



**Implenia**<sup>®</sup>

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## 24 Corporate Governance



The Management Report includes this Annual Report and the Financial Report, which is contained in a separate document. These two reports are also available in German and French.

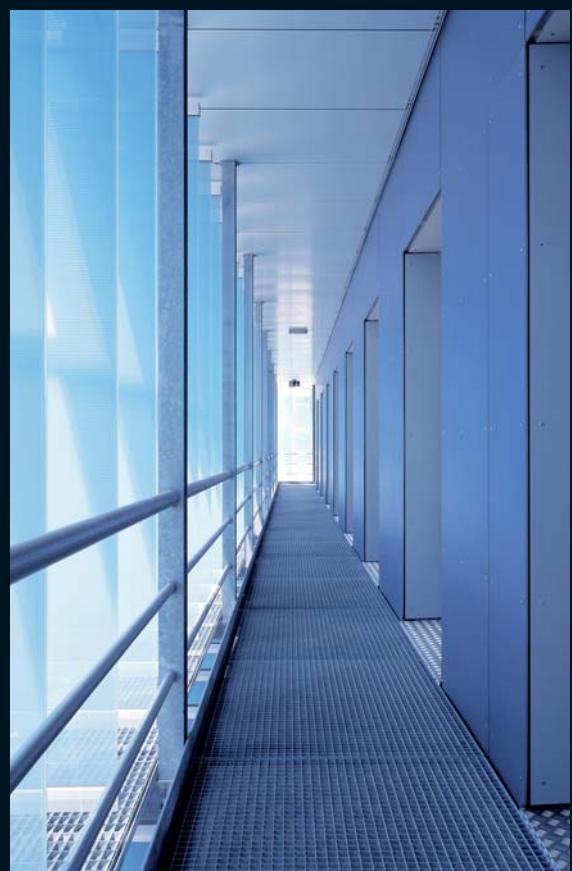


Summary

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Consumer-oriented, highly efficient  
and skilled: Figures and facts  
of a new full-service provider.



### **Dear Shareholders,**

At the beginning of 2006, you entrusted to us the mission of implementing the broad vision that inspires the Implenia Group. Since then, our Group has reached a position of strength in the market. Your company, born from the merger of Zschokke and Batigroup, has achieved very good results even in its first year. And while it was successfully completing the integration of two separate corporate cultures into a single, new and strongly future-oriented entity, Implenia has also been successful in gaining the confidence of its customers. The objectives set for our first operational year have been achieved, and even surpassed.

### **Integration on the right track – Good operating performance – Positive Cash Flow – Positive net cash position**

The integration effort has made good progress and is practically completed. The speed with which the two companies have drawn together has allowed us to present ourselves to the world as the Implenia Group in a very short time and to concentrate our efforts on our customers and our projects. The market has reacted positively, and this is confirmed by our order book.

In 2006, the Group achieved a solid operating result, especially if we take into account the considerable human and financial burdens that the integration effort has entailed. The EBIT reached a very satisfactory level, i.e. 50,3 million Swiss francs. In spite of the exceptional costs caused by the merger, we generated a positive free cash flow amounting to 23,8 million francs, which also enabled us to end the year 2006 in a positive net cash position. The annual result of the Implenia Group for its first year of operation is also positive, standing at 6,1 million francs.

### **Distribution to the shareholders**

Based on this good result and the promising outlook for our Group, the Board of Directors will propose to the General Meeting the distribution of CHF 0.35 in form of a partial refund of the nominal value of the share.

Besides our confidence in the strategy we have implemented, this proposal reflects the determination of the Board of Directors to enhance in your company a dividend policy favourable to the shareholders, but also characterised by a sense of long-term responsibility.

### **Priority in implementing our strategy**

In 2007, we intend to intensify our efforts on the implementation of our strategy. This includes a consistent approach to the engineering of our production processes, as well as the targeted development of the upstream and downstream activities related to actual construction work, such as the development of projects, real-estate management or Facility Management.

# **Chairman's Message**

In view of these strategic objectives, we have strengthened our organisational framework, integrating the General Contracting unit in the Real Estate Division. We also intend, as we already did in 2006, to constantly review the possibilities of development of our activities abroad: the necessary strengths and skills have already been mobilised.

To summarise, our strategy aims to meet even more effectively the needs of our clients and to further strengthen our position in the market. This improvement will enable us to generate growth, to improve the yield of our capital and to preserve employment, and possibly to create new jobs.

#### **Board of Directors**

The Board of Directors proposes to this General Meeting of Shareholders the election to the Board of Mr. Jim Cohen and Dr. Ian Goldin. In addition to their proven skills in the management and governance of our company, Messrs. Cohen and Goldin will bring to the

Board their great experience in international project development. The two proposed directors are also highly knowledgeable in the field of public/private partnerships, which we expect will play an ever-increasing role in our future. The quality and range of the capabilities and know-how of our Board of Directors will thus be considerably extended.

#### **Acknowledgments**

The year 2006 has required from all our employees a high level of commitment. We have effectively worked on the creation of a new culture of success within the Implenia Group. It is true that it has not always been possible to overcome immediately all the cultural differences that exist and give rise to some occasional confusion. However – and this is the essential point – any difficult situations have been faced squarely and therefore overcome quickly. On behalf of the Board of Directors, I also take this opportunity to thank all of our employees for their part in this.

As for you, Ladies and Gentlemen, I thank you for the confidence that you, as Shareholders, have shown in our Board of Directors and our Management. In future, we shall do everything possible to prove ourselves worthy of your trust.

Anton Affentranger  
Chairman of the Board of Directors



Anton Affentranger  
Chairman  
Geneva  
(term of office expires in 2008)



Markus Dennler  
Deputy Chairman  
Zurich  
(term of office expires in 2008)



Claudio Generali  
Lugano  
(term of office expires in 2008)



Patrik Hünerwadel  
Zurich  
(term of office expires in 2008)



Toni Wicki  
Bern  
(term of office expires in 2008)

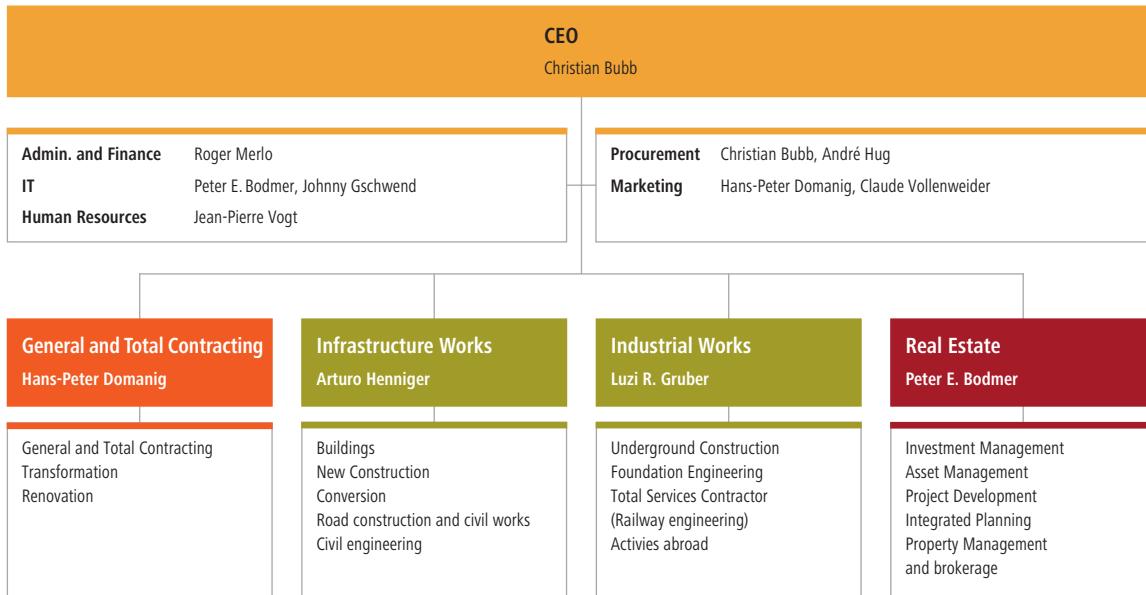


Philippe Zoelly  
Geneva  
(term of office expires in 2008)



Karl Gun  
Secretary of the Board of Directors

## Board of Directors



Members of the  
Group Management:  
Peter E. Bodmer  
Luzi R. Gruber  
Roger Merlo  
Christian Bubb  
Hans-Peter Domanig  
Jean-Pierre Vogt  
Arturo Henniger

# Group Management

### Implenia: A good start and positive final results

As indicated in our financial report (chapter 4), the Group accounts for 2006 were drawn up according to IFRS standards. In accordance with these standards, the integration of the Zschokke Group and the Batigroup Group is considered as an acquisition of Batigroup by Zschokke Group, effective from 2 March 2006. Unless indicated otherwise, the figures published for turnover and results for 2006 therefore apply to the period from 1<sup>st</sup> January to 31 December 2006, for the ex Zschokke Group, and for the period from 3 March to 31 December 2006, for the ex Batigroup Group.

