**Important notice on 2006 consolidated financial statements of AGEN Holding SA**

The SWX Swiss Exchange ("SWX") and AGEN Holding, S.A. ("AGEN") have reached an agreement regarding the company's errors in its 2006 consolidated financial statements. Reclassification of costs of share options to employees and adjustment of impairment of goodwill reduce the 2006 net loss by an amount of CHF 2.7 million.

These errors were related to the acquisition of the Genolier Swiss Medical Network ("GSMN") which took place in December 2006. The GSMN corresponds to the healthcare division of AGEN.

Share options with a fair value of CHF 2.9 million, granted to key employees involved in the acquisition of the healthcare division, were treated as part of the acquisition cost and included in the determination of goodwill. Such equity instruments granted to employees in their capacity as employees are considered to be within the scope of IFRS 2 and, therefore, should be accounted for as share-based payments and not as part of the payment for the acquisition of the business. Consequently, the options granted, which are equity-settled instruments immediately vesting at the grant date, should have been recognized in the income statement as personnel expenses. Based on that correction, the personnel expenses in 2006 increase from CHF 5.8 million to CHF 8.7 million with an offsetting decrease to goodwill as of 31 December 2006 (before impairment) from CHF 114.1 million to CHF 111.2 million. That adjustment only relates to 2006 and will not impact the subsequent years.

The Board of AGEN Holdings SA approved the use of an impairment test performed for the purpose of the annual report 2006 which was calculated on the basis of the value in use and derived from the calculation of discounted future cash flows in conjunction with a valuation method based on "multiples". These calculations were made in the course of a fairness opinion rendered in connection with the acquisition of the GSMN as well as the related equity capital transactions completed shortly before the end of the 2006 financial year. However, IAS 36 does not allow hybrid methods for the testing of impairment, but requires a calculation that is based only on discounted future cash flows. Applying a pure cash flow based impairment test as required by IAS 36 to the adjusted goodwill of CHF 111.2 million as noted above, results in an impairment loss on goodwill for the 2006 financial year of CHF 26.2 million (instead of 31.8 million). The restated goodwill after impairment amounts to CHF 85.1 million compared to CHF 82.4 million as previously reported.

As a result of the above adjustments, AGEN's net consolidated loss for 2006 decreases by CHF 2.7 to CHF 30.8 million (restated) compared to CHF 33.5 million as previously disclosed in the annual report 2006. The equity increases by CHF 2.7 million from CHF 115.4 as previously reported to CHF 118.1 (restated):

**Impact of the restatement on the net loss 2006 and the equity as per 31 December**

| **in CHF million** | **2006** |
|---|---|
| **Loss for the year (before restatement)** | **-33.5** |
| Adjustment for share-based payments | -2.9 |
| Adjustment of the impairment loss | 5.6 |
| **Net loss for the year (restated)** | **-30.8** |

| **in CHF million** | **31.12.2006** |
|---|---|
| **Equity (before restatement)** | **115.4** |
| Restatement of the loss for the year | 2.7 |
| **Equity (restated)** | **118.1** |

The errors have had no impact on the cash flow statement 2006.

According to the agreement with the SWX, AGEN will retroactively correct the 2006 balances, including disclosure of the impact of these errors in its comparative 2007 consolidated financial statements as well as its 2008 semi-annual report.

# AGEN HOLDING SA

Annual Report 2006

AGEFI SA
La couleur de l'économie

GENOLIER
Swiss Medical Network

# Table of content

# Letter from the Chairman

## Alain Fabarez

The year 2006 was, without doubt, a crucial and pivotal one in the already long history of your group. A group that has changed – both in scope and organisation and its name. The integration of the Genolier clinics has increased group turnover potential tenfold and given it solid earnings potential for this year and for years to come. Its dual organisational structure should ensure its capacity for growth in the realms of healthcare and publishing.

During the extraordinary shareholders' meeting held on 17 November 2006 in Geneva, your Board of Directors decided to integrate a healthcare division in order to re-energise the Agefi Group – now AGEN Holding SA. This transaction was announced in December 2006 following the arrival of new reference shareholders. The move was acclaimed by all as – and this is a rare enough occurrence to merit mention – every one of your group's shareholders unanimously approved, with no abstentions, all the proposals put forward by your Board of Directors. The reason for this is that everyone understood that this new organisation would result in value creation for AGEN Holding. The stock market got it right. Your share was among the highest performers on the SWX in 2006 and has maintained its value since the capital increase of last December. In "hovering" around a pivot price of 35 with highs around 40, your share has not disappointed in the run-up to the developments we announced for both the healthcare and publishing divisions.

Today, after having directed this company for 25 years, I have decided to pull back from day-to-day management and devote my efforts to group strategy and development, leaving operations in the hands of Antoine Hubert, recently appointed CEO by your AGEN Holding Board of Directors.

To run the publishing department, we have assembled a capable triumvirate composed of François Savary as Editorial Director, Sylvie Gardel as Chief Editor of Agefi and Eric Valette in the position of COO. At the same time we have acquired the two publications formerly owned by Mr Valette – Profil Femme and 50% of XXS. This is just the beginning. Our aim is to simultaneously reinforce and re-energise our holdings through internal growth and to capture market share through external growth. There are several avenues being explored and we will share these with you in the near future.

Your group's healthcare division has been growing rapidly since its new shareholders, who have joined our group, acquired it in 2002. The flagship Genolier Clinic has grown steadily, and the acquisition of new clinics has met with great success. In 2007, we will re-open a completely renovated clinic in Fribourg with ultra-modern surgical units. This Clinic has been hailed unanimously by political officials, the medical profession and its first visitors. We are very optimistic for the future of this project. Additionally the development of Valmont and Montchoisi looks to be just as promising. ...

*"We will inherit the future we deserve."*
*Albert Einstein*

In this area also our growth objectives are significant and we are positioned to acquire major clinical groups. We are confident in our chances for success despite the scope of the targets being considered. We have allies in this area, given our pivotal role in the sector's inevitable restructuring thanks to our stock market listing and Swiss base.

The Group's new scope and its diversity, will mean increased reinforcement of our corporate governance rules and internal controls. AGEN Holding has entrusted Deloitte to assist us in this important process and to guide our company as we put new procedures into place. This project will be finalised in the fourth quarter of 2007 and will be fully operational in 2008.

One last word: a "group" is a project, and the men and women involved in it. I am especially proud of the team, or teams I should say, that make up our group. Consistent and high-performing teams, from top management to first-level employees, working every day for the success of AGEN Holding.
I am also proud of you, our shareholders, who show us, by your trust, that we are on the right path. //

# Report of the Chief Executive Officer

## Antoine Hubert

If the year 2006 was one of transition for both the Agefi Group – now AGEN Holding – and for the Genolier Swiss Medical Network, now the group's healthcare division, 2007 will be a year of consolidation and construction for AGEN in which we will work to develop each division through targeted acquisitions and organic growth.

The Genolier Swiss Medical Network today constitutes AGEN Holding's principal line of business in terms of turnover and earnings potential.

As the acquisition of that division by AGEN Holding was completed near the end of 2006, the consolidated income statement for the year only includes the result of the publishing division. The revenues are comparable to prior year (CHF 9.5 mio). The EBITDA is negative of CHF 1.6 mio and includes CHF 1 mio of share-based payments to employees and directors in relation with the acquisition of the healthcare division.
The total consideration paid for the acquisition of the healthcare division amounted to 2,600,000 shares of AGEN Holding SA (for Clinique de Genolier SA) and CHF 35 million in cash (for Montchoisi SA and Clinique Générale Garcia-Ste-Anne SA). To measure the purchase price of Clinique de Genolier SA, International Financial Reporting Standards require to use the market price of AGEN Holding shares at the date of the transaction, which resulted in a goodwill of CHF 114 mio. Independent valuations of the clinics showed a goodwill of CHF 82 mio. As the difference between these two values was significant, the Board of Directors, based on independent valuation decided to impair that goodwill which resulted in an expense of CHF 32 mio.

Since its founding in 1972, the Genolier Clinic has had an exceptional history. Initially designed as a hotel offering medical services, the Clinic turned to acute medicine in the 1980s with the prodigious growth of its cardiology unit, which performs nearly 3,000 open-heart surgeries a year. Over time, the Clinic expanded and diversified, experiencing mixed fortunes in the process but with one key constant: always putting the patient first. This constant translates to a level of excellence in medical care and hotel services that has allowed it to build an incomparable national and international reputation over the past 35 years.

With this formidable asset at its core, in 2002 GSMN set out to build a network of healthcare establishments – more importantly, of men and women wholly devoted to patients and their well-being. Following Montchoisi in Lausanne in 2003, Garcia-St Anne in Fribourg in 2005, and Valmont-Genolier in Glion s/Montreux in early 2006, the Genolier Swiss Medical Network will continue its strategy of consolidation in the private healthcare sector through internal growth of the clinics we control and by acquisitions, mergers and collaboration with other practitioners in the sector. ...

Our vision of a large Swiss group of private clinics is born of the conviction we have acquired over time that the difficulties confronting the Swiss healthcare system, particularly the current impasse over the LaMal (Loi Fédérale sur l'Assurance Maladie – Federal Swiss Law on Health Insurance) reform, are mainly due to the absence of national-level bodies in the highly fragmented sector of healthcare. Indeed, there are some 150 private clinics in Switzerland and the largest group accounts for just 13 of these and is present in only 6 cantons.

Achieving this vision can only happen by establishing an eco-democracy within the Genolier Swiss Medical Network that will welcome new participants drawn together by a common interest. The acquisition of GSMN by AGEN Holding, a company listed on the Swiss stock exchange, has allowed it to lay the cornerstone of what constitutes the embryo of a major future player in the world of Swiss private healthcare.

With the management of the publishing and healthcare divisions we will have the task – not always an easy one – of meeting fixed objectives. For the publishing division, we aim to reinforce Agefi as THE economic and financial reference through increased distribution, to offer continuous real-time coverage via the Web, and to expand our magazine offering through some acquisitions and an overhaul of our publications Agefi Evasion and Agefi Magazine. On the healthcare side, our objectives are mainly to build up our network organisation and to pursue growth and expansion – in French-speaking Switzerland, of course, but also in German-speaking Switzerland – through partnerships and acquisitions.

The challenges are many, and to meet them, we must count daily on the unwavering commitment of our employees, our organisations and our shareholders.

Thank you all for your confidence. //

# Publishing Division

## Description of activities

The Publishing Division is fully dedicated to the world of business and finance, mainly in the French speaking part of Switzerland.

**L'Agefi** is the Company's flagship newspaper and the only Swiss daily newspaper exclusively dedicated to business, finance and markets. With its daily circulation of some 10 000 units, L'Agefi is mainly targeted at business leaders and reaches a specific and upscale audience composed of managers, executives, private investors and other active participants in the business and financial community. The editorial staff is constantly seeking to find exclusive business news and always try and present the information in a manner that is both original and relevant to the readers.

**AS - L'Agefi Services** is a monthly thematic supplement that presents and discusses analyses of broad economic issues and incorporates a thematic section dedicated to investment themes and asset classes. 42 000 copies thereof are produced and distributed to the subscribers of L'Agefi as well as to local business and opinion leaders.

**AE – L'Agefi Evasion** comes out six times a year. This magazine deals exclusively with matters related to luxury and prestige. Products, trends, fashion, people, gossip, wellness and travel are topics that are to be found in this magazine that has a circulation of 42 000. It is delivered to subscribers of L'Agefi and is also available in separate subscription or through a network of selected retailers.

**AM – L'Agefi Magazine** are a set of magazines appearing six times a year, which complement the daily paper and look in more details at topics of special interest, such as investment funds, chosen asset classes or sectors deemed of particular relevance. This series of magazines is delivered to the subscribers of the daily paper and sold separately at newsagents (circulation 17 000 magazines).

**Swiss Financial Year Book** is a guide to the banking and financial industry in Switzerland. The aim of this annual publication is to provide its readers with all possible details related to the Swiss financial market (circulation 5,000 books).

**Profil** is a modern and intelligent society magazine (24,000 copies printed) aimed at a discerning female readership. It is an elegant French language publication combining editorial quality and diversity with an emotional and aesthetically balanced appeal. The magazine touches on all aspects of daily (and fantasy) life in a tone that is alternatively serious and tongue-in-cheek, controversial and unconventional.
Profil's typical reader is between 30 and 45 years of age. She's an urbanite with a university or equivalent education, has a career with significant responsibilities and belongs to a comfortable social class. She is financially independent with substantial purchasing power.

**XXS** is the first Swiss timepiece magazine aimed exclusively at women, its original (small format) and relevant formula is designed to inspire interest in the world of timepieces among the privileged sphere of French-speaking Swiss females. 45,000 copies inserted in magazines such as Profil (November) and industry magazine GMT (Great Magazine of Timepieces) and distributed by Bon Génie department stores to its customers. (Distribution in every room of the La Réserve hotel) ...

L'Agefi has virtually no direct competition for specific daily economic, financial and scientific news coverage in French speaking Switzerland. There is no other daily newspaper that offers predominantly coverage of in-depth economic and financial issues. In the global segment of the paper press, the Company believes that it is unlikely that another publisher would adopt the same positioning as L'Agefi in view of the initial investment that would be required to capture this specialist market. Somehow the limited size of the Suisse Romande market represents a kind of barrier protecting L'Agefi's leading position in this area. Nonetheless, the competition to attract advertising has become fiercer in recent years. In spite of its generalist character, Le Temps, which offers a few targeted pages in its daily edition, represents L'Agefi's prime competitor. At the very least in terms in its quest for financial related advertising. In the absence of radio or television fully dedicated to economic and financial news, Agefi will seriously observe the new project developed by Ringier in the German part of Switzerland with the launch of the free-economic newspaper named "Cash Daily".

Since L'Agefi launched its new salmon-colour edition in 2004, the newspaper has claimed for more seductive power amongst its current and new readership. L'Agefi is also a powerful brand in the market, collecting good reputation and high qualitative standards; a recent survey conducted by L'Agefi showed that the brand enjoyed a global awareness of 51% in the Suisse Romande market and it increased to 67% considering people with high revenues (Link – Brand awareness survey, January 2006). Moreover another qualitative study (Koslowski & Partner – Qualitative survey for L'Agefi, June 2006) illustrated that a genuine connection exists between L'Agefi and its readership, as L'Agefi was not only deemed a professional tool, but also a source of daily inspiration for High Net Worth Individuals (HNWI). ...

