



GRAND RESORT
Bad Ragaz

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Annual Report 2008

Abbreviated English version

Overview Grand Resort Bad Ragaz Group

KEY FIGURES (CONSOLIDATED)

million CHF

	2008	2007	2006	2005	2004
Revenues	80,5	99,1	94,9	90,8	87,5
Gross operating income (GOI)	26,8	38,5	36,9	35,7	34,1
Earnings before depreciation, interests and taxes (EBITDA) before extraordinary expenses for current development project	7,7	19,9	20,4	19,1	19,7
Earnings before interest and taxes (EBIT) before extraordinary expenses for current development project	-1,6	10,2	10,3	9,7	8,5
Extraordinary expenses for current development project	-5,5	-11,2	0,0	0,0	0,0
Earnings before interest and taxes (EBIT)	-7,1	-1,0	10,3	9,7	8,5
Net result	-10,4	-4,6	7,4	5,2	3,8
Cash from operating activities (excl. extraordinary expenses)	6,6	19,5	19,5	19,6	18,6
Acquisition of fixed assets	95,3	27,9	4,0	4,0	4,5
Total assets	279,3	193,5	183,3	186,4	201,3
Equity	110,6	84,6	92,3	85,9	84,4
Equity in % of total assets	39,6 %	43,7 %	50,4 %	46,1 %	41,9 %

KEY FIGURES (SEGMENTS)

million CHF

	Resort		Tamina Therme		Casino	
	2008	2007	2008	2007	2008	2007
Revenues	51,1	68,4	0,8	4,2	29,2	27,0
Earnings before interest and taxes (EBIT) before extraordinary expenses for current development project	-7,2	5,1	-1,3	-0,1	6,8	5,2
Full time equivalents	420	488	1	25	70	68
Guest rooms available	157	237				
Occupation in %	81,9%	81,3%				
Average Room Rate in CHF	434	430				
Admissions Tamina Therme			33 106	237 144		
Number of guests Casino					166 268	164 502
Net assets	200,8	149,1	31,0	9,0	9,9	12,2
Acquisition of fixed assets	67,1	24,2	27,4	3,1	0,8	0,6

COMMENTARY

Due to the construction-related closing of various operational areas, the consolidated turnover has decreased by 18,8 %. In spite of the reduced capacities, a gratifying gross operating income (GOI) of CHF 26,8 million was achieved. Thereby, a significant role was played by the segment Casino with an increase in turnover amounting to 8,1 % and an EBIT increase of 30,8 % in comparison with the previous year. As a result of the closing of the Tamina Therme and of the Grand Hotel Hof Ragaz, the consolidated EBITDA was reduced to CHF 7,7 million prior to extraordinary expenses. In the course of the renovation and construction project, there were additional extraordinary expenses amounting to CHF 5,5 million for remaining depreciable value pertaining to buildings and facilities as well as for non-activable small materials and project costs. The result prior to interest and taxes, in a year marked by renovation and construction costs, amounted to CHF -7,1 million, the annual result being CHF -10,4 million. The percentage of proprietary capital amounted to 39,6 % at the end of the year, slightly less than in the previous year.

Fiscal year 2008: a quantum leap ahead along the way to becoming the leading Wellbeing & Medical Health Resort in Europe

- The future-oriented investment program totaling 160¹ million Swiss Francs (CHF) is on-schedule and shortly before its completion.
- The temporary closing of the Grand Hotel Hof Ragaz and of the Tamina Therme during the construction resulted in an annual loss, but it is less than anticipated, due to an unprecedented occupancy rate of 85 % in the Grand Hotel Quellenhof.
- Thanks to the gratifying cash flow and the successful capital increase, and in spite of higher investments, a continued strong balance of payments.

Dear investors,

In the fiscal year 2008, by virtue of implementing our construction plans, we took a great step towards our vision of being the leading Wellbeing & Medical Health Resort in all of Europe. The program of renovation and new construction in the corporate areas Resort and Tamina Therme, with investments of approximately CHF 160¹ million, will be punctually concluded within the first half of 2009.

Renovation of the Grand Hotel Hof Ragaz as a five-star hotel

At the end of March in 2008, the **Grand Hotel Hof Ragaz** was closed. Already as early as September, we reopened with 70 rooms of the tastefully renovated Helena Tract. In the meantime, the richly traditional hotel gleams once again in the splendor of its golden days. The suites of the new middle house and the stylishly restored rooms of the historic Palais represent a unique combination of class and modernity. It offers, following the reopening, a total of 127 units, among them are 21 suites and 106 rooms.

The previous hotel restaurant Belle Epoque has evolved into the Olives d'Or, a restaurant in which Mediterranean cuisine is served. Taking the place of the prior Olives, the restaurant «Namun» has opened its doors, offering Asian specialties and thus representing an increasingly popular culinary trend. In the new hotel hall with its bar and the spacious Salon Davidoff, we offer the guests a contemporary ambience within the classic luxury hotel setting and simultaneously grant tobacco enthusiasts an aesthetically secluded retreat.

¹ Construction investments CHF 160 million, totaling CHF 200 million when considered together with residual value, construction interest and remaining extraordinary expenses.

Expansion of the Grand Hotel Quellenhof with the new construction of 56 exclusive Spa Suites, each having its own individual thermal water inflow

After an unprecedented construction period of only 14 months, guests will begin occupying the new ten-story Spa Suites Tower as of May 2009. The attractive, newly built house, conceived by the architects Hilmer & Sattler and Albrecht from Munich, has a penthouse-suite encompassing 440 m², eight wellness-suites and 47 wellness half-suites as well as the impressive hotel hall, assimilates quite harmoniously with the landscape of the neighbouring houses of the resort.

Now, with a total of 162 suites of various sizes and with different furnishings in the **Grand Hotel Quellenhof & Spa Suites**, we can fulfill practically every wish of our cosmopolitan guests. It is a future-oriented concept representing a quantum leap ahead and setting new standards in the field of wellness.

With 12 800 m² now the largest wellbeing and medical health resort in Europe

Following the completion of the new construction project, an area for wellness and health encompassing 12 800 m², including the facilities of the Tamina Therme, is available to our guests. Thus, in terms of the spatial dimensions as well as with regard to the broad range of offers, we are now the largest wellbeing and medical health resort in all of Europe.

In to B. **Wellbeing & Spa**, we were able to begin re-operating within the renewed and expanded facilities to a great extent as early as the autumn of 2008. Spacious rooms in calm, tranquil colors and a decent, noble design create the ideal atmosphere for enjoyment with all senses. As part of the to B. Spa, we have enlarged the Helena Bath by adding two new relaxation rooms, we've renovated the simulated Tamina Gorge and we've modernized and expanded the sauna area with the utilization of local materials. Shortly before the end of the year, we were able to inaugurate the eye-catching «Andeer Private Spa» in which guests may experience every imaginable luxury. Expanded and modernized by virtue of new training tools, we are happy to present the area to B. Body & Sports in its new splendor. As of now, our guests may enjoy more room than ever before in the realm of their personal workout and during their training sessions with progressive, state-of-the-art equipment. The similarly newly shaped area to B. Beauty & Care was expanded by virtue of a new reception lounge and received beauty guests once again as of September 2008. Just in time for the Christmas holidays, the Star Coiffeur James Good opened his exclusive hair salon. Since the unveiling of the salon he has been enjoying a great deal of popularity by hotel guests and clients from throughout the region.