To put into perspective the consolidated figures for 2006 and their year-on-year trend, the turnover and consolidated result disclosed hereafter are presented for the whole year, which means from 1<sup>st</sup> January to 31 December. These values are compared to the corresponding pro-forma figures for 2005 (according to a process similar to that used for the stock market listing booklet issued on 6 March 2006). The increase in turnover demonstrates that the initially feared losses did not materialise.

The operating result before real estate revenue increased by 38.5 million francs in 2006, reaching 45.3 million francs.

After deducting the merger-related costs (39.9 million francs) and amortizing the values of intangible assets, amounting to 5.3 million francs, the consolidated EBIT IFRS result amounts to 19.8 million francs in 2006, while the EBITDA result stands at 57.1 million.

If we take into account the exceptional costs sustained due to the merger, the overall Group result of 6.1 million francs is very pleasing.

In its first year of existence, in spite of the merger-related costs, the Implenia Group generated a positive free cash flow of 23.8 million francs. At the end of 2006, it had cash and cash equivalents amounting to 10.5 million francs.

At the end of 2006, the Group shareholders' equity amounted to 369.5 million francs, resulting in a degree of self-financing of 28.7%.

As at 31 December 2006, the Group order book stood once again at a good level: 2304 million francs (against a cumulative figure of 3022 million for Zschokke and Batigroup in 2005), about 1671 million of which will become actual turnover in 2007. The balance, i.e. 633 million, will be spread over a number of years, starting from 2008. The decrease of 700 million compared to previous year can be explained, above all, by the reduction of work volume in the NLFA projects and the completion of the total contractor work for the Lötschberg rail tunnel.

The average number of employees decreased by 122 compared to 2005, ultimately settling down at 6213. This decrease can be explained, essentially, by the sale of Stamm Bau AG under a management buy-out arrangement and back-office staff cuts.

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### Key Figures for the Group

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(in millions of Swiss francs)

	12/2006	12/2005 cumulative for Z+B
Turnover, including work partnerships*	2,810.1	2,794.4
EBIT without real estate	45.3	38.5
Real estate	5.0	11.7
Operating Result (EBIT) <sup>1</sup>	50.3	50.2
Loss-EBIT Batigroup <sup>2</sup>	14.7	–
Integration costs	(39.9)	–
Depreciation of intangible assets	(5.3)	–
<b>EBIT IFRS</b>	<b>19.8</b>	<b>50.2</b>

\*total turnover (including Batigroup starting from 1.1.06)  
including share in work partnerships

<sup>1</sup> Including Batigroup starting from 1.1.06

<sup>2</sup> Batigroup EBIT reversal 1.1.–2.3.06

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# Key Figures for the Group

### Consolidated Figures according to IFRS Standards

(in 1000 CHF)

	<b>12/2006</b>	12/2005 Pro forma
EBIDTA	57,140	85,533
Operating result (EBIT)	19,814	50,229
Group result	6,142	34,054
Free cash flow	23,820	–
Net investments in machinery and equipment	26,582	–
Real estate operations:		
Investments	42,835	–
Disposals	76,949	–
Valuation adjustment	43,915	–
<b>Net Real estate operations</b>	<b>165,077</b>	<b>174,425</b>
Net Cash position	10,532	59,701
– Interest-bearing borrowings	96,814	83,528
– Cash and cash equivalents	107,346	143,229
<b>Equity</b>	<b>369,519</b>	<b>358,290</b>
Self-financing ratio in %	28.7%	28.5%
<b>Total Balance sheet</b>	<b>1,285,466</b>	<b>1,258,714</b>
Number of shares	18,472,000	–
Outstanding shares	18,006,926	–
Security number	00 2386 855	–
Symbol	IMPN	–
Order book	2,303,646	3,022,183
Total employees as at 31.12.	5,942	6,036

# Consolidated Figures according to IFRS Standards

Activities

2

La Tour du Trème



From the original idea, through construction,  
to property management.



In 2006, for the second year running, we built more than 40,000 new housing all over Switzerland. About half of these were apartments used as homes by their owners, one quarter were detached family homes and another quarter were leased apartments. With an annual population growth rate of just 1%, this means that only 30,000–35,000 of these new homes can be absorbed. However, we have observed a significant demand for larger homes and a boom of secondary residences. The number of empty homes therefore barely exceeds 30,000 leased apartments for the whole of Switzerland, i.e. a vacancy rate of 1.3%. The low interest rates also clearly encourage tenants to aspire to home ownership, as buying is currently more advantageous than leasing. However, the rents of new rented homes are so attractive that we are also observing a phenomenon of migration from old to new accommodation. And this trend will continue in 2007.

The situation is completely different as far as industrial and commercial construction is concerned. Switzerland currently has about 60 million m<sup>2</sup> of office space, 20% of which is located in the cities of Geneva and Zurich alone. Every year an additional half million m<sup>2</sup> of offices are constructed. Assuming an amount of about twenty m<sup>2</sup> per employee, it would be necessary, in theory, to create every year 25,000 new jobs to absorb the new office space. Evidently, this is not the

case. So, we currently find ourselves with about six million m<sup>2</sup> of vacant office space. To lease an entire office building now takes, on average, about four years from the handover of the completed project. In other words, the problem of vacant space is bound to worsen and the construction of new offices will remain at a minimal level.

In the area of public works, the major projects of national scope, like the NLFA, Rail 2000 or the construction of national roads, have now passed their peak, and this is only partially offset by new projects. Generally speaking, over the next few years, the volume of public works is not likely to increase much in relation to its present level, notwithstanding a significant need for renovation of infrastructures (roads, pipelines, power stations, etc.).

On the whole, the outlook for 2007 remains very positive in terms of construction volume. The high level of our order books will not, however, prevent the stagnation of prices at an unsatisfactory level.

## Swiss construction and civil engineering market

## Implenia Group

The integration of the two industry leaders, which was officially completed on 2 March 2006, gave the new Group a new dimension. Implenia is clearly the unchallenged number one in all the business segments in which it meets the required conditions. These range from its traditional activities to the entire Real Estate sector, not forgetting industrial construction, as well as general and total contracting. Moreover, the size now reached also allows the Group to better position itself to resist the increasingly strong foreign competition. The integration has also enabled us to greatly strengthen our financial flexibility and our capacity to take risks, which are two essential elements in the areas of general or total contracting and project development.

With these advantages, Implenia is today able to adopt an offensive strategy:

- The new Group now has the know-how, but also – and what is more important – the necessary financial strength to develop actively, with all the required energy, the provision of any services that may be necessary upstream and downstream of the actual production process.
- It is now possible for us to implement industrial projects with strong scale effects. The synergies created by this productivity improvement will lead to a long-term improvement of our result in this weak-margin production segment.
- The new size and presence of the Group at national level will enable us to become involved in specific initiatives in attractive foreign markets that are new for us.

Today, as before, the construction market remains extremely localised and requires a strong on-site presence. To achieve success in construction is also a matter of quality in human contacts, which means having the right people in the right places. In all its areas of business activity, Implenia stands out for its closeness to customers and markets, thanks to the density of its network with more than 80 agencies. The Group is thus able to satisfy, at any time and with a comprehensive approach, the expectations of its clients and the requirements of its projects, always offering the best possible quality.

Construction and real estate have changed radically in these last few years. Customers no longer demand isolated activities and expertise but, instead, comprehensive and intelligent solutions. And, thanks to its range of services, Implenia covers the entire life cycle of a building. This enables us to offer a full range of services, from conception to property management, not forgetting of course the complete construction phase. In future, this capability will be a great, not to say decisive competitive advantage. Implenia is today a veritable storehouse of competence and expertise, with the two former industry leaders combining their processes and leading-edge techniques. Leadership in technology, costs and market share are its clearly stated objective.

