



Annual Report  
2007

# Implenia®

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### Schedule

2008 Half-Year Report conference

16 September 2008

Unofficial translation for information purpose only.  
Approved and published official version is available  
in German.

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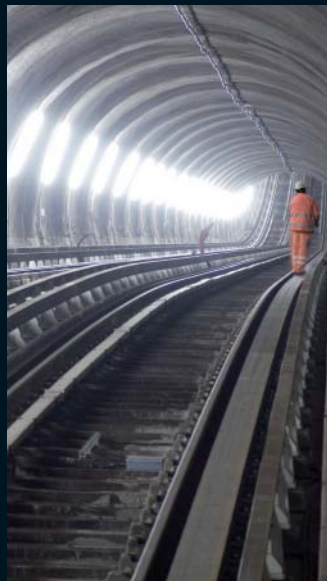
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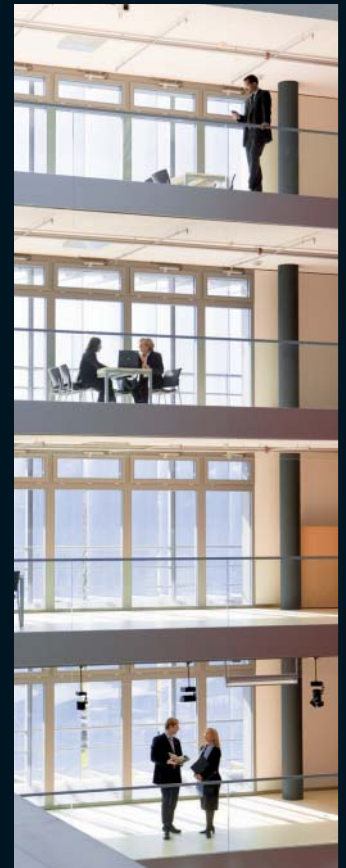
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The Management Report includes this Annual Report and the Financial Report, which is contained in a separate document. These two reports are also available in German and French.





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





### **Dear Shareholders,**

The year 2007 was intense on several counts for our relatively new company which has now completed its first complete operational financial year since the merger. For the Board of Directors and Group Management it was important therefore to build on the first positive results generated by the Implen Group's creation in the spring of 2006 and thus satisfy the important expectations to which the merger gave rise. 2007 was also the year in which we implemented our strategic priorities in Switzerland and abroad. In addition, the conflict with Laxey mobilised many of the company's strengths. Implen rose successfully to all of these challenges and emerged stronger as a result.

### **Solid results**

In 2007, after the deduction of considerable exceptional charges and investments, the Implen Group recorded a profit of SFr 25.5 million. The operating result (EBIT) attained was at a very good level of SFr 65.8 million, an increase of 38.4% compared to 2006. All areas of activity contributed to these pleasing figures, which confirm both the impact of our strategic orientation and the Group's operating performance.

Integration of the two companies was completed during the past financial year. The financial result was therefore burdened one last time by various exceptional costs linked to the merger.

### **A clear strategy**

The central pillars of our strategy have not changed. Furthermore, in 2007, we also:

- accelerated the industrialisation of our production processes
- strengthened our activities upstream and downstream of construction
- developed our activities abroad, while at the same time carefully managing our risks.

In addition we put in place a Corporate Centre with which we shall further consolidate our resources and our expertise. Our aim is to improve not only our profitability, but also our Group's impact on the market.

At the end of November we were able to conclude our first strategic partnership abroad, creating a joint venture with one of the leading players in the Russian property market, Russian Land. This is a first step towards the development of a future market which offers enormous potential and which will be one of the pillars of our international expansion. The Board of Directors constantly monitors Implen's strategy, which it fine tunes in close collaboration with the CEO and Group Management. Results already obtained clearly confirm the soundness of decisions taken.

### **Distribution to shareholders**

Encouraged by this good result and the promising outlook for our Group, the Board will be proposing to the General Meeting the payment of SFr 0.50, in form of a partial refund on the nominal share value.

## Chairman's Message

### Conflict with Laxey

The 2007 financial year was strongly marked by the conflict with Laxey. The hostile manoeuvres of this British hedge fund towards Implenía have already been widely reported. For its part, our Board of Directors maintains its position: the disguised acquisition by Laxey of a stake in Implenía's capital was in our opinion a deliberate circumvention of legislation in force and was prejudicial both to many shareholders and to the company itself. It is for this reason that we asked the Federal Banking Commission to open an enquiry, which should very shortly reach its conclusion. In accordance with article 7 of our articles of incorporation, we refused to enter in the share register all of the shares held by the Laxey fund. This determination on the part of the Board of Directors received unequivocal support from our shareholders at the Extraordinary General Meeting of 14 December 2007.

The Board of Directors is convinced that the strategy it has followed hitherto is in the interests of all stakeholders. The Board and Management are of course ready at any time to submit their existing business model for review and to examine objectively any serious offer emanating from an investor, provided it seeks not only to satisfy particular interests, but also – and above all – to serve equitably the interests of all shareholders. However, the Board of Directors and Management reject categorically any strategy that would destroy the value and substance created over the years. Implenía will therefore continue to defend itself vigorously against the attacks by Laxey.

### Board of Directors

The Board of Directors will be proposing to the General Meeting the election of a new member, Mr Urs Häner, CEO of Russian Land. A Swiss national, Urs Häner has spent much of his career with Credit Suisse, firstly in Zurich, then in Australia and Russia. This seasoned connoisseur of the Russian economy will bring to our Board valuable knowledge of the property market in that country.

The Board of Directors will also be seeking the re-election of Mr Toni Wicki, Mr Philippe Zoelly, Mr Markus Dennler, Mr Patrick Hünerwadel, Mr Claudio Generali and Mr Anton Affentranger.

### Acknowledgements

The 2007 financial year made strong demands on all our employees, who showed commitment to their company at all times. The Board of Directors congratulates them and expresses its profound gratitude for this. On its behalf, I would also like to thank the Group Management for the determination with which it assumed its responsibilities during this testing year.

To you, dear shareholders, I offer my sincere thanks for the trust and support which you have shown us. Rest assured that we shall do everything in our power to preserve, strengthen and develop the value created in the interest of our company.