In the field of **Prevention and Revitalisation**, we placed the new Therapy Center with its very accommodating and tastefully designed rooms into operation as early as the spring of 2008. It encompasses, in addition to a variety of examination rooms, the Swiss Olympic Medical Center as well as the Benefit/MTT, a fitness studio for hotel guests and individual day visitors monitored by a physician. Furthermore, the Therapy Center has its own therapy thermal bath for hydrotherapy.

Later that summer, the renovation of the House of Physicians was concluded. A delightfully colorful interior and simultaneously the spatially optimized cooperation of physicians and therapists with one another yield improved conditions for patients, guests and employees. With the conclusion of the renovation of the radiology center, planned for 2009, the successful prevention and revitalization of our guests will enjoy a most unique infrastructure.

Expansion and renovation of the Kursaal as a modern Business & Events Center

In the previous Kursaal, as early as 2007, a **Business and Events Center** was built according to the most modern criteria. It began fully operating in 2008 and soon became a desired venue and meeting place for business occasions as well as for social and private functions. Clients and guests praise the thoughtfully conceived infrastructure as well as the architectural symbiosis of the traditional Kursaal with modern technology. In the course of various events and happenings, our employees were able to operate more efficiently thanks to the optimized flow of services.

40 million Swiss Francs for the new beginning in the realm of the Tamina Therme – the wellness oasis for the public

For our aging thermal bath, the **Tamina Therme**, it was time to go along a new path. On the 2nd of March 2008, we closed down the old facilities and immediately began with the demolition works. Within a very short time, we were able to commence the phase of wooden construction. Very deliberately, we chose spruce wood as our natural construction material, granting our thermal landscape the attractive assets of sensuality, beauty and durability.

On the 12th of June 2009, we are already able to begin operations in the new Tamina Therme. The new Tamina Therme, with its separate sauna landscape, modern wellness and massage possibilities and the integrated restaurant, will give the daily tourism and the region at large new, interesting impulses. The breathtaking architecture with its high ceilings and distinctive pillars will achieve notoriety as unique structure within and well beyond Bad Ragaz.

Construction-related annual loss less than expected

We are proud of the fact that we were able to generate a respectable annual result. Indeed, in spite of the intensive construction activities, the closing of the corporate area Grand Hotel Hof Ragaz and of two restaurants and of the new construction of the Tamina Therme.

The consolidated turnover documents a minimal decrease from CHF 99,1 million to 80,5 million. The result prior to depreciation, interest and taxes (EBITDA), despite the capacity limitations, amounts to CHF 7,7 million (prior to CHF 5,5 million for extraordinary expenses for the current development project). The consolidated annual loss of the Grand Resort Bad Ragaz Ltd., following extraordinary expenses, amounts to CHF 10,4 million. This figure is less than the sum which we anticipated during the planning phase. On the one hand, the improvement is a result of the 81,9 % room capacity, a better occupancy rate than we had expected considering the reduction down to 157 rooms (compared to 237 rooms in the previous year); additionally, we enjoyed a slightly increased average room rate. On the other hand, we were able to notably increase the turnover and the result of the Casino Bad Ragaz Ltd. once again.

Thanks to a gratifying cash flow and the successful increase of capital, in spite of higher investments, a continued strong balance sheet

Despite the construction-related closing of various operating fields, we achieved a gratifying cash flow from business operations amounting to CHF 6,6 million (prior to extraordinary expenses for the current development project). Additionally, in June 2008, the successful increase in capital granted our enterprise CHF 41,5 million. Accordingly, even subsequent to the significant investments amounting to CHF 95,3 million, our balance sheet is, with an equity ratio of 39,6 % (corresponding to CHF 110,6 million), very solid.

Thus, the financing of the successful completion of the investment program is guaranteed.

Thank you very much

We thank our guests, for they remained loyal to us in spite of the encroachments imposed by the construction in the previous year. Particularly, we thank you, dear investors, for your faith placed in us during this intensive phase and last, but not least, for your participation by virtue of the increase of capital. Thereby, we thank the many new shareholders who joined us in the realm of this capital increase. With them, our corporation has, as of the balance sheet date, more than 679 shareholders.

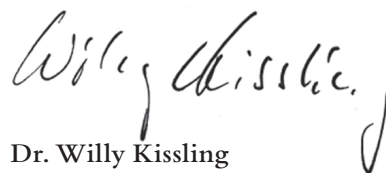
Additionally, we wish to express our great appreciation especially with respect to our management and our employees on all levels. With their enthusiasm and their strong commitment, they were able to master a difficult year quite successfully.

An optimistic start in 2009

Despite global economic tensions, our fiscal year 2009 began in a gratifying manner. The demand for the services we offer in the fields of wellbeing and medical health manifests itself quite positively and results in a most solid rate of bookings in our resort.

With pleasant anticipations, we are now making final preparations for successively placing the entire renovated resort into full operation. Our guests are eagerly awaiting the chance to enjoy the new, generously accommodating nature of the entire Grand Hotel Hof Ragaz, as of the 10th of April, and the urbane hospitality of the Quellenhof Spa Suites, as of the 1st of May. As a most special bathing experience with architectonic extravagance, our new Tamina Therme will greet guests from throughout the region as of the 12th of June.

Welcome to the future. Enjoy the amenities of our house as our revered shareholder, guest and friend, and give us the opportunity to be a perfect host.



Dr. Willy Kissling
Chairman of the Board of Directors



Peter P. Tschirky
Chief Executive Officer

Mankind finds its fortune in creativity

Ideas can create and cultivate freedom. Indeed, they are the very foundation of our cultural wealth and a source which yields our society much of its beauty. By conceiving and crafting, mankind experiences and shapes itself. He who doesn't dare to «give birth to dancing suns», as Nietzsche describes it, misses the opportunity to create something of enduring value. For us, that is a momentous thought and the source of our motivation to offer our guests in the Grand Resort Bad Ragaz a new dimension of luxury as of 2009.

The turning point

We live in a time of rapid scientific developments and continued technological revolutions. The constantly progressing modernity and her innovative force have allowed a completely new world to come forth. For a long time, the industrial society required myriads of people solely involved in realizing the ideas of a few. Now, in the realm of the postindustrial transformation of our society into a society of information, some very fundamental changes have been made. Once functional work processes have evolved into processes of personal development. Independent decision-making will be a most characteristic attribute of the 21st century, according to Richard Florida, one of the most renowned American economists and futurologists. Everyone will be expected to enrich the creative economy with his or her ingenuity and individual initiative.

New standards

In the artistic world, the idea of social plastic raised a great deal of attention. In essence, regardless of what he does, everyone is an artist, proclaimed Joseph Beuys. Creation is thus the principle which gives our social coexistence its deciding character. In the present day, our society realizes this belief of visionaries of past days in a large scale. More and more people discover that the readiness to independently take the initiative, to use their fantasies to resolve problems and to develop groundbreaking

solutions gives them a sensible purpose in their lives. The ability to experience innovative energies is fascinating and encompasses learning oneself and others anew.

