficiary / grant date	Number of instruments / exercise price	Vesting conditions	Exercise date	Expiry date
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)
12/07	Group Senior Management December 2007	37'500 CHF 30	Service condition	31 December 2010	31 December 2010 (Expired)
01/08	Group Senior Management January 2008	4'500 CHF 30	Service condition	31 December 2010	31 December 2010 (Expired)
02/09A	Group Senior Management February 2009	135'000 CHF 25	Service condition	31 December 2012	31 December 2012 (Cancelled)
02/09B	Group Senior Management February 2009	100'000 CHF 17	Service condition	31 December 2012	31 December 2012 (Cancelled)
05/09	Group Management September 2009	5'000 CHF 15	Service condition	31 December 2012	31 December 2012
10/09	Group Management September 2009	74'050 CHF 15	Service condition	31 December 2012	31 December 2012

The movements of share based payments arrangements during 2010 and 2009 are the following:

	Plans 10/06	12/07	08/01	02/09A	02/09B	05/09	01/09
Outstanding share options at 31.12.2008	**12'648**	**37'500**	**4'500**	**-**	**-**	**-**	**-**
Expired during the year	(12'648)	-	-	-	-	-	-
Granted during the year	-	-	-	135'000	100'000	5'000	74'050
Outstanding share options at 31.12.2009	**-**	**37'500**	**4'500**	**135'000**	**100'000**	**5'000**	**74'050**
Expired during the year	-	(37'500)	(4'500)	-	-	-	-
Cancelled / Forfeited during the year	-	-	-	(135'000)	(100'000)	-	(6'000)
Outstanding share options at 31.12.2010	**-**	**-**	**-**	**-**	**-**	**5'000**	**(68'050)**

36 Pension plan institution

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

(In thousands of CHF)	Surplus / (deficit) 31.12.2010	Economic part of the Company 31.12.2010	Economic part of the Company 31.12.2009	Change of economic part with impact in current result	Contributions concerning the business period	Pension plan expenses in personnel expenses 2010	Pension plan expenses in personnel expenses 2009
Pension institutions with surplus	1'639	-	-	-	2'571	2'571	2'115
Pension institutions without surplus / deficit	-	-	-	-	1'818	1'818	77
Total	1'639	-	-	-	4'389	4'389	2'192

In 2010 the pension plan expenses comprise the contributions paid by Privatklinik Bethanien.

Genolier pension fund reported a cover ratio of 118.3% (2009: 113.8%).
Privatklinik Bethanien is part of a common pension fund institution, thus individual information is not available. The fund reported a cover ratio of 110.3% (2009: not part of the Group). The reserve fluctuation value is not yet fully provisioned, therefore the pension fund does not report a surplus.
Pension institutions for hourly part-time employees reported a cover ratio of 100.0% (2009: 100.0%) and are fully reinsured.

37 Subsequent events

On 19 January 2011, Antoine Hubert, Géraldine Hubert-Reynard and Michel Reybier created a group of shareholders holding directly or indirectly 55.28% of the share capital and voting rights of Genolier Swiss Medical Network SA (GSMN). On 20 January 2011, M.R.S.I. Medical Research, Services & Investments S.A. (MRSI) a company controlled by Antoine Hubert and Michel Reybier, published a preliminary announcement of a public takeover offer on all of GSMN's shares for a price of CHF 19.- per share.

On 11 February 2011, MRSI published an offer prospectus for the public takeover offer on all of GSMN's shares, following the confirmation by the Swiss Takeover Board by decision 468/01 dated 10 February 2011 that MRSI's public takeover offer complied with the Federal Act on Stock Exchanges and Securities Trading.

Further to oppositions of Michael Schroeder and Alain Fabarez, the Swiss Takeover Board decided by decision 468/02 to extend the waiting period of the public takeover until 11 March 2011. By decision 468/03 dated 10 March 2011, the Swiss Takeover Board ordered MRSI to publish a completed prospectus containing an amended valuation report, and confirmed the decision 468/01 for the remaining. The offer prospectus was consequently completed by MRSI on 1st and 11 March 2011.

On 17 March 2011, Michael Schroeder and Alain Fabarez appealed against the decision 468/03 to the Swiss Financial Market Supervisory Authority FINMA. As a consequence, by decision 468/04 dated 23 March 2011, the Swiss Takeover Board extended the acceptance period of the public takeover offer until further notice. The offer prospectus was completed accordingly by MRSI on 25 March 2011. By decision dated 6 April 2011, the Swiss Financial Market Supervisory Authority FINMA asked GSMN to mandate a particularly qualified expert to establish a Fairness Opinion on the public takeover offer of MRSI and to complete the report of the board of directors on the offer accordingly, and confirmed the decision 468/03 of the Swiss Takeover Board for the remaining. The establishment of the Fairness Opinion is underway as of the date of this report.