Anton Affentranger  
Chairman of the Board of Directors





Anton Affentranger  
Chairman  
(until the 2008 AGM)



Markus Dennler  
Deputy Chairman  
(until the 2008 AGM)



Jim Cohen  
(until the 2009 AGM)



Claudio Generali  
(until the 2008 AGM)



Ian Goldin  
(until the 2009 AGM)



Patrick Hünérwadel  
(until the 2008 AGM)



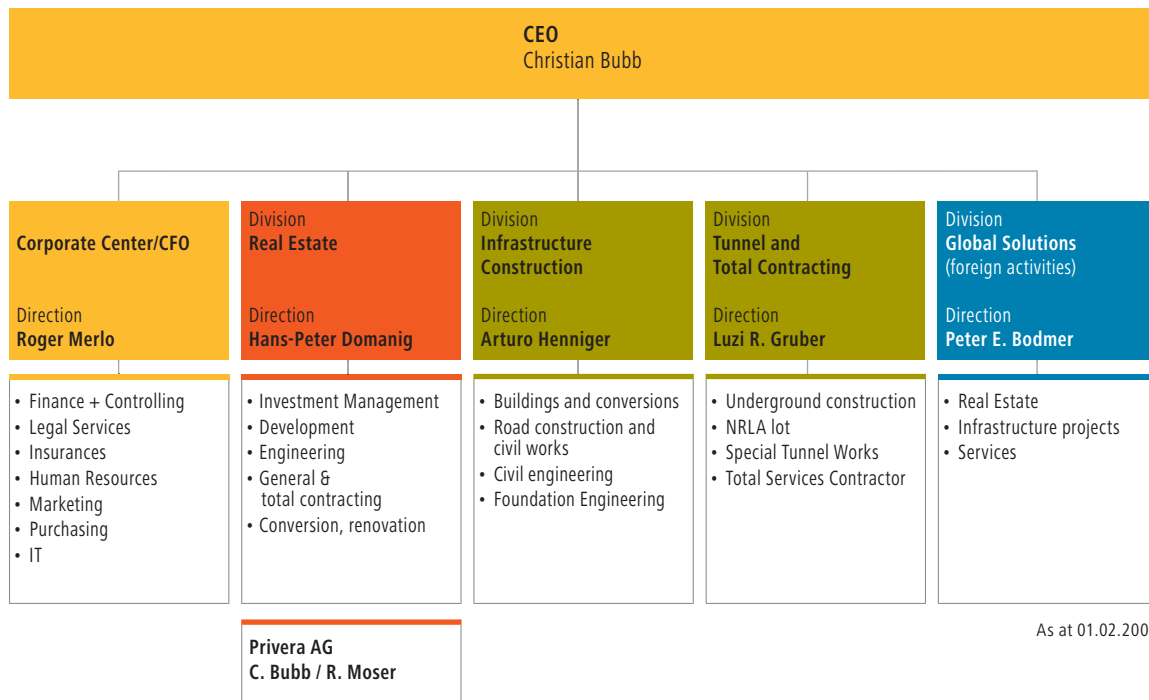
Toni Wicki  
(until the 2008 AGM)



Philippe Zoelly  
(until the 2008 AGM)

## Board of Directors





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

## Group Management

### Excellent result for the second financial year

For its second financial year, on turnover (including work partnerships) of SFr 2771 million (2810 million in 2006), Implenia recorded earnings before interest and tax (EBIT) of SFr 38.7 million (17 million in 2006). This result takes into account both exceptional costs linked to the merger and the depreciation of intangible assets totalling around SFr 25 million (45.2 million in 2006).

The overall Group result of SFr 25.5 million (6.1 million in 2006), is very pleasing, particularly since the integration made necessary by the merger is now complete, both at an operational and a functional level.

Cash flow is SFr –113.3 million (23.8 million in 2006). This negative result is attributable mainly to merger-related costs which were provided for in 2006, but also to deteriorating payment conditions, particularly in general contracting.

On 31 December 2007, cash stood at SFr 47.1 million (107.3 million on 31 December 2006), while net indebtedness was SFr –117.3 million (10.5 million one year earlier).

The Group's degree of self-financing was 30.2% (28.7% in 2006), while shareholders' equity amounted to SFr 404.9 million (368.6 million in 2006).

On 31 December 2007, the Group's order book once again stood at a very good level: SFr 2611 million (2304 million on 31 December 2006), of which 1599 million will become turnover in 2008. The remainder, i.e. 1012 million, will be distributed over several years, starting from 2009.

Our average number of employees was 5948, i.e. broadly similar to the previous financial year.

### Key figures for the Group

(in 1000 CHF)	12/2007	12/2006
Turnover *	2 771 481	2 810 127
EBIT without real estate <sup>1)</sup>	50 333	41 522
Real estate	15 415	5 980
<b>Operating Result EBIT<sup>1)</sup></b>	<b>65 748</b>	<b>47 502</b>
Reversal of EBIT Batigroup <sup>2)</sup>	0	14 766
Integration costs	(16 100)	(39 953)
Depreciation of intangible assets + tax effect Goodwill	(8 917)	(5 271)
Exceptional fees for Laxey	(2 063)	0
<b>EBIT IFRS</b>	<b>38 668</b>	<b>17 044</b>

\* Total turnover (2006 figures including Batigroup starting from 1.1.06) including share in work partnerships.

<sup>1)</sup> 2006 figures including Batigroup starting from 1.1.06

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

## Key figures for the Group

### Consolidated figures according to IFRS standards

(in 1000 CHF)		
	12/2007	12/2006
EBITDA	84 678	54 370
Operating result (EBIT)	38 668	17 044
Group result	25 534	6 142
Free cash flow	(113 284)	23 820
Net investments in machinery and equipment	58 235	28 832
Real estate operations:		
Investments	43 198	42 835
Disposals	44 125	76 949
Valuation adjustment	36 995	43 915
<b>Net Real estate operations</b>	<b>168 049</b>	<b>165 077</b>
Net Cash position	(117 272)	10 532
– Interest-bearing borrowings	164 425	96 814
– Cash and cash equivalents	47 153	107 346
<b>Equity</b>	<b>404 894</b>	<b>368 550</b>
Self-financing ratio in %	30.2%	28.7%
<b>Total Balance sheet</b>	<b>1 341 868</b>	<b>1 284 649</b>
Number of shares	18 472 000	18 472 000
Outstanding shares	18 419 437	18 006 926
Security number	00 2386 855	00 2386 855
Symbol	IMP.N	IMP.N
Order book	2 611 183	2 303 646
Total employees as at 31.12.	5 698	5 942

## Consolidated figures according to IFRS standards



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



### Stability at a high level

Also in 2007, Swiss construction could have no cause for complaint about a lack of orders. Yet while this situation which has persisted for several years gives grounds for satisfaction, the behaviour of market players for its part has not changed. The construction market is constantly facing strong competition. As a consequence margins have stayed low and at the same level for years.

