annual report 2008

GENOLIER
Swiss Medical Network

annual report 2008

we manage

your HEALTH

GENOLIER

Swiss Medical Network

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	Key Figures
338	Available beds
372	Admitting physicians
523	Employees (FTEs)
10'681	Surgical interventions
9.5%	Year-on-Year turnover growth
CHF 10.5 million	EBITDA 2008
CHF 127.8 million	Turnover 2008

www.gsmn.ch

Profile Genolier Swiss Medical Network AG (GSMN) is the leading private hospital network in French-speaking Switzerland (Romandie). Its growth strategy is focused on building a national network by acquiring clinics and integrating their operations. GSMN's main goal is on providing premium hospital care to Swiss and foreign patients. GSMN stands out from other healthcare providers through its high quality services, brand value, congenial working environment and an experienced and entrepreneurial management team. Presently, GSMN has 5 fully owned private facilities in its portfolio, with 338 operating beds and more than 200 additional licensed beds for organic growth. The Group is listed on the Main Segment of the SIX Swiss Exchange (GSMN.SW).

letter from the CHAIRMAN

Raymond Loretan

Dear Shareholders,

After the transitional year of 2007, in 2008 we completed the restructuring process at the Genolier Swiss Medical Network Group and renewed the focus of our activities on the healthcare field. To highlight our vocation, the Group's name was changed from AGEN Holding to Genolier Swiss Medical Network. This new name emphasises our goal of developing a decentralized network of independent healthcare facilities, firmly rooted in the regional healthcare networks yet benefiting from the strength and structure of a national group. Consistent with this increased focus, we also parted from our Publishing Division by selling the majority of our AGEFI shares early in 2009. True to our ambition of becoming a leading healthcare group in Switzerland, we are now ready to integrate new acquisitions, especially in German-speaking Switzerland.

Environmental context of our key activities

In 2008, the political and economic environment in which we work became increasingly complex and demanding. Although the healthcare sector is fairly defensive, we were not spared the consequences of the financial and stock market crises, the effects of which were severely reflected in our share performance.

Developments in the healthcare sector unfold in a strictly regulated, highly politicized environment, at both the cantonal and federal levels. This was apparent in the difficult implementation of the LAMal (federal law on health insurance) reforms, which will open up cantonal markets in 2012. Another aspect of these reforms will be the establishment of a cantonal hospital list system. The particulars of this endeavour, as well as its impact on the private clinic sector, are still unclear.

This apparent opening of the healthcare market risks leading not only to rampant nationalisation of the sector, but also over-regulation, which would lead to a further uncontrolled explosion of costs. Like its competitors, our Group must clearly define its strategy, firstly, with a view to optimising the complementary relationship between the public and private health sectors within this new political context, and secondly, with a view to maintaining the independence of the private sector, which distinguishes itself both by the quality of patient care it offers and by its cost effectiveness.

GSMN quality targets and financial results

This year we again focused on fundamental objectives whose realization is a prerequisite for the future successful development of our healthcare business: the consolidation of organic growth, the further strengthening of operational management, the streamlining of controlling processes and the realization of economies of scale. We also launched a vast optimization program aimed at reducing costs. The Group's general management, previously located in Signy (Nyon), was transferred to Genolier in September. A new decentralized administration makes it possible to integrate new entities without a significant increase in our central workforce. Overhead was also drastically reduced. The company's realignment with its Healthcare Division thus came to a successful conclusion.

To deal with the negative effects of the economic and financial crisis – which will ripple through to our clinics, although to a lesser extent than in other economic sectors – in 2008 we expanded our patient recruitment network abroad, a measure which will minimise the impact on this clientele.

These processes are bearing fruit, as proven by the 2008 financial results. The consolidated turnover as of 31 December 2008 increased by 9.5% to CHF 127.8 million, compared to CHF 117 million last year. EBITDA reached CHF 10.5 million, compared to CHF 4.3 million last year. These results are slightly below the targets that we had announced, but overall, they have met our expectations considering the current economic and financial environment. Although our financial statements reveal a positive result, they were negatively influenced by the Group's restructuring and development costs, especially those arising from mergers and acquisitions and from the introduction of an internal control system. The healthcare division's net gain of CHF 1.3 million allows the Group to absorb the loss of CHF 1.1 million attributable to the Publishing Division and show a net consolidated profit of CHF 0.2 million in 2008.

Development prospects

Firstly, we will continue to strengthen our efforts toward achieving organic growth by increasing our investments in high-end medical and hospitality infrastructure, allowing us to provide top quality services to our Swiss and international patients and position our clinics around the world as the leading healthcare destination in Switzerland.

Secondly, we are making progress in achieving our development goals regarding cooperation and acquisitions. In the current economic environment, as the only player in this sector of highly defensive investments that is listed on the Swiss stock exchange and free of long term debt, GSMN is in a good position to raise capital and seize interesting partnership or acquisition opportunities. We still have the ambition to become one of Switzerland's key healthcare providers and are continuously analyzing opportunities for collaboration and strategic acquisitions.

Lastly, we finalized the acquisition of the Centre médico-chirurgical des Eaux-Vives, which was planned in 2006. With this step we have established ourselves in the Canton of Geneva. We are considering overseeing the medical residence Les Hauts de Genolier, situated directly next to the Clinique de Genolier, with the goal of developing a new activity in a high-demand sector.

Our goal now is to create a solid development base in German-speaking Switzerland. Negotiations are already underway with the Privatklinik Bethanien. By creating regional development platforms, we will be able to ensure better integration of our establishments in local health networks and to call on local players in strategic and operational development. The potential integration of the Privatklinik Bethanien is a further step toward attaining a long-term goal of GSMN, the formation of a network of private clinics in various cantons across the country.

Strategy and vision

GSMN stands out from other players in the healthcare field through its high-quality services, its brand value, and its entrepreneurial and experienced management team. The Board of Directors has redefined a strategy founded on four pillars: patient, brand, profitability, and growth. The main aim of GSMN is to provide top-quality hospital care to patients from Switzerland and other countries in a premium hotel setting, thus establishing itself as a leading provider of healthcare services in Switzerland. The Genolier brand is well-established both in French-speaking Switzerland and in several other countries. We wish to capitalise on this recognition by positioning ourselves as one of the leaders in the Swiss medical tourism industry. To this end, we will pursue our policies of medical innovation and investment in medical and hotel infrastructure in 2009. New activities will be implemented in various entities in order to enhance our current service offering. For example, Clinique de Genolier boasts Switzerland's first centre for IORT (Intraoperative Radiotherapy), which will be operating by the end of H1 2009. The development of activities in our various establishments will allow for the net creation of jobs in 2009, particularly in Genolier.

Based on our 2008 performance, we can confidently state that the Group has laid the groundwork for real earning power in 2009 and the coming years. Our development strategy is clear, restructuring is complete, and implementation instruments are in place, along with governance adapted to the requirements of our legal, societal, economic, and financial environment. Our 2009 outlook is promising, as is borne out by initial monthly results.

This work was achieved above all by men and women who, day after day, not only give their best to our Group, but also adhere to our strategy and devote themselves to it wholeheartedly. I would like to take this opportunity to thank them, as well as our shareholders who, through their continued support, confirm that we are on the right path.

report of the chief EXECUTIVE officer

Antoine Hubert

Dear Shareholders,

In a very difficult economic environment, consolidated turnover for Genolier Swiss Medical Network increased by 9.5% in 2008 to CHF 127.8 million (CHF 116.7 million in 2007). EBITDA more than doubled to CHF 10.5 million (+144%). The Group's Healthcare activities were thereby able to report positive operating income of CHF 3.1 million, compared to the previous year's loss of nearly CHF 2 million. All our entities generated cash flow in 2008, in line with our objectives. Operating cash flow was up 104%, reaching CHF 11.5 million, compared to CHF 5.7 million in 2007. The Publishing Division, Agefi (the majority of which was sold at the end of March 2009), unfortunately brought net income down by CHF 1.1 million. However, two years after its strategic reorientation, our Group nevertheless enjoyed its first positive net income since 2001: CHF 164'000 (loss of CHF 3.2 million in 2007).

GSMN: a unified network of clinics with a strong identity

Like Switzerland, GSMN sees itself as a federation, independent and innovative. Since the end of 2007, we have implemented a program of decentralization and overhead reduction. The Signy administrative centre was downsized and transferred to Genolier. Additionally, every clinic set up an integrated accounting department.

In 2009, the Group's General Management is responsible for those functions which are crucial for realizing our vision. Operating Management coordinates operations, strategy implementation and budgets, in addition to offering central human resource and purchasing services for our various establishments. Sales Management, which features a marketing department and is focused on public relations and new technologies, is in charge of the development and promotion of our operations in Switzerland and abroad. Administrative and Financial Management oversees the consolidation and monitoring of information provided by our various entities. These services make use of a cutting-edge computer and telecommunications network, which enables the real-time exchange of medical and administrative information between the entities.

This reorganization, coupled with the outsourcing of cleaning and laundry services for the entire Group, made it possible to reduce the payroll by CHF 2.5 million in 2008. Its effects will be most fully felt in the years to come, since this new structure will facilitate management of the Group's new entities without a significant increase in the number of employees.

Clinique de Genolier, Genolier

In 2008, turnover for the Clinique de Genolier reached CHF 70 million for the first time, in line with our target. We pursued our efforts to develop our international client base. The growth in business will require an increase in operating capacity this year. The operating suite will be completely overhauled, and an additional operating room will be installed. The clinic's Radio-Oncology Centre – Switzerland's first private Radiotherapy centre, which opened its doors in 1995 – was completely modernized during the first quarter of 2008 and equipped with a new, latest-generation Varian linear accelerator. Working in conjunction with the Radio-Oncology Centre of rue Maunoir (CMEV) in Geneva, acquired in March 2009, Clinique de Genolier is also the first centre in Switzerland to offer IORT (Intraoperative Radiotherapy), thus reaffirming its position of excellence in the Swiss healthcare industry. Clinique de Genolier will also be providing the medical services for Hauts de Genolier, a secure healthcare residence comprising 63 junior suites, slated for opening later this year. For 2009, Genolier forecasts turnover of over CHF 75 million.

Clinique de Montchoisi, Lausanne

Montchoisi has become the leader in ophthalmologic surgery in the canton, with over 18 active surgeons and over 2,500 surgical procedures performed. Opened in 2007, Professor Mermoud's Glaucoma Centre has become a European centre of excellence in the treatment of this condition. Turnover at the Montchoisi clinic in 2008 totaled CHF 16.6 million, an over 22% year-on-year increase that largely exceeded the group's goals for the year. Approval has been granted for a project to add a full-service radiology centre to the complex, with construction work scheduled to begin this summer. The purchase of a new CT scanner and 3-Tesla MRI machine will expand the clinic's current offering and foster the development of its current activities and new services such as check-ups. Montchoisi expects 2009 turnover to exceed CHF 17 million.

Clinique Valmont-Genolier, Glion sur Montreux

Dedicated exclusively to rehabilitation, this clinic welcomes patients from within the entire Group and has an occupancy rate of over 90%. Valmont-Genolier reported 2008 turnover of CHF 15.6 million (CHF 14.4 million in 2007). With the clinic operating near full capacity, efforts in 2008 focused on the patient mix and the renovation of a large number of rooms. A new obesity treatment program extended our offering. In 2009, our focus will continue on private and foreign clientele, along with the continuation of our room renovation project. Our increased foreign clientele and improved patient mix should allow us to achieve a turnover of over CHF 17 million in 2009.

Clinique Générale, Fribourg

In 2007, Clinique Générale in Fribourg, created through the merger of the Garcia and Ste Anne clinics, constituted the main loss centre for the Group, with CHF 3.5 million in losses for a turnover of CHF 20 million. In 2008, two years after its acquisition by GSMN, Clinique Générale already had a turnover of CHF 24 million and a positive EBITDA of over CHF 2 million. GSMN acquired and merged two of the canton's three clinics and carried out large-scale renovations at the Ste Anne building. This thorough restructuring of the healthcare landscape in Fribourg has yielded positive results. A fully renovated building offering new private patient rooms and four operating rooms – among the most modern in Europe – have generated positive earnings for Clinique Générale for the first time in years. Concentrating activities on one site enabled a drastic reduction in payroll costs and increased productivity. The canton's new hospital planning structure attributes the clinic exclusive practicing rights in orthopaedics, neurosurgery and otolaryngology – fields in which Clinique Générale excels. Efforts will therefore remain focused on a private and semi-private clientele.

Centre Médico-chirurgical des Eaux-Vives, Geneva

The CMEV was founded over 30 years ago and joined GSMN in 2006 under a management contract. The company, which took over operations at the Centre Médico-chirurgical des Eaux-Vives and the Radio-Oncology Centre of rue Maunoir in 2007, had a turnover in 2008 of CHF 8 million and an EBITDA of CHF 1.4 million. The Radiotherapy Centre, under the medical direction of Professor Jacques Bernier, currently treats more than 35 patients per day. On 17 March 2009, GSMN acquired a 100% stake in CMEV SA. In 2009, growth in activity is expected to generate nearly CHF 10 million in turnover and EBITDA of over CHF 2 million.