Already positive, the results achieved in the first year confirm the benefits of the merger. Despite the enormous work overload due to the integration effort that this has entailed for our employees, our normal course of business has never suffered. Our Group turnover, around 2.8 billion francs, and our positive result of 6.1 million francs confirms this success. The essential part of the integration of the two companies was successfully completed last year. Thanks to a favourable general economic climate, staff reductions were less drastic than expected and limited mainly to the support services. It seems that extraordinary costs will remain at their initially estimated level, that is to say about 45 million francs. Long-term savings resulting from synergy effects will begin to be realised from 2007 and may even slightly exceed the figure of 21.4 million francs announced at the time of the merger.

### General Contracting Division

The general contracting market is evolving in parallel to the construction market. Construction volume reached its peak in 2006, and a slight downturn is expected in coming years. Due to the saturation of the owned-home market and the move of business activity towards offices and the service provision market, margins will remain under pressure.

The merger of the two general contracting businesses was successfully concluded by mid 2006. It has further strengthened our position of leadership in national coverage. With its 17 subsidiaries all over Switzerland, Implenia benefits from an excellent local coverage. This assures knowledge of the markets and closeness to our customers. The departures of staff due to the merger have been rapidly offset and have not had any repercussions on turnover or margins.

During the last year, the turnover of Implenia General Contractor Ltd amounted to 1,144 million francs (against a total figure of 1,063 million for Zschokke and Batigroup in 2005), with an operating result (EBIT) of 13.3 million francs (against a total figure of 13.5 million in 2005). At the end of December 2006, the order book amounted to 1,107 million francs (against a total figure of 1,436 million one year earlier). 829 million of these orders will be realised as sales in 2007.

### Key Figures – General Contractor

(in 1000 CHF)

	12/2006	12/2005 cumulative for Z+B
Turnover*	1,143,509	1,063,322
Order book as at 31.12.	1,107,307	1,436,484
Operating Result (EBIT) <sup>1</sup>	13,286	13,529
Loss-EBIT Batigroup <sup>2</sup>	159	–
Integration cost	(9,422)	–
Depreciation of intangible assets	(314)	–
<b>EBIT IFRS</b>	<b>3,709</b>	<b>13,529</b>
Workforce as at 31.12.	392	424

\*Total turnover (incl. Batigroup starting from 1/01/06) before elimination of inter-Group services

<sup>1</sup>Incl. Batigroup starting from 1/01/06

<sup>2</sup>Batigroup EBIT reverse entry 1/01 to 2/03/06

## Construction Division (Infrastructure and Industrial Works)

In terms of volume, last year was a good year. Construction activity increased once again year on year. The share of renovation and maintenance works progressed distinctly. Today, it represents close to half of the total production activity of Implenia and includes building, civil engineering, roads, foundation engineering, tunnels and total contracting in railway engineering. With about 4,800 employees, this division is, of course, the one that has experienced the most important changes due to the merger. The grouping together of various sites and the concentration, or partial centralisation, of support services have required a high level of commitment and great flexibility on the part of our employees, especially insofar as it was necessary to implement the measures that had been decided, in addition to our normal business activity. The integration effort has, for the most part, been brought to a successful conclusion. Last year's result can therefore be considered as a confirmation of the business direction chosen for the company.

In 2006, the two units of the Construction division achieved a very good operating result (EBIT), before extraordinary costs, which reached 32.3 million francs (against a total figure of 27.3 million for Zschokke and Batigroup in 2005). The turnover amounted to 1,607 million francs (against a total figure of 1,719 million for Zschokke and Batigroup in 2005). At the end of December 2006, the order book amounted to 1,076 million francs (against a total figure of 1,477 million for Zschokke and Batigroup at the end of 2005), including 769 million in 2007, with a total budget figure of 1,520 million francs.

### Key Figures – Construction

(in 1000 CHF)

	<b>12/2006</b>	12/2005 cumulative for Z+B
Turnover*	1,606,873	1,718,731
Order book as at 31.12.	1,076,336	1,477,439
Operating Result (EBIT) <sup>1</sup>	32,330	27,265
Loss-EBIT Batigroup <sup>2</sup>	14,283	–
Integration cost	(18,954)	–
Depreciation of intangible assets	(2,361)	–
<b>EBIT IFRS</b>	<b>25,298</b>	<b>27,265</b>
Workforce as at 31.12.	4,768	5,150

\*Total turnover (incl. Batigroup starting from 1/01/06)/before elimination of inter-Group services/ incl. share of partnerships

<sup>1</sup>Incl. Batigroup starting from 1/01/06

<sup>2</sup>Batigroup EBIT reverse entry 1/01 to 2/03/06

## Real Estate Division

The Real Estate division groups together all the activities carried on upstream and downstream of actual construction work. It is composed of four units: Asset Management, Project Development, Engineering and Real Estate Management/Brokerage. These different profit centres act independently and are able to satisfy each customer's specific needs with the required degree of personalisation and the necessary transparency, regardless of whether this involves offering a partial service or a comprehensive solution. The development and extension of this division are on the right track, and the first positive results were achieved in 2006.

At the end of December 2006, the order book of the Reuss Group AG, Robert Aerni Ingenieur AG and Privera AG amounted to 120 million francs (against 108 million at the end of December 2005). 73 million of these orders will be realised as sales in 2007, with a budget figure of 108 million. Turnover in 2006 amounted to 107 million francs (against 66 million in 2005), with an operating result (EBIT), before extraordinary costs, amounting to

1.8 million francs (against 1.2 million in 2005). The Project Development unit is currently endeavouring to strengthen its resources in order to assure the development and implementation of real estate projects wherever necessary. Our objective in this area is to increasingly position our company as a promoter or co-investor.

The Project Development / Real Estate Promotion unit last year achieved an operating result (EBIT), before extraordinary costs, amounting to 5.0 million francs (against 11.7 million in 2005). Various investments and disposals are also planned in 2007. Disposals amounted to 76.9 million francs in 2006 (against 69.4 million in 2005) and investments to 42.8 million francs (against 48.6 million in 2005).

## Key Figures – Services

(in 1000 CHF)

	12/2006	12/2005 cumulative for Z+B
Turnover*	106,620	66,011
Order book as at 31.12.	120,003	108,260
Operating Result (EBIT) <sup>1</sup>	1,820	1,158
Loss-EBIT Batigroup <sup>2</sup>	–	–
Integration cost	(3,156)	–
Depreciation of intangible assets	(1,537)	–
<b>EBIT IFRS</b>	<b>(2,873)</b>	<b>1,158</b>
Workforce as at 31.12.	700	373

\*before elimination of inter-Group services

<sup>1</sup>Incl. Batigroup as of 1/01/06

<sup>2</sup>Batigroup EBIT reverse entry EBIT 1/01 to 2/03/06

<sup>3</sup>2005 figures without Reuss Group

## Key Figures – Real Estate

(in 1000 CHF)

	12/2006	12/2005
Investments	42,835	48,596
Disposals	(76,949)	(69,419)
Operating Result (EBIT) <sup>1</sup>	5,039	11,687
Loss-EBIT Batigroup <sup>2</sup>	–	–
Integration cost	(4,343)	–
Depreciation of intangible assets	–	–
<b>EBIT IFRS</b>	<b>696</b>	<b>11,687</b>

<sup>1</sup>Incl. Batigroup as of 1/01/06

<sup>2</sup>Batigroup EBIT reverse entry EBIT 1/01 to 2/03/06

Last year was a very trying time for our employees, if we consider the speed with which the integration process has been implemented. This experience has also given us an opportunity to test the theory according to which, in a project of this size, speed of execution counts more than achieving perfection even in the smallest details. The definition of the new operating structure and the harmonisation of internal processes, as well as the closing or grouping together of a number of subsidiaries and workshops, have all been carried through with great skill by our employees. On the other hand, the differences of culture between the two entities existing before the merger had been somewhat underestimated. As a consequence, some sensitive issues did not receive, at least initially, all the attention they deserved in our communication effort. Considering the very tight timing, some decisions that were taken were not optimal, but they have since been corrected.

Our employees deserve both our respect and a big "Thanks!" for the great commitment they showed last year. We are happy to note that most of them do not appear to have been overly troubled by the changes and the work overload created by the integration process and have remained loyal to our company. The staff cuts turned out to be far more limited than we had initially feared. Thanks to a favorable general economic climate, the turnover remained steady, so the reductions of operational staff were also limited. The reduction of technical or commercial jobs was in line with our initial estimates and will be spread over the two years 2006 and 2007.