L'Agefi's target readership is mainly composed of managers, business executives, private investors and many other active participants in the business and financial community. The perspectives given by L'Agefi editorials also claims to reach the scientific community (EPFL, PSE...) and the small and medium size companies. The current net daily readership represents 15,000 readers, while the total sum of contacts given by L'Agefi is estimated to reach 134,000 persons (Mach Basic survey 2007/1).
The typology issued from L'Agefi's readership profile is quite young (20% of the readership structure amongst the 15/34), progressive, modern, ambitious and explorer. They show high interest in the areas of finance and stock exchange, financial products, e-banking, sciences and research and of course political contents on regional, national and international scales.
L'Agefi still proposes the highest affinity levels when considering high revenues population, business professionals and HNWIs.

The strategy of the Publishing Division
rests on the following key elements:

*Print media.* The Division is focused on strengthening its position as the leading publisher of financial and economic news in Suisse Romande.
The Division will evaluate opportunities to further enhance its competitive position and to develop existing as well as new products within the context of its goal of providing economic and financial news to the business and financial community. In particular, the Division plans over the coming years to expand through selective acquisitions, joint ventures and/or strategic alliances in the field of financial and economic news in Switzerland and potentially abroad. Further opportunities are evaluated in life style niches. In addition, the Division intends to further intensify the development of its other publications such as the magazine L'Agefi Evasion.
Finally, the Division is focusing on the further development of its activity in the conferencing business.

*Electronic media.* The Division plans to present a modernized and interactive Internet platform in the near future. In particular, the Division aims to become the leading news provider and blog for companies in the Suisse Romande.

*Lean management.* The Division intends to continue to improve its operating efficiency and reduce costs throughout its business operations. //

# Healthcare Division

## Description of activities

**Clinique de Genolier** is the largest of the GSMN's private hospitals. Since its inception in 1970, Clinique de Genolier has developed an international reputation in the field of cardiology. Nowadays, Clinique de Genolier offers a wide range of medical services in various fields such as orthopaedics, oncology, radiology and radiotherapy, age prevention and maxillofacial & dental surgery. The radiology department ranks amongst Europe's most modern facilities. In addition to the medical services, Clinique de Genolier has also taken advantage of its privileged location overlooking Lake Geneva to establish a part of the clinic where guests can stay in luxurious suites and apartments whilst benefiting from the medical services of the clinic. This service is highly appreciated by wealthy clients who tend to travel with numerous family members and private staff. In 2005/2006 Clinique de Genolier had the following patient breakdown (based on the number of days spent at the hospital): 1% of VIP patients, 59% of patients with high-level health insurance coverage ("private patients"), 39% of patients with medium-level health insurance coverage ("semi-private patients") and 1% of patients with basic health insurance coverage. 16 rooms are currently being completely and will reopening in May 2007.

**Clinique de Montchoisi** is located in the centre of the city of Lausanne. Since its inclusion in GSMN, the clinic has undergone heavy renovation and modernisation works. Since September 2006, the facilities are fully operational again. Clinique de Montchoisi's central location and modern, state-of-the-art equipment attract a steady flow of in and outpatients and allow it to focus on high value-added services, such as ophthalmology, orthopaedic, gynaecology, plastic surgery and radiology. The top floor has been arranged and furnished to offer VIP services to a clientele of wealthy patients. The rooms of the VIP section offer luxury facilities, a feeling of privacy and intimacy, as well as beautiful views on Lake Geneva. In 2005/2006 Clinique de Montchoisi had the following patient breakdown (based on the number of days spent at the hospital): 55% of private patients, 35% of semi-private patients and 10% of patients with basic health insurance coverage (outpatients only). ...

**Clinique de Valmont** is GSMN's neural, articular and cardiologic rehabilitation centre (in fact, the cardiac rehabilitation services of Clinique de Genolier have been transferred to Clinique de Valmont in September 2006 for operating efficiency purposes). The clinic is ideally located in the forest, with spectacular views on Lake Geneva and the Alps, yet close to the city of Montreux. Heavy construction, renovation and up-grading works were performed in 2006 and Clinique de Valmont has operated at full capacity since January 2007. In 2005/2006 Clinique de Valmont had the following patient breakdown (based on the number of days spent at the hospital): 23% of private patients, 13% of semi-private patients and 64% of patients with basic health insurance coverage.

**Clinique Générale Garcia-Ste-Anne** is the result of the merger of the activities of Clinique Garcia and Clinique Ste-Anne in the city of Fribourg. These two private hospitals were in financial distress and Clinique Garcia bought assets in the bankruptcy of Clinique Ste-Anne prior to be integrated into GSMN in summer 2005. The objective is to concentrate the operations in the building formerly occupied by Clinique Ste-Anne, so as to address the overcapacity issue identified by management as being the cause of the clinics' financial weakness. After 8 months of work, strengthened with a floor of 13 private rooms graced with all hotel comforts and 4 operating theatres, amongst the most modern in Europe, Clinique Générale Garcia-Ste-Anne will continue to focus on general surgery, orthopaedics, gynaecology and oncology. In addition, in the longer run, it is also foreseen to develop a range of new services in areas such as age prevention and plastic surgery. In 2005/2006 Clinique Générale Garcia-Ste-Anne had the following patient breakdown (based on the number of days spent at the hospital): 9% of private patients, 16% of semi-private patients and 75% of patients with basic health insurance coverage. //

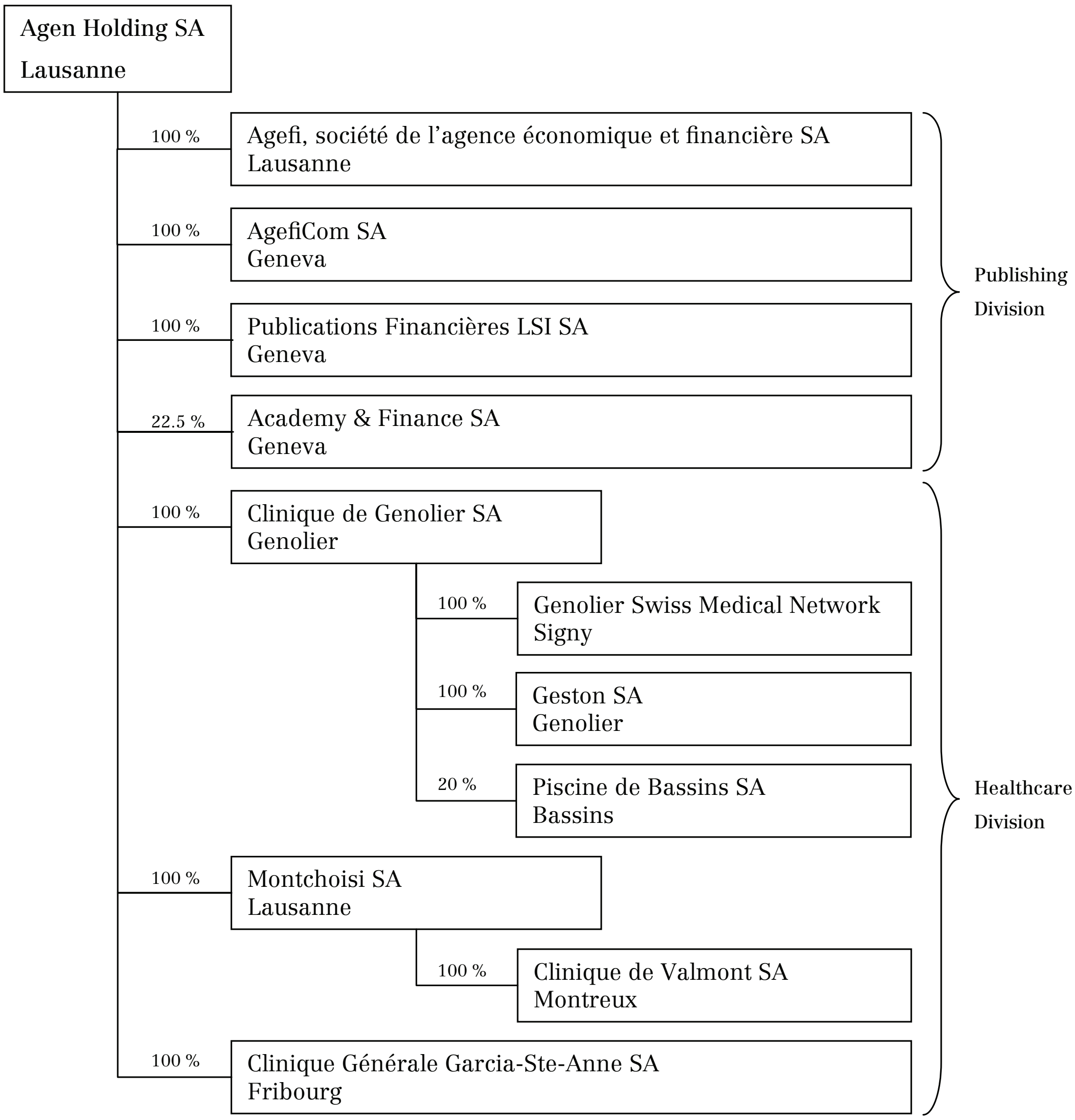
# Corporate Governance of AGEN Holding SA

This section on Corporate Governance has been prepared in compliance with the requirements of the «Corporate Governance Directive» produced by the SWX Swiss Exchange, which came into force on 1 July 2002 and, as revised, on 1 January 2007.

### 1.1 Structure of the Group

AGEN Holding SA, the Group's parent company (hereinafter "the Company"), is a listed corporation headquartered at 17, rue de Genève, Lausanne (Switzerland). The company's shares are quoted on the SWX Swiss Exchange (number ISIN CH00124881909). As at 31 December 2006, its market capitalisation stood at CHF 196.7 million. No other AGEN Group companies are listed. The AGEN Group (hereinafter the «Group») operates in the field of newspaper editing and publication, and in the transmission of financial information over the Internet. In December 2006, AGEN Holding SA acquired Genolier Swiss Medical Network ("GSMN"), a network of private hospitals (hereafter the Clinics of Genolier Swiss Medical Network or «GSMN») composed of three separate entities or groups of entities: Clinique de Genolier SA, Montchoisi SA (which wholly owns Clinique de Valmont SA) and Clinique Générale Garcia-Ste-Anne SA (see 2.3 below).

At 31 December 2006, the organisational chart and structure of the Group is the following companies:



## Publishing division

| Name | Location | Activity | % |
|---|---|---|---|
| Agefi Société de l'agence économique et financière SA | Lausanne | Publishing | 100.0 |
| Agefi Com SA | Geneva | Financial information via the internet | 100.0 |
| Publications Financières LSI SA | Geneva | Publishing | 100.0 |
| Academy & Finance SA | Geneva | Organisation of seminars | 22.5 |

## Healthcare division (GSMN)

| Name | Location | Activity | % |
|---|---|---|---|
| Clinique de Genolier SA | Genolier | Clinic | 100.0 |
| Genolier Swiss Medical Network | Genolier | Management and administration | 100.0 |
| Geston SA | Genolier | Dormant company | 100.0 |
| Montchoisi SA | Lausanne | Clinic | 100.0 |
| Clinique de Valmont SA | Montreux | Clinic | 100.0 |
| Clinique Générale Garcia-Ste Anne SA | Fribourg | Clinic | 100.0 |
| Piscine de Bassins SA | Bassins | Swimming pool | 20.0 |

Full consolidation is applied if AGEN Holding SA controls operations of the subsidiary. The equity method is used if AGEN Holding SA owns between 20% and 50% of the subsidiary.

As the acquisition of GSMN was completed on 7 December 2006, the Group's sales and profits for the current year have been generated by Agefi Société de l'Agence Economique et Financière SA, Lausanne, a 100%-owned subsidiary of AGEN Holding SA.

At 31 December 2006, the Company owns 17% of the capital and the voting rights of Investissima SA, Lausanne (share-capital: CHF 100 000). That company is not consolidated.

### 1.2 Significant shareholders

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

| Publication date | Shareholders | Number of registered shares | Shareholding |
|---|---|---|---|
| 16.01.06 | Kayros Fund Limited<br>– George Town, Cayman Islands<br>Note: crossing the 5% threshold | 13 883 | 1.66 % |

As at 31 December 2006, the Company's shareholders holding directly or indirectly 5 % or more of the share capital are:

| | Number of shares | % |
|---|---|---|
| Alain Fabarez | 428 314 | 7.73 |
| Kairos Fund Limited | - | - |
| Antoine Hubert & Géraldine Reynard-Hubert | 653 570 | 11.79 |
| Dr. Michael Schroeder | 661 370 | 11.94 |
| Jaime Rosell | 661 370 | 11.94 |

### 1.3 Cross-shareholdings

The Company is not aware of any cross-shareholding.

## 2. Capital structure

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

| | Number of shares | Total Nominal value in CHF |
|---|---|---|
| Share-capital | 5 540 000 | 27 700 000 |
| Conditional capital | 300 000 | 1 500 000 |
| Authorised capital | 420 000 | 2 100 000 |

## 2.1 Capital

As at 31 December 2006, the share capital of AGEN Holding SA amounted to CHF 27 700 000, representing 5 540 000 registered shares of a nominal value of CHF 5. The conditional capital amounted to CHF 1 500 000 representing 300 000 registered shares of a nominal value of CHF 5. The authorised capital amounted to CHF 2 100 000 representing 420 000 registered shares of a nominal value of CHF 5.

## 2.2 Conditional and authorised capital in particular

*Conditional capital*
The share capital may be increased, through the exercise of conversion or option rights by a maximum of CHF 1 500 000 divided into a maximum of 300 000 fully paid-up shares with a nominal value of CHF 5 each. According to article 10ter of the article of associations, conversion or 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.
At the date of this report, 100 600 options were granted and exercised (see 5.4 below).