On 28 April 2011, Genolier Swiss Medical Network signed a contract with the shareholders of Klinik Lindberg AG, thus acquiring a minority participating interest of 49% in the operating company. Klinik Lindberg generates a turnover of CHF 40.4 million. This minority participating interest will at first not be consolidated in the Group. GSMN signed a management contract and has a call option on the remaining shares, which can be exercised between 2012 and 2014. The shareholders of Lindberg hold a put option. This transaction is subject to approval by the Annual General Meeting of GSMN and will be executed at the end of June 2011. The reference shareholder M.R.S.I. Medical Research, Services & Investments S.A. has informed the Board of Director of GSMN of its intention to support this transaction.

38 Risk assessment disclosure

The Senior management proceeds to an annual review of the risks and protection measures based on the risk management software Optimiso. In 2010, the risk assessment was reviewed by the Senior management on 2 December, discussed in the audit committee on 8 December and approved by the Board of Directors on 9 December.

39 List of Group companies

Name	Location	Activity		% 2010	% 2009
Genolier Swiss Medical Network SA	Genolier	Holding	a)	100.0	100.0
GSMN Vaud SA*	Genolier	Clinics	a)	100.0	100.0
Clinique Générale - Ste-Anne SA	Fribourg	Clinic	a)	100.0	100.0
Centre Médico-Chirurgical des Eaux-Vives SA [1]	Geneva	Day clinic	a)	100.0	100.0
Privatklinik Bethanien AG [2]	Zurich	Clinic	a)	100.0	N/A
Les Hauts de Genolier SA [3]	Genolier	Medicalised residence	a)	100.0	100.0
Publications Financières LSI SA	Genève	Publishing (dormant)	a)	100.0	100.0
AGEFI, Société de l'Agence Economique et Financière S.A.**	Lausanne	Publishing	b)	49.0	49.0
Agefi Com SA**	Geneva	Publishing	b)	49.0	49.0
Academy & Finance SA**	Geneva	Organisation of seminars	b)	22.5	22.5
Piscine de Bassins SA	Bassins	Swimming pool	b)	20.0	20.0

a) Fully consolidated
b) Equity method

1 Included in the scope of consolidation from 01.03.2009
2 Included in the scope of consolidation from 01.01.2010
3 Included in the scope of consolidation from 25.09.2009

* 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 (see note 6)

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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 balance sheet, income statement, statement of changes in equity, cash flow statement and notes presented on pages 60 to 92 for the year ended 31 December 2010. The prior year corresponding figures shown in the consolidated financial statements were audited by other auditors.

Board of Directors' Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

BERNEY & ASSOCIES S.A.
Société fiduciaire

Claude HERI
Licensed Audit Expert

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Geneva, 27 April 2011

STATUTORY financial statements of GSMN SA

Statutory Balance Sheet

(in thousands of CHF)	31.12.2010	31.12.2009
Assets		
Investments, (net of an allowance of CHF 5'140; 2009: CHF 989)	68'504	53'731
Accounts receivable from subsidiaries, (net of an allowance of CHF 5'011; 2009: CHF 0)	10'283	11'443
Accounts receivable from associate, (net of an allowance of CHF 1'780; 2009: CHF 1'780)	-	-
Accounts receivable from related parties	350	350
Total non-current assets	79'137	65'524
Accounts receivable from third parties	7	1'013
Prepaid expenses	-	1'508
Treasury shares	1'417	1'398
Cash and cash equivalents	64	2'854
Total current assets	1'488	6'773
Total assets	80'625	72'297
Equity		
Share capital	31'003	31'003
General reserve	46'358	46'358
Reserve for treasury shares	2'484	2'947
Accumulated deficit	(18'069)	(8'896)
Total equity	61'776	71'412
Liabilities		
Bank loans and other borrowings	9'500	-
Total non-current liabilities	9'500	-
Bank overdrafts, current portion of bank loans and other borrowings	2'382	238
Accounts payable	4	470
Accounts payable to subsidiaries	6'559	-
Accrued expenses	404	177
Total current liabilities	9'349	885
Total liabilities	18'849	885
Total equity and liabilities	80'625	72'297

Statutory Income Statement

(in thousands of CHF)	2010	2009
Gain on sale of investment, net	-	1'176
Interest income	258	95
Net gain on treasury shares	259	6
Total revenue	517	1'277
General and administrative expenses	(507)	(1'072)
Impairment for doubtful accounts receivable from associate and investment	-	(1'608)
Impairment for doubtful accounts receivable from subsidiaries and investment	(9'162)	-
Financial expenses	(389)	-
Taxes on capital	(95)	(74)
Total expenses	(10'153)	(2'754)
Net loss for the year	(9'636)	(1'477)
Accumulated deficit at the beginning of the year	(8'896)	(7'340)
Change of reserve for treasury shares	463	(79)
Accumulated deficit at the end of the year	(18'069)	(8'896)

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 accrual basis.