The average number of employees at the end of 2006 was 6,213 (against 6,335 one year earlier for both companies).

#### Distribution of employees by area of activity (year average)

	2006	2005 cumulative for Z+B Pro forma
<b>Operating personnel</b>	<b>4,115</b>	<b>4,466</b>
<b>Technical and sales personnel</b>	<b>2,098</b>	<b>1,869</b>
– General contracting	400	418
– Works	926	980
– Real estate management	691	383
– Others	81	88
<b>Total</b>	<b>6,213</b>	<b>6,335</b>

## 2006, a Year of Integration

### The Swiss construction market

The growth prospects for 2007 are relatively positive. In comparison with 2006, we can expect a satisfactory year, at least in terms of volume. The construction of new homes will decrease slightly, and this will be only partially offset by our other sectors of business activity. The turnover for construction activity should stabilise at its 2006 level. However, in spite of considerable order portfolios, no major improvement in profitability is to be expected. This is, of course, an unsatisfactory situation and can be explained in particular by the uninterrupted rise of payroll costs and materials, which cannot be passed on entirely to our customers. Value creation, which has been decreasing for years, also puts pressure on our margins. The increased amount of subcontracted works also reduces the depth of our production activity.

### Implenia Group

The last integration tasks will be completed, as planned, in 2007. The costs of the merger that we have already mentioned correspond to the forecast amounts. About 10 million francs will be carried over to the 2007 accounting period.

Thanks to our strong order portfolio for 2007 and a general economic climate that continues to be favourable, we hope to achieve a turnover this year equivalent to that of 2006. Long-term savings generated by synergy effects should begin to make an impact starting from this year: the CHF 21.4 million communicated at the time

of the merger may even be slightly exceeded, according to our present estimates. However, as production costs (payroll, early retirement [FAR], steel, oil products, etc.) are increasing more rapidly than margins and can be offset only in part by price increases, savings resulting from the merger will become fully effective only if they are accompanied by additional productivity improvement measures.

The operational merger of the two companies has made it clear that a potential for optimisation still exists, notably in the area of organisation. Consequently, the following changes will be launched in the first quarter of 2007:

1. Grouping together of the Real Estate and General Contracting Divisions. Also, Privera, which is active above all in real estate management and brokerage, maintains its independence, which is necessary in this market, and has a direct link with the Holding company. This new activity combines the following four areas: Investment Management, Project Development, Engineering and General Contracting. These units operate as independent profit centres, but can, at any time, if their customers so require, offer integrated solutions. This should be considered therefore a new business activity, with the capability of offering solutions for all the problems that can arise in the life cycle of a real estate property, possibly working in cooperation with other contractors. Common Key Account Management assures standardised customer service. Functional activities, such as Finance and Accounting, Human and Other Resources will also be grouped together at the Group level, creating additional potential synergies. All this will improve efficiency and profitability.

## Outlook for 2007

2. Creation of a Corporate Centre, at the Holding company level. Its mission will be to supervise the application and effectiveness of the Group strategy, but also to define, together with the General Management, strategic orientations applicable to the various business activities. However, these guidelines have been formulated to give the various units extensive decision-making autonomy and great flexibility. The Corporate Centre will also define the policies for all the cross-functional activities within the group (Human Resources, Finance and Accounting, Marketing, Procurement, etc.). It supports the Group units in case of litigation, assures the effective circulation of information, and plays the role of both partner and "coach" for the various affiliated companies.
3. Implenia is targeting certain foreign markets that we consider attractive both for their geographical location and for the services that we can offer there. The necessary structures will be put in place in 2007. Our objective is to establish useful contacts in our target countries and to assure initial successes in the area of services.





Competence, responsibility and transparency:  
up close and personal.



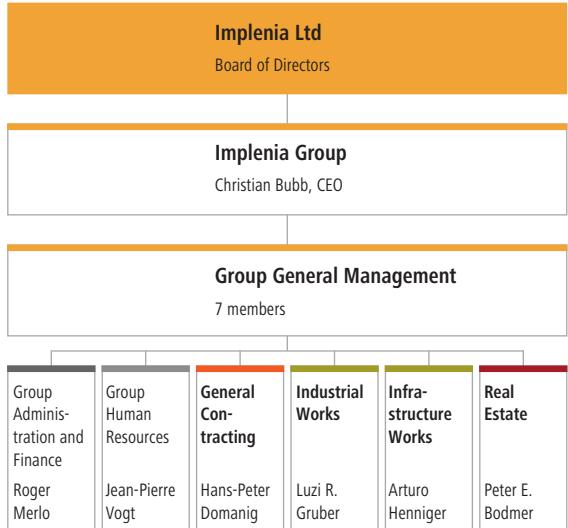
## 1. Group Structure and Shareholders

### 1.1 Group Structure

Implenia Ltd, the central company of the Group, is a holding company that took over Zschokke Holding SA and Batigroup Holding SA with the merger of 2 March 2006. It is the direct or indirect owner of all the companies linked with the Implenia Group.

#### 1.1.1 Operating Structure of the Group

The operating structure of the Group is as follows:



### Foreword

To facilitate the understanding of this report, it should be recalled that on 2 March 2006 Implenia took over by merger Zschokke Holding SA and Batigroup Holding SA. The company whose name is now Implenia Ltd was incorporated in November 2005 as a jointly owned subsidiary of Zschokke Holding SA and Batigroup Holding SA. The members of its present Board of Directors were elected in December 2005. On 2 March 2006, on the basis of the merger agreement of 14 November 2005, as amended on 18 January 2006, Implenia Ltd took over by merger its two parent companies, which were cancelled from the Trade Registers of Geneva and Basel and also from the SWX Swiss Exchange. The shares of Implenia Ltd have been listed on the SWX since 6 March 2006.

The essential rules applied by Implenia, in accordance with the Swiss Federal Law on Stock Markets and the recommendations of the "Swiss Code of Good Practice" concerning the organisation and structure of the Group that directly or indirectly affect the interests of its Shareholders or "Stakeholders", are presented below, as required by the SWX Corporate Governance Directive of 17 April 2002.

The chapters and paragraph numbers indicated hereafter correspond to those of the above Directive.

#### 1.1.2 Listed Companies included within the consolidation

Implenia Ltd, with registered office in Dietlikon (ZH), is a Swiss company that has been listed on the SWX Swiss Exchange (Security No 002386855, ISIN code CH 0023868554, symbol IMPN) since 6 March 2006. Its stock-market capitalisation as at 31 December 2006 was CHF 470.1 million. It does not hold any shares in listed companies included within the consolidation.

#### 1.1.3 Unlisted companies included within the consolidation

On pages 44 and 45 of the Financial Report you will find the list of affiliated companies included within the consolidation, together with their names, registered offices, share capital and the shareholdings held by the Group companies.

# Corporate Governance

## 1.2 Major shareholders

The names of the known major shareholders and groups of shareholders holding more than 5% of the Implenia share capital are shown below:

Name of shareholder	Number of shares	Percentage of the share capital	With/without voting rights
Parmino Holding AG	2,007,181	10.87 %	with voting rights
3V Asset Management AG	960,000	5.20 %	with voting rights

On the first day of listing of Implenia Ltd on the SWX on 6 March 2006, the shareholder group consisting of Mr. Max Rössler, Mr. Hans-Peter Hirt and Parmino Holding AG held 1,956,880 shares with voting rights, i.e. 10.61% of the share capital of Implenia Ltd.

Since its first listing, Implenia has made a number of disclosures concerning its shareholdings as required by art. 20 and art. 21 LBVM (Federal Law on the Stock Exchange and Securities Trading) of 24 March 1995:

Disclosure date	Name of shareholder	Number of shares	Percentage of the share capital	With/without voting rights
03.04.2006	3V Asset Management AG	1,000,000	5.41%	with voting rights
04.04.2006	Threadneedle Asset Management Holding Ltd	939,443	5.09%	with voting rights
04.04.2006	Parmino Holding AG	2,000,000	10.83%	with voting rights
		+ dissolution of the shareholder group (Max Rössler – Parmino Holding AG – Hans-Peter Hirt)		
21.06.2006	Chase Nominees Ltd	1,814,132	9.82 %	without voting rights
10.10.2006	Threadneedle Asset Management Holding Ltd		<5 %	with voting rights
06.11.2006	Chase Nominees Ltd		<5 %	without voting rights

As published in FOSC, the official Swiss Gazette of Commerce on 26 February 2007, the percentage of the share capital held by 3V Asset Management AG fell below the threshold of 5%.

