



Annual Report  
2008

# Implenia®

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### Key dates

2009 Half-Year Report conference

22 September 2009

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Approved and published official version is available  
in German.

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The 2008 Business Report consists of this Annual Report and the Financial Report, which is contained in a separate document. Both are also available in German and French. The German version is the official version; the other language versions are unofficial translations for information only.





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### **Dear Shareholders**

We are pleased to inform you about a very satisfactory 2008 financial year. Despite still being a relatively new company, we were able to make further progress – in terms of quality and volume – in an increasingly challenging market environment. We consolidated our leading position in the Swiss market, while our efforts to build up international activities bore their first fruits.

### **Positive results**

In 2008 the Implenia Group achieved a very satisfactory overall result of CHF 41.9 million. The EBIT operating result was CHF 60.9 million and free cash flow reached CHF 169.1 million. The Group finished the year under review with a positive net cash position. All areas of the group contributed to this good performance.

### **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 CHF 0.50, in form of a partial refund on the nominal share value.

### **Strategy as a continuous process**

The core elements of our strategy remain unchanged. We are working on the industrialization of our construction processes and are pressing ahead with the targeted expansion of our services. By selling Privera AG, we streamlined our business portfolio during the year under review, so we can concentrate in future on building technology services.

In the second half of the financial year we launched an internal transformation project called "Vision to Reality". The aim of this is to make sure our company is properly equipped – strategically, organizationally, but also culturally – to cope with our long-term challenges. This is a continuous process designed to improve Implenia's earning power significantly and sustainably. Employees, management and the Board of Directors will continue to work intensively together on this transformation in 2009. Based on initial results and reactions, we are confident that these efforts will strengthen the company in the interests of all stakeholders.

### **Dispute with Laxey**

The dispute with hedge fund Laxey continued during the year under review. On 7 March 2008, the Federal Banking Commission ruled that Laxey had failed in its duty under stock exchange law to make the necessary notifications when it invested in Implenia, and that its acquisition of the shares concerned was therefore illegal. This ruling has since been confirmed by the Federal Administrative Court. The Board of Directors believes that the Federal Supreme Court, as the final court of appeal, will also support this position, thus providing definitive confirmation that Laxey's conduct was illegal.

In an attempt to move the situation forward for the good of the company and find a lasting solution, Implenia's Board of Directors has on several occasions offered to help Laxey place its shares with investors who support Implenia's strategy. Unfortunately, Laxey has so far declined to take up the proposal. The Board regrets this but will continue to do all it can to fight off Laxey's illegal attack on a business that has been built up over the years in accordance with a clear strategy.

## Chairman's Message

### Generational change within management

At the end of January 2009, our CEO Christian Bubb retired after a long and successful career at the head of Implenla and, before that, Zschokke. The Board of Directors is sincerely grateful to him for the many years he spent successfully building up and managing Switzerland's leading construction company.

His successor as the operational head of Implenla is Dr. Werner Karlen (42), who became CEO on 1 February 2009. As a former engineer at ABB, a highly experienced manager of industrial projects at McKinsey and operational manager of two well-known Swiss industrial companies, Werner Karlen has the ideal background for his new role at Implenla.

His appointment completes a change of generation at the highest level of Group Management: on 1 October, Beat Fellmann (44) took over as Chief Financial Officer from Roger Merlo, who also retired after many years in the job. The continuity of Implenla's operational business is ensured by the continued presence of the other members of Group Management: Hans-Peter Domanig (Real Estate Division), Arturo Henniger (Infrastructure Construction), Luzi R. Gruber (Tunnel and Total Contracting) and Peter E. Bodmer (Global Solutions).

### Outlook

Implenla has begun the new year with full order books. This is a result of our solid market position, and it makes us determined to justify the confidence our customers

have shown in us. Current uncertainty about the future of the economy may affect Implenla too, but we believe we are well equipped to meet the challenge. This confidence is further justified by the high proportion of orders we have from the public sector and by the federal government's announcement of an economic stimulus programme.

### Thank you

All of our employees once again had to work extremely hard in all areas during the last financial year. Implenla's successes have only been possible thanks to their great commitment. On behalf of the Board of Directors, I would like to thank our employees for all they have done. We would also like to thank you, our valued shareholders, for the confidence you have shown in the Board and Management.

Anton Affentranger  
Chairman of the Board of Directors



Anton Affentranger  
Chairman  
(until 2010 AGM)



Markus Dennler  
Vice Chairman  
(until 2010 AGM)



Jim Cohen  
(until 2009 AGM)



Claudio Generali  
(until 2010 AGM)



Ian Goldin  
(until 2009 AGM)



Urs Häner  
(until 2010 AGM)



Patrick Hünerrwadel  
(until 2010 AGM)