### A mixed trend

Construction showed a mixed trend over the past financial year: building work recorded a further increase, while civil engineering suffered a slight decline. The private sector is still the main engine of growth. Despite a slight downturn, the volume of business in new house building was nonetheless higher than last year. However, it would appear definitely to have peaked, as testified by the fall in the number of building permits issued. High turnover recorded in industrial and commercial building confirms that the economic situation remains favourable and should continue to do so in the near future.

In terms of infrastructure work, the volume of business has fallen mainly in the public sector. Indeed nationally, this area is dominated by projects large in size but limited in number. Accordingly the decline suffered in 2007 can be explained above all by waning activity for cross-country Alpine lines. Orders placed by communes and cantons, more numerous but smaller in volume, were insufficient to compensate for this decline.

### Economic situation still good, but insufficient margins

We may assume that the economic situation will remain positive in 2008. However volatility and the upward trend in the price of steel and other raw materials, as well as soaring energy costs and tax and social security contributions (RPLP HGV charge, CO<sub>2</sub>), have led to a significant increase in construction costs. In addition, competition remains as strong as ever. Therefore, even with healthy order books and fully utilized capacities, margins remain insufficient.

### Implenia Group

For Implenia, the 2007 financial year was extremely intense and demanding, laying down many challenges to all stakeholders.

### Completion of integration work

The Group's three major divisions – Real Estate, Infra and Tunnel + Total Contracting – successfully completed integration work linked to the merger, particularly initiatives designed to exploit synergies. Although estimates of exceptional costs before the merger were exceeded by around 20%, the synergies achieved for their part are

## Swiss construction market



in line with our expectations. The integration of General Contracting – hitherto an independent entity – within the Real Estate division has had positive repercussions and internal collaboration has been significantly improved as a result. Project development activities are proceeding according to plan and within the limits of our financial cover. In construction, decentralized skills have been judiciously regrouped, with any duplication removed and production processes adapted accordingly. The industrialisation of production is making pleasing progress, which is reflected in the results.

#### Developments abroad

Early in 2007, analysis confirmed that penetration of the Russian, Eastern European and Middle Eastern markets would provide attractive opportunities for Implenia. Our Group intends to become established in these regions as a leader in construction related services, particularly infrastructure and “High Quality Building” solutions. Various projects have already been successfully completed. The joint venture founded in November 2007 by Russian Land and Implenia is a further important and highly promising step in this direction.

#### Creation of a Corporate Centre

The past financial year saw the development and establishment of the basic principles and procedures for creating a Corporate Centre, which will combine the functional activities of finance and accounting, controlling, legal services, insurances, human resources, marketing, purchasing and IT. Coordinated and managed by the CFO, the Corporate Centre will be operational during the 2008 financial year.

#### Successful merger

The excellent results obtained in our second financial year confirm the validity of the merger of the sector’s two former leading players. The fast pace adopted in 2006 to create the new Group did not slacken in 2007. Long-term savings are on a par with the sums announced and, despite various additional costs, ongoing business has been successfully concluded thanks to the enormous commitment shown by all our employees. With only a few exceptions, no contracts were lost as a result of the merger. Finally, surveys among our clients show that our versatile Group already enjoys a level of reputation higher than that of the two companies that created it.

### Real Estate Division

The Real Estate Division provides a comprehensive range of services covering the entire life cycle of a building, from its development to the optimisation of occupancy. This global approach plays an increasingly important role, particularly in terms of sustainable development. The grouping together under one roof of expertise and skills makes it possible to clearly identify our clients' expectations and satisfy them in optimal fashion.

Despite increasing demand for services, margins remain under strong pressure. The Division nonetheless achieved its set targets, recording a total turnover of SFr 1331 million and an operating result (EBIT) of 29.4 million.

2007 was a success for General Contracting. Despite a difficult environment marked by intense competition, its EBIT exceeded the sector average. Prestigious large contracts, such as the headquarters of Philip Morris, in Lausanne, the extension of the St. Jakob-Park shopping centre in Basel and the Letzigrund stadium in Zurich, were completed in the year just finished.

Project Development also enjoyed a pleasing financial year. In addition to very satisfactory sales, the volume of projects undertaken exceeded SFr 2 billion, with another 1500 million at the negotiation stage. However, the year was difficult for Reuss Engineering: the costs for integrating the Reuss Group into the Real Estate division affected the result, which failed to achieve the forecast level. However the conditions for a recovery are now in place and we can look forward to 2008 with confidence.

Totalling SFr 1349 million, the order book is impressive not only by dint of its quantity, but also its quality. A prudent acquisition policy targeting profit rather than turnover at all costs ensures development based on the real creation of value.

### Key Figures – Real Estate

(in 1000 CHF)	12/2007	12/2006
Turnover *	1 331 268	1 338 694
Order book	1 349 089	1 227 310
EBIT without real estate <sup>1)</sup>	13 949	15 105
Real estate	15 415	5 980
<b>Operating Result EBIT<sup>1)</sup></b>	<b>29 364</b>	<b>21 085</b>
Reversal of EBIT Batigroup <sup>2)</sup>	0	159
Integration costs	(2 285)	(16 921)
Depreciation of intangible assets + tax effect Goodwill	(5 437)	(1 851)
Exceptional fees for Laxey	(1 392)	0
<b>EBIT IFRS</b>	<b>20 250</b>	<b>2 472</b>
Total employees	1 060	1 092

\* Total turnover (2006 figures including Batigroup starting from 1.1.06) including share in work partnerships.