Goals and development

Having turned the page on publishing, Genolier Swiss Medical Network is now ready to focus on an increasingly difficult economic climate and seize the growth opportunities that are sure to arise. Our establishments offer sustained, significant potential, and we will be pursuing our growth momentum over the next few years, centered on a Swiss and foreign clientele. Structural growth in our line of business will continue for years to come, due to the effects of an aging population and the status of Switzerland as a preferred destination for patients who want access to first-class technology and inpatient facilities. GSMN has a dynamic sales department which provides the Group with a growth in revenue superior to the market. Internal efforts in 2009 will focus on further reducing costs and encouraging synergies so as to continually improve profitability and our capability to cover our own financing needs. Externally, our growth strategy will remain centered on acquisitions and partnerships. In line with this strategy, a letter of intent was signed for the acquisition and integration into the Group of the Privatklinik Bethanien in Zurich. This operation would mark the Group's arrival in German-speaking Switzerland and provide an ideal development platform in this part of the country.

I would like to once again thank our team of physicians, caregivers, managers and staff for the energy they have invested and their commitment to our business, and the Board of Directors for their confidence and unyielding support in 2008.

PORTFOLIO
overview

today and tomorrow
like NO OTHER

GENOLIER
Clinique

Clinique de Genolier, Genolier

The flagship facility of Genolier Swiss Medical Network

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

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

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

In the second quarter of 2009, the secured and medical residence "Les Hauts de Genolier" will open. Located adjacent to the Clinique de Genolier, "Les Hauts de Genolier" will offer assisted living facilities to its residents, who can be retirees or persons whose health condition requires regular medical assistance. This luxurious high-end facility will occupy a total of 63 spacious junior suites, a restaurant, leisure rooms, fitness and animation.

	Key figures
168	Available beds
150	Admitting physicians
231	Employees (FTEs)
2'524	Surgical interventions
3'688	Admissions (IPD)
30'731	OPD – Policlinic
> 35'000	Consultations
CHF 70.0 million	Turnover 2008

	Revenue breakdown
69%	Inpatient
31%	Outpatient

	Customer mix
95%	Private/semi private
5%	General

www.genolier.net

your health at heart
in the HEART of the city

MONTCHOISI
Clinique

Clinique de Montchoisi, Lausanne

State-of-the-art ophthalmology

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

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

Ophthalmology, orthopaedics and aesthetics constitute the core activity for the years to come.

An important renovation project including the construction of an underground parking on two levels and an extension of the building for a new radiology centre will start in the course of 2009.

	Key figures
21	Available beds
97	Admitting physicians
53	Employees (FTEs)
4'226	Surgical interventions
11'015	Admissions (IPD+OPD)
CHF 16.6 million	Turnover 2008

	Revenue breakdown
63%	Inpatient
37%	Outpatient

	Customer mix
96%	Private/semi private
4%	General

www.montchoisi.ch

a unique place exclusively
for REHABILITATION

VALMONT-GENOLIER
Clinique de réadaptation

Clinique Valmont-Genolier, Glion sur Montreux

Rehabilitation clinic

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

Valmont-Genolier is exclusively dedicated to orthopaedic, cardiovascular and neurological rehabilitation and takes care of patients suffering from multiple trauma, degenerative diseases, cardiovascular accidents, strokes, or any other patient on the way to rehabilitation. Its cardiovascular rehabilitation has received a Quality Certification from the Swiss Working Group for Cardiovascular rehabilitation. The 3 specialized physicians are accompanied by an experienced team of neuropsychologists, physiotherapists, ergotherapists, logopedists, sports coach and dieticians. Clinique Valmont-Genolier also offers 7-day wellness stays, including a check-up, a medical consultation, a dietary coaching, adapted physical activities and a wellness programme.

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

	Key figures
85	Available beds
7	Admitting physicians
83	Employees (FTEs)
1'281	Admissions
CHF 15.6 million	Turnover 2008

	Revenue breakdown
95%	Inpatient
5%	Outpatient

	Customer mix
47%	Private/semi private
53%	General

www.valmontgenolier.ch

Servicing FRIBOURG since more than a century

CLINIQUE GÉNÉRALE
Ste-Anne

Clinique Générale, Fribourg

Leading private hospital in the Canton of Fribourg

This clinic, which has been acquired by Genolier Swiss Medical Network in 2005, is the result of the merger between Clinique Garcia and Clinique Sainte-Anne. Today, the activities of both hospitals have been centralised in the fully renovated building of Clinique Sainte-Anne.
Clinique Générale has operated a successful turnaround since its acquisition by GSMN. Its four state-of-the-art operating rooms are among the most modern in Europe and its new private and semi-private rooms provide a unique positioning in the Canton of Fribourg. Clinique Générale has recently opened an elegant restaurant “Le Carré”, which is also accessible to the public.
The medical specialities are focused on orthopaedics, neurosurgery and Ear, Nose & Throat (ENT), as Clinique Générale has been given the exclusive right of practice of those specialities by the “Planification Hospitalière” of the Canton of Fribourg. Other specialities include gynaecology, general surgery and medicine.
Clinique Générale is the leading private hospital in the Canton of Fribourg.

	Key figures
64	Available beds
98	Admitting physicians
107	Employees (FTEs)
3'931	Surgical interventions
4'508	Admissions
CHF 24.8 million	Turnover 2008

	Revenue breakdown
85%	Inpatient
15%	Outpatient

	Customer mix
30%	Private/semi private
70%	General

www.cliniquegenerale.ch

when only the BEST
is good enough

EAUX-VIVES
Centre médico-chirurgical

Centre medico-chirurgical des Eaux-Vives, Geneva

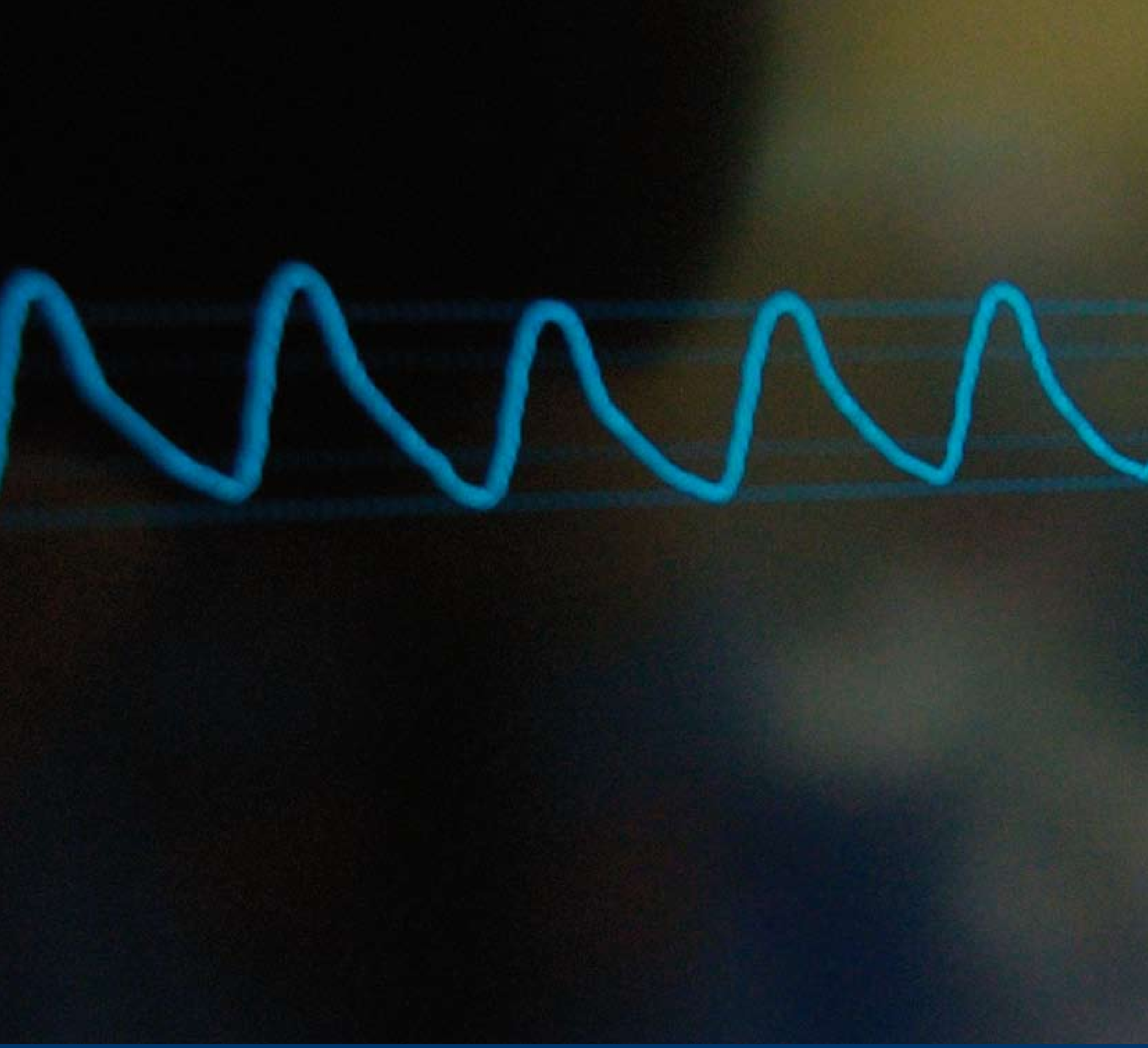
State-of-the-art medical and oncology centre

An integrated part of the health landscape and meeting the requirements of Geneva's population, Centre médico-chirurgical des Eaux-Vives (CMEV) has been run since January 2006 by Genolier Swiss Medical Network and fully acquired in March 2009. This multidiscipline medical centre on Geneva's left bank, which opened in 1968, regroups a total of 20 physicians' practices in Rue du Nant 4. In addition to general medicine, the main specialities are oncology, angiology, cardiology, dermatology, gynaecology, paediatrics, neuropaediatrics, sports medicine, respirology and geriatrics. The centre operates a radiology service and walk-in consultations.
CMEV opened Geneva's first private radio-oncology centre at Rue Maunoir 26 in October 2007. This out-patient centre provides radiotherapy and chemotherapy treatments for all types of cancer to all patients with basic health insurance. Equipped with the most recent technologies (Clinac accelerator; on-board imaging; intensity-modulated radiotherapy; image guided radiotherapy) and an experienced team of physicians, the centre guarantees a first-class cancer treatment.
The Centre medico-chirurgical des Eaux-Vives currently welcomes more than 130 patients each day.

	Key figures
20	Admitting physicians
34	Employees (FTEs)
28'248	Admissions (CMEV)
6'910	Admissions (Centre de radio-oncologie)
CHF 8.0 million	Turnover 2008

	Revenue breakdown
100%	Outpatient

www.cmev.ch
www.geneveonco.ch



CORPORATE governance

Corporate Governance report of Genolier Swiss Medical Network SA

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

1 Group Structure

1.1 Group structure

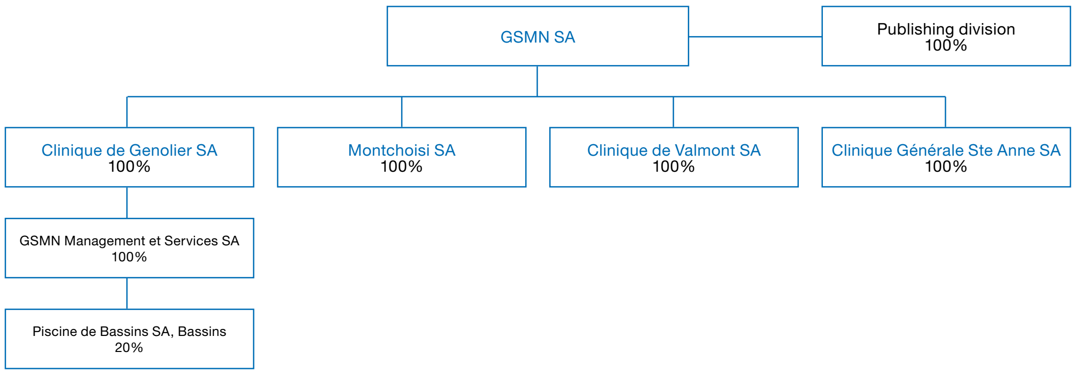
Genolier Swiss Medical Network SA (GSMN SA), the Group’s parent company (hereinafter “the Company”), is a listed corporation headquartered at 1272 Genolier (Switzerland). The Company’s shares are listed on the SIX Swiss Exchange (ISIN CH0012488190). As at 31 December 2008, its market capitalisation stood at CHF 84.61 million. The Genolier Swiss Medical Group (hereinafter “the Group”) is active as a healthcare provider.