The art of creating value

The capability to develop creativity into a considerable resource has always led to a new evaluation of values. Nevertheless, it does not stand in the way of the continual enhancement of value. In accordance with Joseph Schumpeter's scientific discovery of the «creative destruction», a sustainable creation of values results already from the willingness to abandon old routines and to choose new courses. Whenever this happens, creative impulses gain a productivity which leads to works of lasting value. In the course of its history, the Grand Resort Bad Ragaz has repeatedly created itself anew. Time and again, pioneering ideas have bestowed glancing, golden eras upon the exclusive resort. In keeping with these traditions, we are now establishing this resort as the most unique setting of its kind in the heart of the European metropolitan regions.

Intelligent innovations lead the resort into a promising future

The present renovation and expansion of the enterprise is driven by the vision of becoming the leading wellbeing and medical health resort in all of Europe. Specially chosen innovations help to transpose the current market developments into a sustainable success for the future.

The good life

In the course of our more than 800-year-old history, we have achieved a great deal. Our guests cherish the traditions of the resort. We wish to keep developing these traditions – for people from the world of tomorrow. The focal point of our efforts revolves around the thermal water, a source of convalescence and relaxation for body and soul.

Profound market orientation

With its multi-faceted possibilities of offering fulfilling experiences in the realm of thermal waters, the Grand Resort Bad Ragaz addresses people with diverse horizons of expectations. They all come to Bad Ragaz, and they do so because they enjoy the broad range of inspiring, stimulating experiences which meet and exceed their own specific desires.

Our guests come to us

- to simply enjoy our luxurious comfort and sophisticated accommodations in an intact natural setting and in good company with Cuisine équilibrée as well as the exclusive gourmet gastronomy of the **Grand Hotels**.
- to experience the pleasures of our spacious **Wellbeing and Spa** worlds with the excellent beauty offers as well as the luxury of unique wellness massages and treatments.

- to serve and satisfy their desire to live consciously and to make use of a comprehensive range of services for physical fitness and for active **prevention** with medical guidance.
- to give their lives a relaxing quality once again, relying thereby upon perfect medical counseling and a perfect infrastructure for their rehabilitation and **revitalization**.
- to conduct their board meetings and develop their **business** strategies in a concentrated and simultaneously relaxed manner, surrounded by an excellent range of accompanying amenities.
- to celebrate private festivities such as weddings, round birthdays and anniversaries, to give exclusive receptions and welcoming parties or to participate in cultural **events**.
- to satisfy their sporting ambitions by playing **golf** in natural surroundings, to make new acquaintances in the realm of friendly encounters and exchanges and to receive the skilled assistance of experts with respect to their personal handicap.
- to soothe and refresh body and soul in the spectacular bathing landscape of the **Tamina Therme** on the luxurious level which is the very standard of the entire resort.
- to experience unforgettable hours in the special atmosphere of the **Casino** and in the realm of a fanciful entertainment program.

Along the way to becoming the leading Wellbeing & Medical Health Resort in Europe

The first gleaming points in the newly created infrastructure begin to thrill guests. With the renovation and upgrade of the Grand Hotel Hof Ragaz as a five-star hotel, the new construction of the exclusive Spa Suites Tower and the reopening of the to B. Wellbeing & Spa, the vision is already being realized. Even the modern Business & Events Center is thriving.

That which began in 2007, a year marked by great resolve and determination within the resort, was impressively continued in the fiscal year 2008. The construction and renovation took place literally on every corner. Simultaneously, we were able to sustain our exclusive hospitality, our comprehensive wellbeing program and the broad range of medical services, indeed despite the considerable limitations imposed by the construction activities.

The refurbished Business & Events area withstood commendably its first full fiscal year and offered, with the expanded and renovated Kursaal, a high-class infrastructure for commercial-oriented as well as private gatherings. The sector Golf thrived with a high rate of occupancy and made an admirable impression once again on the international level.

Challenges in personnel planning

As a result of the wide-ranging construction activities, quite expectedly, a very flexible personnel planning system was necessitated. The current corporate social program carrying the title «Zugvogel», a project inspired by the cyclic passages of migratory birds and designed to optimize and monitor the employee planning, was able to be satisfactorily implemented in the year 2008. Following a temporary reduction of the appropriate positions, new employees were recruited. Indeed, the reinstatement of various former employees began as well. Continuing up until the new opening in June of 2009, the staff of employees will be continually expanded in accordance with demands.

Sustaining current business operations

The greatest challenge for everyone, however, revolved around pleasing our resort guests to the maximum extent possible as well as simultaneously filling and utilizing the capacities of our functioning corporate areas. By virtue of dedicated marketing and sales activities, and naturally thanks to the great loyalty of our guests, we were even able to achieve a turnover in the resort of CHF 51,1 million (compared to CHF 68,4 million in the previous year) and a net operating profit of CHF -7,2 million (compared to CHF 5,1 million in the previous year). Considering the very limited capacity of the hotels – partially more than 50,0 % of the rooms and suites – and the closings in the wellness and beauty areas, in the Medical Health Center as well as in the restaurants, that is an outstanding result.

At the same time, the company placed much value on keeping guests and the general public informed as to the current state of developments within the resort. International as well as regional commercial campaigns and PR activities served very effectively in filling the capacity of the respective business areas and in guaranteeing the success of the partial openings.

Comprising 42 %, most of our guests came in this year as well from within the home market of Switzerland. Furthermore, 30 % came from our target market Germany. The percentage of Russian guests stabilized with 9 %. In addition to these primary markets, many guests from throughout the Euro-

pean Union and the Middle East enjoyed the unique combination of services offered by our resort. During the World Economic Forum, we benefited from the comings and goings of a most international public from, among other countries, Indonesia, China, Bangladesh and Peru. In the

previous year, the market segments «Wellbeing» and «Medical Health» achieved with 60 % respectively 30 % the lion's share of the overnight stays. The «Business» stays and those attributed to «Golf» amounted to 7 % and 3 % respectively.

Grand Hotel culture and modernity for a unique «Leading Hotel of the World»

In the previous year, a room occupancy rate of 82 % was achieved. Many guests were particularly interested in the forthcoming Quellenhof Spa Suites as well as the new rooms and suites of the Grand Hotel Hof Ragaz, and they even booked them for a test stay without a prior sighting and without hesitation.

With a farewell party on the 22nd of March 2008, following the special weeks of nostalgic overnight stays and the exhibition of its «Silver Chamber», the **Grand Hotel Hof Ragaz** closed its doors for a half-year, allowing the partial renovation to commence. The heterogeneous building complex was appropriately renovated with regard to its diverse requirements. Thereby, the middle section was completely demolished and rebuilt.

The renewal of the Grand Hotel Hof Ragaz, now upgraded as a five-star house, was positively greeted by guests from the very beginning during the partial reopening in September. With the first and last quarters of the previous year, our guests accounted for, by an average overnight stay of 3,4 days (compared to 4,3 days in the prior year), an occupancy rate of 75 %.