## 1.3 Crossholdings

There are no crossholdings.

## 2. Capital Structure

### 2.1 Capital

The share capital amounts to CHF 89,589,200, divided into 18,472,000 registered shares, with a nominal value of CHF 4.85 each, fully paid-up.

The conditional capital amounts to CHF 44,794,600.

There is no authorised capital.

### 2.2 Specific details concerning conditional capital

The share capital may be increased conditionally by a maximum amount of CHF 44,794,600 through the issue of a maximum of 9,236,000 registered shares with a nominal value of CHF 4.85 each to be fully paid-up. The increase takes place following the exercise of conversion and/or option rights issued in relation to bond loans or other money market instruments of the company and/or of the Group companies. The preferential subscription right of shareholders withdrawing from the company is excluded. The right to subscribe to the new registered shares pertains to the respective holders of the conversion and/or option rights. The Board of Directors fixes the conditions for the conversion and/or the option.

The Board of Directors may exclude, partially or entirely, the preferential subscription right of the shareholders in the case of issues of bond loans or other money market instruments to which conversion and/or option rights are attached, if such issue is made for financing purposes, including the refinancing of the acquisition of companies, parts of companies, shareholdings or new investment projects, and/or issues on the national or international capital market. If, by decision of the Board of Directors, the preferential subscription right is not maintained directly or indirectly, (1) the bond loans or other money market instruments must be issued at market conditions, (2) new registered shares must be issued at market conditions, taking into consideration in an equitable manner the stock market price of the registered shares and/or comparable instruments having a market value, and (3) it should be possible to exercise the conversion and/or option rights for a maximum of 10 years starting from the relevant issue date.

The acquisition of shares through the exercise of conversion and/or option rights and any consequential transfer of the registered shares are subject to the restrictions on registration in accordance with article 7 paragraph 4 of the Articles of Implenia Ltd (see point 2.6 below).

### 2.3 Changes in capital over the last three years

In KCHF	31.12.06
Registered share capital	89,589
Reserves	270,461
Profit for the year	5,277
Minority interests	4,192
<b>Total equity</b>	<b>369,519</b>

Because of the takeover by merger on 2 March 2006 of Zschokke Holding SA and Batigroup Holding SA, the information on changes in capital in the previous years is not available for Implenia Ltd, but can be found on page 3 of the 2005 and 2004 Financial Statements of Zschokke Holding SA respectively, and on page 4 of the 2005 and 2004 Financial Statements of Batigroup Holding SA respectively.

### 2.4 Shares and subscription warrants

The share capital as at 31 December 2006 consists of 18,472,000 registered shares with a nominal value of CHF 4.85, fully paid-up. Each share entitles the holder to one vote at the General Meeting. There are no subscription warrants.

### 2.5 Bonus certificates

There are no bonus certificates.

## 2.6 Restrictions on transfer and registration of "nominees"

### 2.6.1 Restrictions on transfer

There is no percentage clause justifying a restriction on the transfer of shares.

A restriction on transfer is possible if, in view of the information available to the company, the recognition of a purchaser as shareholder may or could prevent the company from providing the proof required by law concerning the composition of its body of shareholders (Lex Koller).

### 2.6.2 Reason for waivers

There were no waivers during the year.

### 2.6.3 Admissibility of "nominee" registrations

Those persons who do not provide proof that they acquired and hold registered shares in their own name and for their own account are not registered in the share register as fiduciaries with voting rights unless they declare in writing that they are prepared to reveal the names, addresses and number of shares of the persons for whose account they hold shares.

The Board may conclude agreements with fiduciaries concerning their obligation of communication.

### 2.6.4 Procedure and conditions at which the privileges granted under the Articles and the restrictions on transferability may be cancelled

There are no privileges under the Articles and the cancellation of the transferability restrictions requires a decision of the General Meeting adopted with at least  $\frac{2}{3}$  of the votes assigned to the shares represented at the meeting.

## 2.7 Convertible loans and options

There are no convertible loans or options.

## 3. Board of Directors

### 3.1 Members of the Board of Directors

The Board of Directors consists of 6 members who do not perform any operating management function (3 members were members of the Board of Zschokke Holding SA and 3 of the Board of Batigroup Holding SA; they had not performed any operating management function in these companies for the last 3 years).

#### **Anton Affentranger** (born in 1956, Swiss national)

Mr. Affentranger has been Chairman of the Board of Directors since March 2006. He is also the founder and Chairman of Affentranger Associates SA, Chairman of the Board of Directors of Corporate Investment Management Affentranger Holding SA, Dartfish SA and Transmission Technology Holding SA, Deputy Chairman of the Board of Directors of Mikron SA, Biel/Bienne, member of the Board of Directors of the Ammann group and Chairman of the Board of the Casin Foundation.

Mr. Affentranger worked for UBS in New York, Hong Kong and Geneva, and then as member of the bank's general management in Zurich. He held the positions of Associate and CEO of the private bank Lombard Odier & Co and CFO of Roche Holding SA before joining, in 1999, the Board of Directors of Zschokke Holding SA and becoming its Chairman in 2003. He has a degree in Economics from the University of Geneva.

#### **Markus Dennler** (born in 1956, Swiss national)

Mr. Dennler has been Deputy Chairman of the Board of Directors since March 2006. He is also Chairman of the Board of Directors of Converium Holding SA, a member of the Boards of Directors of Swissquote Holding SA, Petroplus Holdings SA and Allianz Suisse and a board member of the British-Swiss Chamber of Commerce.

Hired by the Credit Suisse Group in 1986, Mr. Dennler rose to become a member of the General Management of Winterthur Assurances and Credit Suisse Financial Services. In 2005 he established his own practice as a lawyer in Zurich. From 2005 to 2006, he was Chairman of the Board of Directors of Batigroup Holding SA until its merger with Zschokke Holding SA. Mr. Dennler has a bachelor's degree and a Ph.D. in Law from the University of Zurich. He obtained his lawyer's licence in Zurich.

**Toni Wicki** (born in 1944, Swiss national)

Mr. Wicki is Managing Director and CEO of RUAG Holding, a member of the Board of Directors of various companies affiliated to or associated with the latter, as well as a member of the Foundation Board of the Eisenbibliothek Paradies.

After previously holding various positions in technological businesses, such as ABB and Leica, Mr. Wicki became Chief of Weaponry of the Swiss Army, and then Deputy Chairman of the Board of Directors of Zschokke Holding SA until its merger with Batigroup Holding SA. He is a graduate mechanical engineer holding a diploma from the Federal Polytechnic School in Zurich.

**Patrick Hünerwadel** (born in 1959, Swiss national)

Mr. Hünerwadel has been an associate of the Lenz & Staehelin law firm since 1994 and teaches courses in company law and the law of obligations at the University of Saint Gall. From 1997 to 1999, he was a member of the Board of Directors of Batigroup Holding SA, becoming its Deputy Chairman from 1999 until its merger with Zschokke Holding SA. Mr. Hünerwadel holds a bachelor's degree and a Ph.D. in Law from the University of Saint-Gall. He obtained his lawyer's licence in Zurich.

**Philippe Zoelly** (born in 1948, Swiss national)

Mr. Zoelly is an independent associate of a law firm in Geneva. His main activity consists of consulting, negotiating and court-room litigation in commercial matters, in particular in the fields of civil liability and insurance law, bankruptcy law (stabilisation, restructuring and liquidation of companies) and copyright management. He also accepts official assignments to act as receiver, administrator and liquidator in commercial matters. Mr. Zoelly is a member of the Board of Directors of the Swiss Society of Authors (Société Suisse des Auteurs – SSA) and Chairman of the SSA's Emergency Fund. He was member of the Board of Directors of Zschokke Holding SA from 2005. Mr. Zoelly holds a law degree from the University of Fribourg, he obtained his lawyer's licence in Geneva.

**Claudio Generali** (born in 1943, Swiss national)

Mr. Generali is Chairman of CORSI (Società cooperativa per la radiotelevisione nella Svizzera italiana), Deputy Chairman of the Board of Directors of SRG SSR Idée Suisse and the Swiss Aviation Foundation, as well as a member of the Board of Directors of Schindler Elettronica SA.