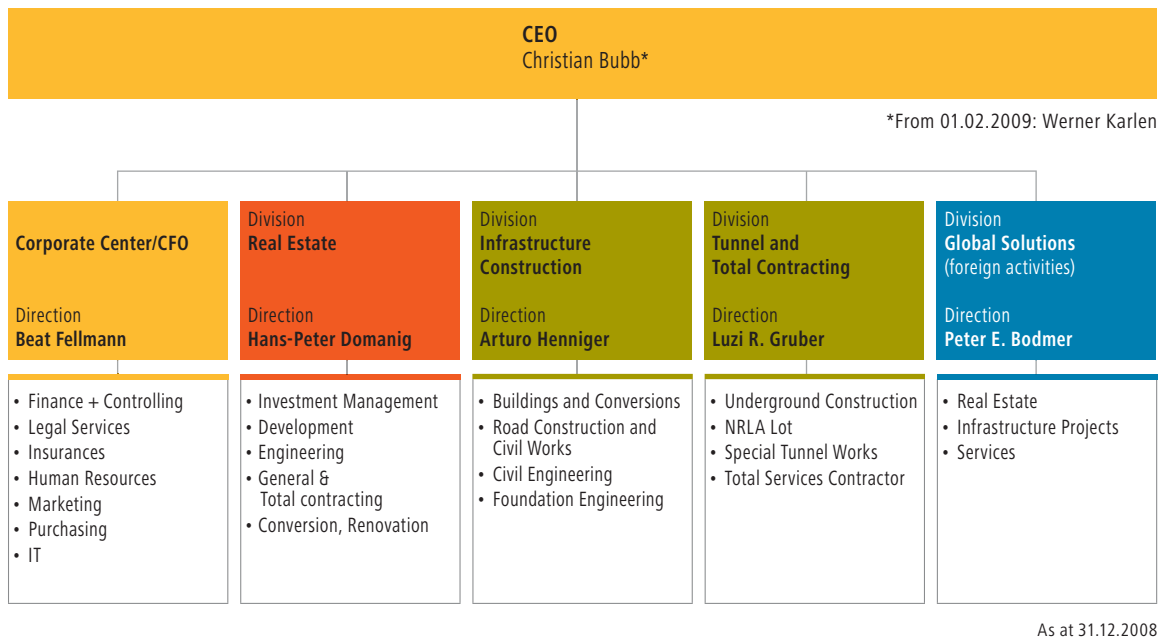
Toni Wicki  
(until 2010 AGM)



Philippe Zoelly  
(until 2010 AGM)

## Board of Directors





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

## Group Management

### Very satisfactory overall group result

With turnover (like for like) of CHF 2301 million (previous year CHF 2316 million), Implenia achieved operating earnings before interest and tax (EBIT) of CHF 60.9 million in the 2008 financial year (previous year CHF 38.7 million). This improvement on the 2007 results can be attributed in part to the absence for the first time of merger-related exceptional costs (previous year: CHF 16.1 million), and to the sale of Privera AG in the first half of 2008 (CHF 11.4 million). The good operating result, to which all divisions contributed, is especially welcome given the extreme volatility of raw material prices and the greater investments we made in building up our international business. EBITDA reached CHF 100.4 million (previous year CHF 84.7 million).

The Group's overall result was CHF 41.9 million (previous year CHF 25.5 million). Free cash flow came to CHF 169.1 million (previous year, cash drain of CHF 113.3 million).

As at 31 December 2008, cash and cash equivalents came to CHF 118.3 million (previous year CHF 47.1 million) and the net cash position was a positive CHF 36.7 million (previous year: net debt of CHF 117.3 million).

As at 31 December 2008, the group's shareholders' equity was CHF 425.1 million (previous year CHF 404.9 million) and the group's equity ratio was 31.2% (previous year 30.2%).

On 31 December 2008, the Group's order book once again stood at a very good level of CHF 2959 million (31 December 2007: CHF 2513 million). CHF 1692 million of this will be converted into concrete sales figures in the 2009 financial year. The remaining CHF 1267 million will be spread over several years from 2010 onwards.

Our average headcount was 5385, only slightly different from the previous year's 5462.

### Key figures for the Group

(in 1000 CHF)	12/2008	12/2007
Group turnover (like for like)	2 301 355	2 315 804
EBIT before real estate operations	51 816	46 564
EBIT real estate properties	10 295	15 415
<b>EBIT before special charges (like for like)</b>	<b>62 111</b>	<b>61 979</b>
Operating result Privera	339	3 769
Sale of Privera	11 374	0
Integration costs	0	(16 100)
Special charges	(12 931)	(10 980)
<b>Operating result</b>	<b>60 893</b>	<b>38 668</b>

## Key figures for the Group

### Consolidated figures under IFRS

(in 1000 CHF)		
	12/2008	12/2007
EBITDA	100 418	84 678
Operating result (EBIT)	60 893	38 668
Group result	41 873	25 534
Free cash flow	169 116	(113 284)
Net investments in machinery and equipment	38 019	58 235
Real estate operations:		
Investments	69 257	43 198
Disposals	67 961	44 125
Valuation adjustment	16 260	36 995
<b>Net real estate operations</b>	<b>180 157</b>	<b>168 049</b>
Net cash position	36 687	(117 272)
– Interest-bearing borrowings	81 677	164 425
– Cash and cash equivalents	118 364	47 153
<b>Equity</b>	<b>425 128</b>	<b>404 894</b>
Self-financing ratio in %	31.2%	30.2%
<b>Total balance sheet</b>	<b>1 362 706</b>	<b>1 341 868</b>
Number of shares	18 472 000	18 472 000
Outstanding shares	18 308 057	18 419 437
Security number	002 386 8554	002 386 8554
Symbol	IMP.N	IMP.N
Order book	2 958 904	2 512 783
Total employees as at 31.12.	5 192	5 212

## Consolidated figures under IFRS

From the original idea, to construction,  
to facility management.