<sup>1)</sup> 2006 figures including Batigroup starting from 1.1.06

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

### Construction Division (Infra/Tunnel + Total Contracting)

For the two units comprising this Division, the past financial year has been satisfactory in terms of volume and very pleasing in terms of profit. Construction activity showed a slight year on year increase.

#### Infra Unit

The year 2007 saw the reorganisation of the Infra unit. It is now composed of four major areas of activity (Alps, East, Centre and West), added to which is the Civil Engineering and Construction Works entity, which is active at a national level. The reasoning behind this reorganisation is the desire for greater proximity to our clients, but also the ability to bid for larger contracts. In addition, this stronger collaboration and mutual exchange of resources now makes it possible to submit more competitive quotations. This strategy has borne fruit, particularly with the acquisition of orders for the new Oerlikon-Altstetten rail link in Zurich, or for the Wyland motorway, each totalling more than SFr 100 million. With the integration essentially having been successfully completed in 2006, the year 2007 was marked above all by the consolidation and optimisation of internal processes. The results obtained confirm the validity of the chosen strategy.

In 2007 there were significant increases both in the turnover of the Infra unit and its order book. The result in terms of EBIT showed an even higher increase, rising from SFr 8.8 million to 21.5 million.

#### Key Figures – Infra

(in 1000 CHF)		
	12/2007	12/2006
Turnover *	1 275 159	1 204 243
Order book	505 943	396 760
<b>Operating Result EBIT <sup>1)</sup></b>	<b>21 464</b>	<b>8 837</b>
Reversal of EBIT Batigroup <sup>2)</sup>	0	15 430
Integration costs	(12 013)	(16 371)
Depreciation of intangible assets + tax effect Goodwill	(1 337)	0
Exceptional fees for Laxey	0	–
<b>EBIT IFRS</b>	<b>8 114</b>	<b>7 896</b>
Total employees	3 944	4 113

\* Total turnover (2006 figures including Batigroup starting from 1.1.06) including share in work partnerships.

<sup>1)</sup> 2006 figures including Batigroup starting from 1.1.06

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



### Tunnels + Total Contracting Unit

Turnover and profit from underground work increased. The volume of work increased thanks to a number of successful acquisitions. The Weinberg tunnel order for the Durchmesserlinie in Zurich, in particular, was decisive in reducing dependence on the Bodio/Faido and Sedrun sections of the NLFA. However, turnover for Total Contracting decreased following completion of the Lötschberg contract. Although the volume of work also diminished, profit has remained stable. In addition, Total Contracting is now making its resources available to the new Global Solutions Division.

Despite a slight decrease in turnover, this unit has been able to improve its operating profit, which rose to SFr 22.1 million (20.7 million in 2006). The order book, for its part, has improved considerably thanks to underground work.

Both units in the Construction Division once again recorded a very good operating result (EBIT), which increased to SFr 43.6 million (29.6 million in 2006). At the end of 2007, the value of the order book totalled SFr 1262 million, a significant increase compared to last year (1076 million). Around 641 million will be earned in 2008, on a budget of 1400 million.

### Key Figures – Tunnel + Total Contracting

(in 1000 CHF)		
	12/2007	12/2006
Turnover *	370 212	402 630
Order book	756 151	679 576
<b>Operating Result EBIT <sup>1)</sup></b>	<b>22 100</b>	<b>20 723</b>
Reversal of EBIT Batigroup <sup>2)</sup>		(1 147)
Integration costs	(426)	(2 583)
Depreciation of intangible assets + tax effect Goodwill	(852)	(2 361)
Exceptional fees for Laxey	(236)	–
<b>EBIT IFRS</b>	<b>20 586</b>	<b>14 632</b>
Total employees	601	655

\* Total turnover (2006 figures including Batigroup starting from 1.1.06) including share in work partnerships.

<sup>1)</sup> 2006 figures including Batigroup starting from 1.1.06

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

### Global Solutions Division

Thanks to its size, the Implenla Group now has the resources and expertise that are indispensable for operating abroad. The groundwork for our international development was begun in the year just completed. The creation of Implenla Global Solutions as a Group Division corresponds to a highly targeted strategy and assures the necessary structures for the selective conquest of attractive foreign markets.

Implenla Global Solutions directs and coordinates all of the Group's activities abroad. This new division combines all skills available within the Group and makes them available to clients of selected geographical areas and sectors of activity. Targeted regions are Russia, Eastern European countries and the Middle East, which stand out on account of their rapid economic growth, attractive potential in terms of margins and increasing demand for quality services. Implenla's offer of services is focused on two areas, thanks to its recognised expertise: general planning and project management, both in the Expert and Premium Buildings sector and in the field of infrastructures.

This strategy was launched in 2007. It has already garnered some attractive projects, particularly the general planning of Olympic stadiums in Sochi (Russia). In addition, it has allowed the creation of a joint venture called Russian Land Implenla, controlled equally by the Russian property development company Russian Land and

the Implenla Group. Russian Land Implenla is now responsible for the planning, engineering, execution and operational optimisation of all Russian Land projects whose pipeline of 16 real estate projects – some of which are important, such as the complex adjacent to the Kremlin which will house the new premises of the famous Rossia Hotel – is worth several billion dollars.

Implenla Global Solutions is looking to the future with great optimism. Its dual positioning – unique expertise as a provider of global solutions in the field of infrastructures on the one hand, and project management for prestige buildings on the other – makes Implenla a highly attractive partner able to offer extra added value to its clients, namely «Swiss quality».

### Human Resources

The past financial year once again called for extreme flexibility and a major effort of adaptation on the part of all our employees. In the field of human resources, we were able to unify all our processes. Thanks to preparatory work begun as early as 2006, we not only succeeded in harmonizing general conditions of recruitment and social security (sickness and accident insurance), but also introduced the SAP computer system. This featured strongly in continuing training in the first quarter. An additional training programme is planned for the beginning of 2008 to meet some outstanding requirements in this area. Moreover, each of the Group's units introduced or enhanced its own management training programme.

The Group's manpower level has slightly decreased. No reductions in personnel were imposed, indeed the opposite was true. Due to the tight situation in the labour market, the search for qualified employees proved extremely difficult, both in Switzerland and abroad.