2 Investments in group companies

Investments are recorded at acquisition cost less any write downs when deemed necessary. At 31 December 2010, the company owns the following investments:

Name	Location	Activity	2010 %	2010 share capital*	2009 %	2009 share capital*
AGEFI, Société de l'Agence Economique et Financière S.A.	Lausanne	Publishing	49.0	665	49.0	665
Agefi Com SA	Geneva	Financial information via the internet	49.0	200	49.0	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	Genolier	Clinics	100.0	10'000	100.0	10'000
Clinique Générale - Ste-Anne SA	Fribourg	Clinic	100.0	1'500	100.0	1'500
Centre Médico-Chirurgical des Eaux-Vives SA	Geneva	Day clinic	100.0	400	100.0	400
Les Hauts de Genolier SA	Genolier	Residence	100.0	200	100.0	200
Privatklinik Bethanien AG	Zurich	Clinic	100.0	500	-	-
Centre suisse de prévention du vieillissement SA	Geneva	Prevention of aging	13.3	167	13.3	167

* In thousands of CHF

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 2009	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
Transactions 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**
Transactions of treasury shares, net	-	-	-	(463)	463	-
Loss for the year	-	-	-	-	(9'636)	(9'636)
Balance at 31 December 2010	**6'201**	**31'003**	**46'358**	**2'484**	**(18'069)**	**61'776**

4 Authorised capital

Information on authorised capital is mentioned under note 13.2 to the Swiss GAAP FER consolidated financial statements.

5 Conditional capital

Information on conditional capital is mentioned under note 13.3 to the Swiss GAAP FER consolidated financial statements.

6 Treasury shares

Information on treasury shares is mentioned under note 13.4 to the Swiss GAAP FER consolidated financial statements.

7 Significant shareholders

Information on significant shareholders is mentioned under note 13.5 to the Swiss GAAP FER 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 2010, the total commitments amounted to CHF 4.5 million (2009: CHF 4.5 million).

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	2010	2009
Raymond Loretan[1]	Executive Chairman	-	-
Prof. H.-R. Zerkowski	Vice-Chairman (as of 9 June 2010)	48[3]	58
Robert Pennone	Vice-Chairman (until 9 June 2010)	29	57
Antoine Hubert[2]	Managing Director	-	-
Michael Schroeder	Member of the Board	48[3]	55
Antoine Kohler	Member of the Board	43	62
Cédric A. George	Member of the Board (since September 2010)	12	-
Philippe Glasson	Member of the Board (since September 2010)	14	-
Christian Le Dorze	Member of the Board (since September 2010)	14	-
Johannes Boot	Member of the Board (since September 2010)	16	-
Total		224	232

[1] Raymond Loretan is employee of the Group and does not receive directors' remuneration (see below).
[2] For 2010, Antoine Hubert is employee of the Group and does not receive director's remuneration. For 2009, he did not receive director's remuneration (see below).
[3] The non-invoiced amounts of CHF 71 thousands are contested by the Group.

Loans to members of the Board of Directors

At 31 December 2010 and 2009, 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)

In 2009, an amount of CHF 120 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 and company cars) amounts to CHF 2'388 (2009: CHF 1'698). In addition, stock options were granted in 2009 for an amount of CHF 210 (2010: nil).

Compensation of Executive Chairman and Managing Director

In 2010 and 2009, the highest total compensation for a member of the Senior management was conferred to Raymond Loretan, Executive Chairman.

	Raymond Loretan		Antoine Hubert	
(in thousands of CHF)	2010	2009	2010	2009
Annual base salary	504	504	385	-
Bonus	74	105	110	-
Salary in kind	7	-	14	-
Other compensation	-	-	-	120
Stock options	-	79	-	483*
Pension scheme contribution	50	50	33	-
Total	**635**	**738**	**542**	**603**

* Antoine Hubert gave up these stock options on 5 February 2010.

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

31 December 2010 Name	Position	Number of shares held	Number of options held
Raymond Loretan	Executive Chairman	9'210	20'000
Antoine Hubert[1]	Member of the Board	2'011'604	-
Michael Schroeder	Member of the Board	190'000	-
Antoine Kohler	Member of the Board	2'424	-
Philippe Glasson	Member of the Board	600	-
Cédric A. George	Member of the Board	300	-
Beat Röthlisberger	CEO & CFO	7'000	6'000
Valérie Dubois-Héquet	COO	5'000	8'500
Total		**2'226'138**	**34'500**

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

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 Hubert[2]	Member of the Board	794'990	1'000'484
Antoine Kohler	Member of the Board	2'424	-
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	1'061'984

[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.

Loans to member of the Senior management

At 31 December 2010 and 2009, 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 2010 and 2009, 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 2010 and 2009, 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.

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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 presented on pages 97 to 102 for the year ended 31 December 2010. The prior year corresponding figures shown in the financial statements were audited by other auditors.

Board of Directors' Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 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.

BERNEY & ASSOCIES S.A.
Société fiduciaire

Claude HERI
Licensed Audit Expert

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Geneva, 27 April 2011