### Slower growth

The years of booming business and growth rates of over 3% came to an end during the year under review. Construction investment fell by more than 1% in real terms in 2008. It is expected to fall again in 2009. We need not fear that the Swiss real estate market will experience the kind of collapse seen in the USA, since in Switzerland (nearly) all the relevant people and institutions have already learned the lessons of the 1990s property crisis. Thanks to the efficient rental market in Switzerland, people don't have to take on excessive debt to fund the purchase of their own home.

### Housing construction passes its peak

Switzerland's housing stock increased by a net 42,000 units in 2008. Non-occupancy rates are very low – not least because immigration from EU countries has continued unabated until recently – so supply and demand have matched each other closely.

### Dynamic commercial and industrial construction

Some of the oversupply of office space has been reduced in recent months despite lively construction activity. The conurbations around Zurich, Basel and Geneva have seen a particularly high level of office construction. This is likely to cool down in 2009, however. The turmoil on the financial markets is already having an impact on the real economy, so demand for office space will fall.

### Good capacity utilization in civil engineering

Several large infrastructure projects get underway in 2009, including the Ceneri leg of NEAT and the A9 Visp bypass, which should ensure turnover is good in 2009. This lively civil engineering activity is not necessarily reflected in the health of the infrastructure sector as a whole, since the current intensive construction activity is fuelled mainly by major projects that primarily benefit larger companies. The federal government's planned economic stimulus programme will also shore up construction demand.

### Rise in employee numbers

The number of full-time employees in the primary construction sector increased in 2008, and is now probably about 2000 higher than the 2006 figure. The decline in employment seen over recent years has thus come to an end. Growing demand for workers has led to a skills shortage. This has been overcome mainly by hiring personnel from neighbouring countries.

### Implenia Group

The 2008 financial year was the first in which Implenia was not hampered by exceptional costs relating to the merger.

### All divisions doing well

Implenia's individual divisions worked intensively throughout 2008 on the continuous optimization of all business processes. Our property management firm Privera AG was sold with retrospective effect from 1 January 2008. Reuss Group will continue to handle post-construction activities such as technical facility management.

## Overview

The Real Estate Division is working to establish itself as the leading project developer in Switzerland. Good interdisciplinary collaboration between the project development, engineering and general contracting areas is bearing fruit, as can be seen from a project development portfolio worth more than CHF 2 billion, and a good level of orders for general contracting.

The two construction divisions are well positioned in the Swiss market, and this is reflected in their good results. Conditions are in place for a successful future, though we are still committed to adjusting our organization, structures and processes as required by the constantly changing challenges presented by the market.

The Global Solutions Division is in the middle of an intensive development phase and is already actively involved in several major projects despite the turmoil on the financial markets. We have opened a representative office in the Middle East and are now working hard to win major contracts there too.

#### **From Vision to Reality**

The transformation project "Vision to Reality" was launched in mid-2008. This involved more than 100 employees from different business units, as well as Group Management and the Board of Directors. The project's aim is to identify the strategic, structural and cultural developments required to secure a steady and sustainable improvement in our profitability.

The analysis and diagnosis phase was completed in 2008. The results are now being used to create the strategy and implementation plan in the first half of 2009.

The establishment of the Corporate Centre, which will be completed during 2009, will lead to further efficiency gains.

The dispute with Laxey continued to occupy the Board of Directors during the year under review. On 7 March 2008 the Federal Banking Commission confirmed that Laxey acquired its stake in Implenia illegally. Several cases are currently going through the civil courts at different levels. All the conclusions made and decisions taken by the relevant authorities so far have been completely in Implenia's favour.

#### **Well equipped for difficult times**

Implenia is presenting a successful set of financial statements for the third year in a row. And despite the economic uncertainty, we are looking ahead with wellfounded confidence. Implenia begins the 2009 financial year with full order books. This is a result of the confidence our customers place in us thanks to our firmly established position in the market and to the dedication and skill of our employees.

### Real Estate Division

The Real Estate Division provides a comprehensive range of services covering the entire life cycle of a property from promotion to operational optimization. A strategy of margin-focused growth was continued throughout the year under review. Continuing high demand for construction services, particularly in the residential sector, helped the division to consolidate its leading position in the Swiss market. It matched the previous year's results, with operating earnings (EBIT) of CHF 25.8 million (previous year CHF 25.6 million), and turnover of CHF 1230 million.

In an effort to make the business even more responsive to market needs, the two business units Project Development and General Contracting were placed under joint regional management.

The Project Development business did particularly well in the residential sector. The general volatility of its activities was smoothed out to some extent thanks to its well diversified portfolio of projects. It remains to be seen, however, how the turbulence on the financial markets will affect project development business.

General Contracting business was extremely stable throughout Switzerland and this unit has established itself as the market leader in all regions of the country. One unsatisfactory issue is the unilateral shifting of typical builder's risk to the general contractor without appropriate compensation. Under the aegis of the VSGU (the Association of Swiss General Contractors), efforts are underway to correct this imbalance.