From 1974 to 1982, he was Assistant Director-General of the Banca dello Stato del Cantone Ticino, from 1983 to 1989, a member of the Ticino government (Department of Finance and Constructions), from 1990 to 2005, Chairman of the Board of Directors of the Gotthard Bank. He was a member of the Board of Directors of Batigroup Holding SA from 1997. Mr. Generali holds a degree in Economics from the University of Geneva.

No member of the Board of Directors has business relations with the Implenia Group.

### 3.2 Other activities and interest groupings

These points are covered above (point 3.1), in the individual profiles of each Board member.

### 3.3 Interdependences

Mr. Affentranger sits on the Board of Directors of Mikron SA.

Mr. Dennler sits on the Boards of Directors of Converium Holding SA, Swissquote Holding SA, Petroplus Holdings SA and Allianz Suisse.

Mr. Generali sits on the Board of Directors of Schindler Elettronica SA.

### 3.4 Election and term of office

#### 3.4.1 Principles of the election procedure and limitation of the term of office

For the year concerned, the members of the Board of Directors were all elected by the General Meeting. The term of office is 2 years, which may be extended. The age limit is fixed at 70 years. The Chairman, the Deputy Chairman and the Secretary are appointed by the Board of Directors.

#### 3.4.2 First election and remaining term of office

The members of the Board of Directors were all elected on 20 December 2005 by the General Meeting held following the approval of the merger agreement. Their terms of office expire in 2008.

### 3.5 Internal organisation

**3.5.1 Distribution of tasks within the Board of Directors**  
 With the exception of the areas of competence of the Chairman indicated below, there is no formal distribution of tasks within the Board of Directors. The Chairman is empowered to appoint the members of the Board of Directors of the companies in which Implenia Ltd has a shareholding of at least 50%. He is also authorised, in emergencies, when a decision of the Board cannot be taken in time and when he may reasonably expect to receive its agreement, to attend to the tasks normally reserved to the Board. In such cases, he shall inform the members of the Board immediately of his actions.

**3.5.2 Membership, attributes and delimitation of the areas of competence of all the committees of the Board of Directors**

The Board of Directors has set up three internal consultative committees: the Chairman's committee, the audit committee and the appointments-remuneration committee. The main tasks of these committees are to supervise the correct application of the recommendations of the "Swiss Code of good practice" and to report to the Board of Directors to allow it to prepare its decisions or to exercise its supervisory function. Their areas of competence are defined in the organisational regulations (referred to hereinafter as OR) of Implenia Ltd and in the regulations of each of these committees.

The Chairman's committee consists of Mr. Affentranger, Mr. Dennler and Mr. Hünerwadel. The Chairman's committee deals with business development and strategy and performs any other task delegated to it by the Board of Directors. The Chairman's committee meets whenever the business so requires (Art. 3.3 letter b), Implenia OR.

The audit committee consists of Mr. Wicki (Chairman), Mr. Affentranger and Mr. Hünerwadel. It performs the function of control committee for the Board of Directors. In this capacity it is responsible for the internal controls and the application of the principles of presentation of the accounts recognised and required by the

law. It coordinates and harmonises the internal and external auditing work. It is in charge of the regular communication between the internal and external auditors and the Board of Directors. It formulates the missions of the internal and external auditors. If necessary, it is empowered to order special audits. The audit committee meets at regular intervals, as a minimum twice per year (art 3.1 letter b) Implenia OR).

The appointments-remuneration committee consists of Mr. Dennler (Chairman), Mr. Generali and Mr. Zoelly. It prepares the succession planning to the Board of Directors and to the Group General Management and helps the Board of Directors to select the best candidates to sit on the Board and to occupy positions within the Group General Management. It assists the Board of Directors and the "Chief Executive Officer" in the determination of the remunerations at the highest level of the company (Board of Directors and Group General Management). The appointments-remuneration committee meets as often as the business requires it, but as a minimum twice per year (art. 3.2 letter b) Implenia OR).

**3.5.3 Working method of the Board of Directors and its committees**

Starting from 2 March 2006, the Board of Directors met 7 times, convened by its Chairman. The average length of its meetings is from 4 to 5 hours. The agenda and the relevant documentation are sent together with the notice convening the meeting to the members of the Board, prior to the meetings. The Chief Executive Officer and the Chief Financial Officer are, as a rule, invited to participate in the meetings of the Board. Every meeting is recorded in the minutes.

The Chairman's committee consists of the Chairman, the Deputy Chairman and another member of the Board of Directors appointed by the latter. The members of the audit and appointments-remuneration committees are appointed by the Board of Directors. Each of these committees organises itself and draws up its own regulations, which must be approved by the Board of Directors. The working method of these committees is the same as that of the Board. The audit committee met twice. The average length of its meetings is 4 hours. The appointments-remuneration committee met once. The meeting lasted about 2 hours.

	annual	six-monthly	quarterly	monthly
<b>MIS (Management Information System)</b>				×
<b>Year end</b> (balance sheet, income statement, detailed analysis, cash flow, by unit and consolidated)	×	×	×	
<b>Budget</b> (by unit and consolidated)	×			
<b>Rolling 3-year plan</b> (by unit and consolidated)	×			
<b>Risk Management Report</b>			×	

### 3.6 Areas of competence

With the exception of the areas of competence that are reserved to him by the law, the Articles and the organisational regulations, the Board of Directors has delegated the management of Implenia Ltd and its affiliated companies to the Chief Executive Officer (CEO), according to the organisational regulations of Implenia Ltd.

The CEO is in charge of the management of the company insofar as such management is not assigned to other governing bodies by the law, the Articles or the organisational regulations. He is responsible for the management of the Group's business and its representation, in particular for its operational management and the implementation of its strategy. He is authorised to delegate and/or to take on the tasks assigned to him in accordance with the organisational regulations insofar as such tasks are not reserved to the Board of Directors. The CEO delegates the management of the company to the members of the Group Management within the framework of the organisational regulations.

If necessary and if so requested, the CEO informs the Chairman and the members of the Board of Directors concerning the general state of the company, any special business and the decisions that he has made. He immediately communicates any extraordinary event in writing or orally to the Chairman and, if need be, to the members of the Board of Directors.

### 3.7 Information and control tools available to the General Management

To monitor how the CEO/members of the Group General Management are performing the tasks entrusted to them, the information and control tools available to the Board of Directors are as follows:

The documents are discussed and analysed in meetings of the Group General Management. They are submitted to the Chairman of the Board of Directors, with any appropriate comments. A detailed analysis is presented by the Group General Management (CEO and CFO) at each meeting of the Board of Directors.

The Risk Manager's mission essentially concerns the control of procedures involving the calculation, execution and follow-up of projects. He also controls the organisation of the profit centres and the internal organisation of the operating and administrative units.

The MIS (Management Information System) report is prepared every month. It provides information on the development of turnover, margins, order book, state of invoicing, and personnel in service. It is drawn up on the reference date and includes an estimate for the year.

The CEO, the CFO and the Risk Manager all participate in every meeting of the audit committee. They provide detailed information on the development of business, make any necessary comments and answer the questions of the members of the audit committee.

The Board of Directors has entrusted an internal control assignment to a major firm of auditors.

The reports on these reviews have been handed over to the members of the audit committee with the necessary comments and recommendations. The internal auditor has also been in contact with the external statutory auditors.

## 4. General Management

Christian Bubb is the Group Chief Executive Officer (CEO). As such, he is responsible for the management of Implenia Ltd and its affiliated companies. He heads the Group General Management, which is divided into different sectors, the responsibility for which has been delegated to the members of the General Management.

### 4.1 Members of the General Management

**Christian Bubb** (born in 1943, Swiss national)

In addition to being the Group CEO, Mr. Bubb is in charge of the procurement department. After completing his training as a graduate engineer at the Federal Polytechnic School in Zurich, he participated in the management of major projects. Mr. Bubb joined the Zschokke Group in 1971. In 1984, he was appointed Special Projects Manager of AG Heinr. Hatt-Haller, Hoch- & Tiefbau-Unternehmung, in 1986, Production Manager, in 1988, Zurich Regional Manager and, in 1994, CEO of the Zschokke Group. He represents the Implenia Group at the SBI (the Swiss construction industry association).

**Roger Merlo** (born in 1945, Swiss national)

Mr. Merlo is responsible for Group administration and finance. After completing his training as an economist, he worked in the machine industry in Switzerland and for a number of companies in the Congo. In 1978, Mr. Merlo joined the Zschokke Group, where he held several positions in the areas of administration and finances before becoming, in 1992, its CFO.