As at 31 December 2008, the Group had following subsidiaries, none of which are listed:

Name	Location	Activity	%
Clinique de Genolier SA	Genolier	Hospital	100.0
GSMN Management et Services SA	Genolier	Management and administration	100.0
Montchoisi SA	Lausanne	Hospital	100.0
Clinique de Valmont SA	Montreux	Hospital	100.0
Clinique Générale Garcia Ste-Anne SA	Fribourg	Hospital	100.0
Piscine de Bassins SA	Bassins	Public swimming pool	20.0
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

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

At 31 December 2008, the organisational chart and structure of the Group is the following:



At 31 December 2008, the Company owns 17% of the capital and the voting rights of Investissima SA in liquidation, Lausanne (share-capital: CHF 100). This company is not consolidated.
On 17 March 2009, GSMN acquired 100% of Centre médico-chirurgical des Eaux-Vives SA. The acquisition was financed through the issue of 560'000 GSMN shares from the authorised capital.
On 27 March 2009, GSMN handed over the control of its publishing division (Agefi) to the French-Swiss financier and industrial Alain Duménil, who acquired 51% of this company's capital.

1.2 Significant shareholders

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

Publication date	Shareholders	Number of registered shares	Shareholding
04.04.2008	**Spinner Global Technology Fund Ltd** c/o ATC Trustees (BVI) Ltd, Abbot Building 2nd Floor, PO Box 933, Road Town, Tortola British Virgin Island. Note: crossing the 3% threshold on 18.12.2006	265'000	4.70%
28.05.2008	**Spinner Global Technology Fund Ltd** c/o ATC Trustees (BVI) Ltd, Abbot Building 2nd Floor, PO Box 933, Road Town, Tortola British Virgin Island. Note: under the 3% threshold on 22.05.2008	0	0%
28.05.2008	**CIC Investissement Est** 4 place André Maginot, 54074 Nancy, France Note: crossing the 3% threshold on 22.05.2008	260'000	4.61%
25.06.2008	**Vontobel Fonds Services AG** Gotthardstrasse 43, 8022 Zurich Note: crossing the 3% threshold on 20.06.2008	209'060	3.71%
29.08.2008	**Schroders Plc** 31 Greshman Street, London EC2V 7QA, UK Note: under the 3% threshold on 25.08.2008	157'083	2.78%

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

	31.12.2008		31.12.2007	
	Number of shares	%	Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	637'717	11.31	765'639	13.57
Dr Michael Schroeder	603'370	10.70	603'370	10.70
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	501'463	8.90	355'289	6.30
Jaime Rosell[1]	516'001	9.15	465'212	8.25
Alain Fabarez	368'700	6.54	368'700	6.54
CIC Finance	260'000	4.61	0	
Vontobel Fonds Services AG	229'600	4.07	0	
Spinner Global Technology Fund Ltd, Tortola, BVI	0	0	265'000	4.70
Schroders Plc, London, UK	148'342	2.63	237'083	4.20

1.3 Cross-shareholdings

The Company has no cross-shareholdings in excess of a reciprocal 5% of capital or voting rights with any other company.

2 Capital Structure

2.1 Capital

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

31.12.2008	Number of shares	Total Nominal value
Share capital	5'640'600	28'203'000
Conditional capital	699'400	3'497'000
Authorised capital	2'770'000	13'850'000

As at 31 December 2008, the share capital of GSMN SA amounted to CHF 28'203'000, representing 5'640'600 registered shares of a nominal value of CHF 5. The conditional capital amounted to CHF 3'497'000 representing 699'400 registered shares of a nominal value of CHF 5. The authorised capital amounted to CHF 13'850'000 representing 2'770'000 registered shares of a nominal value of CHF 5.

As at 31 March 2009, the share capital of GSMN SA amounted to CHF 31'003'000, representing 6'200'600 registered shares of a nominal value of CHF 5. The conditional capital amounted to CHF 3'497'000 representing 699'400 registered shares of a nominal value of CHF 5. The authorised capital amounts to CHF 11'050'000 representing 2'210'000 registered shares of a nominal value of CHF 5.

[1] Including the shares held by Garsol International Ltd, Tortola, BVI, Olmen Enterprises Ltd, Tortola, BVI, beneficially owned by Jaime Rosell.

2.2 Conditional and authorised capital in particular

Authorised capital (as at 31 December 2008)

The Board of Directors is also authorised to issue up to a maximum of CHF 13'850'000 divided into a maximum of 2'770'000 fully paid-up registered shares with a nominal value of CHF 5 each until 21 June 2009. The issue price, type of payment, timing, the beginning date for dividend entitlement and the conditions for the exercise of subscription rights attached to such shares would have to be determined by the Board of Directors. Preferred subscription rights which have been granted but not exercised are at the disposal of the Board of Directors, which can use them in the interest of the Company.
The Board of Directors is authorised to set the preferred subscription rights of existing shareholders aside and issue new shares by means of a firm underwriting through a bank or another institution with a subsequent offer of such shares to the Existing Shareholders. The Board of Directors may also withdraw the preferred subscription rights of shareholders in case of the acquisition of an enterprise, parts of an enterprise or participations in a company or any similar transaction.

Conditional capital

The share capital may be increased, through the exercise of conversion or option rights by a maximum of CHF 3'497'000 divided into a maximum of 699'400 fully paid-up registered shares with a nominal value of CHF 5 each. According to article 10 ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries (the beneficiaries) and in accordance with a stock-option plan as defined by the Board of Directors. Shares acquired through exercise of option rights have the same limitations of transferability as described under 2.6 below. The preferred subscription rights of shareholders are withdrawn.
During 2008, 4'500 options were granted. The options the Company has issued are for the employees' compensation plan as described in note 21.3 of the IFRS consolidated financial statements.

2.3 Changes in capital

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

	Number of shares	Share capital
Balance at 1 January 2007	5'540'000	27'700'000
Capital increase - exercise of employees stock options	100'600	503'000
Balance at 31 December 2007	5'640'600	28'203'000
Balance at 31 December 2008	5'640'600	28'203'000

In 2007, 100'600 options granted to management and key employees in connection with the 2006 acquisition of GSMN were exercised.
On 17 March 2009, GSMN acquired 100% of the "Centre medico-chirurgical des Eaux-Vives SA". The acquisition was financed through the issue of 560'000 GSMN shares from the authorised capital. This brings the total number of shares at 6'200'600, with a share capital standing at CHF 31'003'000.

2.4 Shares and participation certificates

As at 31 December 2008, GSMN SA's share capital is composed of 5'640'600 registered shares (at 31 March 2009: 6'200'600) with a nominal value of CHF 5 each. According to Article 16 of the Articles of Association, each share confers the right to one vote. Voting rights may, however, only be exercised if the holder is registered in the share register with voting rights.
There are no participation certificates.

2.5 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, save that the Company requires the holder to declare that the shares have been acquired on own account and own benefit to register the holder in the share register with voting rights. There are no further registration restrictions (e.g. percentage limitation). The registration of nominees with voting rights is permitted but is subject to the consent of the Board of Directors and is conditional upon the signature by the nominees of an agreement specifying their status. At the date of the report, the Board of Directors has never received a request for registration of nominees with voting rights.

2.7 Convertible bonds and 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 IFRS consolidated financial statements.

3 Board of Directors

3.1 Members of the Board of Directors

As at 31 December 2008, the Board of Directors of Genolier Swiss Medical Network is comprised of the following members:

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

Born 1955, Swiss citizen, first election November 2006

Raymond Loretan holds a law degree from the University of Fribourg and a diploma in European Organizations from the University of Strasbourg. Raymond Loretan held several positions within and outside the Swiss administration for more than 20 years, serving as diplomatic Assistant to the Secretary of State at the Federal Department of Foreign Affairs (1984-1987), personal advisor to Federal Councillor Arnold Koller (1987-1990), Counsellor for European Affairs of the Canton of Valais (1991-1992) and Secretary general of the Swiss Christian Democratic Party (1993-1997). In 1997, Raymond Loretan was appointed by the Swiss government as Swiss Ambassador to the Republic of Singapore and to the Sultanate of Brunei Darussalam and in 2002 as Consul General of Switzerland in New York with ambassadorial ranking. Raymond Loretan joined the Group in January 2007 and is Chairman of the Board Executive Committee and was elected Chairman of the Board during the ordinary general meeting of shareholders on 13 June 2007. He is also founding associate of the consultancy practice Fasel Balet Loretan, Pully and Director of the “Société Suisse des Explosifs”. In October 2008, he was elected as Member of the Constitutional Assembly of the Canton of Geneva.

Within the Group, Raymond Loretan is also Chairman of:
Clinique de Genolier SA, Genolier
Montchoisi SA, Lausanne
Clinique de Valmont SA, Montreux
GSMN Management & Services SA, Genolier
Agefi, société de l’agence économique et financière SA, Lausanne
Agefi Com SA, Geneva
Publications Financières LSI SA, Geneva.
He is Vice-Chairman of Clinique Générale Ste-Anne SA, Fribourg.

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

Born 1944, Swiss citizen, first election June 1998

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

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

  Born 1956, Swiss citizen, first election November 2006

  Dr Michael Schroeder studied architecture at the University of Wuppertal and medicine at the Universities of Munich and Freiburg-im-Breisgau, Germany. He holds various positions in hospitals and medical centres and is also active in the property and real estate industry. Dr. Michael Schroeder is shareholder and member of the Board of Unigerim SA, Geneva, a real estate company which owns the premises of the Clinics and shareholder of Bio Tissue GmbH Freiburg, a biotechnology company (see note 28 of the IFRS consolidated financial statements). Mrs Katrin Reincke-Schroeder was a major shareholder of Centre médico-Chirurgical des Eaux-Vives SA, a company which was acquired by GSMN in 2009.

  Within the Group, Michael Schroeder is also member of the Board of:
  Clinique de Genolier SA, Genolier
  Montchoisi SA, Lausanne
  Clinique de Valmont SA, Montreux
  Clinique Générale Ste-Anne SA, Fribourg
  GSMN Management & Services SA, Genolier
  Agefi, société de l'agence économique et financière SA, Lausanne
  Agefi Com SA, Geneva
  Publications Financières LSI SA, Geneva.

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

  Born in 1956, Swiss citizen, first election June 2008

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

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

  Born in 1954, German citizen, first election June 2008

  Professor Hans-Reinhard Zerkowski is a doctor, scientist, manager and publicist. After obtaining his doctorate in 1980, he became lecturer at the University of Essen (Germany) in 1989. He held positions as full professor at the Universities of Basel and Halle (Germany) and was chairman of the department of surgery of the University Hospital of Basel. He is also senior consultant for the company BioMedPartners in Basel and a medical consultant for various international consultancy companies. Professor Zerkowski is a scientific consultant for a number of companies focussing on medical technology, politics and media, a tribunal expert in Germany and Switzerland and looks back on more than 20 years of experience in management of hospitals, research groups, guideline committees, political groups, professional associations and charitable organisations. He is a member of the Supervisory Board of Lifebridge MedTech AG in Munich, member of the Board of Medtentia AB in Lund, Sweden, and is interim executive managing member of the Board of Directors of the Nordstadt-Krankenhaus (KRH group) in Hannover, Germany during 2009, and has been responsible for publishing books and serves as editor of journals at Springer-Steinkopff. Within GSMN, Hans-Reinhard Zerkowski is member of the Audit Committee.

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

3.2 Other activities and vested interest

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

3.3 Cross-involvement

Not applicable.

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
June 1998	Robert Pennone	Until the next Annual General Meeting in 2009
November 2006	Raymond Loretan	Until the next Annual General Meeting in 2009
November 2006	Michael Schroeder	Until the next Annual General Meeting in 2009
June 2008	Hans-Reinhard Zerkowski	Until the next Annual General Meeting in 2009
June 2008	Antoine Kohler	Until the next Annual General Meeting in 2009

3.5 Internal organizational Structure

According to its organisational rules, the Board of Directors meets at least four times a year. In 2008, the Board of Directors met 6 times. The Chief Executive Officer and the Chief Financial Officer of the Group are invited to attend the meetings. The average length of meeting is 6 hours. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. The Board fulfils the function of defining the Group strategy, monitoring and directly controlling management. During its meetings, the Board reviews the activities of the Group with reference to operating reports. Once a year at least, the auditor is invited to take part in a 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 an **Audit Committee** that annually submits proposals regarding the analysis of financial statements, information provided to the shareholders and third parties, internal control procedures and liaison with the company auditors. The Committee is composed of Antoine Kohler, Chairman of the Committee and casting vote, Robert Pennone and Hans-Reinhard Zerkowski. The Chairman of the Board, Raymond Loretan, the Chief Executive Officer, Antoine Hubert, the Chief Financial Officer, Georges Gard and the auditor KPMG, are invited to the Committee. In 2008, the Committee met twice. The average length of meeting is 2.5 hours.

The Board constitutes a **Nomination and Compensation Committee** that annually submits proposals regarding annual compensation of its members, the members of the senior management and the key executive officers. The Nomination and Compensation Committee also proposes employee participation schemes. In the frame of approved programs, it also submits proposals concerning allocation of shares and share options to members of the Board, the members of the Senior Management and the key Executive Officers. Approvals of proposals of the Committee are granted by the full Board. The Committee is composed of Robert Pennone, Chairman of the Committee and casting vote, Antoine Hubert and Eric Denzler, independent partner and Director of Denzler & Partner SA in Nyon. The Chairman of the Board, Raymond Loretan, and the Chief Financial Officer, Georges Gard, are invited to the Committee. In 2008, the Committee met three times. The average length of meeting is 2.5 hours.