After a difficult 2007, Reuss Engineering (services, building technology) was able to turn things around in 2008 and post good results for the year. By focusing on the energy/environmental sectors and complex building technology, and by selling off its operations in Western Switzerland to reduce its geographical spread, Reuss was able to strengthen its competitive position.

Despite a deliberately cautious acquisition policy, orders remained high at CHF 1293 million (previous year CHF 1251 million). This provides a good basis for the company's continued value-oriented development.

### Key Figures – Real Estate

(in 1000 CHF)	12/2008	12/2007
Turnover (like for like)	1 229 738	1 270 402
EBIT before real estate properties	15 467	10 180
EBIT real estate properties	10 295	15 415
<b>EBIT before special charges (like for like)</b>	<b>25 762</b>	<b>25 595</b>
Operating result Privera	339	3 769
Sale of Privera	11 374	0
Integration costs	0	(2 285)
Special charges	(2 064)	(6 829)
<b>Operating result</b>	<b>35 411</b>	<b>20 250</b>
Order book	1 293 224	1 250 689
Headcount (like for like)	512	574

### Infrastructure Construction and Tunnel/Total Contracting (Construction)

In terms of overall earnings, 2008 was also a good year for the two divisions that focus on actual construction work. Taken together, they once again achieved excellent EBIT operating earnings of CHF 50.8 million (previous year CHF 43.6 million). As at 31 December 2008, outstanding orders including work partnerships totalled CHF 1666 million (previous year CHF 1262 million). With budgeted turnover (including work partnerships) totalling CHF 1437 million, around CHF 754 million of these orders will be recorded as sales in the 2009 financial year.

### Infrastructure Construction Division

The Infrastructure Construction Division – which covers our buildings and conversions activities, road construction and civil works, civil engineering and foundation engineering – enjoyed good capacity utilization during the year under review. In addition to numerous smaller and medium-sized jobs, the division also worked on several major projects. These include the contracts secured in 2007 for the new cross-city rail link in Zurich and the Weinland Autobahn, Lucerne “Zentralbahn”, the renovation of runway surfaces at Zurich Airport, and the Glattalbahn in Dübendorf.

Though the turnover of CHF 1115 million was slightly lower than the previous year’s figure, there was another significant rise in EBIT operating earnings to CHF 24.4 million (previous year CHF 21.5 million). This further improvement in profitability can be attributed not least to the comprehensive, systematic optimization of processes ranging from procurement and inventory management, to workshops and logistics, to risk management. The Division has started the 2009 financial year with a full, high quality order book.

### Key figures - Infrastructure Construction

(in 1000 CHF)		
	12/2008	12/2007
Turnover (IFRS)	1 114 508	1 120 144
<b>EBIT before special charges (like for like)</b>	<b>24 370</b>	<b>21 464</b>
Integration costs	0	(12 013)
Special charges	(175)	(1 337)
<b>Operating result</b>	<b>24 195</b>	<b>8 114</b>
Order book incl. share in work partnerships	652 562	505 943
Headcount	3 834	3 944

### Tunnel and Total Contracting Division

The Total Contracting unit posted lower turnover in 2008 than in the previous year. This was due to the completion (with no follow-on contract) of the major Lötschberg Rail project in 2007. However, the two other units, Underground Construction and Special Tunnel Works, saw a rise in sales. The earnings situation was once again very pleasing. What is more, the Division as a whole has started 2009 with the highest ever backlog of work, necessitating the recruitment of additional personnel. In addition to numerous small and medium-sized jobs, the highlight is probably the major contract we have won for the Emosson hydroelectric power station.

With turnover of CHF 152 million (previous year CHF 136 million), the Division once again generated a significant rise in EBIT operating earnings, which were up from CHF 22.1 million in 2007 to CHF 26.5 million in the year under review. At the end of 2008, orders including work partnerships came to a very healthy CHF 1013 million (previous year CHF 756 million), with full capacity utilization guaranteed for 2009 and beyond.

### Key figures - Tunnel + Total Contracting

(in 1000 CHF)		
	12/2008	12/2007
Turnover (IFRS)	151 663	136 063
<b>EBIT before special charges (like for like)</b>	<b>26 450</b>	<b>22 100</b>
Integration costs	0	(426)
Special charges	(852)	(1 088)
<b>Operating result</b>	<b>25 598</b>	<b>20 586</b>
Order book incl. share in work partnerships	1 013 118	756 151
Headcount	626	601



### Global Solutions Division

Implenia Global Solutions Ltd. has been operational for a good year now. Valuable experiences were gained in the two target markets of Russia and the Middle East during the year under review. We built up networks with potential partners and clients, developed an international organizational structure, including the necessary processes and tools, and began work on the first projects.

Currently, the Division is focused on building its market. Its operating loss for the year, which was caused mainly by start-up costs, should be seen as an investment in the future. In its first year of business, the Russian Land Implenja joint venture was able to break even.