Denunciation of the sector's collective agreement and the events that followed had little effect on business. The absence of a collective agreement is unlikely to last long and the Implenla Group has come out very openly in favour of signing a new collective agreement. This must contain clear rules to avoid distortions due to competition and wage dumping, which would adversely affect employment.

The first operation of the "Employee participation in the capital of Implenla" allowed 354 members of staff to acquire 52,866 shares, at the preferential price of SFr 19.30.

A project to develop an electronic recruiting platform (e-recruiting) is currently under way. This application will be operational in the second quarter of 2008. It will optimise the processing of spontaneous applications and provide a complete database.

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

	2007	2006
Operating personnel	4 006	4 115
Technical and sales personnel	1 942	2 098
– General contracting	400	400
– Works	789	926
– Real estate management	665	691
– Others	88	81
Total	5 948	6 213

## The year of stabilisation



### Swiss construction market

Due to the anticipated downturn in the construction of new housing, a slight fall in the creation of value is expected in 2008. This decline in activity in the housing sector will be partially offset by the launch of important projects in the industrial and commercial sector. The recent marked upturn in the volume of work also means we can expect the return of a pleasing growth in civil engineering investments.

Over the coming years, the property market will increasingly become a buyer's market. Because of their power in the market, Swiss owners and tenants are attentive to quality and are in a position to benefit from an abundance of supply. Attractive dwellings, offering good value for money, will therefore be just as negotiable as office space in the most sought-after locations. The developer therefore requires in-depth and specific knowledge of the market in order to minimize the risk of non-occupancy and ensure the optimal success of new real estate projects.

In civil engineering, the development of railway infrastructures, the building of national road networks and the elimination of bottlenecks on cantonal road networks will, in the years to come, see the volume of activity stabilise at a high level. Since the beginning of 2008, motorway maintenance has been the sole responsibility of the Confederation. While representing a major upheaval for firms associated with constructing and maintaining the network, this transfer of skills is also a unique opportunity to ensure transparent adjudication procedures and a harmonisation of execution standards.

### Implenia Group

For the Implenia Group, the 2008 financial year will be the first not to be burdened by exceptional costs linked to the merger. Implementation of our strategy remains our absolute priority. In Switzerland, continued industrialisation of construction and the expansion of our project development activity will be at the centre of our efforts and will allow us to improve our profitability. Abroad, firstly in Russia and the Middle East, our aim is to conclude and develop joint ventures with local partners, to be able to propose global and complex solutions in the domain of infrastructures and construction.

As part of the optimisation of our organisation, the Corporate Centre is gradually taking shape. Its introduction will be a three stage process: the organisational regrouping of functional areas will be followed by the optimisation of processes within different units, and these functional units will then be aligned according to the most efficient processes.

During the 2008 financial year, we shall also be overseeing changes to the posts of CEO and CFO. The necessary steps have been taken to guarantee that the transfer of responsibilities runs smoothly.

The Laxey affair, too, continues to occupy us. The Board of Directors and Group Management remain utterly convinced that the position adopted by our shareholders and employees is the right one. They will therefore show the same determination as in 2007 in defending the Group from any hostile takeover bids.

In conclusion, the outlook for 2008 can today be considered as good. This evaluation is based on an excellent order book, the exceptional commitment of our personnel and the Group's excellent reputation among its clients as a reliable partner.

## Outlook for 2008



Competence, responsibility and transparency:  
up close and personal.





Foreword

It should be recalled that on 2 March 2006 Implenia Ltd. took over by merger Zschokke Holding SA and Batigroup Holding SA.

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, revised on 29 March 2006.

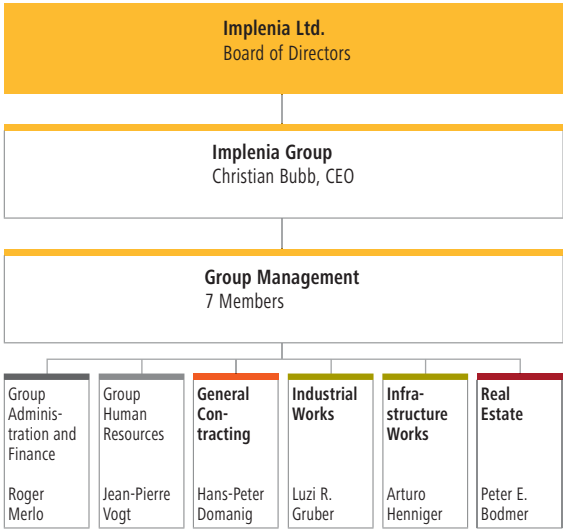
The chapters and paragraph numbers indicated hereafter correspond to those of the above Directive.

1. Group Structure and Shareholders

1.1 Group Structure

Implenia Ltd. the central company of the Group, is a holding company which owns directly or indirectly all companies linked with the Implenia Group.

1.1.1 Operating Structure of the Group  
The operating structure of the Group is as follows:



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 2007 was SFr 638 million. It does not hold any shares in listed companies included within the consolidation.

1.1.3 Unlisted companies included within the consolidation  
Pages 52 and 53 of the Financial Report contain a list of affiliated companies included within the consolidation, together with their names, registered offices, share capital and the shareholdings held by Group companies.

Corporate Governance

## 1.2 Major shareholders

The names of known major shareholders and groups of shareholders holding more than 3% of Implen's share capital are shown below:

Name of shareholder	Number of shares	Percentage of share capital	Shares with voting right	Shares without voting right
Laxey Group*	6 302 773	34.1%	909 346	5 393 427
Parmino Holding AG	2 061 071	11.2%	2 061 071	
Port Noir Investment Sàrl	1 205 000	6.5%	366 399	838 601
Ammann Group	606 438	3.28%	606 438	

\* as at 31 December 2007 the Laxey Group is composed of The Value Catalyst Fund Ltd., Laxey Investors Ltd., Laxey Investors LP, LP Value Ltd., Leaf Ltd., Laxey Universal Value LP, Altma Sicav PLC in respect of Gardiner Sub-Fund, Sprugos Investments XII LLC, LP Alternative LP, The Laxey Investment Trust PLC, Leaf LP, LAXC Ltd., LIL Investments No. 4 Ltd., Laxey Partners (UK) Ltd., Laxey Partners Ltd.