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.

According to the organisational rules, the Board has delegated the day-to-day management and controlling of ongoing operations as well as the risk analysis to a Board Executive Committee under the leadership of the Chairman of the Board. The Executive Committee is composed of Raymond Loretan, Chairman of the Board, Antoine Kohler, Member of the Board, and Antoine Hubert, CEO. The CEO in particular is responsible for the implementation of the decisions taken by the Board Executive Committee. Each member of the Executive Committee has a right of veto when deciding on the matters delegated by the Board. In case such a right is exercised, final decision belongs to the Board of Directors.

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

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

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

4 Management

4.1 Senior Management

The Senior Management team of GSMN 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 was a major shareholder of Centre médico-chirurgical des Eaux-Vives SA, acquired by GSMN in 2009. He is also shareholder and Chairman of the Board of Unigerim SA, a real estate company which owns the premises of the clinics and shareholder of Bio Tissue GmbH Freiburg, a biotechnology company (see note 28 of the IFRS consolidated financial statements).

Within the Group, Antoine Hubert is Vice-chairman of the Board of:
Clinique de Genolier SA, Genolier
Montchoisi SA, Lausanne
Clinique de Valmont SA, Montreux
GSMN Management & Services SA, Genolier
He is member of the Board of:
Clinique Générale Ste-Anne SA, Fribourg
Agefi, société de l'agence économique et financière SA, Lausanne
Agefi Com SA, Geneva
Publications Financières LSI SA, Geneva.

- **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 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 became a full-time employee of the Group and as Chief Financial Officer, is in charge of the financial consolidation of both Divisions starting 1 July 2007. Within the Group, Georges Gard has been Secretary to the Board of Directors of Genolier Swiss Medical Network SA (non member) until 10 December 2008.

- **Louis Martin,** *Chief Operating Officer*

  Born 1964, Canadian & Swiss citizen

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

- **Eric Valette,** *Chief Operating Officer – Publishing division*

  Born 1969, Swiss citizen

  Active 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 AG where he became in charge of sales of magazine such as Annabelle and Schweizer Familie. In 1998 he founded Audace Publishing in Geneva an individual publishing company publisher of the magazine “Profil Femme”. In March 2007, Eric Valette sold Audace Publishing to Agefi, société de l’agence économique et financière SA. Eric Valette owns 20% of Green Grass Sàrl, Geneva, publisher of Golf magazines.

4.2 Key Executive Officers

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

- **Valérie Dubois-Héquet,** *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 and is since, in charge of commercial development especially for the foreign clientele.

- **Beat Röthlisberger,** *Chief Administrative Officer*

  Born 1966, Swiss citizen

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

- **Séverine Van der Schueren,** *Chief Communications Officer*

  Born 1970, Belgian citizen

  Séverine Van der Schueren holds a law degree from the Katholieke Universiteit Leuven. Before joining the Group in September 2008, she was Corporate Communications Manager at Cofinimmo SA in Belgium. Within the Group, Séverine Van der Schueren has been appointed Secretary to the Board of Directors of GSMN SA (non member) on 10 December 2008. Séverine Van der Schueren is member of the PR/Image Commission of the Private Hospitals Switzerland Association.

- **Gwynn Brand,** *Managing Director 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 Managing Director.

- **Pietro Fabrizio,** *Managing Director Clinique Générale*

  Born 1968, Swiss citizen

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

- **Benoît Fallot,** *Managing Director Clinique de Montchoisi*

  Born 1952, French citizen

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

- **Guy Reynard,** *Managing Director Clinique Valmont-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.

Changes operated in 2009

- **Laurent Bertrand** is *Managing Director Clinique de Genolier* since 01.03.2009
  Born 1966, Swiss and French citizen
  Laurent Bertrand is expert in hospital management and holder of a Master in Management. He has been active in the healthcare sector for about 13 years. Before joining Clinique de Genolier as Managing Director on 01.03.2009, Laurent Bertrand managed the Clinique La Lignière in Gland. Laurent Bertrand is member of the Committee and vice-president of VAUDCliniques (Association Vaudoise des Cliniques Privées).

- **Eric Valette** is no longer a member of the senior management team of GSMN.

- **Valérie Dubois-Héquet,** *Chief Sales Officer*, is a member of the senior management team since 01.04.2009.

- **Louis Martin,** *COO,* is also *Managing Director Ad interim* of the "Centre medico-chirurgical des Eaux-Vives" SA since 01.04.2009.

- **Guy Reynard,** *Managing Director Clinique Valmont-Genolier*, is also *Marketing Director* of GSMN since 01.04.2009.

- **Séverine Van der Schueren** is *Secretary-General* of GSMN since 01.04.2009.

4.2 Other activities and vested interests

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

4.3 Management contracts

The company has signed no management contracts.

5 Compensation, Shareholdings and Loans

Content and method of determining the compensation and the share-ownership programs
Compensation and shareholding programs are defined by the Board of Directors based on a proposal of the Nomination and Compensation Committee. Members of the Senior Management receive a base compensation and stock options. The additional variable part of compensation, which vary between 10 to 30% of the base compensation is subject to business success (percentage of EBITDA) as well as to meeting personal objectives.
The Nomination and Compensation Committee is in charge of defining the remuneration of the ten highest remuneration of the management, overseeing and discussing the remuneration principles for the Company and the Group. He also submits for approval by the Board of Directors the remuneration of the members of the Board and the Senior Management. The Nomination and Compensation Committee reports on its decisions to the Board, and keeps the Board updated on the overall remuneration policy of the Group.
Compensation of the members of the Board of Directors and the Senior Management is detailed as per art. 663b bis CO in note 9 of the 2008 statutory financial statements of Genolier Swiss Medical Network.
Share-based payments to members of the Board and to employees is detailed in note 21.3 to the IFRS consolidated financial statements.
For details about transactions with related parties see note 28 to the 2008 IFRS consolidated financial statements.
No loans have been granted.

6 Shareholders' Participation Rights

6.1 Voting rights and representation restrictions

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

6.2 Statutory quorums

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

6.3 Convocation of the General Meeting of the Shareholders

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

6.4 Agenda

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

6.5 Registrations into the share register

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

7 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, according to article 9 of the Articles of Association, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover set out in article 32 of the Stock Exchange Act are applicable.

7.2 Clauses on changes of control

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

8 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 Genolier Swiss Medical Network 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 11 June 2008, the General Meeting re-appointed KPMG SA, Lausanne branch, as the auditing company and auditor for the Group's accounts for the fiscal year ending 31 December 2008.
Helène Beguin, the auditor in charge at KPMG SA, has been supervising the auditing of the statutory annual accounts and consolidated accounts of Genolier Swiss Medical Network SA since 2005.

8.2 Auditing fees

Auditing fees of KPMG for the group amounted to CHF 300K for the business year 2008.

8.3 Additional fees

During 2008, KPMG charged additional fees for compliance advices of CHF 175.

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 2008, 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 and Half-yearly Reports, the website (www.gsmn.ch), press releases, the presentation of the financial statements for media and financial analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter. As a company listed on the SIX Swiss Exchange, the Group is obliged to publish information that is relevant to its share price (ad hoc publicity, article 72 of rules governing quoted companies "Règlement de cotation"). These rules can be viewed under www.six-swiss-exchange.com. For specific questions regarding the Group, contact Séverine Van der Schueren, Secretary-General (Tel. +41 22 366 99 87, investor.relations@gsmn.ch).
The General Meeting of shareholders for the 2008 fiscal year will take place at the Clinique de Genolier in 1272 Genolier, on Wednesday 10 June 2009 at 11:00 a.m.

CONSOLIDATED financial statements of GSMN SA

Consolidated Balance Sheets as at 31 December

(in thousands of CHF)	Notes	31.12.2008	31.12.2007
Assets			
Equipment and leasehold improvements, net	6	35'374	34'140
Intangible assets	7	-	400
Goodwill	7	85'056	85'056
Cash deposit	8	3'300	3'600
Pension plan asset	21.4	971	-
Deferred tax assets	9	3'467	3'800
Total non-current assets		**128'168**	**126'996**
Inventories	10	4'456	3'921
Accrued income and prepaid expenses	11	1'508	1'690
Trade receivables	12	25'064	24'590
Other receivables	13	5'576	7'805
Cash and cash equivalents	14	4'211	5'702
Assets held for sale	4	2'462	-
Total current assets		**43'277**	**43'708**
Total assets		**171'445**	**170'704**
Equity			
Share capital	15	28'203	28'203
Share premium		91'353	91'353
Other reserves		323	323
Treasury shares	15.4	(2'868)	(2'854)
Accumulated deficit		(2'989)	(3'227)
Total equity		**114'022**	**113'798**
Liabilities			
Bank loan	16	2'375	-
Finance lease liabilities	17	5'245	4'940
Deferred tax liabilities	9	1'148	1'283
Total non-current liabilities		**8'768**	**6'223**
Bank overdraft	18	11'434	16'408
Finance lease liabilities	17	2'620	2'930
Trade and other payables	19	28'191	25'920
Accrued expenses and deferred income	20	4'236	5'425
Liabilities held for sale	4	2'174	-
Total current liabilities		**48'655**	**50'683**
Total liabilities		**57'423**	**56'906**
Total equity and liabilities		**171'445**	**170'704**

(See accompanying notes to the consolidated financial statements).

Consolidated Income Statements for the years ended 31 December

(in thousands of CHF)	Notes	2008	2007*
Revenue		127'844	116'735
Commissions and medical services		(8'709)	(7'003)
Net revenue		**119'135**	**109'732**
Production expenses		(28'355)	(27'196)
Personnel expenses	21.2	(50'132)	(52'903)
Rental expenses		(9'215)	(6'413)
Other operating expenses	22	(20'969)	(18'908)
Earnings Before Interest Taxes Depreciation and Amortisation		**10'464**	**4'312**
Depreciation and amortisation	5	(7'380)	(6'183)
Income / (loss) from operating activities		**3'084**	**(1'871)**
Finance income	23	212	679
Finance expenses	23	(1'375)	(1'390)
Net finance expenses		**(1'163)**	**(711)**
Share of income / (loss) of equity accounted investees		15	(69)
Income / (loss) before income tax		**1'936**	**(2'651)**
Income tax expense	24	(633)	(246)
Income / (loss) for the year from continuing operations		**1'303**	**(2'897)**
Net loss for the year from discontinued operations		(1'139)	(335)
Net income / (loss) for the year		**164**	**(3'232)**
Continuing operations			
Basic income / (loss) per share (in CHF)	29	0.23	(0.52)
Net income / (loss) per share			
Basic income / (loss) per share (in CHF)	29	0.03	(0.58)

* Restated due to a discontinued operation, see note 4 of the accompanying notes to the consolidated financial statements.
(See accompanying notes to the consolidated financial statements).

Consolidated Cash Flow Statements for the years ended 31 December

(in thousands of CHF)	Notes	2008	2007*
Cash flow from operating and discontinued activities			
Net income / (loss) for the year**		164	(3'232)
Income tax expense		633	246
Adjustments for:			
Depreciation and amortisation	6	7'550	6'431
Pension plans assets		(971)	-
Share of loss of equity accounted investees		(15)	69
Net finance expenses		1'235	970
Equity settled share based payment expenses		74	74
Movement of allowance for doubtful debts	12	(226)	51
Change in trade and other receivables		1'069	5'415
Change in inventories		(535)	(887)
Change in accrued income and prepaid expenses		84	131
Change in trade and other payables		2'906	967
Change in accrued expenses and deferred income		(86)	(2'798)
Interest paid		(1'374)	(1'395)
Net cash flow from operating and discontinued activities		**10'508**	**6'042**
Interest received		139	425
Purchase of equipment, leasehold improvements	6	(5'678)	(10'986)
Purchase of intangible assets	7	-	(500)
Increase in cash deposits	8	-	(3'600)
Decrease in cash deposits	8	300	-
Net cash flow used in investing activities		**(5'239)**	**(14'661)**
Capital increase	15	-	503
Purchase of treasury shares		(145)	(4'697)
Sale of treasury shares		132	3'087
Payment of finance lease liabilities		(3'228)	(2'477)
Bank loan		2'375	-
Bank loan and overdraft		(4'974)	(437)
Net cash flow used in financing activities		**(5'840)**	**(4'021)**
Net decrease in cash and cash equivalents		**(571)**	**(12'640)**
Cash and cash equivalents at beginning of the year		5'702	18'342
Cash and cash equivalents at end of the year* **		**5'131**	**5'702**

* Certain line items regarding financial lease payment have been reclassified to be presented in line with the current period.
**The cash flow statement now starts with “net income / (loss) for the year” while previously having started with “Profit/loss before taxes”. The comparative period has been restated.
***The cash flow statement presents the cash flows from all operations of the Group. See note 4 for cash flows relating to the discontinued operation.
(See accompanying notes to the consolidated financial statements.