*Authorised capital*
The Board of Directors is also authorised to issue up to a maximum of CHF 2 100 000 divided into a maximum of 420 000 fully paid-up shares with a nominal value of CHF 5 each until 17 November 2008. 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.

### 2.3 Changes in capital

The changes in capital for 2004, 2005 and 2006 are as follows:

| | Number of shares | Share capital* |
|---|---|---|
| **Balance at 1 January 2004** | **832 105** | **4 160** |
| Capital increase - exercise of employees stock options | 6 180 | 31 |
| **Balance at 31 December 2004** | **838 285** | **4 191** |
| | | |
| **Balance at 31 December 2005** | **838 285** | **4 191** |
| Capital increase - cash payment (tranche A) | 2 100 000 | 10 500 |
| Capital increase - contribution in kind (tranche B) | 2 600 000 | 13 000 |
| Capital increase - exercise of employees stock options | 1 715 | 9 |
| **Balance at 31 December 2006** | **5 540 000** | **27 700** |

* in thousands of CHF

The 2004 capital increase is described in note 7 of the 2004 consolidated financial statements.

On 7 December, 2006, the Company acquired a group of clinics, Genolier Swiss Medical Network (GSMN). The total consideration paid to the shareholders of GSMN in respect of the acquisitions amounted to 2 600 000 shares (for Clinique de Genolier SA) and CHF 35 million in cash (for Montchoisi SA and Clinique Générale Garcia-Ste-Anne SA). To finance the acquisitions, the Company's extraordinary shareholders meeting of 17 November 2006 resolved upon a two-step capital increase. In a first step, the Company conducted a cash capital increase via the rights offering, while in a second step, the Company's share capital was increased via the contribution in kind of the entire share capital of Clinique de Genolier SA. 2006 capital increase is described in note 15.1 of the 2006 consolidated financial statements.

### 2.4 Shares and participation certificates

As of 31 December 2006, AGEN Holding SA's share capital is composed of 5 540 000 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.

There are no participation certificates.

### 2.5 Profit sharing certificates

There are no profit sharing certificates.

### 2.6 Limitations of transferability and nominee registrations

Registered shares of the Company can be transferred without restriction. Registration in the share register of the Company requires the proof of purchase on shares on own account and own benefit. There are no further registration restrictions (e.g. percentage limitation). The registration of nominees without voting rights is permitted but is subject to the consent of the Board of Directors. At the date of the report, the Board of Directors has never received a request for registration of nominees without voting rights.

### 2.7 Convertible bonds and warrants/options

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

## 3. Board of Directors

### 3.1 Members of the Board of Directors

As of 31 December 2006, the Board of Directors of AGEN Holding SA is comprised of the following members:

**Alain Fabarez**
*Chairman of the board*
(born 1945, French citizen,
first election May 1993)
Alain Fabarez holds a degree in economics and held several positions within Agefi France and Agefi Suisse. As of 1981 Alain Fabarez served as CEO of Agefi Suisse before buying out the Company in 1993. Alain Fabarez also serves on the board of directors of Investissima SA, in which the Group holds a participation. Alain Fabarez joined the Board of Directors in 1993. He is a member of the compensation committee and of the board executive committee.

**Robert Pennone**
*Vice-chairman of the Board,*
*non executive member*
(born 1944, Swiss citizen,
first election June 1998)
Robert Pennone qualified as a Swiss certified accountant in 1974, and became a Partner with Deloitte. In 1979 he joined Fiduciaire Revex, which was affiliated with the law firm Lenz & Staehelin which he developed in his role as Managing Director through to its merger with Ernst & Whitney in 1987. Further to the firm's merger to become Ernst & Young, Robert Pennone became the Managing Director in charge of Mergers & Acquisitions in Europe. In 1993 he launched Pennone & Partners SA. Robert Pennone also was a co-founder of the MC Group of companies and acted as CEO of its bank, Marcuard Cook & Cie, until 2000. Robert Pennone is Co-Founder and Director of GEM Global Estate Managers SA, Vice-Chairman of Banque Bénédict Hentsch & Cie SA, Chairman of Pennone & Partners SA, Director of Compagnie Financière Tradition. He joined the Board of Directors of AGEN Holding SA in 1998. Robert Pennone is a chairman of the compensation committee.

**Raymond Loretan**
*Executive member 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 member of the board executive committee. In parallel, Raymond Loretan is founding associate of the consultancy practice Fasel Balet Loretan, Pully.

**Claude Haegi**

*Non executive member of the Board*
(born 1940, Swiss citizen, first election June 1999)

Claude Haegi was a member of both the Conseil Executif de la ville de Genève in charge of finance department (city of which he was the mayor) and the government of the Republic and Canton of Geneva for more than fifteen years. He was also chairman of the Congress of Local and Regional Authorities of Europe for which he is currently acting as an expert. Claude Haegi serves on the board of directors of a number of companies, including Services Industriels de Genève, Société des Autoroutes et Tunnel du Mont-Blanc SA, Sociétés des Hôtels Président SA and Société Bancaire Privée SA. Claude Haegi joined the Board of Directors in 1999.

**Dr. Michael Schroeder**

*Non executive member of the Board*
(born 1956, Swiss citizen, first election November 2006)

Dr. Michael Schroeder studied architecture at the University of Wuppertal and medicine at the Universities of Munich and Freiburg-im-Breisgau, Germany. He holds various positions in hospitals and medical centres and is also active in the property and real estate industry. Dr. Michael Schroder is member of the Board of Directors of Clinique de Genolier SA since 29 November 2002, of Genolier Swiss Medical Network since 13 December 2005, of Montchoisi SA since 14 October 2003, of Clinique de Valmont SA since 19 January 2006 and of Clinique Générale Garcia-Ste-Anne since 22 July 2005. Dr. Michael Schroeder is also shareholder of Unigerim SA, Geneva, a real estate company which rents the premises to the Clinics see note 5.8 below.
Dr. Michael Schroeder is a major shareholder of Centre Médico-Chirurgical des Eaux-Vives SA, a company which has commercial relationships with GSMN.

### 3.2 Other activities and vested interest

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

### 3.3 Cross-involvement

They are no cross involvement among the members of the Board of Directors and Boards of other listed companies.

### 3.4 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.

### 3.4.1 Election procedure

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.

### 3.4.2 First election and remaining term of office

| Date of first election | Members | Duration |
|---|---|---|
| May 1993 | Alain Fabarez | Until the next annual general meeting of shareholder in 2007 |
| June 1998 | Robert Pennone | Until the next annual general meeting of shareholder in 2007 |
| June 1999 | Claude Haegi | Until the next annual general meeting of shareholder in 2007 |
| November 2006 | Raymond Loretan | Until the next annual general meeting of shareholder in 2007 |
| November 2006 | Michael Schroeder | Until the next annual general meeting of shareholder in 2007 |

### 3.5 Internal organizational Structure

The Board of Directors meets at least four times a year. In 2006, the Board of Directors met eight times. The Chief Executive Officer and the Chief Financial Officer of the Group are invited to attend the meetings. The average length of meetings is 6 hours. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. The Board fulfils the function of 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 meeting of the Board, 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 a Compensation Committee that annually submits proposals regarding annual compensation of its members, the members of the senior management and the key executive officers of the Divisions. The 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 of the Divisions. Approvals of proposals of the Compensation Committee are granted by the full Board. The compensation committee is composed of Robert Pennone, Chairman of the Committee and casting vote, Alain Fabarez, Antoine Hubert and Eric Denzler, independent partner and Director of Denzler & Partner SA in Nyon. In 2006, the Compensation Committee met once for two hours.

Following the acquisition of GSMN, the entire organisation structure is being reassessed. AGEN Holding has entrusted Deloitte SA to assist the Group in putting into place new procedures during the year 2007.

### 3.6 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.

The Board has delegated the management of ongoing operations to the Board Executive Committee under the leadership of the Chairman of the Board. The Corporate Executive Committee is composed of Alain Fabarez, Chairman of the Board, Raymond Loretan, Member of the Board, and Antoine Huber, CEO. The CEO in particular is responsible for the implementation of the decision taken by the Board Executive Committee.

| Name | Board of Directors | Board Executive Committee | Compensation Committee |
|---|---|---|---|
| Alain Fabarez | X | X | X |
| Robert Pennone | X | | X |
| Claude Haegi | X | | |
| Raymond Loretan | X | X | |
| Michael Schroeder | X | | |
| Antoine Hubert | | X | X |
| Eric Denzler | | | X |

### 3.7 Information and control instruments vis-à-vis the Senior Management

Members of the senior management report on operational business issues to the board executive committee on a weekly basis either during a meeting or or by means of telephone conferencing.

### 3.8 Members of the Senior Management

The senior management team of AGEN Holding SA is composed of the following persons:

**Antoine Hubert**
*Chief Executive Officer*
(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 member of the Board of Directors of Clinique de Genolier SA since 4 August 2003, of Genolier Swiss Medical Network since 13 December 2005, of Montchoisi SA since 14 October 2003, of Clinique de Valmont SA since 19 January 2006 and of Clinique Générale Garcia-Ste-Anne since 22 July 2005. Antoine Hubert is Chairman of Unigerim SA, a real estate company which owns the premises of the clinics.

**Georges Gard**
*Chief Financial Officer*
(born 1961, Swiss and French citizen)

Georges Gard is a Swiss certified accountant who holds a degree in business administration from the University of Geneva. After eight years with Atag Ernst & Young in Zurich and Geneva, he joined Pennone & Partners in 1995. After having served the Group on the basis of a management contract since 1999 Georges Gard will become a full-time employee of the Group and as Chief Financial Officer he will be in charge of the financial consolidation of both Divisions starting 1 July 2007.

**Key Executive Officer Publishing Division**


**Eric Valette**
*Chief Operating Officer*
*(joined the Group in March 2007)*
(born 1969, Swiss citizen)
Activ in branch of publishing and media since more than 16 years, Eric Valette joined Publicitas Group after graduating from commercial school. In 1994 he joined the group Tamedia where he became in charge of sales of magazine such as Annabelle and Schweizer Familie. In 1998 he founded Audace Publishing in Geneva. Eric Valette owns 25% of Green Grass Sàrl, Geneva, publisher of Golf magazines.


**Sylvie Gardel**
*Chief Editor*
*(nominated in March 2007)*
(born 1965, Swiss citizen)
Sylvie Gardel has graduated from the University of Lausanne where she studied Humanities with a major in literature. After ten years in public relations at the national and international level, she worked as professor in Lausanne. She began her journalistic career as a free-lance reporter, then joined «L'Agefi» in 1997 where she mastered in journalism and won the Chuard Prize in 2000. After directing the Science & Technology section for 5 years, she was appointed Deputy Chief Editor of the daily newspaper. Since March 2007, Sylvie Gardel is Chief Editor of «L'Agefi».

**François Savary**
*Division Head of publications*
*(nominated in March 2007)*
(born 1964, Swiss citizen)
Francois Savary holds a degree in International Relations from the Graduate Institute of International Studies in Geneva, where he specialized in International Economics by attending the PhD Program. François Savary has a 15 years experience in finance, either among companies in Geneva (SBS, Darier Hentsch & Cie) or as an independent advisor. François Savary has skills in economics and investment strategy. Previous assignments included responsibilities in investment strategy, management of assets for private and institutional clients and the conduct of a research team dedicated to financial markets. He joined l'Agefi (AGEN Group) last year as economic advisor to the Chief Editor.

**Frédéric Sidler**
*Division Head IT Services*
(born 1971, Swiss citizen)
Frédéric Sidler holds a degree in architecture from the Swiss Federal Institute of Technology in Lausanne (EPFL). After having worked at the EPFL as an assistant, he worked at Broadvision and became a consultant for Excelis. He is now in charge of all IT related aspects, including the Group's webpage.

**Rolande Voisard**
*Division Head*
*Administration and Accounting*
(born 1950, Swiss citizen)
Rolande Voisard is a trained accountant. After having held various accountant positions, she joined the Group in 1991 and has been Head of Administration and Accounting since that date.

**Key Executive**
**Officer Healthcare Division**

**Roberto Tancredi**
*Division Chief Financial Officer*
(born 1975, Italian citizen)
Roberto Tancredi is a qualified Swiss Certified Expert for Accounting and Controlling since 2004. He started his professional career as a controller in 1995. In 2001 Roberto Tancredi joined Clinique de Montchoisi as a controller and was appointed CFO of Clinique de Genolier in 2005.

**Eric Frey**
*Division Chief Operating Officer*
(born 1964, French citizen)
Eric Frey joined Genolier Swiss Medical Network in 2006. He is also the Manager of BioTissue GmbH, a biotech 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

**Valérie Dubois-Héquet**
*Division Chief Sales 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.

**Laurent Joliat**
*Division Chief Marketing Officer*
(Born 1960, Swiss citizen)
Laurent Joliat holds a degree in sports management & marketing from the University of Lausanne. He has also held positions and mandates with international sports governing bodies and luxury brands. From 2000 to 2003, he was Head of Sponsoring for UBS Financial Services Group and set up the communication strategy focussing on Yachting and Alinghi, today's America's Cup Defender. He joined GSMN in 2007.

**Beat Röthlisberger**
*Division Chief Administrative Officer*
(born 1966, Swiss citizen)
Beat Röthlisberger holds a degree in accounting and finance from the University of St-Gall. He has held positions in the controlling and finance departments of Biberist and Allseas Group. Prior to joining Clinique de Genolier earlier this year, he had acquired a stake in and served as chief financial officer to Reymond SA in Lausanne, a distributor of luxury products and accessories.

**Gwynn Brand**
*Unit Manager Clinique de Genolier*
(born 1952, Swiss citizen)
Gwynn Brand holds a masters degree in hospitality management from the Lausanne Hotel School. From 1978 to 1986 he held various positions in the hotel industry. In 1986 Gwynn Brand was appointed as CEO of Clinique de Métairie in Nyon. In 1995 he joined Clinique de Genolier as CEO.

**Benoît Fallot**
*Unit 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 CEO of Clinique de Montchoisi in Lausanne, before being appointed CEO in 2003.