**Jean-Pierre Vogt** (born in 1958, Swiss national)

Mr. Vogt is responsible for human resources. After obtaining a degree from the Business School of the University of Lausanne, he worked as management controller at Nestlé from 1983 to 1986, as credit manager at UBS from 1987 to 1989, and as head of human resources at Bull (Suisse) SA from 1989 to 1996. Since then he has been with the Zschokke Group. He represents Implenia Construction Ltd at the Caisse Genevoise de Compensation du Bâtiment (Geneva Construction Clearing House).

**Hans-Peter Domanig** (born in 1956, Swiss national)

Mr. Domanig is responsible for general contracting. In this capacity, he manages Implenia General Contractor Ltd. He is also in charge of marketing for the Group. He is Chairman of the Board of Directors of OLMeRO SA and a member of the Board of Directors of Cablex SA. After completing his training in the technical field and as a corporate economist, he worked as a manager with the Iwobau Group. In 1992, Mr. Domanig joined the Zschokke Group, where he held various positions until 1997, when he took over the management of general contracting. He represents Implenia General Contractor Ltd as Deputy Chairman of the committee at the Association Suisse des Entrepreneurs Généraux (Swiss Association of General Contractors).

**Luzi Reto Gruber** (born in 1951, Swiss national)

Mr. Gruber is in charge of the industrial works division that groups together, in Implenia Construction Ltd, underground works and total contracting. Mr. Gruber, an EPF/SIA graduate civil engineer, was, from 1976 to 1979, the teaching and scientific assistant of Prof. Christian Menn, at Federal Polytechnic School in Zurich, from 1979 to 1993, site manager, project manager and operational manager of LGV Impresa Costruzioni SA, from 1993 to 1996, head of production for the Eastern region of Conrad Zschokke SA, from 1996 to 1997, head of division IV of the Stuag SA Group and, since 1997, he has been in charge of the tunnels & bridges section and a member of the management of the Batigroup Group. In this capacity, he managed the Major Projects and Infra Est divisions. Mr. Gruber is the chairman of the steering committee of Swissconditions (SIA 118 standards) and of the Association suisse des entreprises de construction souterraine/Vereinigung Schweizerischer Untertagbau-Unternehmer/VSU (Swiss Association of Underground Construction Contractors), a member of the management committee of the Groupe spécialisé pour les travaux souterrains/SIA (GTS) (Specialised Group for Underground Works/SIA (GTS)) and a member of the Normenbeirat Bau (NBB).

### **Arturo Henniger** (born in 1956, Swiss national)

Mr. Henniger is in charge of the Infra division that groups together, in Implenia Construction Ltd, buildings, roads and civil engineering works, engineering construction works and special works. After completing his training as a graduate engineer at Federal Polytechnic School in Zurich, he worked, from 1982 to 1988, as director of works for different companies, in South Africa and Italy. From 1988 to 1997, he worked for Locher & Co AG as site manager in various major tunnel projects. In 1998, Mr. Henniger joined the Zschokke Group, where he managed, as head of industrial projects, Zschokke Locher SA until its merger, in 2005, with Zschokke Construction SA, before taking over the management of this company.

### **Peter E. Bodmer** (born in 1964, Swiss national)

Since October 2005, Mr. Bodmer has been in charge of the Group's Real Estate department. After completing an apprenticeship as a machine mechanic and receiving basic training in mechanical construction at the EPF, Zurich, he studied at the University of Zurich, where he was awarded his degree in Economics (lic. oec. publ.), in 1993, followed in 2003 by an MBA from the IMD, Lausanne. Mr. Bodmer occupied various positions in two industrial companies before joining the Krebsöge group (a former company of the Maag group), in 1995, in Germany, where he worked as an associate manager and Chief Financial Officer. During the group separation phase, Mr. Bodmer took on an assignment for the buyer (initially for the American group Sinter Metals Inc. and then for the British company GKN plc) as Chief Financial Officer Europe, Chief Information Officer and then as head of Human Resources also with responsibility for the integration of all European companies of the GKN Sinter Metals (Europe) group. In 1999, Mr. Bodmer took over as Chief Financial Officer and Chief Operating Officer within the Maag Swiss Real Estate Group, which was listed on the stock exchange, until its merger with SPS Swiss Prime Site.

### **4.2 Other activities and interest groupings**

These points are covered above (point 4.1), in the individual profiles of each member of the Management.

### **4.3 Management contracts**

No management contracts are entrusted to third parties.

## **5. Remuneration, profit sharing and loans**

### **5.1 Content and procedure for fixing remuneration and share-holding plans**

The remuneration of the members of the Board of Directors, the CEO and the members of the Group General Management are fixed by the Board of Directors, as proposed by the appointments-remuneration committee.

#### **Board of Directors**

The remuneration of the members of the Board of Directors is fixed. It is determined in the month of December and is paid partly in cash and partly in shares, with the exception of one member of the Board of Directors who is paid entirely in cash. The shares are blocked for a period of 3 years. Since their election, the members of the Board of Directors have not changed. Implenia Ltd therefore has no former members of the Board of Directors entitled to receive remuneration.

## Group General Management

The remuneration of the CEO and of the members of the Group General Management includes a fixed amount and a variable amount, depending on the achievement of the objectives fixed by the Group. Both parts are paid in cash and in shares.

In the month of December, the appointments-remuneration committee analyses the individual performance of the members of the Group General Management as well as the performance of the activities for which the member of the Group General Management is responsible. The appointments-remuneration committee makes a proposal that is analysed and approved by the Board of Directors.

The variable part of the salary of the members of the Group General Management is dependent on the achievement of the financial objective fixed by the Board of Directors. This objective is determined on the basis of the annual budget. The basis of calculation is determined by the achievement of the target EBITDA. The variable part of the salary in cash is paid if the objective is achieved. If the objective is exceeded, the variable part of the salary is increased proportionally. Conversely, if the objective is not achieved, the variable part of the salary in cash is reduced proportionally. A part of the variable salary is paid in shares only if the objective is achieved.

The shares are blocked for a period of 3 years, with the exception of a part of the shares of the CEO, which are not blocked.

### 5.2 Remuneration paid to the members in office of the governing bodies

For the sake of transparency, the information provided in this chapter complies with the requirements of article 663b<sup>bis</sup> CO, which, however, will become applicable only starting from the 2007 financial year.

5.2.1 The total of all remuneration paid to the members of the Board of Directors and the Group General Management amounts to CHF 3,322,400 in compliance with the SWX directive, and to CHF 5,330,200 in compliance with 663b<sup>bis</sup> CO (including shares assigned, leaving benefits and additional fees).

5.2.2 a) The total of all remuneration paid to the members in office of the Group General Management only, as Implenia Ltd has no executive member on its Board of Directors, is as follows:

In 1000 CHF	Fixed salaries	Variable salaries	Shares <sup>1</sup> assigned Value		Leaving benefit	Total
			Number	Value		
CEO*	417.9	312.5	21,117	537.4	–	1,267.8
Other members in office of the Group General Management*	1,283.9	542.3	40,674	1,035.2	–	2,861.4
Members of the Group General Management who left in 2006	281.4	69.1	–	–	182.0	532.5
Related persons	–	–	–	–	–	–
<b>Total</b>	<b>1,983.2</b>	<b>923.9</b>	<b>61,791</b>	<b>1,572.6</b>	<b>182.0</b>	<b>4,661.7</b>

\*Supplementary information on the remuneration of the Group General Management:

<sup>1</sup>Implenia Ltd shares, security N°00238 6855, nominal value CHF 4.85

For the CEO and 5 members of the Group General Management the remuneration is disclosed for the period from March to December 2006. For a new member of the Group General Management the remuneration covers the period from July to December 2006. The remuneration for the months of January and February 2006 paid by Zschokke and Batigroup are not included in the above information.

The variable part of the remuneration in cash and in shares is paid in 2007.