As of April 2009, the richly traditional Grand Hotel Hof Ragaz, as a «Leading Hotel of the World» with its 106 rooms and 21 suites, will be in full operation at the complete disposal of its guests.

The **Grand Hotel Quellenhof** with its 106 elegant suites stood open throughout the entire year

without operational limitations. And guests keenly took advantage of the opportunity. With a room occupancy rate of 85 %, the percentage of utilization even represented an increase with respect to the previous year (83 %). Although offers in the other resort areas were partly very limited, the guests stayed on average for the same amount of time (4,4 vs. 4,2 days).

New construction of exclusive Spa Suites

Even though the 56 new **Quellenhof Spa Suites** won't be ready for occupation until May of 2009, the already initiated sales activities have resulted in the first bookings. The anticipated demand for luxuriously accommodating suites with urbane flair is indeed being confirmed. The imposing Spa Suites Tower assimilates elegantly into landscape and enhances the overall appearance of the resort. Owing to their contemporary design, the exquisite natural materials and the puristic interiors, the Spa Lofts and the Spa Suites are genuine oases for wellbeing with a private ambience. Each bathroom has its own thermal water inflow, a whirlpool and a steam bath, and some even have their own individual sauna.

New thinking and systematic attention to the needs of the guests

We invested in a comprehensive electronic system landscape for the purpose of offering our guests a variety of perfected services from a single source. In keeping with the project title «One Shop Solution», the resort orients itself with respect to the innovative solutions of other branches. As of the summer of 2010, the guest will be able to make reservations in real time via the internet for all desired services offered by the resort. Thus, he can book his hotel stay or plan his one-day visit individually according to his individual needs. Moreover, during his stay, every PC station shall give him the opportunity to obtain additional information pertaining to offers and individual bookings.

Culinary vitality

Although the partial closing of the resort led to the temporary closing of two restaurants as well, culinary events, lively barbecues and entertaining occasions organized by Food & Beverage still took place with great popularity. At the same time, the quiet period sufficed to wake the interests of those outside of the resort and to further its image. Roland Schmid, the chef of the gourmet restaurant Äbtestube (17 GaultMillau Points), demonstrated

his talents in the Parkhotel Vitznau, enthused visitors at the Gourmet Festival Sylt (North Sea Island) and was selected as one of the 100 best gourmet chefs worldwide. At home in Bad Ragaz, he hosted several cooking events with prominent guests, welcoming SWISS CEO Christoph Franz among others.

Renato Wuest, the resort gourmet chef and head of the Bel-Air Restaurant (15 GaultMillau Points), traveled for several weeks throughout the top hotels and kitchens of Asia, looking for and finding creative inspiration in terms of increasing the future range of offers in the resort.

Matthias Wuest, the junior chef, won first place in the Swiss competition Chaîne des Rôtisseurs. As the representative of Switzerland and naturally of the Grand Resort Bad Ragaz, he shall now participate in the international contest in New York.

Variety and internationality

Seven different restaurants and the Salon Davidoff will lavishly treat their guests once again on a full-scale basis as of May 2009. With the Mediterranean «Olives d'Or» and the Asian «Namun», we are broadening the variety of exquisite culinary delights.

Wellbeing and medical competence joining together

The fusion of the to B. Wellbeing & Spa and Medical Health with one another along an area of 12 800 m² sets new standards not only in terms of space. At the end of 2008, the complex was once again in full operation, enthusing guests with its broadened range of services.

In the previous fiscal year, the areas to B. Wellbeing & Spa and the Medical Health Center merged. Indeed, it was a great challenge managing the construction and renovation in a manner which minimized disturbances to guests and patients.

With giant steps, the renovation and the fusion of the to B. Wellbeing & Spa and Medical Health with one another moved forward, enabling both areas to function together in new luxury, with an expanded program and in full operation already at the end of the year 2008.

New therapy and massage rooms, the optimized integration of the medical services, particularly of the Swiss Olympic Medical Center, and an exclusive therapy bath with thermal water serve to expand the possibilities available to patients seeking revitalization and competent therapies. With the integration of both areas, even guests in the specialty areas of rheumatic illnesses, movement and sport and beauty as well will now be able to receive more comprehensive and skilled treatments than ever before. The overarching knowledge of Wellbeing and Medicine allows guests to enjoy the best possible individual options for relaxation and regeneration.

to B. Wellbeing & Spa reinvents itself

In spite of the reduced offers and services in the areas to B. Spa, to B. Body & Style and in to B. Beauty & Care, and despite a considerably reduced crew, the budget positively exceeded all expectations. In the midst of the relatively uncomfortable atmosphere, the guests remained understanding and demonstrated their loyalty.

Beauty in perfection

At the end of March, the Beauty team moved into the provisional rooms of the Medical Health Center. With the exception of a few bodily treatments, all services were offered during the renovation phase in the Grand Hotel Hof Ragaz. Unusually efficient and smooth, that's how the relocation in the former rooms, now gleaming in new splendor, took place in September. Continually, we used the time up until December quite intensively for the purpose of instructing our existing team and our new employees with respect to the new products and services.

Valuable materials lend the interiors a decent elegance and simultaneously an atmosphere of great comfort, and some guests who had initially been critical soon praised the new design and the new colors. Moreover, the new individual treatment cabins enthuse guests with their winter garden flair and ample sunshine.

The current range of treatments with international luxury cosmetic articles was supplemented with selected new articles. For example, the brand Ericson offers, with its purification, detoxification and remineralization treatments, a thoroughly new, aesthetic concept of body care.

Additionally, the treatment rooms «Venus» and «Mars» were designed to respectively cater to the individual needs of women and men. Venus offers women anti-cellulite treatments, a comfortably warm water bed and a connectable chromo-therapy as well as many other amenities. Thereby, Mars refers to Niance[®] Men Suite, and the products of

this line have Swiss glacier water as their source, especially developed for cultivating the wellbeing of men and their skin.

Warm thermal water and fine crystals offering wellness

The new to B. Body & Sports is dominated by a spa lounge with a bar, located in the very heart of and enveloped by the Fitness Center with its three different focal points indoors and outdoors.

The to B. Spa was complemented, punctually to the Christmas holidays, by the newly opened Water World with its sauna areas, a sanarium, a sauna as well as a classic steam bath and a room of tranquility. It is the only Swarovski Crystal steam bath world-wide, a wellness atmosphere adorned by gleaming crystals. In the luxury message area with its indispensable meditative relaxation room, which was refurbished and stylistically harmonized, a separate waiting lounge warmly extends an invitation to all guests.

With the new opening of the «Andeer Private Spa», occupying some 100 m², one of the most extravagant private spas in all of Europe was established. Jaccuzzis with solarium sky, a cozy lounge, invigorating showers and an architecturally advanced sanarium steam bath niche with a specially installed champagne cooler fulfill every wish. With this «pure privacy», the highest expectations of our guests will be served.