Between 1<sup>st</sup> January and 31 December 2007 Implen received a number of announcements concerning the disclosure of shareholdings within the meaning of articles 20 and 21 of the Federal Law of 24 March 1995 on stock markets and trade in transferable securities (LBVM):

Date of publication in the FOSE	Name of shareholder	Number of shares	Percentage of share capital	Shares with voting right	Shares without voting right
26.02.2007	3V Asset Management AG		< 5 % (before: 5.41%)		
17.04.2007	Laxey Group **	2 258 468	12.23% (before: <5%)	909 346	1 349 122
23.04.2007	Port Noir Investment Sàrl/ Claude Berda	1 044 200	5.65% (before: <5%)	366 399	677 801
26.04.2007	Laxey Group **	4 228 639	22.89% (before: 12.23%)	909 346	3 319 293
12.09.2007	Parmino Holding AG Max Rössler	2 055 633	11.13% (before: 10.83%)	2 055 633	
13.11.2007	Laxey Group **	6 282 681	34.01% (before: 22.89%)	909 346	5 373 335

\* for the composition of the Laxey Group as at 31<sup>st</sup> December 2007 see table above

\*\* As at 17 and 26 April 2007 the Laxey group is composed of The Value Catalyst Fund Ltd., Laxey Investors Ltd., Laxey Investors LP, LP Value Ltd., Leaf Ltd., Laxey Universal Value LP, Altma Sicav PLC in respect of Gardiner Sub-Fund, Sprugos Investments XII LLC, LP Alternative LP, The Laxey Investment Trust PLC



From 1<sup>st</sup> January 2008 the following announcements were made in the Official Swiss Gazette of Commerce (FOSC):

– from 17 January 2008, Russian Land Ltd., owned by Mr Shalva Chigirinskiy, holds 562 770 shares, or 3.05% of the share capital (308 938 shares with voting rights and 253 832 without voting rights);

– from 30 January 2008, Ammann Group Holding AG announced the formation of a group with Madisa AG, Pensio-  
skasse der Ammann-Unternehmungen, Arthur & Emma Ammann-Stiftung, Katharina Ammann-Schellenberg holding 606 438 shares with voting rights, or 3.28% of the share capital;

– from 11 February 2008, Russian Land Ltd. and Implenia Ltd., as part of their joint venture agreement and as recommended by the authority for the disclosure of shareholdings of the SWX Swiss Exchange, announced the formation of a group holding 970 882 shares, or 5.26 % of the share capital (308 938 shares with voting rights and 661 944 without voting rights).

### 1.3 Crossholdings

There are no crossholdings.

## 2. Capital Structure

### 2.1 Capital

The share capital amounts to CHF 83 124 000, divided into 18 472 000 registered shares with a nominal value of CHF 4.50 each, fully paid-up.

The conditional capital amounts to CHF 41 562 000.

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 41 562 000 through the issue of a maximum of 9 236 000 registered shares with a nominal value of CHF 4.50 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 rights 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	31.12.07	31.12.06
Registered share capital	83 124	89 589
Reserves	292 220	269 492
Profit for the year	24 819	5 277
Minority interests	4 731	4 192
<b>Total equity</b>	<b>404 894</b>	<b>368 550</b>

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

#### 2.4 Shares and subscription warrants

The share capital as at 31 December 2007 consists of 18,472,000 registered shares with a nominal value of CHF 4.50, 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.

In accordance with article 7 paragraph 4 part b of the articles of Incorporation, 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.

The methods of application of this clause are defined in the ruling of the Board of Directors entitled «Inscription of registered shares and upkeep of the share register of Implenla Ltd.» (the ruling can be obtained from the site [www.implenla.com](http://www.implenla.com) in the section «About Implenla» – «Registration Ruling»).

This ruling provides that the Board of Directors shall enter a foreign shareholder in the share register as a shareholder with voting rights provided:

- (i) the foreign shareholder meets the conditions that any shareholder must comply with (cf. points 2 to 4 of the ruling),
- (ii) the total number of shares with voting rights entered in the register (including the shares of the foreign shareholder in question) does not exceed the limit of

20% of all shares with voting rights entered in the share register and

- (iii) the number of shares with voting rights entered in the share register and held by the foreign shareholder in question does not exceed 10%.

Outside these limits, foreign shareholders will be registered only upon presentation of a decision by the competent authorities at the headquarters of the Company to the effect that the Company and its subsidiaries shall not be considered as dominated by persons abroad after inscription in the register of the shares of the additional foreign shareholder. Any shareholder falling within the definition of person abroad as per art. 5 of the Federal law on the acquisition of real estate by persons abroad (LFAIE) in conjunction with art. 6 LFAIE, and any Fiduciary who has not disclosed the shareholders behind him, shall be considered as foreign shareholders within the meaning of the present provision.

##### 2.6.2 Reason for the granting of waivers

There were no waivers during the year.

##### 2.6.3 Admissibility of "nominee" registrations

In accordance with article 7 paragraph 4 part a of the Articles of Incorporation, 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 nominees 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 by completing the form «Application for inscription as fiduciary» (the form can be obtained from the site [www.implenla.com](http://www.implenla.com) in the section «About Implenla» – «Registration Application for Fiduciary»).

The methods of application of this clause are defined in the ruling of the Board of Directors entitled «Inscription of registered shares and upkeep of the share register of Implenla Ltd.» (see reference above).

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

2.6.4 Procedure and conditions whereby privileges granted under the Articles and restrictions on transferability may be cancelled.

There are no privileges under the Articles and the cancellation of transferability restrictions requires a decision of the General Meeting adopted with at least two thirds of the votes assigned to the shares represented at the meeting.

2.7 Convertible loans and options

There are no convertible loans or option.

### 3. Board of Directors

#### 3.1 Members of the Board of Directors

The Board of Directors consists of eight members who do not perform any operational management function. Three were members of the Board of Zschokke Holding SA and three of the Board of Batigroup Holding SA; they had not performed any operational management function in these companies for the last two years. The two new members elected in 2007, Mr Cohen and Mr Goldin, were not affiliated to the bodies of the issuer or of a company in the same group.

**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, 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 a member of the Boards of Directors of Swissquote Holding SA, Petroplus Holdings SA, Jelmoli Holding SA and Allianz Suisse and an adviser to 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.