The Representative Office in Dubai was opened in autumn 2008. Now that local management is in place, we can work more intensively on our entry into the market. The effects of the financial markets turmoil are all too evident in the Gulf Region, though Abu Dhabi and Qatar have not so far suffered any significant setbacks. Owing to recent market developments, Implenja is focusing on infrastructure projects and for the time being is concentrating on these last two countries.

The 2009 financial year is dominated by economic uncertainty in our defined international markets. However, the potential dangers for Implenja are limited thanks to our deliberate low-risk entry strategy and long-term approach.

### Key figures - Global Solutions

(in 1000 CHF)		
	12/2008	12/2007
Turnover (IFRS)	6 342	6 237
<b>EBIT before special charges (like for like)</b>	<b>(6 632)</b>	<b>(4 103)</b>
Special charges	0	(20)
<b>Operating result</b>	<b>(6 632)</b>	<b>(4 123)</b>
Headcount	14	7

### Human Resources

The consolidation of processes initiated in 2007 was completed over the course of 2008 thanks to the dedication and great flexibility of all employees. The new division of responsibilities entailed by the creation of the Corporate Centre in 2007 was optimized. A degree of specialization has been encouraged, which has improved quality.

Although we hired more than 350 new employees in 2008, overall headcount remained stable. The following table, which breaks the workforce down by the most important countries, shows that practically all foreign employees come from the EU25 region.

Nationality	Employees	Percentage of total
Switzerland	2504	48.7
Portugal	966	18.8
Italy	515	10.0
Germany	202	3.9
Spain	183	3.6
France	165	3.2

Case management continued to play a central role in 2008. As well as working with care specialists, who help employees who are ill or suffer accidents, we are also running a prevention campaign for all employees over the age of 45. This is designed to ensure early identification of health problems associated with an employee's specific area of work. By controlling illness and accident-related absences, we have again been able to reduce the number of days lost per employee per year. This is good for our employees' health and good for the general organization of work. The financial ramifications should not be forgotten either – if there are fewer absences, insurance premiums decrease.

Figures from the employee share scheme show that 396 employees purchased 61,902 shares at a preferential price of CHF 19.95.

### Distribution of employees by area of activities (year average/without Privera)

	2008	2007
Operating personnel	3921	4 006
Technical and sales personnel	1464	1456
– Real Estate	536	579
– Works	720	789
– Global Solutions	12	4
– Corporate Center, others	196	84
Total	5385	5462

## Year of consolidation

### Swiss construction market

With orders generally at a healthy level, we don't expect any sharp deterioration in the Swiss construction market in 2009, especially since the economic stimulus package announced by the federal government encompasses our industry. There probably will be a slight decline in the construction of buildings owing to the deceleration of residential and industrial/commercial activity. The positive growth outlook for infrastructure construction should ensure that turnover is maintained at around the previous year's level. The construction industry usually reacts to developments in the real economy after a delay of 12 to 18 months, which explains why the uncertainty on the financial markets is not currently having much of an impact.

Raw material prices are volatile, but the current falls in steel, materials and energy prices bring welcome relief following previous excessive rises. The Swiss construction market is still characterized by tough competition, and this is having a noticeable effect on margins.

### Implenia Group

Implenia is starting the 2009 financial year with high levels of good quality orders in all Divisions. Experience shows that building work in Switzerland tends to be implemented or completed once it has been approved or started, so from the current perspective we expect turnover in 2009 to be of roughly the same magnitude as in 2008. However, current economic problems mean there has to be some uncertainty about future volumes of incoming orders.

In project development, which is always a volatile business, the fact that several projects are about to be signed and sealed gives us reason to be confident, though negative developments in the economy as a whole could cause delays precisely in this area.

Both of our construction-focused divisions have healthy order books. The high proportion of orders we have from the public sector provides a certain stability, and the federal government's planned economic stimulus programme gives further support. Nevertheless, tough competition means that the Infrastructure Construction Division will continue to face price pressure. In the Tunnel + Total Contracting Division business is stabilizing at a sustainable level.

We have deliberately chosen a low-risk strategy in our international business, concentrating on consultancy, project control and project management work. We expect to receive our first major service orders in the current financial year. We are seeking to compensate for the slowing down or suspension of some ongoing projects, mainly in Russia, by taking on planning work in the infrastructure sector.

The ongoing "Vision to Reality" transformation project aims to equip Implenia in good time to meet future challenges. The analysis phase of the project was completed successfully and on schedule by the end of 2008. The Board of Directors and Group Management are currently deciding on the course that Implenia will take in future. Their vision, which will be fully formulated in the first half of 2009, will show how the company intends to develop in the medium and longer term. In the short term we are working to exploit further potential for cost optimizations and maintaining strict liquidity management.

The Laxey issue will continue to occupy us. The Board of Directors and Group Management firmly believe that the approach Implenia has taken to this problem is the right one for our shareholders and employees. They will continue to defend the company doggedly against any hostile takeover attempts.

In summary, from the current perspective, and given the circumstances we have described, we are cautiously confident about business in 2009. With Werner Karlen as CEO and Beat Fellmann as CFO we have appointed two new leaders who, together with their experienced colleagues in Group Management, will continue to take Implenia forward. During the current financial year, Group Management will also do everything it can to make Implenia even more efficient and competitive. Efficiency and competitiveness are the prerequisites for a successful future.