New Medical Health Center offers «Medical Health» of the highest standards

The new construction and renovation of the Medical Health Center was successfully concluded in the previous year, soon enabling guests to enjoy its full range of services. In April, the new Therapy Center opened its doors. In October, it was connected to the freshly renovated **House of Physicians**. The intensified and spatially optimized cooperation with physicians and therapists allows patients, guests and employees to enjoy significantly improved conditions.

Enhanced offers in the areas of prevention, medical services combined with thermal therapies, bio checks, nutrition and movement as well as mental and physical beauty will offer guests and patients in the future a variety of possibilities for relaxation and prevention.

For example, the Ragaz Prevention Modules were further developed and intentionally oriented with respect to the current needs of health-conscious people. In the realm of a holistic health prevention which everyone can individually determine, the services were refined and expanded. With modules such as «to B. Weight», «to B. Balance», «to B. Business Check» and «to B. Sport Check», the guest gets an exact monitoring with appropriate recommendations and a bio check.

Vancouver 2010

Furthermore, the high medical standards of the center explain why Dr. med. Christian Schlegel was elected to serve as the Chief Medical Officer of the Swiss Delegation of SWISS OLYMPIC during the Olympic Winter Games in Vancouver 2010, functioning as a medical coordinator and organizer. Dr. Schlegel, responsible for the sport medicine and the Swiss Olympic Medical Center, is a longtime member of the medical competence team of the Grand Resort Bad Ragaz.

Economic viability

The construction site around the Medical Health Center and the closing of the Tamina Therme were reflected in the statistics of guests. Both the numbers of regional visitors and the numbers Grand Hotel guests decreased in the second half of the year. With 21 248 actual treatments, the estimated budget for 2008 was not reached. The results of the closing of the Tamina Therme were underestimated, retrospectively owing to the fact that many patients had visited the Medical Health Center in combination with the large range of water therapies. Nevertheless, with the opening of the rooms of the Grand Hotel Hof Ragaz, an upward trend has been documented since the last quarter.

A successful first year for the Business & Events Center

An investment of CHF 12,2 million facilitated the development of a highly modern Business & Events Center. Although it was unable to operate in full capacity, owing to the ongoing construction activities, one can honestly say that it withstood the test with flying colors.

With nearly 2 000 events and approximately 70 000 table places sold, the new center for events and conferences enjoyed steadily increasing popularity in its first full fiscal year subsequent to the total renovation. Already within its first 13 months, the decision to build this concentrated infrastructure for festivities and conventions within the very heart of the resort proved to be right. Quicker processes and services enhanced the utilization quality and positively influenced the cost structure as well.

Thanks to the multi-functional furnishings and the adaptable room concepts which facilitate events for up to 300 persons, the most individual guest wishes can be fulfilled. Eight halls with daylight, a board room and a VIP Lounge with its own fireplace offer spacious opportunities for conventions, celebrations and concerts. Hence, the range of events is appropriately multi-faceted.

Success with fests, banquets, seminars and meetings

The largest portion of events in the course of the year was comprised by seminars and meetings of national and international provenance. The fact that business leaders could hold their deciding, important gatherings in a time-efficient manner, while enjoying the proximity of diverse resort offers, motivated them to come to and return to Bad Ragaz. Quick accompanying programs, such as fitness checks for manager, a round of golf or a flirt with fortune in the nearby casino, served as an entertaining enrichment.

Furthermore, the Business & Events Center was a reliable host for the service clubs of the region which repeatedly met for lively discussions or social

gatherings, such as the Lions, Rotary, the Soroptimisten and the Inner Wheel.

In the course of the year, approximately 1 000 aperitifs, lunches and dinners were arranged, managed and coordinated by our banquet experts. Our guests enjoyed themselves during various weddings, family reunions and birthday parties.

Recognition of the architecture and technology

The utilization of the Business & Events Center will continue to grow, particularly after the Grand Hotels begin to function at full capacity, marking the end of the construction phase with its limited services and the reduced rate of occupancy. The successful symbiosis of traditional architecture and modern functionality was enthusiastically welcomed by our guests. With a total investment of CHF 12,2 million, a fine sense of responsibility for the house under landmark protection and much glass and modern materials as well as a highly contemporary infrastructure, the «old» Kursaal evolved into an up-to-date place which thoroughly corresponds to the stylistic sentiments and the needs of our guests.

Since its construction and inauguration by the grand architect and owner Bernhard Simon in 1870, the original Kursaal has been an esteemed meeting place for representatives of international culture, economics and politics. The names of its halls honor those personalities who enriched Bad Ragaz in a special, enduring manner: Bernhard Simon (Hall), Rainer Maria Rilke (Hall) and Johanna Spyri (Conference Room).

7 000 golf enthusiasts follow the 12th Bad Ragaz PGA Seniors Open

The weather could have been better. Nevertheless, a utilization of more than 90 % was documented on both golf courses. Players and the public enjoyed a total of 108 golf tournaments. The Golf Bistro of the Golf Club Heidiland, expanded in the previous year, welcomed guests time and again with its outstanding menu.

Already since 103 years, golf has been played in Bad Ragaz, and indeed since 53 years on the course which nowadays holds the title as an 18-Hole Championship Course. Since the founding of the Golf Club Bad Ragaz in 1905, which is thus one of the oldest golf clubs in Switzerland, we have made use of the wealth of experiences and of the accumulated knowledge.

The 12h Bad Ragaz PGA Seniors Open was accordingly a festival of golf once again. More than 7 000 visitors came together on those three days of competition and crossed their fingers for their favorite international stars between par and birdie. After Carl Mason had closed with a remarkable course record of 61 strokes as the winner of the previous annual tournament, he kept his nerves again and won the victor's check for € 39 000. The darlings of the public, Costantino Rocca and Juan Quiros, weren't able to keep up with him this time.

A checkered golf season

Owing to the outstanding course management, the high-level maintenance of the golf course and its professional leadership, the Golf Club Bad Ragaz was officially honored as one of the best Swiss golf facilities (5th place). Additionally, the course was listed by the Peugeot Golf Guide once again as one of the 1 000 best golf facilities in all of Europe. Regrettably, the otherwise wonderful golf season was beclouded by too many bad-weather days. Some 75 rainouts and closed days prevented us from repeating the excellent results of the previous years.

In recognition of its distinguished membership as one of the «Leading Golf Courses» (Peugeot Guide), the management and indeed the golfing guests themselves have placed appropriately high demands on the 18-Hole Championship Course. The inevitable complications arising from the ambitious renovation phase, however, prevented us from thoroughly addressing all such expectations simultaneously. Nevertheless, in order to maintain the generally good course standard in the future as well, the new construction of the irrigation and sprinkling system was commenced in this fiscal year, being operational as of March 2009.

With a gratifyingly high frequency, some 25 610 (of 28 408 possible) rounds and some 108 tournaments were played along the **18-Hole Championship Course**. Accordingly, the course utilization rate amounted to more than 90 %. Among the major events were, to name just a few, the 51st International Golf Week, which was a great success with more than 800 participants, the 21st Annual Sport Trophy, which generated a significant financial donation for the Swiss Sports Assistance, and the 5th Annual «Golfing with a Heart».