**Jean-Marc Zumwald**
*Unit Manager*
*Clinique Générale Garcia-Ste-Anne*
(born 1960, Swiss citizen)
Jean-Marc Zumwald holds a masters degree in Health Service Administration from the University of St. Gall as well as an MBA from the University of Geneva and a MPA (Master in Public Administration) from the IDHEAP (Institut des Hautes Etudes en Administration Publique), University of Lausanne. Jean-Marc Zumwald started his career in the health care sector in 1988 as a trained nurse. In 1994 he joined the Red Cross as a training expert for nursing schools, before working for a healthcare insurance company for one year. In 1999, Jean-Marc Zumwald joined Clinique St. Anne and was promoted CEO in 2003. From 1994 to 1996, he was also a Member of the Grand Conseil fribourgeois.

**Guy Reynard**
*Unit Manager Clinique Valmont-Genolier*
(born 1957, Swiss citizen)
Before he joined GSMN in November 2006, Guy Reynard was in charge of a car concession during 10 years. He was also in charge of seven local retailers.

### 4.2 Other activities and vested interests

Other activities of the senior management and the key executive officer of the divisions are listed under 4.1.

### 4.3 Management contracts

Georges Gard serves as chief financial officer on the basis of a contract between AGEN Holding SA and Pennone & Partners SA. That contract will terminate on 30 June 2007 and Georges Gard will become a full-time employee of the Group.

## 5. Compensation, shareholdings and loans

### 5.1 Content and method of the compensation and the shareholding programs

Compensation and shareholding programs are defined by the Board of Directors based on a proposal of the Compensation Committee. Members of the Board of Directors receive a base compensation and stock options. The additional variable part of compensation is subject to business success as well as to meeting personal objectives. The share and option programs are described in detail in the note 21.3 to the consolidated financial statements.

In compliance with the resolution on a conditional increase adopted by the General Meeting held on 25 May 1999, an option right to the registered shares quoted on the stock exchange with a nominal value of CHF 5 is granted to members of the Board of Directors and employees of AGEN Holding SA or of its subsidiaries designated by the Board of Directors. Each option carries the right to subscribe to one share in AGEN Holding SA. Option rights are granted by the Board of Directors on the basis of criteria linked to performance, functions, levels of responsibility and profitability. The exercise price for options has been set by the Board of Directors at CHF 5. This price applies for employees in place on the date the company was launched on the stock exchange, and cannot be changed for the next five years. Options may be exercised on receipt of notification of their being granted, and at the latest by 31 December of the current year. Option rights not exercised become ineffective (plan 06/99).

On 6 October 2006, a stock option plan in favour of the existing non-executive members of the board of directors before the acquisition of GSMN (Agefi Groupe SA) was implemented. 12 648 options, each giving rights to subscribe to one share at a unit price of CHF 25, were granted. Options are exercisable each 31 October over a period of three years. The first exercise date will be 31 October 2007. In case of resignation, related options are forfeited. (plan 10/06).

On 27 December 2006, a stock option plan in favour of the management and employees of the Group was implemented. 100 600 options, each giving rights to subscribe to one share at a unit price of CHF 5, were granted (plan 12/06).

### 5.2 Compensation of the members of the Board of Directors and the Senior Management

As the remuneration of the management of the healthcare division was not a charge of the Group in 2006, that amount only includes directors and management team of the Publishing Division.

The total sum of these allowances for the 2006 fiscal year amounted to CHF 94 000. Additional remuneration totalling CHF 200 000 was paid to the non executive directors during the year. The highest allowance paid to a non-executive director is CHF 130 000.

With the exception of the provision of a company car, no allowance is granted to Alain Fabarez, the chairman of the Board of Directors. He draws an annual salary of CHF 260 000 and does not participate in any existing Company's stock-option schemes.
The total paid to members of the senior management team is CHF 436 308.

### 5.3 Compensation of former members of the Board of Directors and the Senior Management

In 2006, the remuneration of the members of the general management team was set by the executive member of the Board of Directors. Following the acquisitions of GSMN, a Compensation committee was formed. Said committee will be in charge of defining the remuneration of the Board as of 2007, overseeing and discussing the remuneration principles for the Company and the Group. It also reports on its decisions to the board, and keep the Board updated on the overall remuneration policy of the Group. The compensation committee is composed of Robert Pennone, chairman of the committee and casting vote, Alain Fabarez, Antoine Hubert and Eric Denzler, independent member and director of Denzler & Partner SA, Nyon.

### 5.4 Share and option grant in the year under review

In 2006 a total of 1 715 options, representing the remaining quantity of the plan 06/99 were exercised.

100 600 options granted under plan 12/06 were exercised in January 2007.

### 5.5 Share ownership

At 31 December 2006, the members of the Board of Directors of the management team and the parties closely linked to such persons held shares in AGEN Holding SA as follows:

| | Shares | Options |
|---|---|---|
| Executive members of the Board of Directors (2 member) | 436 314 | - |
| Non-executive members of the Board of directors (3 members) | 678 852 | 12 648 |
| Members of the senior management team and the key officers of the divisions (9 members) | 662 855 | 68 500 |
| **Total** | **1 778 021** | **81 148** |

### 5.6 Options

At 31 December 2006, the following options on shares of AGEN Holding SA were outstanding:

| Arrangement | Beneficiary grant date | Number of instrument exercise price | Vesting conditions | Exercise date | Expiry date |
|---|---|---|---|---|---|
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2007 | 31 October 2007 |
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2008 | 31 October 2008 |
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2009 | 31 October 2009 |
| Plan 12/06 | Management of the Group 27 December 2006 | 100 600 CHF 5 | None | January 2007 | January 2007 |

### 5.7 Additional fees and remuneration

The Group outsources the function of Chief Financial Officer to Pennone & Partners SA of which Robert Pennone is chairman of the board and, indirectly, minority shareholder. The contract with Pennone & Partners SA outsourcing the function of CFO will be terminated on 30 June 2007.

A liquidity contract concluded previously with Pennone & Partners SA until November 2006 has been concluded with Banque Bénédict Hentsch SA (of which Robert Pennone is also member of the Board and minority shareholder) for an unlimited period and may be terminated at any time by either of the parties.

The fees paid during the year to Pennone & Partners SA, Geneva and Banque Bénédict Hentsch SA, Geneva are detailed as follows:
- liquidity contract on the shares of AGEN Holding SA (own shares): CHF 122 357
- contract outsourcing the function of Chief Financial Officer: CHF 128 000

Law firm ZPG, Geneva, in which Charles Poncet, former Director of AGEN Holding SA, (resigned in November 2006) was associated, undertook various procedures on behalf of the Group. Law firm ZPG occasionally provided the Group with legal advice. In this capacity, it received fees amounting to CHF 64 859 in the course of 2006.

The premises of the clinics belong to Unigerim SA, Geneva, a real estate company controlled by the former shareholders of GSMN, including Antoine Huber and Dr Michael Schroeder. Starting 2007, the Group will pay annual rent of 6% of the operating revenue but a minimum of CHF 6.4 million per annum.

### 5.8 Loans to members of governing bodies

At 31 December 2006, total loans to two members of the management amounted to CHF 180 272. The loans bear no interest and will mature in 2008.

At 31 December 2006, the Group has the following current accounts with related parties:

| Related parties | Accounts receivable (in mio CHF) |
|---|---|
| Unigerim SA | 10.4 |
| Former shareholders of GSMN | 0.7 |
| Centre Médical des Eaux-Vives | 0.2 |
| **Total** | **11.3** |

Unigerim SA is a Swiss corporation in Geneva belonging to and controlled by the former shareholders of GSMN, including Antoine Hubert and Dr Michael Schroeder. Prior to the acquisition of GSMN by the Company, the real estate and properties that used to belong to GSMN, including the buildings of the clinics, were acquired by Unigerim SA and operating lease agreements were entered into with the respective GSMN group companies for an initial time period of 15 years. The lease conditions are at arm's Iength. The rents wiII depend upon the turnover of the respective companies, while a total minimum of CHF 6 437 000 a year and a total maximum of some CHF 9 833 000 a year have been agreed upon. Such minimum and maximum payments wiII be adapted according to the Swiss consumer price index. The lease agreements also grants the respective tenants a right of first refusal in case of sale of the Ieased property and a right to purchase said property at any time at a price to be determined by an independent real estate expert. As a result of such transfer, the Group (i.e. Clinique de Genolier SA) has a claim against Unigerim SA, in the amount stated below at 31 December 2006.

Centre Médical des Eaux-Vives is a medical center in which Dr. Michael Schoeder has a majority interest. The center has a commercial relationships with GSMN.

The amount due from Unigerim SA and the former shareholders of GSMN resulted from the acquisition of the healthcare division by the Group and are due on 30 June 2007 at the latest. The loans bear interest at the rate determined by the Federal Tax Administration.

### 5.9 Highest total compensation

The highest compensation to a member of the Board of Directors in 2006 was CHF 260 000.

## 6. Shareholders' participation rights

### 6.1 Voting rights and representation restrictions

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

### 6.2 Statutory quorums

The Annual General Meeting passes resolutions and makes elections, if not otherwise required by law (Swiss Codeof Obligations, article 704), with a simple majority of the votes represented. For the calculation of the simple majority, abstentions and empty votes are not considered.

### 6.3 Convocation of the general meeting of the shareholders

The General Meeting is convened at least twenty days before the date set for the meeting, by being published in the official Swiss business gazette or by means of registered letter sent to all shareholders, if these are known. 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 Para. 3 CO / Swiss Law of Contracts, shareholders representing shares amounting to a nominal value of 1 million francs 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.

## 7. Change of control and defence measures

### 7.1 Duty to make an offer

The Company does not have a provision on opting out or opting up in the Articles of Association.
Thus, 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

Neither any member of the Board of Directors nor any member of the Board Executive Committee have a contractual agreement in case of change of control.

## 8. Auditors

### 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 AGEN Holding SA each year appoints an auditing company and auditor for the Group's accounts. KPMG Fides Peat, Lausanne branch was appointed for the first time on 19 May 2005. On 21 June 2006, the General Meeting re-appointed KPMG Fides Peat, Lausanne branch, as the auditing company and auditor for the Group's accounts for the fiscal year ending 31 December 2006.

Helène Beguin, the auditor in charge at KPMG Fides Peat, has been supervising the auditing of the statutory annual accounts and consolidated accounts of AGEN Holding SA since 2005.

### 8.2 Auditing fees

Auditing fees of KPMG for the group amounted to CHF 125 000 for the business year 2006.
Fees for audit services on AGEN companies by other auditors. amounted to CHF 182 700.

### 8.3 Additional fees

During 2006, KPMG charged additional fees of CHF 957 500 for due diligence work and review of financial statements in relation with the acquisition of GSMN. These fees are part of the acquisition costs.
Additional services conducted by other auditors totalled CHF 59 900.

### 8.4 Supervisory and control instruments pertaining to the audit

The Board of Directors is responsible for the evaluation of the external auditors and determines the audit scope and plan on an annual basis. At least once a year, the auditor is invited to take part in a meeting of the Board 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 Chief Executive officer 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.
During 2006, the auditor participated to one board of directors meeting. 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 report and the half-year report, the web site (www.agen.ch), press releases, the presentation of the financial statements for media and analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter. As a company listed on the SWX Swiss Exchange, the Group is obliged to publish information that is relevant to its share price (ad hoc publicity, art. 72 of rules governing quoted companies “Règlement de cotation”). These rules can be viewed under www.swx.com. For specific questions regarding the Group, contact our investor relations officer, Georges Gard, CFO, telephone +41 22 316 89 04, georges.gard@agen.ch.

The General Meeting of shareholders for the 2006 fiscal year will take place at the Mandarin Oriental Hotel du Rhône in Geneva on 21 June 2007 at 11:00 a.m.

# Group Profile and contacts

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| Antoine Hubert | *Chief Executive Officer* | antoine.hubert@agen.ch |
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| Roberto Tancredi | *Chief Financial Officer* | rtancredi@gsmn.ch |

**Unit general manager**

| | | |
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| Gwynn Brand | *Clinique de Genolier, Genolier* | gbrand@genolier.net |
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| Guy Reynard | *Clinique Valmont-Genolier, Glion s/Montreux* | greynard@valmontgenolier.ch |

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**SWX Isin number / ticker: CH00124881909 / AGEN**
**Bloomberg ticker:  AGEN SW**

# Consolidated Financial Statements of AGEN Holding SA

# Consolidated balance sheet
# as at 31 December 2006 and 31 December 2005

| (In thousands of CHF) | Notes | 31.12.2006 | 31.12.2005 |
|---|---|---|---|
| **Assets** | | | |
| Equipment and leasehold improvements | 6 | 26 396 | 345 |
| Goodwill | 7 | 82 382 | - |
| Financial assets | 8 | 566 | 29 |
| Investments in equity accounted investees | 9 | 100 | - |
| Deferred tax assets | 10 | 4 135 | - |
| **Total non-current assets** | | **113 579** | **374** |
| Inventories | 11 | 3 034 | - |
| Trade receivables | 12 | 24 316 | 1 189 |
| Other receivables | 13 | 14 769 | 172 |
| Cash and cash equivalents | 14 | 18 342 | 2 072 |
| **Total current assets** | | **60 461** | **3 433** |
| **Total assets** | | **174 040** | **3 807** |
| **Equity** | | | |
| Share capital | 15 | 27 700 | 4 191 |
| Share premium | | 88 679 | - |
| Other reserves | | 323 | 323 |
| Treasury shares | 15.4 | (1 313) | (533) |
| Accumulated deficit | | - | (2 616) |
| **Total equity** | | **115 389** | **1 365** |
| **Liabilities** | | | |
| Finance lease liabilities, long term | 16 | 4 893 | - |
| Deferred tax liabilities | 10 | 1 372 | - |
| **Total non-current liabilities** | | **6 265** | **-** |
| Bank overdrafts | 17 | 16 845 | - |
| Finance lease liabilities, short term | 16 | 2 365 | - |
| Trade and other payables | 18 | 24 953 | 359 |
| Accrued expenses and deferred income | 19 | 8 223 | 2 083 |
| **Total current liabilities** | | **52 386** | **2 442** |
| **Total liabilities** | | **58 651** | **2 442** |
| **Total equity and liabilities** | | **174 040** | **3 807** |

(See accompanying notes to the consolidated financial statements.)