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

(in thousands of CHF)	Number of shares (thousands)	Share capital	Share Premium	Other reserves	Treasury shares	Accumulated deficit	Total
Changes in equity for 2007							
Balance at 1 January 2007	5'540	27'700	91'353	323	(1'313)	-	118'063
Loss for the year	-	-	-	-	-	(3'232)	(3'232)
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**-**	**(3'232)**	**(3'232)**
Capital increase – exercise of employee stock options	101	503	-	-	-	-	503
Purchase of treasury shares, net	-	-	-	-	(4'697)	-	(4'697)
Sale of treasury shares, net	-	-	-	-	3'156	(69)	3'087
Share based payments	-	-	-	-	-	74	74
Balance at 31 December 2007	**5'641**	**28'203**	**91'353**	**323**	**(2'854)**	**(3'227)**	**113'798**
Changes in equity for 2008							
Net income for the year	-	-	-	-	-	164	164
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**-**	**164**	**164**
Purchase of treasury shares, net	-	-	-	-	(145)	-	(145)
Sale of treasury shares, net	-	-	-	-	131		131
Share based payments	-	-	-	-	-	74	74
Balance at 31 December 2008	**5'641**	**28'203**	**91'353**	**323**	**(2'868)**	**(2'989)**	**114'022**

(See accompanying notes to the consolidated financial statements).

Notes to the Consolidated Financial Statements

1 Reporting group of entities

Genolier Swiss Medical Network SA (hereafter "the Company") SA has its registered and principal offices at 1272 Genolier, Switzerland. On 11 June 2008, the Company changed its name from Agen Holding SA into Genolier Swiss Medical Network SA and moved its seat from Rue de Genève 17, 1002 Lausanne, to Genolier.

The Company's purpose consists of holding interests in financial, commercial and industrial enterprises in Switzerland and abroad, in areas such as medical treatment, healthcare, media and e-commerce.

The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and its subsidiaries and interests in associates ("the Group").

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorised for issue by the Board of Directors on 27 April 2009. Final approval is subject to acceptance by the annual general meeting of shareholders on 10 June 2009.

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described hereafter:
Goodwill: an estimate of the fair value of the acquired assets and liabilities is made at the date of acquisition. The difference between acquisition cost and fair value of the net assets acquired is the goodwill. Goodwill is not amortised but is subject to an annual impairment test. Impairment tests require a number of assumptions to be made, which are based on medium and long term estimates and include growth rates of turnover, margins and discount rates. These estimates are affected by both internal data and external factors. Actual outcomes could vary significantly from estimated future cash flows. Factors such as occupation rates and attendance of VIP clients could result in lower growth rate of turnover.
Deferred tax assets: deferred tax assets arise from deductible temporary differences and tax loss carry-forwards where it is considered probable that the tax losses will provide future benefits. The estimate of whether the tax loss carry forward can be used depends on the forecasts made by the taxable entity. If these forecasts prove to be either incorrect or imprecise, adjustments will have to be recognised in the income statement as additional tax expenses.
Leases: The group is party to leasing arrangements as lessee. The transactions in the financial statements are mainly determined by whether the lease is considered operating lease or finance lease. In making this assessment, management looks at the substance as well as the legal form and makes a judgement about whether substantially all of the risks and ownership are transferred.

Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

3 Accounting policies

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

Adoption of new and amended standards and interpretations

The IFRIC has issued a number of new interpretations that became effective for the Group in this reporting period, namely IFRIC 11 IFRS 2 Group and Treasury Share Transactions, IFRIC 12 Service Concession Arrangements, IFRIC 14 IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The IASB has issued amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets.
These new interpretations and amendments were not applicable to the Group, or did not have a significant impact on the consolidated financial statements.

New and amended standards and interpretations not yet effective and not yet adopted

The following new and amended or revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. Their impact on the consolidated financial statements of the Group has not yet been systematically analysed. However, a preliminary assessment has been conducted by Group management and the expected impact of each standard and interpretation is presented in the table below.

Standard / Interpretation		Effective date	Planned application
IFRS 8 Operating Segments	3)	1 January 2009	Reporting year 2009
Revised IAS 1 Presentation of Financial Statements	2)	1 January 2009	Reporting year 2009
Revised IAS 23 Borrowing Costs	1)	1 January 2009	Reporting year 2009
Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations	1)	1 January 2009	Reporting year 2009
Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	1)	1 January 2009	Reporting year 2009
Amendments to IFRS 1 First-time Adoption of IFRS and IAS 27 -Consolidated and Separate Financial Statements plus Restructuring of Format	1)	1 January 2009	Reporting year 2009
Amendments to IFRS 7 - Improving Disclosures about Financial Instruments	1)	1 January 2009	Reporting year 2009
IFRIC 13 Customer Loyalty Programmes	1)	1 July 2008	Reporting year 2009
IFRIC 15 Agreements for the Construction of Real Estate	1)	1 January 2009	Reporting year 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1)	1 October 2008	Reporting year 2009
Improvements to IFRSs	1)	1 January 2009	Reporting year 2009
Revised IFRS 3 Business Combinations	4)	1 July 2009	Reporting year 2010
Amended IAS 27 Consolidated and Separate Financial statements	4)	1 July 2009	Reporting year 2010
Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1)	1 July 2009	Reporting year 2010
Amendments to IFRIC 9 Reassessment of Embedded Derivative and IAS 39 Financial Instruments: Recognition and Measurement-Embedded Derivatives	1)	on or after 30.06.09	Reporting year 2009
IFRIC 17 Distributions of Non-cash Assets to Owners	1)	1 July 2009	Reporting year 2010
IFRIC 18 Transfer of Assets from Customers	1)	1 July 2009	Reporting year 2010
Improvements to IFRS	1)	1.7.09 / 1.1.10	Reporting year 09/10

1) No impact or no significant impact is expected on the consolidated financial statements.
2) The impact on the consolidated financial statements is expected to result in additional disclosures or changes in presentation.
3) IFRS 8 Operating Segments introduces the “management approach” to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently, considering that the publishing division is disclosed as discontinued operations the Group has only one segment being, healthcare. Under the management approach, the Group will present in 2009 segment information which would be defined based on operational clinics.
4) The changes imposed will impact the accounting for future transactions with non-controlling interests (formerly minority interests) and future business combinations.

Basis of consolidation

(i.) Subsidiaries

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

(ii.) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group’s share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

Consolidated companies

As of December 31, 2008, the following entities, all located in Switzerland, were included in the consolidation circle:

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
GSMN Management et Services SA	Genolier	Management and administration	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	Public swimming pool	20.0

In 2008, there was no change to the consolidation circle.

(iii.) Transactions eliminated on consolidation

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

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.

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 expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii.) Subsequent costs

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

(iii.) Depreciation

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

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

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

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

Leased assets

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

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

Goodwill

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

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

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 recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at their fair value at that date.

Any excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill.

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

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

Intangible assets

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

Inventories

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

Financial instruments

(i.) Non derivative financial instruments

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

(ii.) Financial Investments

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

(iii.) Trade and other receivables

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

(iv.) Cash and cash equivalents

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

(v.) Loans and borrowings

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

(vi.) Trade and other payables

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

Impairment

(i.) Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of equity investments carried at cost is calculated as the difference between the carrying amount of the equity investment 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. Impairment losses on trade receivables are recognised on an individual basis or on portfolio basis where there is objective evidence that impairment losses have been incurred. Collective impairment loss is measured either on the basis of past losses or using information provided by external sources. As long as impairment loss remains merely probable, it is recorded in an allowance for doubtful receivables. Once it is realised (bankruptcy or cessation of payment), the carrying amount of the related asset is offset directly.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. 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 (or if deemed necessary) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

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

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

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

Share capital

(i.) Ordinary shares

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

(ii.) Treasury shares

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

Employee benefits

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

(i.) Defined benefit plans

All entities of the GSMN division 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 entities of the Publishing division are affiliated with a multi-employer plan, whose risks are fully reinsured by an insurance company. All Swiss pension schemes are accounted for as defined benefit plans.

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

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

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

(ii.) Short-term benefits

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

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

(iii.) Share based payment

The Group has equity-settled payment transactions.

The grant date fair value of options granted to employees is recognised in the income statement as personnel expenses with a corresponding increase in equity over the vesting period.

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

Provisions

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

Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts. Revenue includes:

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

Lease payments

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Finance income and expenses

Finance income includes interest income on funds invested. Interest income is recognised in the income statement as it accrues using the effective interest method.

Finance expenses include interest expense on bank borrowings and leasings. All borrowing costs are recognised in the income statement using the effective interest method.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to 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 the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss 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 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.

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 segments.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. The asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Change in accounting estimate

The useful life of leasehold improvements was initially deemed to be 10 years. In order to adjust the useful life to the terms of the related lease agreements and to take into account the maintenance of these assets, the useful life of the leasehold improvements has been adjusted to 15 years. The change is accounted for prospectively. The effect in 2008 is CHF 710 and CHF 725 for the following years.

4 Assets and liabilities held for sale and discontinued operation

The whole publishing division is presented as a disposal group held for sale and as a discontinued operation (see below) following the commitment of the Group's management, in February 2008, to a plan to sell this division in order to focus on its Healthcare activity. On 27 March 2009, the Group finalised the sale of 51% of the publishing division. According to the Sale & Purchase agreement, the Group has granted to the buyer a call option of the remaining 49%.The option can be exercised 60 days following the date of the audit report of the 2011 financial year. Refer to note 31 for additonal information about the sale.
At 31 December 2008, the disposal group comprised assets of CHF 2'462 less liabilities of CHF 2'174.

Assets held for sale	2008
Equipment and leasehold improvements	115
Intangible asset	400
Accrued income and prepaid expenses	114
Trade receivables	725
Other receivables	188
Cash and cash equivalents	920
Total assets	**2'462**

Liabilities held for sale	2008
Trade and other payables	635
Accrued expenses and deferred income	1'539
Total liabilities	**2'174**

No impairment loss was necessary to recognise before the reclassification of the assets as held for sale.

Discontinued operation

The publishing division is a separate business segment and meets the criteria to be presented as a discontinued operation. The comparative income statement has been re-presented to show the discontinued operation separately from continuing operations. The related assets and liabilities are classified as held for sale as also described above.

Results of the discontinued operation

	2008	2007
Revenue	11'591	12'973
Commissions	(1'993)	(2'632)
Net revenue	9'598	10'341
Expenses	(10'730)	(10'682)
Loss from operating activities	(1'132)	(341)
Net finance (expenses) / income	(7)	6
Loss for the period	(1'139)	(335)
Basic loss per share	(0.20)	(0.06)

Cash flows from discontinued operation

	2008	2007
Net cash flows used in / from operating activities	(1'070)	185
Net cash flows used in investing activities	(20)	(566)
Net cash flows from financing activities	1'200	200

5 Segment information

	Publishing discontinued		Healthcare		Corporate / Consolidation		Group		Publishing discontinued		Continuing operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net revenue from third parties	11'591	12'973	127'844	116'735	-	-	139'435	129'708	11'591	12'973	127'844	116'735
EBITDA	(962)	(93)	11'418	5'460	(970)	(1'149)	9'486	4'218	(962)	(93)	10'448	4'311
Segment result	(1'139)	(335)	2'203	(1'870)	(900)	(1'027)	164	(3'232)	(1'139)	(335)	1'303	(2'897)

6 Equipment and leasehold improvements

(in thousands of CHF) Cost	Medical machinery and equipment	Leasehold improvements	Total
Balance at 1 January 2007	19'505	11'209	30'714
Additions	5'950	8'125	14'075
Balance at 1 January 2008	25'455	19'334	44'789
Transfer to assets held for sale	(4'724)	-	(4'724)
Additions	5'815	3'455	9'270
Disposal	(398)	-	(398)
Balance at 31 December 2008	**26'148**	**22'789**	**48'937**
Accumulated depreciation			
Balance at 1 January 2007	4'318	-	4'318
Depreciation for the year	4'626	1'705	6'331
Balance at 1 January 2008	8'944	1 705	10'649
Transfer to assets held for sale	(4'466)	-	(4'466)
Depreciation for the year	5'906	1'474	7'380
Balance at 31 December 2008	**10'384**	**3'179**	**13'563**
Carrying amounts			
At 31 December 2007	16'511	17'629	34'140
At 31 December 2008	**15'764**	**19'610**	**35'374**

Leased equipment

The Group leases machinery and medical equipment under a number of finance lease agreements. The leased equipment secures lease obligations (see note 17). At 31 December 2008 the net carrying amount of leased medical machinery and other equipment was CHF 7'805 (2007: CHF 7'963). The additions in 2008 amount to CHF 3'414 (2007: CHF 3'089).

7 Intangible assets and goodwill

(in thousands of CHF) Cost	Intangible assets	Goodwill
Balance at 1 January 2007	-	111'246
Additions	500	-
Balance at 1 January 2008	500	111'246
Transfer to assets held for sale	(500)	-
Balance at 31 December 2008	**-**	**111'246**
Accumulated amortisation and impairment losses		
Balance at 1 January 2007	-	26'190
Amortisation for the year	100	-
Balance at 1 January 2008	100	26'190
Transfer to assets held for sale	(100)	-
Balance at 31 December 2008	**-**	**26'190**
Carrying amounts		
At 31 December 2007	400	85'056
At 31 December 2008	-	85'056

In 2007 the Group acquired all intellectual properties of Audace Publishing, which includes “Profil Femme”, a magazine for women. Total consideration paid amounted to CHF 500. Intellectual properties are presented as assets held for sale in 2008.