The **9-Hole Executive Course** of the Golf Club Heidiland documented 22 129 (of 24 511 possible) rounds played. Thus, the course utilization rate was similarly more than 90 %. The expansion of the Golf Bistro in 2008 enabled all golf events to enjoy qualitative gastronomic services. Definitely worth mentioning as well are the Ronald McDonald's Children Charity Tournament and the Charity Tournament for Autistic Children.

An architectural masterpiece sets new standards

With an investment of CHF 40,0 million, a spectacular architecture and a freshly composed crew, the Tamina Therme is taking shape as a pioneering wellness bath on the international level.

On the 2nd of March 2008, the Tamina Therme, a public thermal bath built in the 1970s, temporarily closed its doors. After 15 months of total renovation, the Tamina Therme reopens as of June 2009, revealing its spectacular architecture and a bathing, spa and wellness landscape offering a wide range of refreshing experiences.

In the short fiscal year 2008, the Therme was nevertheless able to document 33 106 entries and a turnover of around CHF 0,8 million. In the winter months of January and February, the bathing guests took advantage of the opportunity to enjoy the invigorating, warming thermal waters of the Paracelusquelle.

A masterpiece of construction is being built

Following the closing in March, the appropriate demolition activities were immediately implemented. Thanks to a well-conceived schedule, the construction of the new Therme began in July. Up to and including December, the complicated architectural techniques required the production and assembly of around 500 wooden elements. The first three were erected on the 23rd of July 2008. In the realm of a «Breakfast during the Construction», an event which magnetized local reporters, a great echo resounded throughout the press.

After the reopening, the totally renewed Tamina Therme will offer, in the midst of its breathtaking architecture, saunas, steam baths massage and wellness services as well as a restaurant, all in expanded capacities. The commissioned architects of the firm Smolenicky & Partner created a thrilling interaction of cool, smooth surfaces and the warm liveliness of wood, enabling visitors to escape their everyday demands and enjoy them-

selves in a wonderfully timeless dimension. The construction of the Tamina Therme is, in and of itself, a technical as well as logistical masterpiece. A rigid schedule, the expeditious work on the individual wooden elements and the skillfully planned and executed transportation all took their part in considerably reducing the waiting time for bathing guests.

On the 1st of June 2008, Thomas Degen – the former manager of the wellness area to B. – took over the business management of the Tamina Therme Ltd., a company which has been a subsidiary of the Grand Resort Bad Ragaz Ltd. since November 2007.

For a successful new start

Our goal revolves around advancing the public Tamina Therme to being a five-star host. Therefore, the management is set on achieving and maintaining the highest international quality standards. In keeping with the aims of our success-oriented concept, a transparent structure for entry prices was developed, focused on corresponding to the diverse demands and desires of our bathing guests. An individual time plan and the use of a transponder will grant each guest a maximum amount of individuality and freedom of choice.

Detailed informational events in the past year aimed at informing the public, the news media and even architecturally interested persons as to the concept, the goal and the progress of the monumental construction project were quite successful.

Gross gaming revenues increase due to attractiveness of programs for guests

Trendy gaming ideas, a diversified entertainment program and prominent gala events guarantee thrills and pleasures in the Casino Bad Ragaz. Moreover, it increasingly gains significance on a trans-regional level. As a result, the gross gaming revenue was further increased by 7 %.

A range of exciting gaming possibilities and a diverse entertainment program resulted in a gratifying growth rate even within the sixth fiscal year. By virtue of the continued, strategically conceived development of the gaming operations, the gross gaming revenue was raised once again. It amounted to CHF 26,4 million, representing an increase of 7 %. The slot area accounted for the lion's share of 82 %, although the figures document a slight shift benefiting the live game area. In 2008, some 166 268 guests (compared to 164 502 in the previous year) entered into and enjoyed the thrilling environment of the Casino Bad Ragaz. Hence, in the course of 364 operating days, 1 % more guests were received than in the previous year.

Thereby, the entire region profited once again from the admirable operating results. Indeed, by virtue of the proceeds-related charges annually flowing into the casino charitable foundation, various events and projects in the areas of sports, tourism, social activity and culture receive a significant degree of funding.

Expansion of the gaming offers

The sustained demands in the area of gaming machines were able to be addressed by the addition of five new machines. Now, exactly 136 slot machines are at the disposal of the guests. In addition to this expansion, the possibilities of winning were increased by the advent of the new Pizol Jackpot. In the table gaming areas (Live Game), the range of services was similarly broadened. With the addition of two further Texas Hold'em tables, current trends were acknowledged.

High-class entertainment

As the diverse gaming possibilities catered to the needs of all players, our casino guests enjoyed the exclusive events which also took place as well. For example, Mister Switzerland 2008, Stephan Weiler, made his very first appearance with his title in the Casino Bad Ragaz.

A particular highlight was the Formula 2 Show Racing, an event which the community and the Airport Bad Ragaz organized for the first time. With Jarno Trulli, the Formula 1 racer, and with well-known athletes of the Swiss national team, such as Lara Gut, Marco Buechel, Tobias Gruenfelder, Ambrosi Hoffmann, as well as with the worldwide popular football referee Massimo Busacca, the Casino raised a great deal of positive media attention on the trans-regional level.

Wide-reaching responsibility in gaming

Since the opening of the Casino Bad Ragaz, the management has strictly adhered to governing provisions of the gaming legislation. Thus, the new provisions pertaining to money laundering, valid as of the 1st of January 2008, and appropriate controlling instruments were immediately implemented at the beginning of the year.

The social concept, a minimum requirement for all Swiss casinos, was further developed within the Casino Bad Ragaz by virtue of the implementation of an internal control system (ICS). Early warning systems, clear procedures and precise instructions were improved to enhance the protection of all players in the Casino Bad Ragaz.

Medical competence and humaneness

Once again, many patients of the Clinic Valens are delighting in their new vigor and vital energy. A steadily growing international reputation, the purposeful expansion in the region and noteworthy scientific innovations explain the new rise in turnover by 3 %.

As one of the leading rehabilitation centers in all of Switzerland, the company has set the declared goal of returning each of its patients immediately, free of complaints and in an improved condition to his or her familiar, professional and social environment.

The international distinction of the Clinic Valens, notably in the areas of rheumatology and neurology, has continually increased since its opening in 1970 and is pleasingly reflected in its results for the fiscal year 2008. At the same time, the performance capability was further enhanced by other expansions in the region as well as by investments in the quality of the equipment and instruments and in the continuing education and training of employees.

With more than 45 500 treatment days, the rehabilitation center of the Clinic Valens once again achieved a respectably high bed occupancy rate of 99 % within the fiscal year. The trend of the previous year was sustained. The percentage of the rheumatology department decreased again, however, the neurological department experienced a growth rate of 2 percentage points, reaching 49,0 %. For the third consecutive year, the turnover rose by 3,0 %, reaching CHF 34,5 million.

As close as possible to regional patients

Following the successful opening of the first external station with ambulatory rehabilitation in the Hospital Altstätten, activities focused on the construction and the opening of the «Ambulatory Reha Chur». In October, in the facilities of the Canton Hospital of Grisons, the station Kreuzspital began operating.