**James Lionel (Jim) Cohen** (born in 1942, UK national)

Mr. Cohen is the senior independent director of office2office plc, which listed in 2004. He also chairs a private company, a subsidiary of Actis, which specialises in interim electricity generation in Africa. After studying at university he served as Assistant Private Secretary to two Cabinet Ministers before he started a career in industry. He occupied various managerial positions with GEC and then GTE before joining, in 1993, Balfour Beatty where he was the initial driving force in building up its PFI/PPP activities, later supervising these activities while developing its railway business from 1996. He recently retired as a director of Balfour Beatty plc. He grew up in England. He holds an MA (Classics) from King's College, Cambridge and a BPhil (Economics) from York University.

**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 Gothard 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.

**Ian Andrew Goldin** (born in 1955, French national)

Mr Goldin grew up in South Africa. He studied at Cape Town University and then in England. After finishing his studies and following a brief foray in the private sector, he was appointed Director of Trade Programme with the OECD. He was then appointed as a specialist in infrastructures with the International Bank for Reconstruction and Development (World Bank) in Washington DC (USA) before becoming chief economist with the European Bank for Reconstruction and Development (EBRD) in London. In 1996, he created the Development Bank of South Africa (DBSA) in Johannesburg where he was Chief Executive and Managing Director. In 2001, he returned to the World Bank group in Washington DC, where he was appointed Director of Development Policy. In 2003 he became Vice President and was given wide-ranging responsibilities within the World Bank. Since 2006, Mr Goldin has been Director of the James Martin 21st Century School and Professorial Fellow at Oxford University. Mr Goldin holds an MSc from the London School of Economics and a PhD from Oxford University.

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

Mr. Hünérwadel 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. Hünérwadel 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.

**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. He was 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.

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

Mr. Zoelly is an independent associate of a law firm in Geneva. His main activities comprise consultancy, negotiating and court-room litigation in commercial matters, particularly in the fields of civil liability and insurance law, bankruptcy law 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.

No member of the Board of Directors has business relations with the Implenla 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

This point has been removed as part of the revision of 29 March 2006 of the Directive on Corporate Governance.

### 3.4 Election and term of office

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

Six members of the Board of Directors were elected globally, two were elected individually. The term of office for Board Members is 2 years, which may be extended. The term of office commences with election at the Ordinary General Meeting and ends at the Ordinary General Meeting held at the end of the year of the term of office, subject to resignation or early departure from office. 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

Six members of the Board of Directors were elected on 20 December 2005 by the General Meeting held following the approval of the merger agreement. Two were elected at the General Meeting of 24 April 2007. The mandates of Mr Affentranger, Mr Dennler, Mr Generali, Mr Hünerwadel, Mr Wicki and Mr Zoelly are due to expire at the Ordinary General Meeting of 2008, the mandates of Mr Cohen and Mr Goldin at that of 2009.

### 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 Implenla 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 committees of the Board of Directors

The Board of Directors has set up four internal consultative committees (without decision making powers): the Chairman's Committee, the Strategy 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 Implenla 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 business so requires (Art. 3.3 letter b), Implenla OR.

The Strategy Committee consists of Mr Cohen (Chairman), Mr Affentranger, Mr Goldin and Mr Hünerwadel. It deals with business development and particularly Group strategy. The Strategy Committee meets whenever business so requires but at least twice a year (art. 3.4 letter b) Implenla 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 internal controls and application of the principles of presentation of the accounts recognised and required by the law. It coordinates and harmonises internal and external auditing work. It is in charge of regular communication between the internal and external auditors and the Board of Directors. It formulates the objectives of the internal and external auditors.



If necessary, it is empowered to order special audits. The committee meets at regular intervals and at least twice a year (art 3.1 letter b) Implenia OR).

The Appointments-Remuneration Committee consists of Mr. Dennler (Chairman), Mr. Generali and Mr. Zoelly. It prepares succession planning for the Board of Directors and Group Management and helps the Board of Directors to select the best candidates to sit on the Board and within the Group Management. It assists the Board of Directors and the Chief Executive Officer in determining remuneration at the highest level of the company (Board of Directors and Group Management). The Appointments-Remuneration Committee meets as often as business requires, but at least twice a year (art. 3.2 letter b) Implenia OR).

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

The Board of Directors met 18 times, convened by its Chairman, with 11 meetings taking the form of a telephone conference. The average length of its meetings is from 4 to 5 hours, and 1 to 2 hours for telephone conferences. The agenda and the relevant documentation are sent together with the notice convening the meeting to Board members prior to meetings. The Chief Executive Officer and the Chief Financial Officer are, as a rule, invited to attend Board meetings. 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 Strategy, 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 Chairman's Committee did not meet in 2007.

The Strategy Committee met three times. The average duration of meetings is 4 hours.

The audit committee met three times. The average length of its meetings is 4 hours. The CEO, the CFO and the Risk Manager take part in committee meetings. The auditor partially attended two committee meetings. The Appointments-Remuneration Committee met 5 times. The average duration of the meetings is 2 to 3 hours.

### 3.6 Areas of competence

With the exception of the areas of competence that are reserved to it 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 members of 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 Group Management

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

	annual	six-monthly	quarterly	monthly
<b>MIS</b> (Management Information System)				×
<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>		×		

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 objective 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, changes to cash flow, the state of invoicing and personnel in service. It is prepared 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 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. Group Management

Christian Bubb is the Group Chief Executive Officer (CEO). As such, he is responsible for the management of Implenla 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 Group Management.

### 4.1 Members of the Group 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 Heintz Hatt-Haller, Hoch- & Tiefbau-Unternehmung, in 1986 Production Manager, in 1988 Zurich Regional Manager and, in 1994, CEO of the Zschokke Group.

**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 was

with the Zschokke Group. He represents Implenla 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 head of the Real Estate sector. In this capacity, he manages Implenla General Contractor Ltd., Implenla Development SA, Implenla Investment Management SA, Reuss Engineering SA and Tetrag Automation SA. He is also in charge of Group marketing. He is Chairman of the Board of Directors of OLMERO SA and a member of the Board of Directors of Calex SA. After completing his training in the technical field and as a corporate economist, he worked as a manager with the lwobau 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 Implenla General Contractor Ltd. as Deputy Chairman of the committee at the Association Suisse des Entrepreneurs Généraux (Swiss Association of General Contractors). As head of studies at the Federal Polytechnic School in Zurich he passes on his professional experience to future engineers.