Goodwill and Impairment test

Goodwill recognised in the balance sheet was subject to an annual impairment test as of 31 December 2008. The total amount of goodwill is allocated to the Healthcare division.

The recoverable amount of the Healthcare division cash-generating unit was based on its value in use calculated by the discounted cash flow (DCF) method. The future cash flows are based on EBITDA forecast for 2009-2013 approved by management. Growth assumptions are based on market expectations and measures taken in accordance with group strategy. An average growth rate of revenue of 5.9% and of EBITDA of 23% is expected for the forecasted period 2009-2013. Growth rate used to extrapolate revenue and EBITDA projection beyond the period covered by the forecast amounts to 1.5%.

A pre-tax discount rate of 11.6% (2007: 11.4%) 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.

As of 31 December 2008 the impairment test did not result in a goodwill impairment. The recoverable amount exceeds the carrying amount by CHF 28'593 (2007: CHF 18'212).

The discount rate and the forecast growth in revenue have a significant influence on the sensitivity of the impairment test. If the average annual growth in revenue declined by 13% or 0.8 basis points, the recoverable amount of the Healthcare division would equal its carrying amount. If the pre-tax discount rate changed from 11.6% to 13.6%, the value in use would equal the carrying amount.

8 Cash deposit

The amount of CHF 3'300 (2007: CHF 3'600) represents a cash deposit pledged in favour of a financing company to guarantee certain lease commitments. The amount will be fully paid at the end of the lease contracts.

9 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)	2008	2007	2008	2007	2008	2007
Equipment and leasehold improvements	(133)	-	413	842	280	842
Trade receivables	-	-	569	441	569	441
Inventories	-	-	166	-	166	-
Finance leases	(49)	(13)	-	-	(49)	(13)
Tax loss carry-forwards	(3'285)	(3'787)	-	-	(3'285)	(3'787)
	(3'467)	(3'800)	1'148	1'283	(2'319)	(2'517)

Management considers it probable that future taxable profits will be available against which they can be utilised.

Movement in temporary differences during the year

(in thousands of CHF)	Balance 01.01.07	Recognised in profit or loss	Balance 31.12.07	Recognised in profit or loss	Included in discontinued operations	Balance 31.12.08
Equipment and leasehold improvements	1'084	(242)	842	(562)	-	280
Trade receivables	329	112	441	128	-	569
Inventories	-	-	-	166	-	166
Finance leases	(41)	28	(13)	(36)	-	(49)
Tax loss carry-forwards	(4'135)	348	(3'787)	502	-	(3'285)
Net deferred tax (assets) / liabilities	(2'763)	246	(2'517)	198	-	(2'319)

Tax loss carry-forwards recognised relate to the fiscal years 2002 to 2008 and are available to be set off against future taxable income for a period of seven years as follows:

(in thousands of CHF) Period	2008 Deferred tax assets	Expiry	2007 Deferred tax assets
2001	-	2008	319
2002	90	2009	325
2003	106	2010	553
2004	258	2011	631
2005	441	2012	321
2006	1'115	2013	1'108
2007	1'011	2014	530
2008	264	2015	-
Total recognised tax loss carry-forwards	3'285		3'787

Unrecognised deferred tax assets

For certain entities, deferred tax assets amounting to CHF 1'364 relating to tax loss carry-forwards for periods from 2002 to 2008 (2007: CHF 2'891 for periods from 2001 to 2007) have not been recognised, which are available to be set off against future taxable income for a period of seven years as follows:

(in thousands of CHF) Period	2008 Unrecognised deferred tax assets	Expiry	2007 Unrecognised deferred tax assets
2001	-	2008	93
2002	284	2009	49
2003	711	2010	528
2004	779	2011	724
2005	269	2012	620
2006	71	2013	154
2007	161	2014	723
2008	198	2015	-
Total unrecognised tax loss carry-forwards	2'473		2'891

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 carry-forwards

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

2007 (in thousands of CHF) Of which expiring	Not recognised	Recognised	2007 Total
Within one year	423	1'450	1'873
Within two to five years	9'432	13'354	22'786
After more than five years	3'286	2'409	5'695
Total tax loss carry-forwards	13'141	17'213	30'354

10 Inventories

(in thousands of CHF)	2008	2007
Medical supplies	3'277	2'666
Pharmaceutical products	824	910
Hotel and restaurant goods	126	126
Other inventories	229	219
Total inventories	4'456	3'921

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

11 Accrued income and prepaid expenses

(in thousands of CHF)	2008	2007
Prepayments	594	1'381
Accrued income	699	186
Investment in equity accounting investees	46	31
Other	169	92
Total	1'508	1'690

12 Trade receivables

At 31 December 2008 trade receivables are shown net of an allowance for doubtful receivables of CHF 1'624 (2007: CHF 1'850).

Aging of trade receivables

(in thousands of CHF)	2008 gross	allowance	2008 net	2007 gross	allowance	2007 net
Within one month	15'154	-	15'154	10'861	104	10'757
One to two months	2'852	-	2'852	7'193	98	7'095
Three to six months	4'399	-	4'399	5'307	61	5'246
Seven to twelve months	1'687	-	1'687	1'445	16	1'429
Over one year	2'596	1'624	972	1'634	1'571	63
Total account receivable	26'688	1'624	25'064	26'440	1'850	24'590

On the basis of past experience, the Group sees no need to make additional provisions for receivables that are not yet due. 69% (2007: 72%) of the balance relates to insurance companies.
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008	2007
Balance at 1 January	1'850	1'799
(Reversal of) / additional impairment loss recognised	(226)	51
Balance at 31 December	1'624	1'850

13 Other receivables

(in thousands of CHF)	2008	2007
Other receivables:		
• from related parties	3'879	6'418
• from associate	100	100
• from third parties	1'597	1'287
Total other receivables	**5'576**	**7'805**

Receivables due from related parties include various current accounts with shareholders and other entities under the control of the shareholders. Details of related party transactions and outstanding amounts are disclosed in note 28.

14 Cash and cash equivalents

(in thousands of CHF)	2008	2007
Bank current accounts	4'130	5'646
Petty cash	81	56
Cash and cash equivalents	4'211	5'702

15 Equity

At 31 December 2008, the share-capital of CHF 28'203 (2007: 28'203) consists of 5'640'600 fully paid registered shares (2007: 5'640'600) of par value CHF 5 each.

15.1 Capital increase

In January 2007, the share-capital of the Company was increased by CHF 503 following the exercise of 100'600 stock options granted to the management of the Group (see also note 21.3).

The 2007 capital increase is summarised as follows:

(in thousands of CHF)	Number of shares	Share-Capital
Balance at 31 December 2006	5'540'000	27'700
Capital increase - exercise of employee stock options	100'600	503
Balance at 31 December 2007	5'640'600	28'203
Balance at 31 December 2008	5'640'600	28'203

15.2 Authorised capital

At the ordinary shareholders meeting of the Company on 21 June 2007, the shareholders resolved to authorise the Board of Directors to issue up to a maximum of CHF 13'850 divided into a maximum of 2'770'000 fully paid-up shares with a nominal value of CHF 5 each until 21 June 2009. 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 aside the preferred subscription rights of shareholders in case of the acquisition of an enterprise, parts of an enterprise or participations in a company or any similar transaction.

15.3 Conditional capital

At the extraordinary shareholders meeting of the Company on 11 June 2008, the shareholders resolved to authorize the Board of Directors to issue up to a maximum of CHF 3'497 divided into a maximum of 699'400 fully paid-up shares with a nominal value of CHF 5 each pursuant to the exercise of stock options that are granted to employees, members of the Board of Directors as well as consultants under a stock option plan to be established by the Board of Directors. In connection with the issuance of stock options the preferred subscription rights of the Existing shareholders are excluded.
At December 31, 2008 the conditional capital of the Company consists of the following:

	Quantity	Nominal value in CHF
Balance at 31 December 2006	300'000	1'500'000
Exercise in January 2007	(100'600)	(503'000)
Balance at 31 December 2007	199'400	997'000
Issuance at 11 June 2008	500'000	2'500'000
Balance at 31 December 2008	699'400	3'497'000

15.4 Treasury share transactions

In 2008, the Company had the following treasury share transactions:

	Purchase		Sale	
	Quantity	Average unit price	Quantity	Average unite price
January	100	24.00	500	28.00
March	2'032	23.51	-	-
May	150	25.20	2'964	25.55
June	3'486	25.96	1'100	26.38
September	-	-	222	23.50
October	-	-	34	21.00
December	-	-	500	15.00

In 2008, total amounts paid and received for transaction with treasury shares amounted to CHF 145 and CHF 131, respectively (2007: CHF 4'697 and CHF 3'087). In this regard, a total of 5'768 treasury shares were purchased and a total of 5'320 treasury shares were sold (2007: CHF 138'188 and CHF 87'340).
In order to maintain sufficient liquidity on the market, Genolier Swiss Medical Network SA outsources the trading of its treasury shares to a company in which a director of the Company is associated.
At 31 December 2008, the Group held 87'366 treasury shares or 1.55% of the share-capital (2007: 86'918 or 1.54%) which are deducted from equity in a total amount of CHF 2'868 (2007: CHF 2'854).

15.5 Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares.

The Group monitors capital on the basis of the equity ratio which is the ratio of the equity to total assets.

(in thousands of CHF)	2008	2007
Equity	114'022	113'798
Total assets	171'445	170'704
Equity ratio	67%	67%

The Board of Directors is currently considering alternatives for extending the Group's stock option programme beyond key management and other senior employees.

The Group holds a certain number of its own shares, firstly to cover obligations related to its share and option plans and secondly to finance acquisitions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15.6 Dividends

No dividends have been paid in 2008 (2007: Nil).

15.7 Significant shareholders

At 31 December 2008 and 2007, the significant shareholders are as follows:

	31.12.2008 Number of shares	%	31.12.2007 Number of shares	%
Antoine Hubert & Géraldine Reynard-Hubert	637'717	11.31	765'639	13.57
Dr Michael Schroeder	603'370	10.70	603'370	10.70
Lincoln Vale European Partners Master Fund L.P., Lincoln, USA	501'463	8.90	355'289	6.30
Jaime Rosell [1)]	516'001	9.15	465'212	8.25
Alain Fabarez	368'700	6.54	368'700	6.54
CIC Finance	260'000	4.61	-	-
Vontobel Fonds Services AG	229'600	4.07	-	-
Schroders Plc, London, UK	148'342	2.63	237'083	4.20
Spinner Global Technology Fund Ltd, Tortola, BVI	-	-	265'000	4.70

[1)] Including the shares held by the companies Garsol International Ltd, Tortola, BVI and Olmen Enterprises Ltd, Tortola, BVI, beneficially owned by Jaime Rosell.

16 Bank loan

The Group has a bank loan facility of CHF 2'875 maturing in 2014 and reimbursable on a quarterly basis. Interest rate is 5.6%. An amount of CHF 500 due within one year is classified under bank overdraft.

17 Finance lease liabilities

At 31 December 2008 and 2007 finance lease liabilities are payable as follows:

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

(in thousands of CHF)	Minimum lease payments	Interest	Principal
Less than one year	3'235	305	2'930
Between one and five years	5'308	368	4'940
Total finance lease liabilities 2007	8'543	673	7'870

Finance lease liabilities have a fixed average interest rate of 4.7% (2007: 4.2%).

18 Bank overdraft

The 2008 average interest rate on bank overdraft was 5.56% (2007: 4.43%). As a guarantee, the Group has pledged trade receivables for an amount of CHF 18'586 as at December 2008 (2007: CHF 24'203).

19 Trade and other payables

(in thousands of CHF)	2008	2007
Trade payables due to third parties	17'855	18'818
Trade payables due to related parties	389	21
Trade payables due to doctors	9'947	7'004
Other payables	-	77
Total trade and other payables	28'191	25'920

20 Accrued expenses and deferred income

(in thousands of CHF)	2008	2007
Accrued personnel expenses	1'768	2'364
Prepaid subscriptions	-	1'173
Accrued marketing expenses	797	639
Accrued tax expenses	451	37
Social charges on share based payments	-	4
Other accrued expenses	1'220	1'208
Total accrued expenses	4'236	5'425

21 Employee benefits

21.1 Number of employees

	2008		2007	
Full Time Equivalent	Healthcare	Publishing	Healthcare	Publishing
Direct employees	523	-	527	74
Temporary employees	-	-	-	34
Total	523	-	527	108

21.2 Remuneration

(in thousands of CHF)	2008	2007
Wages and salaries	44'079	46'315
Social security contributions	6'453	6'015
Share based payments	74	74
Income related to defined benefit plan	(971)	-
Other	497	499
Total personnel expenses	50'132	52'903

21.3 Share-based payments

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. This plan is divided in three vesting periods, 31 October 2007, 2008 and 2009.

On 12 December 2007, a stock option plan in favour of the group management was implemented. 37'500 options, each giving rights to subscribe to one share at a unit price of CHF 30 were granted. Options can be exercised at maturity date, at 31 December 2010. In case of resignation, non vested options are forfeited.