## Outlook for 2009

Runway renovation · Airport Zürich-Kloten



Corporate  
Governance

3

Competence and responsibility:  
in detail, in person.





Preamble

As required by the SIX Swiss Exchange’s Corporate Governance Disclosure Regulations of 17 April 2002, revised on 29 March 2006, this chapter describes those main principles of the Implenia Group’s organization and structure that directly or indirectly affect the interests of shareholders and other stakeholders.

The structuring and numbering in this chapter corresponds to those used in the SIX Regulations.

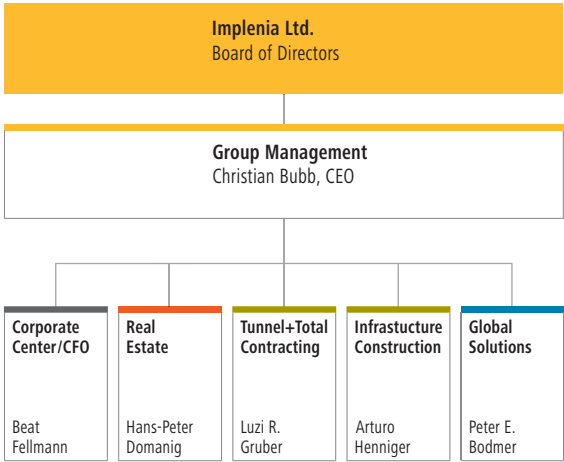
1. Group structure and shareholders

1.1 Group structure

Implenia Ltd. is a holding company which directly or indirectly owns all the companies within the Implenia Group.

1.1.1 Operating structure of the Group

As at 31 December 2008, the operating structure of the Group was 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 SIX Swiss Exchange (Security No 002386855, ISIN code CH0023868554, symbol IMPN) since 6 March 2006. Its stock market capitalisation as at 31 December 2008 was CHF 536 million. Its consolidated holdings do not include any listed companies.

1.1.3 Unlisted companies included within the consolidation

A list of the unlisted companies within the consolidation, including their names, registered offices, share capital and the stake held by the Group, is shown on pages 50 and 51 of the Financial Report.

Corporate Governance

## 1.2 Major shareholders

The names of known major shareholders and shareholder groups holding more than 3% of Implenla's share capital as at 31 December 2008 are shown below.

Shareholder	Date	As at last disclosure notification		As per share register on 31.12.2008			
		Number of shares	Percentage of share capital	Total number of shares	Percentage of share capital	Shares with voting rights	Shares without voting rights
Laxey Gruppe <sup>1 2</sup>	13.11.2007	6 302 773	34.01%	2 667 488	14.4%	909 346	1 758 142
Parmino Holding AG/ Max Rössler	12.09.2007	2 055 633	11.13%	2 283 851	12.4%	2 283 851	—
Ammann Group <sup>3</sup>	04.03.2008	1 156 438	6.26%	1 156 438	6.26%	1 156 438	—
Implenia Ltd./ Russian Land Limited	31.12.2008	684 590	3.71%	684 590	3.71%	308 938	375 652

<sup>1</sup> The Laxey Group includes the following units: 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.

<sup>2</sup> In addition, on 28 March 2008 Laxey announced in the definitive interim report of the public purchase offer of 5 November 2008 that it held 7,033,973 shares (38.08% of share capital) on 20 March 2008. Laxey has indicated that it has since built up its holding even more.

<sup>3</sup> The Ammann Group includes the Arthur und Emma Ammann-Stiftung, Ammann Group Holding AG, Madisa AG, the pension funds of the Ammann companies and Ammann-Schellenberg Katharina.

Between 1 January and 31 December 2008 Implenla Ltd. received the following disclosure notifications concerning shareholdings within the meaning of Articles 20 and 21 of the Federal Act on Stock Exchanges and Securities Trading (BEHG) of 24 March 1995.

Date of notification	Shareholder	Number of shares	Percentage of share capital
17.01.2008	Russian Land Limited	562 770	3.05%
30.01.2008	Ammann Group <sup>3</sup>	606 438	3.28%
11.02.2008	Implenia Ltd./ Russian Land Limited	970 882	5.26%
03.03.2008	Port Noir Investment Sàrl, Claude Berda		< 3% (previously 5.65%)
04.03.2008	Ammann Group	1 156 438	6.26%
29.12.2008	Implenia Ltd./ Russian Land Limited	684 590	3.71% (previously 5.26%)

The SIX Swiss Exchange has received the following notifications since 1 January 2009:

- 16 January 2009: Russian Land Ltd and Implenla Ltd. report a holding of less than 3% of share capital;
- 22 January 2009: Russian Land Ltd and Implenla Ltd. report a holding of 594,730 shares, or 3.22% of share capital;
- 19 February 2009: Russian Land Ltd and Implenla Ltd. report a holding of less than 3% of share capital.

### 1.3 Cross-shareholdings

There are no cross shareholdings.

## 2. Capital structure

### 2.1 Capital

As at 31 December 2008, the share capital amounts to CHF 73,888,000 divided into 18,472,000 registered shares with a par value of CHF 4 each. The shares are fully paid up.