# Consolidated Income Statement
# for the years ended 31 December 2006 and 31 December 2005

| (In thousands of CHF) | Notes | 31.12.2006 | 31.12.2005 |
|---|---|---|---|
| **Revenue** | 20 | **9 555** | **9 500** |
| Production expenses | | (3 167) | (3 469) |
| Personnel expenses | 21.2 | (5 763) | (4 982) |
| Other operating expenses | 22 | (2 203) | (2 260) |
| **EBITDA** | | **(1 578)** | **(1 211)** |
| Depreciation | 6 | (205) | (272) |
| Impairment of goodwill | 7 | (31 763) | - |
| **Loss from operating activities** | | **(33 546)** | **(1 483)** |
| Finance income | | 4 | 10 |
| Finance expenses | | - | (7) |
| Net finance income | | 4 | 3 |
| **Loss before income tax** | | **(33 542)** | **(1 480)** |
| Income tax expense | 23 | - | (226) |
| **Loss for the year** | | **(33 542)** | **(1 706)** |
| **Loss per share** | | | |
| Basics and diluted loss per share (in CHF) | 29 | (40,36) | (2,07) |

(See accompanying notes to the consolidated financial statements.)

# Consolidated Cash Flow Statement

## for the years ended 31 December 2006 and 31 December 2005

| (In thousands of CHF) | **Notes** | **31.12.2006** | **31.12.2005** |
|---|---|---|---|
| Loss for the year before taxes | | (33 542) | (1 480) |
| Adjustments for: | | | |
| Depreciation | 6 | 205 | 272 |
| Impairment loss | 7 | 31 763 | - |
| Equity settled share based payment expenses | 21.3 | 904 | - |
| Net finance income | | (4) | (3) |
| | | | |
| Change in trade and other receivables | | 135 | 67 |
| Change in trade and other payables | | 811 | (136) |
| Change in accrued expenses and deferred income | | 574 | 292 |
| Income tax paid | | - | (97) |
| Interest paid | | - | (7) |
| **Net cash flow from / (used in) operating activities** | | **846** | **(1 092)** |
| | | | |
| Interest received | | 4 | 11 |
| Purchase of equipment, leasehold improvements | 6 | (190) | (35) |
| Change in financial assets | | - | 50 |
| Acquisition of GSMN, net of cash acquired | 4 | (34 293) | - |
| **Net cash flow (used in) / from investing activities** | | **(34 479)** | **26** |
| | | | |
| Capital increase | 15.1 | 10 509 | - |
| Share premium | 15.1 | 42 000 | - |
| Financing costs related to capital increase | | (2 081) | - |
| Purchase of treasury shares | | (525) | (290) |
| **Net cash flow from / (used in) financing activities** | | **49 903** | **(290)** |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | **16 270** | **(1 356)** |
| | | | |
| Cash and cash equivalents at beginning of the year | | 2 072 | 3 428 |
| **Cash and cash equivalents at end of the year** | | **18 342** | **2 072** |

(See accompanying notes to the consolidated financial statements.)

# Consolidated Statement of Changes in Equity

| (in thousands of CHF) | Number of shares (thousands) | Share capital | Share Premium | Other reserves | Treasury shares | Accumulated loss | Total |
|---|---|---|---|---|---|---|---|
| **Changes in equity for 2005** | | | | | | | |
| **Balance at 1 January 2005** | **838** | **4 191** | **-** | **323** | **(242)** | **(908)** | **3 364** |
| Loss for the year | - | - | - | - | - | (1 706) | (1 706) |
| **Total recognised income and expense for the period** | **-** | **-** | **-** | **-** | **-** | **(1 706)** | **(1 706)** |
| Purchase of treasury shares, net | - | - | - | - | (291) | (2) | (293) |
| **Balance at 31 December 2005** | **838** | **4 191** | **-** | **323** | **(533)** | **(2 616)** | **1 365** |
| **Changes in equity for 2006** | | | | | | | |
| Loss for the year | - | - | - | - | - | (33 542) | (33 542) |
| **Total recognised income and expense for the period** | **-** | **-** | **-** | **-** | **-** | **(33 542)** | **(33 542)** |
| Capital increase – cash payment (tranche A) | 2 100 | 10 500 | 42 000 | - | - | - | 52 500 |
| Capital increase – contribution in kind (tranche B) | 2 600 | 13 000 | 80 860 | - | - | - | 93 860 |
| Capital increase – exercice of employees stock options | 2 | 9 | - | - | - | - | 9 |
| Share based payments as part of the acquisition cost | | | 2 899 | | | | 2 899 |
| Share based payments | - | - | 904 | - | - | - | 904 |
| Financing costs related to capital increase | - | - | (2 081) | - | - | - | (2 081) |
| Purchase of treasury shares, net | - | - | - | - | (780) | 255 | (525) |
| Compensation of accumulated loss with share premium | - | - | (35 903)[1] | - | - | 35 903[1] | - |
| **Balance at 31 December 2006** | **5 540** | **27 700** | **88 679** | **323** | **(1 313)** | **-** | **115 389** |

[1] The Board of Directors has decided that the share premium should be used to cover the accumulated losses mainly related to the impairment of the goodwill following the acquisition of the GSMN division.

(See accompanying notes to the consolidated financial statements.)

# Notes to the consolidated financial statements

**1. Reporting group of entities**

AGEN Holding (hereafter «The Company») SA has its registered and principal offices at Rue de Genève 17, 1002 Lausanne, Switzerland. The Company's extraordinary shareholders meeting of 17 November 2006 decided to change the Company's name from Agefi Groupe SA to AGEN Holding SA.

The Company's initial purpose consisted of acquiring interests in financial, commercial and industrial enterprises in Switzerland and abroad, in areas such as media and e-commerce. The Company's extraordinary shareholders meeting of 17 November 2006 decided to extend the purpose to medical treatment and healthcare.

In December 2006, the Company acquired Genolier Swiss Medical Network ("GSMN"), a network of private hospitals mainly composed of three separate entities or groups of entities: Clinique de Genolier SA, Montchoisi SA (which wholly owns Clinique de Valmont SA) and Clinique Générale Garcia-Ste-Anne SA.

**2. Basis of preparation**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The company has not early adopted any of the revisions to IFRS prior to these coming into effect.

The financial statements were authorised for issue by the Board of Directors on 24 April 2007. Final approval is subject to acceptance by the annual general meeting of shareholders on 21 June 2007.

**(b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis.

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgments**

The preparation of financial information requires Group management to make judgments, 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.

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

Goodwill: an estimate of the fair value of the acquired assets and liabilities is made at the time of acquisition. The difference between acquistion cost and value of the net assets acquired is the goodwill. Goodwill is not amortised but is subject to an annual impairment test. Impairment test requires a number of assumptions to be made, which are based to medium and long term estimates. These estimates are affected by both internal data and external factors.

Deferred tax assets: deferred tax assets arise from deductable temporary differences and tax loss carry forward where it is considered probable that the tax losses will be utilised. The estimate of whether the tax loss carryforward can be used depends on the forecasts made by the taxable entity. If these forecasts prove to be incorrect, adjustments will have to be recognised in the income statement.

## 3. Significant accounting policies

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

### (a) Basis of consolidation

*(i) Entities integrated in the consolidation*

The consolidated financial statements include the Company and the subsidiary companies, which are controlled by it (hereafter "the Group"). Control is the power to govern the financial and operating policies generally defined as ownership, either directly or indirectly, of more than 50% of the voting rights of a company's share capital. The consolidation is performed using the purchase method.

The purchase method of accounting is used to account for acquisitions. The cost of an acquisition is measured as the fair value of the assets given, shares issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the company acquired is recorded as goodwill.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investee, after adjustments, 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 ot the investee.

Full consolidation is applied if AGEN Holding SA controls operations of the subsidiary. The equity method is used if AGEN Holding SA owns between 20 % and 50% of the subsidiary. The accounts of the Company's subsidiaries are appropriately reclassified and adjusted for consolidation purposes to conform to the Company's accounting policies. As at 31 December 2006, the following entities, all located in Switzerland, were included in the consolidation:

## Publishing division

| Name | Location | Activity | % |
|---|---|---|---|
| Agefi Société de l'agence économique et financière SA | Lausanne | Publishing | 100.0 |
| Agefi Com SA | Geneva | Financial information via the internet | 100.0 |
| Publications Financières LSI SA | Geneva | Publishing | 100.0 |
| Academy & Finance SA * | Geneva | Organisation of seminars | 22.5 |

*The company being overindebted, no financial figures have been reported in the financial statements. The Group has no obligation in respect of the losses of the company

## Healthcare division (GSMN)

| Name | Location | Activity | % |
|---|---|---|---|
| Clinique de Genolier SA | Genolier | Clinic | 100.0 |
| Genolier Swiss Medical Network | Genolier | Management and administration | 100.0 |
| Geston SA | Genolier | Dormant company | 100.0 |
| Montchoisi SA | Lausanne | Clinic | 100.0 |
| Clinique de Valmont SA | Montreux | Clinic | 100.0 |
| Clinique Générale Garcia-Ste Anne SA | Fribourg | Clinic | 100.0 |
| Piscine de Bassins SA | Bassins | Swimming pool | 20.0 |

In December 2006, AGEN Holding acquired all companies listed under the Healthcare division creating a new division within the Group. All subsidiaries of GSMN are included in the consolidation for the first time as at 31 December 2006.
As the acquisition took place close to year-end, the income statement of all GSMN subsidiaries are not consolidated in the Group 2006 consolidated financial statements. The balance sheets of all subsidiaries for which AGEN Holding SA controls the operations are included in the consolidated financial statements. (See also note 4).

*(ii) Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, have been eliminated in these consolidated financial statements.

**(b) Foreign currency**

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. The consolidated financial statements do not include any assets or liabilities denominated in foreign currencies and the Group does not have any foreign operations.

**(c) Equipment and leasehold improvements**

*(i) Recognition and measurement*

Items of equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost includes any expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

*(ii) Subsequent costs*

The cost of replacing part of an item of equipment and leasehold improvements is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of equipment and leasehold improvements are recognised in profit or loss as incurred.

*(iii) Depreciation*

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

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

| | |
|---|---|
| Medical machinery and equipment | 5-8 years |
| Leasehold and improvements | 10 years |

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

**(d) Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

**(e) Inventories**

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

**(f) Financial instruments**

*Non derivative financial instruments*

Non derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowing and trade and other payables. Non derivative financial instruments are recognised and measured as described below.

*(i) Financial assets*

The Group has investments in equity securities that do not have a quoted market price in an active market, whose fair value cannot be reliably measured and which amounts are not significant. These equity securities are initially recognised at cost and subsequently measured at cost less accumulated impairment losses.

*(ii) Trade and other receivables*

Trade and other receivables are stated at their nominal amount, which approximates amortised cost, less allowance for doubtful debts.

*(iii) Cash and cash equivalents*

Cash and cash equivalents comprise petty cash, bank current accounts and call deposits.

*(iv) Loans and borrowings*

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

*(v) Trade and other payables*

Trade and other payables are stated at their nominal amount, which approximates amortised cost.

**(g) Goodwill**

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

The cost of a business combination is determined in accordance with IFRS 3 and is equal to the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree plus any costs directly attributable to the business combination.

At the acquisition date (date on which the Group effectively obtains control of the acquiree), the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.

Any difference between the cost of the business combination and the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities so recognised is treated as goodwill.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised as described above exceeds the cost of the business combination, the Group reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognises immediately in profit or loss any excess remaining after the reassessment.

After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that there might be an impairment.

An impairment has been booked on the goodwill of the Health care division (GSMN) at the end of December 2006. Further information concerning GSMN acquisition and the related goodwill are disclosed in notes 4 and 7.

**(h) Impairment**

*(i) Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. An impairment loss in respect of equity instruments carried at cost is calculated as the difference between the carrying amount of the equity instrument and the present value of estimated future cash flows discounted at the current market

rate of return for a similar financial asset.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. Impairment losses on equity instruments carried at cost are not reversed.

*(ii) Non-financial assets*
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For Goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (on a pro rata basis).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

**(i) Post-employment benefits**

The Group entities contribute to various benefit plans according to Swiss law.

*(i) Defined contribution plans*

The entities of the Publishing division as well as two entities of the newly acquired Healthcare division are affiliated with multi-employer plans. The risks are fully reinsured with insurance companies. They are, therefore, treated as defined contribution plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

*(ii) Defined benefit plans*

Two entities of the GSMN contribute to a common pension fund for the benefit of their employees, which is a separate legal entity in accordance with the legal requirements in Switzerland.

The employer net obligation in respect of defined benefit pension plans is calculated estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating to the terms of the entities' obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

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

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

Defined benefit accounting has no effect on the 2006 Group's result, as GSMN has been included in the scope of the consolidation as from 31 December 2006 (see note 21.4).

*(iii) Short-term benefits*

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

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

*(iv) Share based payment*

The Group has equity-settled payment transactions.

Options granted to employees are recognised in the income statement with a corresponding increase in equity over the vesting period.

They are fair valued at grant date and measured using the Black and Scholes model. The cost of equity settled share-based payment transactions is adjusted annually by the expectations of vesting, for the forfeiture of the participants' rights that no longer satisfy the plan conditions, as well as for early vesting.

**(j) Treasury shares**

Treasury shares are deducted from consolidated equity at their acquisition cost. Proceeds from their subsequent sale are recognised directly in equity.

**(k) Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of allowances and discounts.

Revenue includes:

Publishing activities: advertising fees, subscriptions and sale of newspapers and magazines. Revenue is recognised at the date of delivery of goods and services, after deduction of discount

Healthcare division: hotel revenue, fees and auxiliary income from activities conducted in the clinics, diagnostics activities. Revenue is recognised when the medical service has been rendered.

**(l) 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.

**(m) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 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 temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(n) Earnings per share**

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

**(o) Segment reporting**

A segment is distinguishable component of the Group that is engaged in providing related services or products (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. As the Group only has its operations in Switzerland, the only format for segment reporting is based on business segment.