On 14 January 2008, a stock option plan in favour of the group management was implemented, 4'500 options, each giving rights to subscribe to one share at a unit price of CHF 30 were granted. Options can be exercised at maturity date, at 31 December 2010. In case of resignation, non vested options are forfeited.

The details of share-based payment plans are presented below:

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 Group SA 6 October 2006	12'648 CHF 25	Beneficiary should not have resigned at the date of exercise	31 October 2009	31 October 2009
Plan 12/07	Group Management	37'500 CHF 30	None	31 December 2010	31 December 2010
Plan 01/08	Group Management	4'500 CHF 30	None	31 December 2010	31 December 2010

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

	Plans 10/06	12/07	01/08
Oustanding share options at the beginning of the year	12'648	37'500	-
Granted during the year	-	-	4'500
Oustanding share options at the end of the year	12'648	37'500	4'500
Weighted average price of exercised options	n.a	n.a	n.a
Weighted average price of outstanding options	CHF 25	CHF 30	CHF 30

Expenses relating to options plans are recognised in the 2008 consolidated income statements. Fair value of share options and key assumptions:

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

In 2008, total expenses related to share-based payments amounts to CHF 74 (2007: CHF 74).

21.4 Employee benefits

(i.) Defined benefit plans

The entities of the healthcare division contribute to common defined benefit plans that provide pension benefits for employees upon retirement.
The entities of the Publishing division are affiliated with multi-employer plans, whose risks are fully reinsured with insurance companies. These plans are also accounted for as defined benefit plans.

(in thousands of CHF)	2008	2007
Present value of funded obligations	(45'624)	(41'260)
Fair value of plan assets	43'923	44'693
Deficit / (surplus)	(1'701)	3'433
Unrecognised actuarial gains	2'672	705
Asset not recognised	-	4'138
Asset recognised in the balance sheet	971	-

(ii.) Pension expense recognised in the income statement

(in thousands of CHF)	2008	2007
Current service cost	2'187	2'474
Interest cost	1'362	1'546
Expected return on plan assets	(1'968)	(2'023)
Change in assets not recognised in B/S	-	521
Pension expense recognised in the income statement	1'581	2'518

The Group expects to have to pay contributions of CHF 2'378 in 2009.

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

(in thousands of CHF)	2008	2007
Plan assets as of 1 January	44'693	43'171
Expected return on plan assets	1'968	2'023
Actuarial loss	(2'187)	(974)
Employer contributions	2'553	2'518
Employee contributions	2'418	2'406
Benefits paid by the plan	(4'603)	(4'451)
Premiums paid	(919)	-
Plan assets as of 31 December	43'923	44'693

(iv.) Change in the present value of obligations

(in thousands of CHF)	2008	2007
Obligation as of 1 January	41'260	39'600
Current service cost	2'187	2'474
Interest cost	1'362	1'546
Employee contributions	2'418	2'406
Actuarial gain / (loss)	3'919	(315)
Benefits paid by the plan	(4'603)	(4'451)
Premiums paid	(919)	-
Obligation as of 31 December	45'624	41'260

(v.) Experience adjustments

(in thousands of CHF)	2008	2007
Plan assets as of 31 December	43'923	44'693
Actual return on plan assets as of 1 January	(219)	1'049
in % of plan assets as of 31 December	-0.5%	2.3%
Difference between the actual and the expected return on plan assets	(2'187)	(974)
in % of plan assets as of 31 December	-5.0%	-2.2%
Obligations as of 31 December	45'624	41'260
Experience loss / (gain) on plan obligations	3'919	(315)
in % of plan assets as of 31 December	8.9%	-0.8%
Total actuarial gain / (loss)	6'106	(1'289)
in % of plan assets as of 31 December	13.9%	-2.9%

(vi.) Actuarial assumptions

	2008	2007
Discount rate	3.6%	3.5%
Interest on individual accounts	2.8%	3.5%
Expected return on plan assets	4.5%	4.2%
Future salary increases	2.0%	2.5%
Future pension increases	0.0%	0.0%
Mortality tables	EVK 2000	EVK 2000
Disability tables	1.5 x EVK 2000	1.5 x EVK 2000

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

(vii.) Plan asset allocation

	2008	2007
Equity securities	10%	25%
Bonds	20%	44%
Real estate	47%	20%
Other	23%	11%
Total	100%	100%

22 Other operating expenses

(in thousands of CHF)	2008	2007
Administrative expenses	6'136	5'115
Marketing expenses	3'438	3'286
F & B, cleaning and laundry	3'912	2'979
Maintenance	2'720	3'090
Energy expenses	1'848	1'616
Other expenses	2'915	2'822
Total other operating expenses	**20'969**	**18'908**

23 Finance expenses / income

(in thousands of CHF)	2008	2007
Finance expenses:		
Interest expenses on bank overdrafts and finance lease obligations	(1'234)	(1'256)
Commission on credit card	(141)	(134)
Total finance expenses	(1'375)	(1'390)
Finance income:		
Interest income from banks	212	679
Total finance income	212	679
Net finance expenses	**(1'163)**	**(711)**

24 Income tax

Components of income tax expense	2008	2007
Current tax expense - current year	(435)	-
Deferred tax expense - tax loss carry forward	(502)	(348)
Deferred tax expense - temporary difference	304	102
Income tax expense	(633)	(246)

Reconciliation of effective tax rate:

(in thousands of CHF)	2008	2007
Income / (loss) for the year	164	(3'232)
Income tax expense	(633)	(246)
Income / (loss) excluding income tax	797	(2'986)
Income tax using the entities' domestic tax rate (22%)	(175)	657
Unrecognised tax losses - discontinued	(1'316)	-
Unrecognised tax losses - continued	858	(994)
Tax effect on restatement	-	91
Total income tax expense for the year	**(633)**	**(246)**

25 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are presented as follows:

(in thousands of CHF)	2008	2007
Less than one year	8'919	8'712
Between one and five years	38'451	37'623
More than five years	88'315	95'337
Total non-cancellable operating lease rentals	**135'685**	**141'672**

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

Rental expenses

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

- basis of calculation: 6% of the operating revenue (minimum lease): CHF 6'463; maximum lease: CHF 9'833)
- duration: 15 years (expiration 2021) with a renewal option of an additional 15 years term.

The revenue used for the calculation of the rental commitment is based on the estimated future operating revenue. The minimum and maximum lease amounts are adjusted to the cost of living index.

26 Capital commitments

The Group has commitments to purchase equipment for an amount of CHF 3'669 as at 31 December 2008 (2007: CHF 4'500).

27 Contingent liabilities

The Group entered into leasing agreement with CIT Group (Switzerland) SA. As part of the contract signed, the Group is jointly responsible for any default of payment of its affiliates as well as the Centre Médico-Chirurgical des Eaux-Vives SA (CMEV). Such an agreement was concluded in view of the acquisition of the CMEV. Should the acquisition of the CMEV by the Company not occur, the portion of this agreement (CHF 4'014) which relates to the CMEV finance lease will be assumed by its shareholders. On 17 March 2009, the Company acquired 100% of CMEV.
A subsidiary of the Group is defending a legal action brought by the Canton de Vaud. While liability is not admitted, if defence against the action is unsuccessful, then fines and legal cost could trigger to an amount which could be significant but cannot be determined. Based on legal advice, the directors do expect the outcome of the action to be successful.
The Group is committed to issue a guarantee for the leased premises of CHF 4'580 to Unigerim SA.

28 Related parties

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

2008 (in thousands of CHF)	Board of directors	Senior management
Salaries	504	784
Directors' fees	193	-
Pension scheme	50	68
Total	**747**	**852**

2007 (in thousands of CHF) (restated)	Board of directors	Senior management
Salaries	796	3'300
Directors' fees	213	-
Pension scheme	57	154
Share based payments	10	64
Total	**1'076**	**3'518**

The total of allowances for non executive directors for the 2008 fiscal year amounted to CHF 150 (2007: CHF 150).
In 2008, Mr. Raymond Loretan, executive chairman of the Board of directors received an annual salary of CHF 504. In 2007, he received an annual salary of CHF 469, a bonus of CHF 100 and participated in Company's stock-option schemes and bonus plans.
The total remuneration paid to members of the senior management team is CHF 852 (2007: CHF 3'518). Shares and options attributed to Board of Directors members and management are described under note 21.3.

Additional fees and remuneration

A liquidity contract has been concluded with Banque Bénédict Hentsch SA (of which Robert Pennone is also member of the Board and shareholder) for an unlimited period and may be terminated at any time by either of the parties. Fees and interest paid to Banque Bénédict Hentsch in 2008 amount to CHF 27 (2007: 22).

The Group rents premises which belong to Unigerim SA, Geneva, a real estate company controlled by the former shareholders of GSMN, including Antoine Hubert and Dr. Michael Schroeder. The Group pays annual rent of 6% of the operating revenue with a minimum amount which is adjusted on a yearly basis to the Swiss consumer price index. In 2008, minimum rent amounted to CHF 6'462 (2007: CHF 6'400). Due to renovating work in the clinics in 2007, Unigerim charged to the Group a reduced rent of CHF 4'720. In 2008, the Group charged Unigerim a total amount of CHF 449 as interest charges and service fees (2007: CHF 1'141).

Loans to associates and related parties

Piscine de Bassins SA: CHF 100 (2007: CHF 100)

As at 31 December 2008, the Group had the following outstanding amounts with related parties:

	2008		2007	
(in thousands of CHF)	Receivable	Payable	Receivable	Payable
Unigerim SA	1'922	389	4'328	-
Former shareholders of GSMN	-	-	684	-
Genorad	310	-	311	-
CMEV	1'799	-	1'095	-
Bio Tissue GmbH	-	-	-	21
Total	4'031	389	6'418	21

Unigerim SA is a Geneva corporation 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 period of 15 years. The lease conditions are at arm's length.

At December 31, 2008, the amounts due by Unigerim are detailed as follows:

(in thousands of CHF)	2008	2007
2006 transfer of the real estate	-	2'121
Credit note for inconvenience caused during construction works*	213	1'136
Service fees and interest	1709	1'071
Total	1'922	4'328

*This amount was compensated with 2008 rental expenses.

"Centre medico-chirurgical des Eaux-Vives SA" (CMEV) is a medical centre wholly owned by Dr. Michael Schoeder and Antoine Hubert. The centre has a commercial relationship with GSMN. In 2008, GSMN charged an amount of CHF 1'094 as service fees to the centre (2007: CHF 600). Genorad is a medical centre in which Dr. Michael Schoeder and Antoine Hubert have a majority interest. The centre has a commercial relationship with GSMN. In 2007, GSMN charged an amount of CHF 200 as service fees to the Centre. On 31 October 2007, the Group has signed a non-binding letter of intend with the Shareholders of the CMEV in view of the acquisition of the Centre. The acquisition of the Center took place on March 17, 2009.
Bio Tissue GmbH, Freiburg, Germany, is a biotechnology company manufacturing and distributing tissue replacement products made from autologous cells. The Company is owned 78% by Antoine Hubert and Michael Schroeder and is a medical supplier for the Group. In 2008, Bio Tissue billed an amount of CHF 49 to the Group (2007: CHF 110).

29 Earnings 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, excluding treasury shares.

Weighted average number of shares

(in thousands of CHF)	2008	2007
Issued ordinary shares at 1 January	5'641	5'641
Effect of own shares held	(88)	(75)
Weighted average number of ordinary shares at 31 December	5'553	5'566

Earnings per share

(in thousands of CHF)	2008	2007
Net income / (loss) continuing operations	1'303	(2'897)
Net income / (loss)	164	(3'232)
Weighted average number of outstanding shares	5'553	5'566
Weighted average number of outstanding shares adjusted for dilutive options	5'604	5'566
Basic earnings / (loss) per share continued operations	0.23	(0.52)
Diluted earnings / (loss) per share continued operations	0.23	(0.52)
Basic earnings / (loss) per share (in CHF)	0.03	(0.58)
Diluted earnings / (loss) per share	0.03	(0.58)

30 Financial risk management objectives and policies

This note presents information about the Group's exposure to each of the below risks, the Group's objectives and policies and processes for measuring and managing risk. Some other notes contain additional quantitative disclosures about exposure to risk.
The Board of Directors has the overall responsibility for organising and supervising risk management. It has compiled a list of risks which is periodically updated.
The Board of Directors approves yearly budgets and delegate the responsibility of implementation to the Senior management.
Senior management meets once a month to review the entities financial reporting and current operations and reports on a weekly basis to the Chairman of the Board.
The Chief Financial Officer reports regularly to the Executive Committee of the Board.
Company's representatives are involved in various professional organisations to ensure any potential regulatory modifications are identified and the potential effects on the Group operations evaluated.
The Group does not apply hedge accounting.
The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (interest rate risk)

30.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.
The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all significant customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 12. 69% of the total balance of CHF 26'688 relates to insurance companies (2007: 72%). There are no significant concentrations of credit risk within the Group.
With respect to credit risk arising from the other financial assets of the Group, which comprise cash equivalents, cash deposits and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.
The maximum exposure to credit risk at the reporting date was:

	Carrying amout	
(in thousands of CHF)	2008	2007
Trade receivables	25'064	24'590
Other receivables	4'043	7'805
Accrued income	868	278
Cash equivalents	4'130	5'649
Cash deposit	3'300	3'600
Total	37'405	41'922

Other receivables includes an amount due by Unigerim SA, Geneva, the landlord of the Clinics. Rents due to Unigerim can be offset against that receivable.
The Group's policy is to provide limited financial guarantees for wholly-owned subsidiaries.