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

Mr. Gruber is in charge of the Industrial Works sector that includes, in Implenla Construction Ltd., underground works and general contracting. Mr. Gruber, an EPF/SIA graduate in civil engineering, 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 Stuaag SA Group and, from 1997, he was in charge of the tunnels & bridges section and a member of 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 Untertagebau-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 sector that includes, in Implenla 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 that company.

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

Mr Bodmer is head of the Global Solutions sector (international activities). In this capacity he runs Implenla Global Solutions Ltd. 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. Mr Bodmer joined the Zschokke Group in 2005, where he ran the former Real Estate division.

#### 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 determining remuneration and share-holding plans

The remuneration of members of the Board of Directors, the CEO and members of Group General Management is determined by the Board of Directors, as proposed by the Appointments-Remuneration Committee. Since the creation of Implenla Ltd. no departures have occurred in the Board of Directors or the Group Management. So Implenla Ltd. has had no obligations to pay compensations to former members of the Board of Directors or the Group Management.

##### Board of Directors

The remuneration of 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 three members of the Board of Directors who are paid entirely in cash. The shares are blocked for a period of 3 years.

##### Group General Management

The remuneration of members of Group General Management is paid in two parts, one in cash, the other in shares. The amount paid in cash includes a fixed part and a variable part. The part paid in shares is fixed only. The variable part of cash remuneration depends on the attainment of targets set by the Board of Directors. This target is determined on the basis of the annual budget. The basis of calculation is determined by attainment of

the EBITDA. The variable part of cash remuneration is paid if the target is reached. Exceeding the target leads to a proportional increase in the variable amount. Conversely, failure to reach the target leads to a proportional reduction of the variable amount.

Remuneration of the CEO is based on the same principle but includes in addition a variable part in the element of remuneration paid in shares. The variable part paid in shares is determined according to the same criteria as those outlined above.

Shares remitted as remuneration paid in shares are blocked for a period of three years. Those remitted to the CEO as the variable part of his remuneration paid in shares are not blocked.

In December, the Appointments-Remuneration Committee analyses the individual performance of members of Group Management, as well as the performance of activities for which the member of Group Management is responsible. The Appointments-Remuneration Committee drafts a proposal which is analysed and ratified by the Board of Directors.

Information previously given under points 5.2 to 5.9 of the Directive on Corporate Governance can be found from this year and in accordance with article 663b bis CO, in appendix 8, i.e. on page 62 of the reports.

### 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 Implenla Ltd.), (ii) if 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 Implenla Ltd). The Board of Directors may reach agreements with “nominees” concerning their disclosure obligations ([www.implenia.com](http://www.implenia.com) in the section «About Implenla»).

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 thirds of the votes assigned to the shares represented (art.16 Articles of Implenla Ltd.).

At the Extraordinary General Meeting of 14 December 2007, the sole purpose of which was to submit to a vote of shareholders whether or not to keep or remove the statutory clause permitting the Board of Directors to refuse voting rights to those purchasing registered shares if recognition of a purchaser as shareholder prevents or could prevent the company from providing proof required by law as to the composition of the body of shareholders (art. 7 paragraph 4 part b) of the Articles of Incorporation of Implenla SA), the removal of this clause was refused by 86.8% of the votes.

6.1.4 In accordance with art. 13 par. 3–5 of the Articles of Implenla 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 depository representatives as well as 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, except for removal or simplification of the restriction on the transferability of shares which requires a majority of two thirds of the votes of represented shares (Art. 16 of the Articles of Association of Implenla Ltd.). The taking of decisions on mergers, disposals and reorganisations is governed by the provisions of the law on mergers.

## 6.3 Convening 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 Implenla 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 convening 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 (22 February 2008) by publication in the FOSC, the official Swiss Gazette of Commerce, on 28 January 2008.

## 6.5 Registration in the Share Register

From 28 March 2008 until the General Meeting scheduled for Tuesday 8 April 2008 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 agreements on takeovers with the members of the Board of Directors, the members of Group General Management or other executive members have been concluded.

## 8. 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 24 April 2007. The auditor responsible for 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 1,158,000 Swiss Francs.

### 8.3 Additional fees

During the current year the total sum of additional fees amounts to 348,000 Swiss Francs. 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 Implenla 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 effective and regular supervision of the auditor's reporting, with the aim of ensuring its integrity, transparency and quality.

Representatives of the auditors partially attended two 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.

## 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

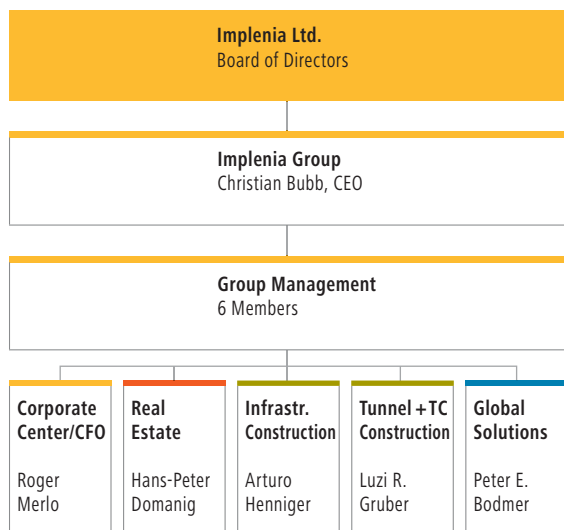
Additional information is given in our half-yearly management report, in our press releases and/or letters to our shareholders, as well as on our internet site ([www.implenla.com](http://www.implenla.com)). Other information is also provided at press conferences and presentations to financial analysts.

Additional general information can be obtained from:

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

Since 31 January 2008, a «Corporate Center» grouping together the functional departments of the Implenia Group, namely Finance and Controlling, the Legal Department, Insurance, Human resources, Marketing and Communication, Purchasing and IT, has been introduced in the Group's operational structure which now looks as follows:



As at 01.02.2008

Due to the integration of Human Resources into the «Corporate Center», Mr Jean-Pierre Vogt, head of Group Human Resources, has no longer been a member of Group Management since 31 January 2008.

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