The expansion of the range of services in Chur, the capital city of the canton Grisons, primarily gave patients from Grisons a viable alternative to traversing the relatively greater distance between their canton and Valens. This geographical advantage benefits the healing process as well, making it far more pleasant. Indeed, they benefit from a purposeful selection of medical and therapeutic services of the Clinic Valens. Thus, the long, ongoing cooperation between the Clinic Valens and the Canton's Hospital in Grisons will be further strengthened and expanded.

By virtue of a monitoring unit, the treatment and care will be optimally organized. That is a very sensible measure. Indeed, severely injured patients who require intensive observation are increasingly sent to rehabilitation. The immediate full occupancy of this division accentuates the desire and the need for this measure.

«Think tank» for Science and Medical Practice

In the realm of the in-house Study Center, there were numerous opportunities for the continuing education and training of international experts and of employees of the house once again in 2008. The «cool clothing» study for patients with multiple sclerosis and the project «Driving for Seniors» were among the particularly noteworthy occasions occurring in 2008. Furthermore, the scientific publication of the study regarding the «costs of the long-term treatment of patients with chronic back pains» was financed by the renowned Swiss National Funds.

Corporate Governance

To assure transparency and reliability – internally as well as externally – the Grand Resort Bad Ragaz places high demands on the competence and the professionalism of its management. Indeed, particularly in times of great changes, personal trustworthiness guarantees a solid basis for the entire enterprise.

Annual Corporate Report distinguished in European competition

The «Best of Corporate Publishing Competition» is Europe's most renowned contest for business communication, and it was held for the sixth time in 2008. A consortium of leading magazines in the fields of management, marketing and sales judged and evaluated the printed corporate communications of various industrial concerns, business enterprises and commercial service providers. Thereby, the Annual Report of the Grand Hotels Bad Ragaz, having received more than 650 submissions in its behalf, was awarded the prize for second place following the automobile manufacturer Audi. The award, an honor accepted with great gratification, is proof of the professionalism and the high international standards of our publication.

Group structure

The group is managed by the Board of Directors and its committees (the Governance, Nomination and Compensation Committee, the Audit Committee and the Steering Committee) via the Executive Management Board. In their functions, the Board of Directors, the Executive Management Board and the Resort Management are supported by centralized shared services. The managerial responsibility of the Board of Directors and the Chief Executive Officer encompasses, in addition to the principal company Grand Resort Bad Ragaz Ltd., the Casino Bad Ragaz Ltd., the Tamina Therme Ltd. and the Clinic Valens. The Grand Resort Bad Ragaz Ltd. has the ultimate responsibility for the management and financial risks of the Clinic Valens, an organization administered and operated as a charitable entity.

Board of Directors

On the average, the directors are 60 years old and remain in office for eight years. The reelection of all members of the board shall take place in 2011. The Board of Directors constitutes itself in accordance with Article 15, Paragraph 3 of the Corporate Statutes of the 11th of June 2008. All of the directors function in a non-executive capacity, meaning that none of the board members fulfills an operative managerial duty pertaining to a corporate group. Within the three fiscal years of the corporate management prior to this reporting period, no member belonged to a corporate group or had notable financial relations to a corporate group. There are neither cross nor interlocking interests, thus, no member of the corporate management is directly associated with the decision-making or monitoring organs of companies whose representatives are in the Board of Directors of the Grand Resort Bad Ragaz Ltd.

In 2008, the Board of Directors convened for four meetings, and the participation rate of the members averaged 81%. For the respective meetings, an agenda is presented, and appropriate documents are made available to the members prior to convening. The members of the Board of Executives participate in the meetings in an advisory manner. The proceedings of each meeting are documented by protocol.

The duties of the Board of Directors are defined by Article 716a, Paragraph 1 of the Swiss Law of Obligations and by Article 16 f of the Corporate Statutes.

Informational and control instruments

The members of the Board of Directors and of the committees receive comprehensive documents pertaining to the agendas of the respective meetings. Furthermore, they receive the following forms of information:

- annual budget of the group, the principal company and the group companies
- monthly financial reporting comparing the current budget to that of the previous year, quarterly previews with respect to the prospects for the current fiscal year

- annual financial statements for the group (consolidated statement), the principal company and the group companies with an explanatory report of the auditors.
- management letter of the auditors regarding the annual process assessments

MEMBERS OF THE BOARD OF DIRECTORS

Name (Nationality)	Position	Age	Entry
Dr. Willy Kissling (CH)	President	64	1997
Dr. Thomas Schmidheiny (CH)	Vice President	63	1973
Dr. Klaus Baumüller (D)	Member	68	1994
Dr. Robert Bider (CH)	Member	61	2005
Michel M. Favre (CH)	Member	68	2003
Dr. Dieter Spälti (CH)	Member	47	2005
Markus Voegeli (CH)	Member	47	2008
Wolfgang Werlé (D)	Member	60	2005

MEMBERS OF THE BOARD OF EXECUTIVES

Name (Nationality)	Position	Age	Entry	Function since
Peter Paul Tschirky (CH)	Chief Executive Officer	56	2006	2007
Riet Pfister (CH)	Hotel Director	60	2004	2005
Patrick Vogler (CH)	Chief Financial Officer	34	2008	2008

Management contracts

With the exception of a management contract of the Casino Bad Ragaz with its minority shareholder ACE Admiral Casinos & Entertainment Ltd. (33,3 %), there are no management contracts with affiliated or third parties outside of the consolidation scope.

Compensation, participations and loans

Content and assessment procedure pertaining to compensation

The appropriate details are indicated by Comment 21 pertaining to Corporate Accounting in the original German Annual report.

Share ownership

The members of the Board of Directors, or of companies controlled by it, received on the 31st of December 2008 a total of 17 568 shares, an amount representing 73,4 % of the share capital.

The following shareholders held a minimum of 5 % of the stocks as of the 31st of December 2008 (either directly or via companies within their control):

Shareholder	Number of stocks	Percentage of share capital
Dr. Thomas Schmidheiny	17 552	73,3 %
Peter Gmür	1 440	6,0 %
Dr. Mirella Caroni Buxbaum	1 263	5,3 %

Additional remuneration

By virtue of a service agreement, the Spectrum Value Management Ltd., Jona, a company affiliated with the principal shareholder, Dr. Thomas Schmidheiny, receives an annual remuneration of CHF 70 000 for consultation services. No further forms of compensation are made.

Corporate loans

As of the 31st of December 2008, the Grand Resort Bad Ragaz Ltd. and its group companies had rendered no loans or forms of security or collateral to any members of the Board of Directors or the Members of the Board of Executives.

Capital structure

Share capital

The share capital of the Grand Resort Bad Ragaz Ltd. totals CHF 23 940 000 and consists of 23 940 registered shares each with a nominal value of CHF 1 000. All shares are fully entitled to dividends. There is no authorized or contingent capital. Additional pertinent details regarding shares may be found under «Investor Relations».

Change of control and defensive measures

There are no special statutory requirements, agreements or plans. Particularly, there are no binding shareholder agreements and no lock-up agreements.

Share register

The share register is maintained externally by the company SIX SAG Ltd. The stocks are transferable via SegInterSettle.