**(p) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006 and have not been applied in preparing these consolidated financial statements:

• The Group will apply IFRS 7 Financial Instrument: additional disclosure. The application of this new standard as well as the amended IAS 1, which will become mandatory for the Group's 2007 financial statements, will require additional disclosures on financial instruments and share capital.

• The IASB also published IFRS 8 on operating segments in 2006. This will replace IAS 14 and will take effect as from 1 January 2009. The operating segment information disclosed must be that used internally by the Group's key management personnel.

## 4. Acquisitions

AGEN Holding SA acquired 100% of the GSMN Group in December 2006 consisting of the following companies:

| Name | Location | Activity | % |
|---|---|---|---|
| Clinique de Genolier SA | Genolier | Clinic | 100.0 |
| Genolier Swiss Medical Network | Genolier | Management and administration | 100.0 |
| Geston SA | Genolier | Dormant company | 100.0 |
| Montchoisi SA | Lausanne | Clinic | 100.0 |
| Clinique de Valmont SA | Montreux | Clinic | 100.0 |
| Clinique Générale Garcia-Ste Anne SA | Fribourg | Clinic | 100.0 |
| Piscine de Bassins SA | Bassins | Swimming pool | 20.0 |

The acquisition has been accounted for using the purchase method. The following amounts of assets and liabilities acquired have been included in the consolidated financial statements. Considering the nature of the business acquired and the related assets and liabilities (mainly equipment, trade receivables and payables), neither fair value adjustment have been identified, nor intangible assets that would have met the criteria to be separately recognised.

| (In thousands of CHF) | Amounts of assets and liabilities included in the consolidated financial statements at the acquisition date | Purchase price allocation according to IFRS 3 | Amounts of assets and liabilities acquired in accordance with IFRS, immediately beforethe combination |
|---|---|---|---|
| | 31.12.2006 | 31.12.2006 | 31.12.2006 |
| Equipment and leasehold improvements | 26 066 | | 26 066 |
| Financial assets | 537 | | 537 |
| Investments in equity accounted investees | 100 | | 100 |
| Deferred tax assets | 4 135 | | 4 135 |
| Inventories | 3 034 | | 3 034 |
| Trade and other receivables | 37 859 | | 37 859 |
| Cash and cash equivalents | 2 513 | | 2 513 |
| **Assets** | **74 244** | **-** | **74 244** |
| | | | |
| Finance lease liabilities | 7 258 | | 7 258 |
| Deferred tax liabilities | 1 372 | | 1 372 |
| Bank overdrafts | 16 845 | | 16 845 |
| Trade and other payables | 23 784 | | 23 784 |
| Accrued expenses and deferred income | 5 566 | | 5 566 |
| **Liabilities** | **54 825** | **-** | **54 825** |
| | | | |
| **Identifiable assets and liabilities** | **19 419** | | |
| Goodwill | 114 145 | | |
| **Cost of the business combination** | **133 564** | | |
| Cash acquired | (2 513) | | |
| Share based payment allocated to acquisition costs (equity settled portion) | (2 898) | | |
| Treasury shares issued | (93 860) | | |
| **Net cash outflow** | **34 293** | | |

The acquisition of the various companies of the GSMN division was completed on 7 December 2006 namely close to year-end. Therefore, considering the non-significant impact of the operations during that period (some clinics were closed one week before year end), the acquisition was deemed to be performed on 31 December 2006 for purpose of application of the purchase method.

The cost of the business combination is calculated as follows:

| In thousands of CHF | Payment in cash | Exchange of shares | Total |
|---|---|---|---|
| Purchase price paid in cash | 35 000 | - | 35 000 |
| Shares exchanged at fair value at the date of exchange (CHF 36.10 per share) | - | 93 860 | 93 860 |
| Directly attributable costs | | | 4 704 |
| **Total cost of the business combination** | | | **133 564** |

Some options granted to AGEN key management under the plan of 27 December 2006 as described in note 21.3 were considered as component of the acquisition cost.

The goodwill includes the work force and potentially other intangible assets that could not be valued separately. If the acquisition had occurred on 1 January 2006, Group sales would have been CHF 122.4 million with a negative EBITDA of CHF 1.1 million. The net loss, including the goodwill impairment, would have been CHF 37.5 million.

## 5. Segment reporting

The Group's business segments comprises the Publishing division and the Healthcare division. The Group operates only in Switzerland. Therefore only business segment information is disclosed hereafter. The primary format, business segments, is based on the Group's management and internal reporting structure.

As the acquisition of the Healthcare division only occurred in December 2006, the 2005 balance sheet and income statement only include operations of the publishing division.

| (In thousands of CHF) | **Publishing division 2006** | **Healthcare division 2006** | **Total 2006** |
|---|---|---|---|
| Revenue | 9 555 | n/a | 9 555 |
| Operating loss | (1 063) | (32 483)[1] | (33 546) |
| Segment assets | 17 415 | 156 625 | 174 040 |
| Segment liabilities | 3 337 | 55 314 | 58 651 |
| Depreciation and amortisation | 205 | n/a | 205 |
| Impairment loss | - | 31 763 | 31 763 |
| Finance Income | 4 | n/a | 4 |
| Capital expenditure | 190 | n/a | 190 |

1) The operating loss of the Healthcare division comprises only the impairment of goodwill and share based payments to employees of the division.

## 6. Equipment and leasehold improvements

| In thousands of CHF | Medical machinery and equipment | Leasehold improvements | Total |
|---|---|---|---|
| Cost or deemed cost | | | |
| Balance at 1 January 2005 | 4 424 | - | 4 424 |
| Additions | 34 | - | 34 |
| Balance at 1 January 2006 | 4 458 | - | 4 458 |
| Acquisition through business combination | 14 857 | 11 209 | 26 066 |
| Additions | 190 | - | 190 |
| Balance at 31 December 2006 | 19 505 | 11 209 | 30 714 |
| | | | |
| **Depreciation** | | | |
| Balance at 1 January 2005 | 3 841 | - | 3 841 |
| Depreciation of the year | 272 | - | 272 |
| Balance at 1 January 2006 | 4 113 | - | 4 113 |
| Depreciation for the year | 205 | - | 205 |
| Balance at 31 December 2006 | 4 318 | - | 4 318 |
| | | | |
| **Carrying amounts** | | | |
| At 31 December 2005 | 345 | - | 345 |
| At 31 December 2006 | 15 187 | 11 209 | 26 396 |

*Leased equipment*

The Group leases machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see note 16). At 31 December 2006 the net carrying amount of leased medical machinery and other equipment was CHF 7 071 000 (2005: nil).

## 7. Goodwill

| In thousands of CHF | Goodwill |
|---|---|
| **Balance at 1 January 2006** | **-** |
| Addition through business combination | 114 145 |
| Impairment loss | (31 763) |
| **Balance at 31 December 2006** | **82 382** |

The recoverable amount of the Healthcare division cash-generating unit was based on its value in use. The carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of CHF 31,8 million (2005: nil) was recognised as an expense. The impairment loss was fully allocated to goodwill.

Value in use was determined based on the valuation used for the fairness opinion issued in November 2006 by independant valuers before the transaction occurred. The valuation was obtained from discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

• Cash flows were projected based on actual operating results and the 5-year business plan

• A post-tax discount rate of 10,6 % was applied in determining the recoverable amount of the division. The discount rate was estimated based on an industry average weighted average cost of capital. The valuation used for the impairment calculation is based on post-tax discount rate and cash flows, as it was not deemed initially to be used as impairment testing in accordance to IFRS, but for providing the fairness opinion.

• Growth rate used to extrapolate cash flow projections beyond the period covered by the forecast amounts to 1,5%.

The values assigned to the key assumptions represent management's assessment of future trends in the Health industry and were based on both external sources and internal sources (historical data).

## 8. Financial assets

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Investment in unlisted equity securities | 18 | 17 |
| Loan to an associate | 100 | - |
| Other financial assets | 448 | 12 |
| **Total financial assets** | **566** | **29** |

## 9. Investment in equity accounted investees

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Piscine de Bassins SA | 100 | - |

This investment is part of the newly acquired Healthcare division and is owned at 20%.

Summary financial information (not adujsted to the Group's share):

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Current assets | 692 | - |
| Non current assets | 17 | - |
| **Total assets** | **709** | **-** |
| Current liabilities | 109 | - |
| Non current liabilities | 100 | - |
| **Total liabilities** | **209** | **-** |

As Piscine de Bassins is part of the newly acquired Healthcare division, the result of the company has no impact in the Group income statement.

## 10. Deferred tax assets and liabilities

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| In thousands of CHF | **2006** | **2005** | **2006** | **2005** | **2006** | **2005** |
| Equipment and leasehold improvements | - | - | 1 084 | - | 1 084 | - |
| Trade receivables | - | - | 329 | - | 329 | - |
| Finances lease | - | - | (41) | - | (41) | - |
| Tax loss carry-forwards | (4 135) | - | - | - | (4 135) | - |
| **Net tax (assets) liabilities** | **(4 135)** | **-** | **1 372** | **-** | **(2 763)** | **-** |

Deferred tax assets relate only to the Healthcare division. Management considered it probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets recognised relate to tax losses for fiscal years 2000 to 2006 that are available to be set off against future taxable income for a period of seven years as follows:

| In thousands of CHF | 2006 | | 2005 |
|---|---|---|---|
| **Period** | **Deferred tax assets** | **Expiry** | **Deferred tax assets** |
| 2000 | 464 | 2007 | - |
| 2001 | 386 | 2008 | - |
| 2002 | 328 | 2009 | - |
| 2003 | 593 | 2010 | - |
| 2004 | 687 | 2011 | - |
| 2005 | 338 | 2012 | - |
| 2006 | 1 339 | 2013 | - |
| **Total recognised deferred tax assets** | **4 135** | | **-** |

*Unrecognised deferred tax assets*

For certain entities, deferred tax assets amounting to CHF 1 897 000 for periods from 2000 to 2006 (2005: CHF 878 000 for periods from 1999 to 2005) have not been recognised, which are available to be set off against future taxable income for a period of seven years as follows:

| In thousands of CHF | 2006 | | 2005 | |
|---|---|---|---|---|
| **Period** | **Unrecognised deferred tax** | **Expiry** | **Unrecognised deferred tax** | **Expiry** |
| 1999 | - | | 2 | 2006 |
| 2000 | 160 | 2007 | 1 | 2007 |
| 2001 | 168 | 2008 | 33 | 2008 |
| 2002 | 46 | 2009 | 1 | 2009 |
| 2003 | 488 | 2010 | 273 | 2010 |
| 2004 | 620 | 2011 | 336 | 2011 |
| 2005 | 311 | 2012 | 232 | 2012 |
| 2006 | 104 | 2013 | - | |
| **Total unrecognised deferred tax assets** | **1 897** | | **878** | |

Deferred tax assets have not been recognised because it is not probable that, for certain entities, sufficient future taxable profit will be available in the period of seven years, against which the Group could utilise the benefits therefrom.

*Summary of tax loss carryforwards*

| In thousands of CHF | | | 2006 |
|---|---|---|---|
| **Of which expiring:** | **Not Recognised** | **Recognised** | **Total** |
| Within one year | 727 | 2 109 | 2 836 |
| Within two to five years | 6 009 | 9 064 | 15 073 |
| After more than five years | 1 887 | 7 622 | 9 509 |
| **Total tax loss carryforwards** | **8 623** | **18 795** | **27 418** |

| In thousands of CHF | | | 2005 |
|---|---|---|---|
| **Of which expiring:** | **Not Recognised** | **Recognised** | **Total** |
| Within one year | 9 | - | 9 |
| Within two to five years | 1 365 | - | 1 365 |
| After more than five years | 2 517 | - | 2 517 |
| **Total tax loss carryforwards** | **3 891** | **-** | **3 891** |

## 11. Inventories

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Medical supplies | 1 930 | - |
| Pharmaceutical products | 867 | - |
| Hotel and restaurants goods | 106 | - |
| Other inventories | 131 | - |
| **Total inventories** | **3 034** | **-** |

Inventories are regularly adjusted to their net realisable value by the systematic elimination of out-of-date items.

## 12. Trade receivables

At 31 December 2006 trade receivables are shown net of an allowance for doubtful debts of CHF 1 799 000 (2005: 305 000). No impairment loss was recognised in the current year. (2005: 43 000). (See also note 17).

## 13. Other receivables

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Other receivables: | | |
| - from related parties | 11 300 | - |
| - from third parties | 2 245 | - |
| Prepayments | 1 224 | 172 |
| **Total other receivables** | **14 769** | **172** |

Receivables due from related parties include various current accounts with shareholders and other entities under the control of the shareholders, as well as the balance resulting from the carve-out operations of real estate and related finance liabilities. Details of related party transactions and outstanding amounts are disclosed in note 28.

## 14. Cash and cash equivalents

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Bank current accounts and call deposits | 18 270 | 2 070 |
| Petty cash | 72 | 2 |
| **Cash and cash equivalents** | **18 342** | **2 072** |

## 15. Equity

At 31 December 2006, the share-capital of CHF 27 700 000 consists of 5 540 000 fully paid registered shares of par value CHF 5 each.

### 15.1 Capital increase

The extraordinary shareholders meeting of the Company of 17 November 2006 resolved upon a two-step capital increase. Based on said resolutions and the implementing resolutions of the Board of Directors, the Company decided to increase its share capital by CHF 10 500 000, from CHF 4 200 000 to CHF 14 700 000, by issuing 2 100 000 shares (the so-called Tranche A of the capital increase) of par value CHF 5 each. The shares were fully subscribed at an issue price of CHF 25 and paid-in on 20 December 2006. The total proceed of the capital increase amounted to CHF 52 500 000, resulting in a share-premium of CHF 42 000 000.

The extraordinary shareholders meeting of 17 November 2006 also decided to further increase the share capital of the Company by CHF 13 000 000, from CHF 14 700 000 to CHF 27 700 000, by issuing 2 600 000 shares in consideration for the contribution in kind of the entire share capital of Clinique de Genolier SA (the so-called Tranche B of the capital increase). The preferred subscription rights of the Company's shareholders have been waived in respect of Tranche B. According to IFRS 3, the final price paid by the acquirer is measured at the fair value of the shares at the date of exchange. The total proceed of the capital increase amounted to CHF 93 860 000 resulting in a share premium of CHF 80 860 000.