Conditional capital amounts to CHF 36,944,000.

There is no authorized capital.

### 2.2 Conditional and authorized capital

Capital may be increased conditionally by a maximum of CHF 36,944,000 by issuing a maximum of 9,236,000 registered shares with a par value of CHF 4 each to be fully paid-up. The capital increase takes place following the exercise of conversion and/or option rights issued in connection with bonds or other financial market instruments of the company and/or of the Group companies. Existing shareholders' preferential subscription rights are excluded. Holders of the relevant conversion and/or option rights are entitled to subscribe to the new registered shares. The Board of Directors fixes the conditions for the conversion and/or the option.

The Board of Directors may partially or entirely exclude shareholders' preferential subscription rights when bonds or other financial market instruments are issued with conversion and/or option rights if these instruments are being issued to finance or refinance the acquisition of companies, parts of companies, participations or new investment projects, and/or if the instruments are issued on the national or international capital markets. If the Board of Directors resolves that the preferential subscription right will not be granted directly or indirectly, (1) the bonds or other money market instruments must be issued at market conditions, (2) the new registered shares must be issued at market conditions, taking due consideration of the stock market price of

the registered shares and/or comparable instruments priced by the market, and (3) it should be possible to exercise the conversion and/or option rights within a period of no longer than 10 years from the relevant issue date.

The acquisition of shares through the exercise of conversion and/or option rights and any subsequent transfer of the registered shares are subject to the restrictions on registration pursuant to Article 7 Paragraph 4 of the articles of association of Implenia Ltd. (see point 2.6 below).

No authorized capital had been used by 31 December 2008.

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

in CHF 1000	31.12.08	31.12.07	31.12.06
Share capital at par value	73 888	83 124	89 589
Reserves	305 289	292 220	269 492
Annual result	40 968	24 819	5 277
Minority interests	4 983	4 731	4 192
<b>Total equity capital</b>	<b>425 128</b>	<b>404 894</b>	<b>368 550</b>

### 2.4 Shares and participation certificates

As at 31 December 2008, the share capital is divided into 18,472,000 fully paid up registered shares with a par value of CHF 4 each. Each share entitles the holder to one vote at the General Meeting and to dividends. There are no voting right shares or shares with other similar advantages. There are no participation certificates.

### 2.5 Dividend right certificates

There are no dividend right certificates.

### 2.6 Restrictions on transferability and nominee registrations

#### 2.6.1 Percentage clause

There is no percentage clause which would allow a transfer restriction.

Pursuant to Art. 7 Paragraph 4b of Implenia Ltd's articles of association, the Board of Directors can refuse to enter an owner of registered shares as a shareholder with voting rights in the share register if information available to the company indicates that the recognition of this owner

as a shareholder would or could prevent the company from providing the legally required evidence about the composition of its shareholder body.

The details of how this article is implemented are set out in the Board of Directors' regulations entitled "Regulation on the registration of registered shares and keeping of the share register of Implenia Ltd." (These regulations can be viewed at [www.implenia.com](http://www.implenia.com) in the section "Implenia" – "Regulations").

These regulations provide 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 apply to all shareholders (points 2 to 4 of the ruling)
- (ii) the total number of foreign-owned shares entered with voting rights in the share register does not exceed the limit of 20% of all shares entered with voting rights in the share register and
- (iii) the number of shares entered with voting rights in the share register that are held by the foreign shareholder in question does not exceed 10%.

Above these limits, foreign shareholders will only be registered upon presentation of a decision by the competent authorities at Implenia's headquarters to the effect that Implenia and its subsidiaries shall not be considered as foreign-controlled even after the new foreign shareholder is entered in the share register. Any shareholder falling within the definition of a person living abroad as per Art. 5 of the Federal Law on the Acquisition of Real Estate by Persons Abroad (BewG) in conjunction with Art. 6 BewG, and any nominee who has not disclosed the shareholders it is representing, shall be considered as a foreign shareholder within the meaning of this clause.

#### 2.6.2 Reasons for any waivers granted

No waivers were granted during the year under review.

#### 2.6.3 Admissibility of "nominee" registrations

Pursuant to Art. 7, Para. 4a of the articles of association, owners of registered shares who do not provide proof that they acquired and hold the shares in their own name and for their own account will only be registered in the share register as shareholders with voting rights if they declare in writing that they are prepared to reveal the names, addresses and number of shares held of the persons for whom they are holding shares on a fiduciary basis (the relevant form is available at [www.implenia.com](http://www.implenia.com) in the section "Implenia" – "Regulations" – "Application for registration as nominee")

The details of how this article is implemented are set out in the Board of Directors' regulations entitled "Regulation on the registration of registered shares and keeping of the share register of Implenia Ltd." (see 2.6.1 above).

The Board may conclude agreements with nominees with regard to their disclosure obligations.

#### 2.6.4 Procedure and conditions whereby privileges granted under the articles of association and restrictions on transferability may be cancelled.

There are no privileges under the articles of association, and the cancellation of transferability restrictions requires a resolution by the General Meeting of Shareholders adopted by at least two thirds of the votes represented at the meeting.

#### 2.7 Convertible bonds and options

There are no convertible bonds or options.