30.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial obligations and financial assets (e.g. accounts receivables) and projected cash flows from operations.

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008 based on contractual undiscounted cash flows including interest.

(in thousands of CHF)

Year ended 31 December 2008	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bank overdrafts	11'434	11'594	11'344	250	-	-	-
Finance lease	7'865	8'510	1'519	1'385	1'998	3'101	507
Bank loan	2'375	2'754	316	316	1'182	940	-
Trade and other payables	28'191	28'191	28'191	-	-	-	-
Accrued expenses	4'236	4'236	4'236	-	-	-	-
Total	**54'101**	**55'285**	**34'446**	**1'885**	**2'998**	**3'976**	**507**

(in thousands of CHF)

Year ended 31 December 2007	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
Bank overdrafts	16'408	16'408	-	-	-		-
Finance lease	7'870	8'543	1'692	1'539	2'322	2'989	
Trade and other payables	25'920	25'920	25'920	-	-	-	-
Accrued expenses	5'425	5'425	5'425	-	-	-	-
Total	**55'622**	**56'296**	**33'037**	**1'539**	**2'322**	**2'989**	**-**

Investments bank facilities

2008	Maximum amount	Available amount *	Amount used	Amount available	Term of credit line	Draw
Credit lines	18'500	14'633	10'214	4'419	On call	On call
Bank loan	2'875	-	2'875	-	31.07.2014	On call
Bank loan	720	-	720	-	30.09.2010	On call
	22'095	**-**	**13'809**	**4'419**		

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

30.3 Market and regulatory risk

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

Regulatory risk

Regulatory risk is a risk of change in Swiss healthcare regulation related to LAMal (Loi sur l'assurance maladie) which has just been revised. Article 39 to 49 will be implemented in 2012. Despite LAMal being a federal law, its enforcement will be under Canton supervision and may vary

Interest rate risk

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

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

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

	Note	2008	2007
Fixed rate instruments			
Other receivables		1'770	4'328
Finance lease liabilities		7'865	7'870
Bank loan	16	2'375	-
Bank overdraft	16	500	-
Total		12'510	12'198
Variable rate instruments			
Cash and cash equivalents	14	4'130	5'146
Cash deposit		3'300	3'600
Bank overdraft		10'934	16'408
Total		18'364	25'154

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

Cash flow sensitivity analysis – variable rate instruments

A change of 1% in interest rates at the reporting date would have increased (decreased) the Group's loss by CHF 148 (2007: CHF 144) due to changed interest payments on variable rate interest bearing borrowings.

The Group does not designate derivatives (interest rate swaps) as hedging instruments under the cash flow hedge accounting model nor has any securities classified as available for sale. Therefore, a change in interest at the reporting date would not affect equity.

Fair value sensitivity analysis – fixed rate instruments

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

30.4 Fair value information

The carrying amount of financial assets and liabilities approximates their fair value. The majority of the financial assets and liabilities are current. The fair values of the non-current fixed rate interest-bearing lease liabilities are not materially different from their carrying amounts.

The fair value of the lease liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest determined by reference to similar lease agreements.

31 Subsequent events

Acquisition of "Centre Medico Chirurgical des Eaux-Vives"

On 17 March 2009, the Company acquired 100% of the share-capital of "Centre Medico Chirurgical des Eaux-Vives". The cost of the business combination is calculated as follows:

(in thousands of CHF)	Exchange of shares	Total
560'000 shares exchanged at estimated fair value at the date of exchange (CHF 14.35 per share)	8'092	8'092
Estimated directly attributable costs		100
Total cost of the business combination		8'192

The acquisition will be accounted for using the purchase method. The table below includes provisional information relating to the acquisition. The Group is currently in the process of preparing the purchase accounting and estimating the fair value of the acquired assets and liabilities. Accordingly the amounts presented in the table, including the goodwill amount, are only provisional.

(in thousands of CHF)	Amounts of assets and liabilities included in the consolidated financial statements at the acquisition date 28.02.2009	Fair value adjustment 28.02.2009	Recognised values upon acquisition 28.02.2009
Equipment and leasehold improvements	8'648		8'648
Deferred tax assets	449		449
Inventories	69		69
Trade and other receivables	1'810		1'810
Cash and cash equivalents	327		327
Assets	11'303	-	11'303
Finance lease liabilities	3'306		3'306
Bank overdraft	847		847
Trade and other payables	8'549		8'549
Accrued expenses and deferred income	94		94
Liabilities	12'796	-	12'796
Identifiable assets and liabilities			(1'493)
Shareholders' loan acquired			5'734
Goodwill			3'951
Cost of the business combination			8'192
Treasury shares issued			(8'092)
Net cash outflow			100

An allocation of the goodwill is not expected considering the nature of the business and the composition of the assets and liabilities.

Should the acquisition of CMEV have taken place as of 31 December 2008, the effect on revenues and EBITDA for the financial year 2008 would have been as follows:

	Before Acquisition*	Acquisition	After acquisition
Revenues (in mios CHF)	127.4	8.0	135.4
EBITDA (in mios CHF)	10.0	1.3	11.3
Number of shares (in mios)	5.6	0.6	6.2
EBITDA per shares (in CHF)	1.8	2.2	1.8

*Excluding management fees (CHF 400).

The Board of Directors has decided upon the acquisition of Centre Medico Chirurgical des Eaux-Vives based on independent legal due diligence and fairness opinion.

Sale of the publishing division

On 27 March 2009, the Company sold 51% of its investments in Agefi Société de l'Agence Economique et Financière SA and Agefi Com SA. Total consideration for that sale amounts to CHF 5'100. At the date of closing, an amount of CHF 2'100 had been paid to the Company.

The remaining amount of CHF 3'000 will be paid in three instalments on 30 June, 30 September and 31 December 2009.

According to the Sale & Purchase agreement, the Group has granted to the buyer a call option on the remaining 49% of the shares. Exercise price of the option will be calculated as follows:

((Average of division's EBITDA for the years 2009, 2010 and 2011) x 6) x 49%. The option can be exercised 60 days following the date of the audit report on the 2011 financial year.

Total cost of sale is estimated to CHF 1'200 and total amount of cash disposed of amounts to CHF 920.

The two entities disposed of are deconsolidated as per 27 March 2009 and the remaining shareholding of 49% is accounted for as equity accounted associates.

The remaining participation in the publishing division are considered as follows:

- Publication Financière LSI SA will remain dormant and is still consolidated.
- Academy & Finance SA is accounted for using the equity method for 0 value.

Report of the Statutory Auditor on the Consolidated Financial Statements 2008 to the General Meeting

Report of the Statutory Auditor on the Consolidated Financial Statements 2008 to the General Meeting of **Genolier Swiss Medical Network SA, Genolier**

As statutory auditor, we have audited the accompanying consolidated financial statements of Genolier Swiss Medical Network SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes on pages 52 to 94 for the year ended 31 December 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

KPMG SA

Hélène Béguin	Pierre-Henri Pingeon
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Lausanne, April 27, 2009

STATUTORY financial statements of GSMN SA

Statutory Balance Sheet

(in thousands of CHF)	31.12.2008	31.12.2007
Assets		
Investments	51'089	51'089
Account receivable from subsidiaries	4'963	7'623
Account receivable from subsidiary, subordinated (net of a provision of CHF 1'000)	2'033	833
Total non-current assets	58'085	59'545
Other assets	699	64
Treasury shares	1'310	2'477
Cash and cash equivalents	4'438	4'521
Total current assets	6'447	7'062
Total assets	64'532	66'607
Equity		
Share capital	28'203	28'203
General reserve	40'002	40'002
Reserve for treasury shares	2'868	2'854
Accumulated deficit	(7'340)	(5'242)
Total equity	63'733	65'817
Liabilities		
Bank overdraft	496	456
Accounts payable	144	162
Accrued expenses	159	172
Total current liabilities	799	790
Total equity and liabilities	64'532	66'607

Statutory Income Statement

(in thousands of CHF)	Notes	31.12.2008	31.12.2007
Interest income		96	121
Total revenue		**96**	**121**
General and administrative expenses		(884)	(1'012)
Net loss on treasury shares		(1'181)	(413)
Taxes on capital		(115)	(98)
Total expenses		**(2'180)**	**(1'523)**
Net loss for the year		**(2'084)**	**(1'402)**
Accumulated deficit at the beginning of the year		**(5'242)**	**(2'299)**
Dotation to reserve for treasury shares		**(14)**	**(1'541)**
Accumulated deficit at the end of the year		**(7'340)**	**(5'242)**

Notes to the Statutory Financial Statements

1 Introduction

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

2 Investments in group companies

Investments are recorded at acquisition price less any write downs when deemed necessary. At 31 December 2008, the company owns the following investments:

			2008		2007	
(*in thousands of CHF) Name	Location	Activity	%	share capital*	%	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	100.0	10'000
GSMN Management et Services SA	Genolier	Management and administration	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

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 2007	5'540	27'700	40'002	1'313	(2'299)	66'716
Capital increase - exercise of employees stock options	101	503	-	-	-	503
Purchase of treasury shares, net	-	-	-	1'541	(1'541)	-
Loss for the year	-	-	-	-	(1'402)	(1'402)
Balance at 31 December 2007	**5'641**	**28'203**	**40'002**	**2'854**	**(5'242)**	**65'817**
Purchase of treasury shares, net	-	-	-	14	(14)	-
Loss for the year	-	-	-	-	(2'102)	(2'102)
Balance at 31 December 2008	**5'641**	**28'203**	**40'002**	**2'868**	**(7'358)**	**63'715**

4 Authorised capital

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

5 Conditional capital

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

6 Treasury shares

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

7 Significant shareholders

Information on significant shareholders are mentioned under note 15.7 to the IFRS consolidated financial statements.

8 Commitments and contingent liabilities

The company is committed to provide certain subsidiaries with sufficient funds to cover potential lack of liquidity. At 31 December 2008, the total commitments amounted to CHF 4'500. (2007: CHF 4'500).

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

Annual remuneration of the Board of Directors

Name	Position	Cash in CHF
Raymond Loretan[1]	Executive Chairman	-
Robert Pennone	Vice-Chairman	55'000
Michael Schroeder	Member of the Board	55'000
Antoine Kohler	Member of the Board	27'500
Prof. H.-R. Zerkowski	Member of the Board	27'500
Claude Haegi	Member of the Board	27'500
Total		**192'500**

[1] Raymond Loretan is employee of the Group and does not receive directors' remuneration.

Loans to members of the Board of Directors

There are no loans outstanding to executive and non-executive members of the Board of Directors or closely related parties.

Additional fees and remunerations of the Board of Directors

There are no additional fees or remunerations paid by Genolier Swiss Medical Network SA or one of its Group companies, directly or indirectly, to members of the governing body or closely related parties.

Remuneration of the Senior management

Members of the Senior management are detailed in note 4.1 of the Corporate Governance report and includes Raymond Loretan, Executive Chairman.
Total remuneration of the members of the Senior management amount to CHF 1'406.

Highest total compensation for a member of the management

In 2008, the highest total compensation for a member of the Senior management was conferred to Raymond Loretan, Executive Chairman.

(in thousands of CHF)	Quantity	2008 - CHF
Annual base salary		504
Pension scheme contribution		50
Total		**554**

Share and stock options ownership of the Board of Directors and the management and closely related parties as at 31 December 2008

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

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

Loans to member of the Senior management

At 31 December 2008, there were no loans outstanding to any member of the Senior management or closely related parties.

Additional fees and remunerations of the Senior management

There are no additional fees or remunerations paid by Genolier Swiss Medical Network SA or one of its Group companies, directly or indirectly, to members of the Senior management or closely related parties.

Compensation for former members of Senior management

There are no additional fees or remunerations paid by Genolier Swiss Medical Network SA or one of its Group companies, directly or indirectly, to former members of the Senior management or closely related parties.

10 Risk assessment disclosure

Genolier Swiss Medical Network SA is fully integrated into the Group-wide risk assessment. The risks are reviewed by the Board at least on a yearly basis. The specific risks related to Genolier Swiss Medical Network SA are also covered by this risk analysis. Description of the Group-wide risk assessment is disclosed in note 30 to the Group's consolidated financial statements.

Report of the Statutory Auditor on the Financial Statements 2008 to the General Meeting

Report of the Statutory Auditor on the Financial Statements 2008 to the General Meeting of
Genolier Swiss Medical Network SA, Genolier

As statutory auditor, we have audited the accompanying financial statements of Genolier Swiss Medical Network SA, which comprise the balance sheet, income statement and notes for the year ended 31 December 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

KPMG SA

Hélène Béguin	Pierre-Henri Pingeon
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Lausanne, April 27, 2009

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