The 2006 capital increases is summarised as followed:

| | Number of shares | Share-Capital (in thousands of CHF) |
|---|---|---|
| **Balance at 31 December 2005** | **838 285** | **4 191** |
| Capital increase - cash payment (tranche A) | 2 100 000 | 10 500 |
| Capital increase - contribution in kind (tranche B) | 2 600 000 | 13 000 |
| Capital increase - exercise of employees stock options | 1 715 | 9 |
| **Balance at 31 December 2006** | **5 540 000** | **27 700** |

### 15.2 Authorised capital

At the extraordinary shareholders meeting of AGEN Holding SA on 17 November 2006, the shareholders resolved to authorise the Board of Directors to issue up to a maximum of CHF 2 100 000 divided into a maximum of 420 000 fully paid-up shares with a nominal value of CHF 5 each until 17 November 2008.

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.

### 15.3 Conditional capital

At the extraordinary shareholders meeting of Agefi on 17 November 2006, the shareholders resolved to authorise the Board of Directors to issue up to a maximum of CHF 1 500 000 divided into a maximum of 300 000 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.

During the year 2006, 78 000 options granted to Class Editori Spa. Milan expired.

During the year 2006, 1 715 options, each giving rights to subscribe to one share at a unit price of CHF 5. were granted and exercised. These options were related to the stock option plan dated 22 June 1999 and represented the last available quantity under this plan.

On 6 October 2006, 12 648 options each giving rights to subscribe to one share at a unit price of CHF 25 were granted. The plan is divided in three vesting periods which vary from one year to three years.

On 27 December 2006, 100 600 options, each giving rights to subscribe to one shares at a unit price of CHF 5, were granted. All options were exercised in January 2007.

At December 31, 2006 the conditional capital of AGEN Group SA consist of the following:

| | Quantity | Nominal value in CHF |
|---|---|---|
| Balance at 1 January 2005 | 79 715 | 398 575 |
| Maturing 2006 | (78 000) | (390 000) |
| Exercise at 13 October 2006 | (1 715) | (8 575) |
| Issued on 17 November 2006 | 300 000 | 1 500 000 |
| Granted on 17 November 2006 1) | (12 648) | (63 240) |
| Granted on 27 December 2006 1) | (100 600) | (503 000) |
| **Balance at 31 December 2006** | **186 752** | **933 760** |

1) The amounts relate to the options granted at these dates. The capital increase will occur in 2007 (see also note 21.3).

### 15.4 Transaction on treasury shares

In 2006, the Company had the following transactions on treasury shares:

| | Purchase | | Sale | |
|---|---|---|---|---|
| | **Quantity** | **Average unit price** | **Quantity** | **Average unit price** |
| January | 19 751 | 30.27 | 1 487 | 32.77 |
| February | 7 200 | 36.67 | 6 807 | 38.59 |
| March | 7 780 | 36.00 | 19 666 | 40.40 |
| April | 10 | 41.00 | 9 290 | 42.71 |
| May | - | - | 3 785 | 35.34 |
| December | 73 070 | 37.00 | 37 000 | 37.50 |

In order to maintain sufficient liquidity on the market, AGEN Holding SA outsources the trading of its treasury shares to a company in which a director of AGEN Holding SA is associated.
At 31 December 2006, the Group held 36 070 treasury shares or 0.7 % of the share-capital which are shown in the balance sheet for a total amount of CHF 1 313.

These treasury shares are measured at their average acquisition price and are deducted from equity. No gain or loss are recognised in the income statement on the purchase or sale of treasury sales.

### 15.5 Significant shareholders

At 31 December 2006 and 2005, the following significant shareholders are the followings:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Number of shares | % | Number of shares | % |
| Alain Fabarez | 428 314 | 7.73 | 139 700 | 16.66 |
| Kairos Fund Limited | - | - | 84 323 | 10.06 |
| Antoine Hubert & Géraldine Reynard-Hubert | 653 570 | 11.79 | - | - |
| Dr. Michael Schroeder | 661 370 | 11.94 | - | - |
| Jaime Rosell | 661 370 | 11.94 | - | - |

*Antoine Hubert (278 000 shares) and Géraldine Reynard-Hubert (375 570 shares) form an organised group according to article 15 of the Stock Exchange Ordonnance-FBC.

## 16. Finance lease liabilities

At 31 December 2006 Finance lease liabilities are payable as follows:

| In thousands of CHF | Minimum lease payments | Interest | Principal |
|---|---|---|---|
| Less than one year | 2 126 | 239 | 2 365 |
| Between one and five years | 4 656 | 237 | 4 893 |
| **Total finance lease liabilities** | **6 782** | **476** | **7 258** |

Finance lease liabilities have an average interest rate of 3.5 % and expire in 2010. In 2005, the Group had no financial lease.

## 17. Bank overdrafts

The bank overdrafts relate to the Healthcare division. The 2006 average interest rate was 4,3 %. As a guarantee, the Healthcare division pledged the entire amount of its trade receivables, which amounts to CHF 23 278 000 as at 31 December 2006.

## 18. Trade and other payables

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Trade payables due to third parties | 14 702 | 210 |
| Trade payables due to related parties | 879 | - |
| Trade payables due to doctors (1) | 4 986 | - |
| Non-trade payables due to third parties | 4 386 | 149 |
| **Total trade and other payables** | **24 953** | **359** |

(1) This amount relates to fees due to independent doctors operating in the clinics.

## 19. Accrued expenses and deferred income

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Accrued personal expenses | 2 953 | - |
| Prepaid subscriptions | 1 669 | 1 781 |
| Accrued marketing expenses | 1 463 | - |
| Accrued tax expenses | 624 | - |
| Social charges on share based payment | 609 | - |
| Other accrued expenses | 905 | 302 |
| **Total accrued expenses** | **8 223** | **2 083** |

## 20. Revenue

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Subscription | 2 196 | 2 374 |
| Copy sales | 441 | 470 |
| Commissions on copy sales | (163) | (189) |
| | **2 474** | **2 655** |
| Advertising | 7 844 | 7 922 |
| Commission on advertising | (2 319) | (2 312) |
| | **5 525** | **5 610** |
| Miscellaneous revenue | **1 556** | **1 235** |
| **Total revenue** | **9 555** | **9 500** |

## 21. Employee benefits

### 21.1 Number of employees

| | 2006 | | 2005 | |
|---|---|---|---|---|
| **FTE*** | **Healthcare** | **Publishing** | **Healthcare** | **Publishing** |
| Direct employees | 521 | 58 | - | 58 |
| Indirect employees | - | 30 | - | 30 |
| **Total** | **521** | **88** | **-** | **88** |

* FTE = full time equivalent

### 21.2 Personnel expenses

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Wages and salaries | 4 078 | 4 266 |
| Social security contributions | 576 | 509 |
| Contributions to defined contribution plans | 205 | 207 |
| Share based payments | 904 | - |
| **Total personnel expenses** | **5 763** | **4 982** |

### 21.3 Share-based payments

In June 1999, the board of directors granted 1 715 options, each giving rights to subscribe to one share at a unit price of CHF 5, to the management of the Group. These options, all exercised on 6 October 2006, were related to this stock option plan and represented the last available quantity under this plan.

On 6 October 2006, a stock option plan in favour of the existing non-executive members of the board of directors (Agefi Groupe SA) was implemented. 12 648 options, each giving rights to subscribe to one share at a unit price of CHF 25, were granted. The plan is divided in three vesting periods which vary from one year to three years. The first exercise date will be 31 October 2007. In case of resignation, related options are forfeited.

On 27 December 2006, a stock option plan in favour of the management of the Group was implemented. 100 600 options, each giving rights to subscribe to one share at a unit price of CHF 5, were granted. Options have been exercised in January 2007. 80 600 options granted to key management employee were accounted for as part of the acquisition. At the same time a bonus compensation equivalent to the nominal value (and the subscription price) of the shares subscribed was paid to the key management employees in order to finance the subscription.

The details of share-based payments are the following:

| Arrangement | Beneficiary grant date | Number of instrument exercise price | Vesting conditions | Exercise date | Expiry date |
|---|---|---|---|---|---|
| Plan 06/99 | Management of the Group 6 October 1999 | 1 715 CHF 5 | - | 6 October 2006 | 6 October 2006 |
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2007 | 31 October 2007 |
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2008 | 31 October 2008 |
| Plan 10/06 | Non-executive members of the board of Agefi Groupe SA 6 October 2006 | 4 216 CHF 25 | Beneficiary should not have resigned at the date of exercise | 31 October 2009 | 31 October 2009 |
| Plan 12/06 | Management of the Group 27 December 2006 | 100 600 CHF 5 | None | January 2007 | January 2007 |

Expenses relating to options granted under plan 10/06 and 12/06 are recognised in the 2006 consolidated income statement, except for the options granted to the key executive officers which are deemed part of the acquisition costs of the Healthcare division. The fair value of services received in return for share options granted is measured by reference to the share options vested times their fair value at the grant date (measurement date). The estimate of the fair value is based on a Black & Scholes' model. Changes of the fair value of the option after the grant date do not change the fair value of the services received.

As options under plan 12/06 have an exercise date almost corresponding to the grant date, market value of the share is deemed to reflect the fair value of the option.

Fair value of share options and key assumptions:

| Grant date | Share price | Exercice price | Expected volatiliy (historic) | Option life | Expected dividends | Risk-free interest rate | Fair value |
|---|---|---|---|---|---|---|---|
| Plan 10/06 | CHF 35,7 | CHF 25 | 44,75% | 31.10.07 | | 2,45% | CHF 11,84 |
| Plan 10/06 | CHF 35,7 | CHF 25 | 44,75% | 31.10.08 | | 2,55% | CHF 14,47 |
| Plan 10/06 | CHF 35,7 | CHF 25 | 44,75% | 31.10.09 | | 2,48% | CHF 16,71 |
| Plan 12/06 | CHF 36 | CHF 5 | - | - | - | - | CHF 36 |

Total expenses and acquisition costs related to share-based payments are the following:

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Expenses arising from equity-settled plans (share options) with impact on the operating result | 904 | - |
| Cost of acquisition arising from equity settled plans (share options) | 2 899 | - |
| **Total share-based payment** | **3 803** | **-** |

### 21.4 Post-employment benefits

*Defined contributions plans*

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Expense recognised in the income statement (Publishing division) | 205 | 207 |

*Defined benefit plans*

Two entities of the newly asquired GSMN division contribute to a common defined benefit plan that provide pension benefits for employees upon retirement.

As GSMN has been included in the scope of the consolidation only as from 31 December 2006, no expenses are recognised in the 2006 Group’s income statement in relation with the defined benefit plan. For that reason, no historical information on defined benefit calculations and movement table are disclosed.

Situation at the date of acquisition of GSMN:

| In thousands of CHF | 2006 |
|---|---|
| Present value of funded obligations | 30 072 |
| Fair value of plan assets | (33 611) |
| **Surplus** | **(3 539)** |
| Unrecognised net asset | 3 539 |
| **Asset / liability for defined benefit obligations** | **-** |

The Group does not expect any economic benefits to be available in the form of refunds from the plan (not permitted by Swiss law) or any reductions in future contributions to the plan. As a result, the net asset of CHF 3 539 000 is not recognised (and not identified as an asset in the purchase price allocation).

Principal actuarial assumptions at the balance sheet date:

| | 2006 |
|---|---|
| Discount rate | 3.5 % |
| Interest on individual accounts | 3.5 % |
| Expected return on plan assets | 4.8 % |
| Future salary increases | 2.5 % |
| Future pension increases | 0.0 % |
| Mortality tables | EVK 2000 |
| Disability tables | 1.5 x EVK 2000 |

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

Employment turnover assumptions are based on historical information.

Plan assets allocation:

| | |
|---|---|
| Equity securities | 26 % |
| Bonds | 37 % |
| Real estates | 24 % |
| Other | 13 % |
| **Total** | **100 %** |

## 22. Other operating expenses

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Rent expenses | 365 | 426 |
| Administrative expenses | 358 | 218 |
| Marketing expenses | 722 | 891 |
| Other expenses | 758 | 725 |
| **Total other operating expenses** | **2 203** | **2 260** |

## 23. Income tax

*Current tax expenses*
There are no income tax expense.

*Deferred tax expenses:*

The 2005 income tax expense of CHF 226 000 related mainly to the impairment of deferred tax assets within the Publishing division. In 2006, the deferred tax assets resulting from the loss of the year on the publishing division have not been recognised (see note 10).

*Reconciliation of effective tax rate:*

| In thousands of CHF | 2006 | 2005 |
|---|---|---|
| Loss for the period | (33 542) | (1 706) |
| Income tax expense | - | 226 |
| Loss excluding income tax | (33 542) | (1 480) |
| | | |
| Income tax using the entities' domestic tax rate (23 %) | (7 715) | (340) |
| Unrecognised tax losses | 410 | 340 |
| Effect of the not deductible goodwill impairment | (7 305) | - |
| Impairment of deferred tax assets | - | 240 |
| Other | - | (14) |
| **Total income tax expense for the period** | **-** | **226** |

## 24. Financial instruments

Exposures to credit, interest rate and currency risks arise in the normal course of the Group's business. The Group operates only in Switzerland and is, therefore, not exposed to fluctuations in foreign exchange rates.

*Credit risk*
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

*Interest rate risk*
At 31 December 2006, the Group is not significantly exposed to interest rate risk.

*Hedging*
The Group does not enter into any hedging transactions.

*Fair values*
There are no significant differences between the carrying amounts and the fair values of financial assets and liabilities.

## 25. Operating leases

*Leases as lessee*
Non-cancellable operating lease rentals are payable as follows:

| In thousands of CHF | **2006** | **2005** |
|---|---|---|
| Less than one year | 7 610 | 248 |
| Between one and five years | 35 021 | 136 |
| More than five years | 105 836 | - |
| **Total non-cancellable operating lease rentals** | **148 467** | **384** |

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

The lease rentals are calculated on the following basis:

- basis of calculation: 6% of the operating revenue (minimum lease : CHF 6.4 mio)
- duration: 15 years (expiration 2020)

The revenue used for the calculation of the rental commitment is based on the estimated future operating revenue.