5.2.2 b) The total of all remuneration paid to the non executive members of the Board of Directors is as follows:

In 1000 CHF	Fees	Shares <sup>1</sup>		Additional	Total
		Number	Value		
Affentranger Anton	114.3	2,025	49.0	111.9	<b>275.2</b>
Dennler Markus	76.4	1,353	32.8	–	<b>109.2</b>
Generali Claudio	45.5	806	19.5	–	<b>65.0</b>
Hünerwadel Patrick	85.8	–	–	–	<b>85.8</b>
Wicki Toni	47.8	848	20.5	–	<b>68.3</b>
Zoelly Philippe	45.5	806	19.5	–	<b>65.0</b>
Related persons	–	–	–	–	–
<b>Total</b>	<b>415.3</b>	<b>5,838</b>	<b>141.3</b>	<b>111.9</b>	<b>668.5</b>

<sup>1</sup>Implenia Ltd shares,  
security N°00238 6855,  
nominal value CHF 4.85

The remuneration of the members of the Board of Directors refers to the period from 2 March to 31 December 2006. Fees paid by Batigroup and Zschokke for the months of January and February 2006 are not included in the above information. Implenia Ltd did not pay any remuneration to the members of the Board of Directors for the period from January to February 2006.

The variable part of the remuneration in cash and shares is paid in 2007.

5.2.3 Additional leaving benefits amounting to a total of CHF 182,000 were paid to members of the governing bodies whose term of office came to an end after January 2006. Also, in accordance with the agreements reached at the time of the merger, the former CEO of Batigroup received a leaving benefit of CHF 1,165,000.

### 5.3 Remuneration paid to former members of the governing bodies

Implenia Ltd closed its first accounting period on 31 December 2006. No remuneration was paid to former members of the governing bodies whose term of office came to an end during the previous accounting period or before.

### 5.4 Assignment of shares during the year

5.4 a) The number of shares assigned in 2006 to the members of the Group General Management only, as Implenia Ltd has no executive member on its Board of Directors, as well as to related persons, is 61,791.

5.4 b) The number of shares assigned in 2006 to the non executive members of the Board of Directors, as well as to related persons, is 5,838.

### 5.5 Share holding

5.5 a) As at 31 December 2006, the number of shares held by the members of the Group General Management only, as Implenia Ltd has no executive member on its Board of Directors, as well as by related persons, is 137,140, which represents 0.74% of the share capital. This figure includes any shares acquired in a private capacity.

Members of the General Management	Number of shares
Bubb Christian	42,460
Bodmer Peter	3,200
Domanig Hans-Peter	25,600
Gruber Luzi	2,000
Henniger Arturo	21,240
Merlo Roger	20,000
Vogt Jean-Pierre	22,640
<b>Total</b>	<b>137,140</b>

5.5 b) As at 31 December 2006, the number of share held by the non executive members of the Board of Directors, as well as by related persons, is 32,640, which represents 0.18% of the share capital. This figure includes any shares acquired in a private capacity.

<b>Members of the Board of Directors</b>	<b>Number of shares</b>
Affentranger Anton	24,880
Dennler Markus	100
Generali Claudio	1,200
Hünerwadel Patrick	1,340
Wicki Toni	4,480
Zoelly Philippe	640
<b>Total</b>	<b>32,640</b>

## 5.6 Options

Implenia Ltd has no stock-option remuneration scheme.

## 5.7 Fees and additional remuneration

The amount of fees and additional remuneration incurred since January 2006 by each member of the Board of Directors or the Group General Management or by a related person amounts to CHF 111,904, paid for consulting services provided by Mr. Anton Affentranger in relation to a special mandate.

## 5.8 Loans to the officers and governing bodies

No loans have been granted to any members of the Board of Directors, the CEO or any members of the Group General Management, or to related persons.

## 5.9 Highest total remuneration

For the member of the Board of Directors who has the highest overall remuneration, please refer to the table presented under number 5.2.2 b).

## 6. Participation rights of shareholders

### 6.1 Limitation and representation of voting rights

6.1.1 Voting rights may be refused (i) to a shareholder who, on demand by the company, does not expressly declare that he acquired and holds the registered shares in his own name and for his own account or if, acting as a "nominee", he does not declare, in writing, that he is ready to reveal the names, addresses and number of shares of the persons for whose account he holds shares (art. 7 par. 4 letter a) Articles of Implenia Ltd), (ii) the recognition of a purchaser as shareholder may prevent the company from providing the proof required by law concerning the composition of its body of shareholders (art. 7 par. 4 letter b) Articles of Implenia Ltd).

The Board of Directors may reach agreements with "nominees" concerning their disclosure obligations.

6.1.2 No waivers of the above rules have been granted during the accounting period.

6.1.3 The limitations under the Articles of voting rights as described above may be cancelled by an amendment of the Articles, which requires a decision of the General Meeting approved by at least two third of the votes assigned to the shares represented (art.16 Articles of Implenia Ltd).

6.1.4 In accordance with art. 13 par. 3-5 of the Articles of Implenia Ltd, a shareholder may be represented at the General Meeting by another shareholder with voting rights, using the power of attorney attached to the admission card. The representatives of the governing bodies and the depository representatives as well as the independent representatives designated by the company need not necessarily be shareholders of the company. Minors and persons in tutorship or guardianship may be represented by their legal representative, married persons by their spouse and legal persons by an authorised signatory or by another authorised representative, and this applies even if such representatives are not shareholders of the company. The chairperson of the General Meeting decides on the admissibility of a representative.

## 6.2 Quorums required under the Articles

The General Meeting adopts its decisions in accordance with the majorities required by law. The Articles do not establish any different majorities. The taking of decisions on mergers, disposals and reorganisations is governed by the provisions of the law on mergers.

## 6.3 Convocation of the General Meeting

The General Meeting is convened by notice published in the Official Swiss Gazette of Commerce (FOSC). The holders of registered shares may be informed through a written communication (art. 11 Articles of Implenia Ltd). The Board of Directors decides on the place where the General Meeting is held.

## 6.4 Inclusion of items on the agenda

Shareholders representing shares with a total nominal value of CHF 1,000,000 may request the inclusion of an item on the agenda of the General Meeting. The convocation of a meeting and the inclusion of an item on the agenda must be requested in writing indicating the business to be discussed and any proposals at least 45 days before the General Meeting. Shareholders were reminded of this time and date limit for such requests by publication in the FOSC, the official Swiss Gazette of Commerce, on 15 February 2007.

## 6.5 Registration in the Share Register

From 13 April 2007 until the General Meeting fixed for 24 April 2007 no registrations of shareholders with voting rights are made in the Share Register.

## 7. Takeovers and defensive measures

### 7.1 Obligation to submit an offer

Implenia Ltd has no opting out/opting up clause in its Articles.

### 7.2 Clauses governing takeovers

No such clauses exist. No agreements on takeovers with the members of the Board of Directors, the members of the Group General Management or other executive members have been concluded.

## 8. Statutory auditors

### 8.1 Duration of the auditing mandate and term of office of the auditor in charge

The duration of the auditing mandate given to PricewaterhouseCoopers SA is one year. It began on 2 March 2006.

The auditor in charge of the current auditing mandate, Mr. Willy Wenger, took over on 2 March 2006.

### 8.2 Auditing fees

During the current year, the total sum of fees invoiced by the auditors amounts to CHF 1,045,000.

### 8.3 Additional fees

During the current year the total sum of additional fees amounts to CHF 809,147. These fees were paid for consulting services rendered in relation to the auditing of the accounts and the implementation of new accounting standards as well as for fiscal consulting services rendered, mainly in the context of the legal restructuring of the new Implenia Group.

### 8.4 Methods of supervision and control of the statutory auditors

The audit committee of the Board of Directors has, in particular, the task of ensuring the effective and regular supervision of the auditor's reporting, with the aim of ensuring its integrity, transparency and quality.

Representatives of the auditors participated in 2 meetings of the audit committee. The auditing schedule is presented and discussed with the members of the audit committee. Any important observations of the statutory auditors are presented to the audit committee with the appropriate recommendations.

The internal auditor has worked in collaboration with the external statutory auditors.

## 9. Information policy

The Group follows an open and transparent information policy. The most significant information is communicated regularly according to the following schedule:

- communication of the annual results: March/April
- communication of half-yearly results: September
- General Meeting: April

Additional information is given in our half-yearly management report, in our press releases and/or letters to our shareholders, as well as on our internet site ([www.implenia.com](http://www.implenia.com)). Other information is also provided at press conferences and presentations to financial analysts.

### Additional general information can be obtained from:

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### Important changes in the Group operational structure since the balance sheet reference date

As of 1 February 2007, the "General Contracting" business has been incorporated in the "Real Estate" Division headed by Hans-Peter Domanig. This decision was made to take optimal advantage of the market potential and to integrate within the same division all services related to the value creation chain of real estate property.

The detailed concept underlying the future structures of a "Corporate Centre", which are currently being studied, will be communicated during the second half of 2007.





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