Information Policy

In addition to issuing its annual financial statement, the Grand Resort Bad Ragaz informs its shareholders and other interested parties regularly with regard to the business development and ongoing offers via die media.

The addresses of contact persons for shareholders may be found under «Investor Relations» within this Annual Report. Additionally, our website www.resortragaz.ch is an informational platform available for viewing and downloading around the clock.

Consolidated Income Statement

	CHF 1000	
	2008	2007
Revenues	80 456	99 091
Direct Costs of Sales		
Gaming taxes	- 11 728	- 10 911
Material & Product expenses	- 6 503	- 8 311
Personnel expenses	- 30 325	- 35 494
Other direct operating expenses	- 5 074	- 5 869
Gross operating income (GOI)	26 826	38 506
Administration	- 6 770	- 6 585
Marketing	- 5 599	- 4 066
Maintenance	- 4 288	- 4 205
Energy	- 2 180	- 2 570
Gross operating profit (GOP)	7 989	21 080
Property and insurance expenses	- 554	- 593
Other expenses and revenues	230	- 579
Depreciation	- 9 243	- 9 723
Earnings before interest and taxes (EBIT) before extraordinary expenses	- 1 578	10 185
Extraordinary expenses for current development project	- 5 511	- 11 228
Earnings before interest and taxes (EBIT)	- 7 089	- 1 043
Financial expenses	- 2 574	- 2 451
Financial income	143	128
Result before taxes	- 9 520	- 3 366
Income taxes	- 830	- 1 268
Net result	- 10 350	- 4 634
Thereof attributable: to shareholders of Grand Resort Bad Ragaz Ltd.	- 12 176	- 6 041
Minority Interests	1 826	1 407
Loss per share in CHF	- 597	- 379

Consolidated Balance Sheet

	CHF 1 000	
per 31 December	2008	2007
Assets		
Land	46 402	46 402
Buildings	206 910	123 955
Other tangible fixed assets	11 027	10 919
Non-current assets	264 339	181 276
Inventories	2 722	1 993
Accounts receivable	2 731	2 630
Other receivables	3 843	701
Cash and cash equivalents	4 078	5 351
Prepaid expenses and accrued income	1 596	1 581
Current assets	14 970	12 256
Total Assets	279 309	193 532
Liabilities		
Share capital	23 940	15 960
Capital reserves	76 534	43 654
Reserves	6 869	22 196
Equity attributable to shareholders of Grand Resort Bad Ragaz Ltd.	107 343	81 810
Minority interests	3 291	2 756
Equity	110 634	84 566
Financial liabilities	122 627	77 900
Employee benefit obligations	1 498	1 580
Deferred taxes	3 325	4 421
Accrued expenses	1 568	-
Non-current liabilities	129 018	83 901
Financial liabilities	2 053	1 800
Trade accounts payable	16 622	5 427
Current tax liabilities	1 288	953
Other payables	7 878	4 302
Accrued expenses	11 816	12 583
Current liabilities	39 657	25 065
Total Liabilities	279 309	193 532

Consolidated Cash Flow Statement

	CHF 1 000	
	2008	2007
Earnings before Interests and Taxes	-7 089	-1 043
Depreciation fixed assets	9 243	9 723
Depreciation on disposals of fixed assets	2 197	9 669
Other non-cash items	297	574
Reduction employee benefit obligations	-82	-53
Income taxes paid	-1 302	-985
Cash from operation activities before change in net working capital	3 264	17 885
Change in net working capital	6 571	710
Cash from operating activities¹	9 835	18 595
Purchase of tangible fixed assets	-94 231	-23 435
Disposal of tangible fixed assets	208	44
Acquisition of other investments	-30	-500
Net cash used in investing activities	-94 053	-23 891
Repayment of non-current financial liabilities	-32 900	-6 500
Increase of non-current financial liabilities	79 195	26 000
Repayment/Increase in current financial liabilities	253	-6 600
Share capital increase Grand Resort Bad Ragaz Ltd.	40 860	-
Capital repayment Casino Bad Ragaz Ltd.	-	-2 333
Dividends	-1 291	-1 252
Interest paid	-3 171	-2 493
Net cash received from financing activities	82 945	6 822
Change in cash and cash equivalents	-1 273	1 526
Cash and cash equivalents at beginning of year	5 351	3 825
Cash and cash equivalents at end of year	4 078	5 351
Change in cash and cash equivalents	-1 273	1 526

¹ The cash flow from business activities comprises the payable extraordinary expenses of the renovation and construction project amounting to CHF 3,3 million (previous year CHF 1,6 million). The increase in the working-capital expenses amounting to CHF 6,0 million is a result of the construction activity costs (higher accounts payable due to pending invoices).

Changes of consolidated equity

CHF 1 000

	Share capital	Share premium	Retained earnings	Hedging reserves	Equity shareholders ¹	Minority interests	Equity
Balance as per January 1, 2007	15 960	43 654	28 842	-755	87 701	4 615	92 316
Net loss 2007			-6 041		-6 041	1 407	-4 634
Market value change of interest rate swaps				469	469		469
Total recognized income and expense for the period					-5 572	1 407	-4 165
Dividends paid			-319		-319	-933	-1 252
Capital repayment Casino Bad Ragaz Ltd.						-2 333	-2 333
Balance as per December 31, 2007	15 960	43 654	22 482	-286	81 810	2 756	84 566
Net loss 2008			-12 176		-12 176	1 826	-10 350
Market value change of interest rate swaps				-3 151	-3 151		-3 151
Total recognized income and expense for the period					-15 327	1 826	-13 501
Dividends paid						-1 291	-1 291
Share capital increase Grand Resort Bad Ragaz Ltd.	7 980	32 880			40 860		40 860
Balance as per December 31, 2008	23 940	76 534	10 306	-3 437	107 343	3 291	110 634

¹ Equity attributable to shareholders of Grand Resort Bad Ragaz Ltd.

Investor Relations

Contact information

**Details regarding financial data,
Contact person for financial analysts**

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**Share register, general information
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Over-the-counter (OTC) trading

Berner Kantonalbank, Bern

Valiant Privatbank Ltd., Bern

Zürcher Kantonalbank, Zürich

Agenda

General Meeting of Shareholders

11th of May 2009

Media Conference, Annual Report 2008

10th of June 2009

Business Development, 1st half-year 2009

10th of September 2009

STOCK INFORMATION

	2008	2007
Swiss Securities Identification Number (Valor)	254 158	254 158
Number of stocks	23 940	15 960
Nominal value per share (CHF)	1 000	1 000
Price on the last trading day (selling, CHF)	5 300	6 000
Price per share for tax purposes (as of 31st Dec 2008 and 2007 CHF)	1 100	1 700
Number of shareholders at the end of the year	679	510

Disclaimer

This publication in English is a translation and an abbreviation of the German-language original report of the Grand Resort Bad Ragaz Ltd. for the Fiscal Year 2008. Notwithstanding the accuracy and the thoroughness of all translated portions, the

original and complete version in the German language is the only legally binding version.

Translation (German-English):

Dr. Michael Dudley, D-25980 Westerland/Sylt

www.resortragaz.ch