**26. Capital commitments**

The Group has commitments to purchase equipment for an amount of CHF 10 504 000 as at 31 December 2006 (2005: nil).

**27. Contingent liabilities**

The Group has no significant contingent liabilities as at 31 December 2006.

**28. Related parties**

*Transactions with key management personnel*

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

As the remuneration of the management of the Healthcare division was not a charge of the Group in 2006, that amount only includes directors and management team of the Publishing Division.

The total sum of these allowances for the 2006 fiscal year amounted to CHF 294 000 for non executif directors (2005: CHF 62 000).

With the exception of the provision of a company car, no allowance is granted to Alain Fabarez, the chairman of the Board of Directors. He draws an annual salary of CHF 260 000 (2005: CHF 260 000) and does not participate in any existing Company's stock-option schemes.

The total paid to members of the senior management team is CHF 436 000 (2005: CHF 531 000).

Share and option attributed to Board of Directors members and management are described under note 21.3

Additional fees and remuneration:

The Group outsources the function of Chief Financial Officer (CFO) to Pennone & Partners SA of which Robert Pennone is chairman of the Board and, indirectly, minority shareholder. The contract with Pennone & Partners SA outsourcing the function of CFO will be terminated on 30 June 2007.

A liquidity contract concluded previously with Pennone & Partners SA until November 2006 has been concluded with Banque Bénédict Hentsch SA (of which Robert Pennone is also member of the Board and shareholder) for an unlimited period and may be terminated at any time by either of the parties.

The fees paid during the year to Pennone & Partners SA, Geneva and Banque Bénédict Hentsch SA, Geneva are detailed as follows:
- liquidity contract on the shares of AGEN Holding SA (own shares): CHF 122 000 (2005 CHF: 10 000)
- contract outsourcing the function of Chief Financial Officer: CHF 128 000 (2005 CHF: 48 000)

Law firm ZPG, Geneva, in which Charles Poncet, former Director of AGEN Holding SA, (resigned in November 2006) was associated, undertook various procedures on behalf of the Group. Law firm ZPG occasionally provided the Group with legal advice. In this capacity, it received fees amounting to CHF 65 000 in the course of 2006 (2005: CHF 7 000).

The premises of the clinics belong to Unigerim SA, Geneva, a real estate company controlled by the former shareholders of GSMN, including Antoine Hubert and Dr Michael Schroeder. Starting December 2006, the Group will pay annual rent of 6% of the operating revenue but a minimum of CHF 6.4 million per annum.

*Loans to members of governing bodies*

At 31 December 2006, total loans to two members of GSMN management amounted to CHF 180 272 (2005: nil). The loans bear no interest and will mature in 2008.

*Loans to associates*

Piscine de Bassins SA: CHF 100 000 (2005: nil)

*Outstanding amounts with other related parties*

At 31 December 2006, the Group has the following outstanding amounts with other related parties
(31 December 2005: nil):

| Related parties | Accounts receivable (in thousands CHF) |
|---|---|
| Unigerim SA | 10 412 |
| Former shareholders of GSMN | 684 |
| Centre Médical des Eaux-Vives | 204 |
| **Total** | **11 300** |

Unigerim SA is a Swiss corporation in Geneva belonging to and controlled by the former shareholders of GSMN, including Antoine Hubert and Dr Michael Schroeder. Prior to the acquisition of GSMN by the Company, the real estate and properties that used to belong to GSMN, including the buildings of the clinics, were acquired by Unigerim SA and operating lease agreements were entered into with the respective GSMN group companies for an initial time period of 15 years. The lease conditions are at arm's Iength. As a result of such transfer, the Group (i.e. Clinique de Genolier SA) has a claim against Unigerim SA, in the amount stated above at 31 December 2006.

Centre Médical des Eaux-Vives is a medical center in which Dr. Michael Schoeder has a majority interest. The center has a commercial relationship with GSMN.

The amount due from Unigerim SA and the former shareholders of GSMN resulted from the acquisition of the Healthcare division by the Group and are due on 30 June 2007 at the latest. The loan bears interest at the rate determined by the Federal Tax Administration.

## 29. Loss per share

The earnings per share are determined based on the consolidated result of the Group and the weighted average number of shares outstanding during the year.

**Basic loss per share**

(in thousands of Swiss Francs)

| | | |
|---|---|---|
| Net loss | (33 542) | (1 706) |
| Weighted average number of outstanding shares | 832 | 825 |
| Basic and diluted loss per share (in CHF) | (40,36) | (2,07) |

For the years ended 31 December 2006 and 2005, loss per basic and diluted shares is based on weighted average of shares outstanding and excludes diluted shares relating to employee stock options, as thery would be antidilutive.

## 30. Subsequent events

On the 20 March 2007, the company announced the acquisition of Audace Publishing, which includes «Profil Femme», a magazine for women with a turnover of approximately CHF 1.5 million. The finalisation of the transaction should be terminated before end of June 2007.

No other events took place between 31 December 2006 and 24 April 2007 (date of authorisation for issue of the consolidated financial statements by the Board of Directors) that would require adjustments to the amounts recognised or otherwise additonal disclosure in these consolidated financial statements.

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Report of the Group Auditors to the General Meeting of

**AGEN Holding SA, Lausanne**

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes on pages 43 to 82) of AGEN Holding SA, Lausanne for the year ended 31 December 2006.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

KPMG Ltd

Hélène Béguin
*Swiss Certified Accountant*
*Auditor in Charge*

Michel Faggion
*Swiss Certified Accountant*

Lausanne, 24 April 2007

# Statutory Financial Statements of AGEN Holding SA

# Statutory balance sheet as at 31 December 2006

| (In thousands of CHF) | **31.12.2006** | **31.12.2005** |
|---|---|---|
| **Assets** | | |
| Investments | 51 089 | 1 721 |
| Account receivable from subsidiary, postposed (net of a provision of CHF 1 000 000) | 600 | 600 |
| **Total non-current assets** | **51 689** | **2 321** |
| Accounts receivable | 15 | 19 |
| Account receivable from subsidiary | 33 | 1 100 |
| Other assets | 15 | 42 |
| Cash and cash equivalents | 16 116 | 192 |
| **Total current assets** | **16 179** | **1 353** |
| **Total assets** | **67 868** | **3 674** |
| **Equity** | | |
| Share capital | 27 700 | 4 191 |
| General reserve | 40 002 | 83 |
| Reserve for treasury shares | 1 313 | 532 |
| Accumulated deficit | (2 299) | (1 197) |
| **Total equity** | **66 716** | **3 609** |
| **Liabilities** | | |
| Accounts payable | 887 | 21 |
| Accrued expenses | 265 | 44 |
| **Total current liabilities** | **1 152** | **65** |
| **Total equity and liabilities** | **67 868** | **3 674** |

**Proposal for appropriation of accumulated loss**

The Board of Directors proposes to carry forward the accumulated loss of CHF 2 298 996.

# Statutory Income Statement for the years ended 31 December 2006

| (In thousands of CHF) | 31.12.2006 | 31.12.2005 |
|---|---|---|
| Revenue | 152 | 131 |
| Interest income | 2 | 1 |
| **Total revenue** | **154** | **132** |
| General and administrative expenses | (366) | (272) |
| Dotation to provision for doubtfull account receivable from subsidiary | - | (1 000) |
| Dotation to provision on investments | - | (70) |
| Taxes on capital | (109) | (11) |
| **Total expenses** | **(475)** | **(1 353)** |
| **Net loss for the year** | **(321)** | **(1 221)** |
| **Accumulated (deficit) / earnings at the beginning of the year** | **(1 197)** | **313** |
| **Dotation to reserve for treasury shares** | **(781)** | **(289)** |
| **Accumulated deficit at the end of the year** | **(2 299)** | **(1 197)** |

# Notes to the statutory financial statements as at 31 December 2006

**1. Introduction**

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

**2. Investments in group companies**

Investments are recorded at acquisition price less any write downs when deemed necessary.

At 31 December 2006, the company owns the following investments:

| Name | Location | Activity | 2006 % | 2006 share capital* | 2005 % | 2005 share capital* |
|---|---|---|---|---|---|---|
| Agefi Société de l'agence économique et financière SA | Lausanne | Publishing | 100.0 | 665 | 100.0 | 665 |
| Agefi Com SA | Geneva | Financial information via the internet | 100.0 | 200 | 100.0 | 200 |
| Publications Financières LSI SA | Geneva | Publishing | 100.0 | 100 | 100.0 | 100 |
| Academy & Finance SA | Geneva | Organisation of seminars | 22.5 | 250 | 22.5 | 250 |
| Clinique de Genolier SA | Genolier | Clinic | 100.0 | 10 000 | 100 | 10 000 |
| Genolier Swiss Medical Network | Genolier | Management and administration | 100.0 | 100 | 100.0 | 100 |
| Geston SA | Genolier | Dormant company | 100.0 | 100 | 100.0 | 100 |
| Piscine de Bassins SA | Bassins | Swimming pool | 20.0 | 500 | 20.0 | 500 |
| Montchoisi SA | Lausanne | Clinic | 100.0 | 500 | 100.0 | 500 |
| Clinique de Valmont SA | Montreux | Clinic | 100.0 | 600 | 100.0 | 600 |
| Clinique Générale Garcia-Ste Anne SA | Fribourg | Clinic | 100.0 | 1 500 | 100.0 | 1 500 |

*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 2005** | **838** | **4 191** | **83** | **243** | **313** | **4 830** |
| Purchase of treasury shares, net | - | - | - | 289 | (289) | - |
| Loss for the year | - | - | | - | (1 221) | (1 221) |
| **Balance at 31 December 2005** | **838** | **4 191** | **83** | **532** | **(1 197)** | **3 609** |
| Capital increase - cash payment (tranche A) | 2 100 | 10 500 | 42 000 | - | - | 52 500 |
| Capital increase - contribution in kind (tranche B) | 2 600 | 13 000 | - | - | - | 13 000 |
| Capital increase - exercise of employees stock options | 2 | 9 | - | - | - | 9 |
| Financing costs of capital increase | - | - | (2 081) | | | (2 081) |
| Purchasse of treasury shares, net | - | - | - | 781 | (781) | - |
| Loss for the year | - | - | - | - | (321) | (321) |
| **Balance at 31 December 2006** | **5 540** | **27 700** | **40 002** | **1 313** | **(2 299)** | **66 716** |

**4. Authorised capital**

Information on authorised capital are mentioned under note 15.2 to the consolidated financial statements.

**5. Conditional capital**

Information on conditional capital are mentioned under note 15.3 to the consolidated financial statements.

**6. Treasury shares**

Information on treasury shares are mentioned under note 15.4 to the consolidated financial statements.

**7. Significant shareholders**

Information on significant shareholders are mentioned under note 15.6 to the 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 2006, the total commitments amounted to CHF 6.5 mio. (2005: nil)

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Report of the Statutory Auditors to the General Meeting of

**AGEN Holding SA, Lausanne**

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As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes on pages 85 to 89) of AGEN Holding SA, Lausanne for the year ended 31 December 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the company's articles of incorporation.

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

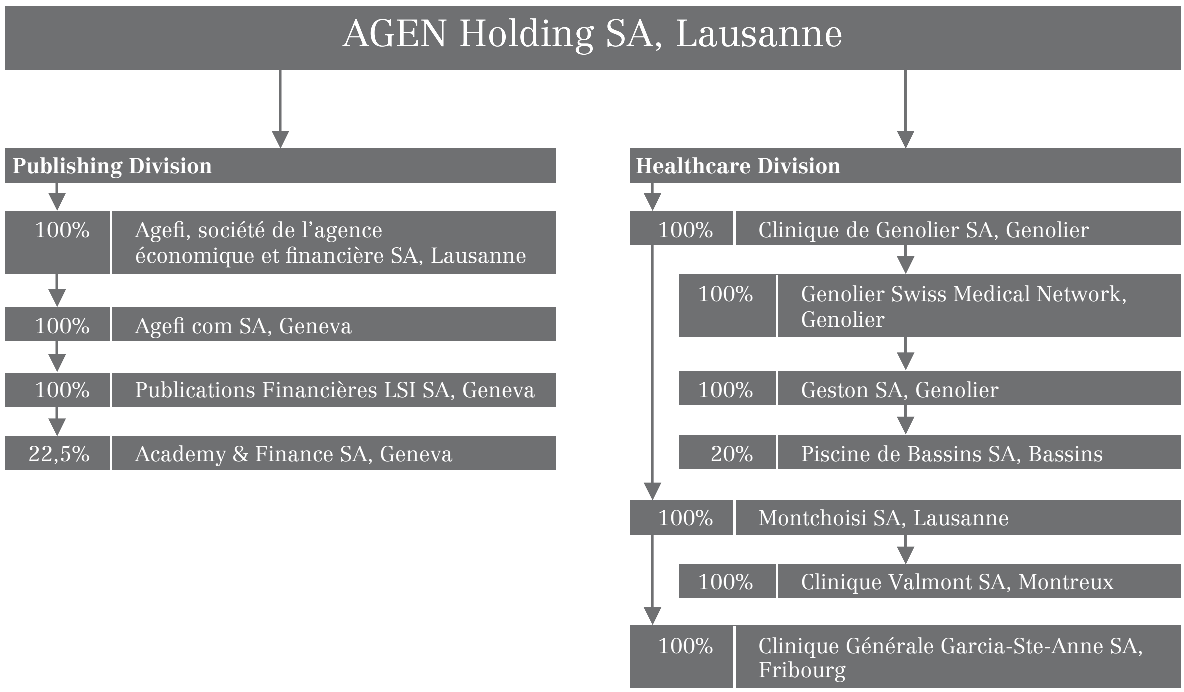
KPMG Ltd

Hélène Béguin
*Swiss Certified Accountant*
*Auditor in Charge*

Michel Faggion
*Swiss Certified Accountant*

Lausanne, 24 April 2007

# Organisation Chart



AGEN Holding SA
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