### 3. Board of Directors

#### 3.1 Members of the Board of Directors

The Board of Directors has nine members. At the Annual General Meeting of 8 April 2008, Urs Häner was appointed as a new member.

None of the members of the Board of Directors has an operational management role in the Company.

No member of the Board of Directors has been part of Implen's Group Management or part of the operational management team at any of the group companies within the last three years. No member of the Board of Directors has any significant business relationship with the Implen Group.

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

A. Affentranger has been Chairman of the Board of Directors since March 2006. He is also the founder and chairman of Affentranger Associates AG, chairman of Corporate Investment Management Affentranger Holding AG, Dartfish AG and Transmission Technology Holding AG; vice chairman of the board of directors of Mikron Holding AG, member of the board of directors of Ammann Group Holding AG, and chairman of the board of trustees of Fondation Casin.

A. Affentranger worked for UBS in New York, Hong Kong and Geneva, and was a member of the bank's executive board at its head office in Zurich. He was partner and CEO of the private bank Lombard Odier & Cie and CFO of Roche Holding AG. In 1999 he joined the board of directors of Zschokke Holding AG, becoming chairman in 2003. He graduated with an economics degree from the University of Geneva.

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

M. Dennler has been Vice Chairman of the Board of Directors since March 2006. He is also vice chairman of the board of directors of the insurance company Allianz Suisse, member of the board of directors of Swissquote Holding AG, Petroplus Holdings AG and Jelmoli Holding AG, and is a member of the board of the British-Swiss Chamber

of Commerce. M. Dennler joined Credit Suisse Group in 1986, and worked as an executive board member at the Group's Winterthur Insurance and Credit Suisse Financial Services. At the beginning of 2005 he set up his own business as a lawyer in Zurich. He was chairman of the board of directors of Batigroup Holding AG between 2005 and the company's merger with Zschokke Holding AG in 2006. M. Dennler earned a degree and a doctorate in law from the University of Zurich and qualified to practice in Zurich.

**James Lionel (Jim) Cohen** (born 1942, British national)

J. Cohen is Senior Independent Director at office2office plc, which was listed in 2004. He is also chairman of a private subsidiary of Actis, which specializes in interim solutions for electricity production in Africa. After finishing university, he worked as the assistant private secretary to two cabinet ministers in the British government before starting a career in the private sector. After taking various management roles at GEC and GTE, he joined Balfour Beatty in 1993, where he was the driving force behind the development of Private Public Partnership (PPP) activities. He then oversaw the further development of PPP activities while simultaneously developing the company's railway business from 1996. He retired from Balfour Beatty plc. in 2007. J. Cohen grew up in England. He has an MA (Classics) from King's College, Cambridge and a B Phil (Economics) from the University of York.

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

C. Generali is chairman of CORSI (Società cooperativa per la Radiotelevisione nella Svizzera Italiana), vice chairman of the board of directors of SRG SSR Idée Suisse and the Fondation Swiss Aviation, as well as being a member of the board of directors of Schindler Elettronica SA and chairman of the Associazione Bancaria Ticinese. Between 1974 and 1982 he was deputy managing director of Banca dello Stato del Cantone Ticino. From 1983 to 1989 he was a member of the government of Ticino (finance and construction department), and from 1990 to 2005 he was chairman of the board of directors of Banca del Gottardo. He was a member of the board of directors of Batigroup Holding AG from 1997. He graduated from the University of Geneva with an economics degree.



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

I. Goldin grew up in South Africa. He studied at Cape Town University and then in England. On completion of his studies, and a brief stint in the private sector he was appointed director of trade programme with the OECD. He was then appointed as an infrastructure specialist at the International Bank for Reconstruction and Development (World Bank) in Washington DC (USA) before becoming principal economist at the European Bank for Reconstruction and Development (EBRD). In 1996, he transformed the Development Bank of Southern 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.

**Urs Häner** (born 1953, Swiss national)

U. Häner is CEO of LLC Russian Land Management Services, Moscow. From 1991 to 1993 he was CEO of Credit Suisse's Australian subsidiary. Then until 1997 he was CEO in charge of the implantation of Credit Suisse in Russia. In 1997 he was appointed CEO of the Russian subsidiary of Republic National Bank of New York, which was taken over by HSBC in 1999. He was then CEO of HSBC Russia until 2001. In 2001 he became CEO of STT Group (now Russian Land). Between 2004 and 2007 he was also deputy CEO of Sibir Energy plc, and from 2001 to 2007 he was a member of Sibir's board of directors. Urs Häner has degrees in economics and in law from the University of St.Gallen.

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

P. Hünerwadel has been a partner at the Lenz & Staehelin law firm since 1994. He also teaches courses in company law and general law of obligations at the University of Saint Gallen. He was a member of the board of directors of Batigroup Holding AG from 1997, and vice chairman from 1999 until the merger with Zschokke Holding AG. P. Hünerwadel holds a degree and a doctorate in law from the University of Saint Gallen. He qualified to practice in Zurich.

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

T. Wicki is also delegate of the board of directors and CEO of RUAG Holding, a member of the board of directors of various companies affiliated to RUAG, as well as a member of the board of trustees of the Eisenbibliothek Paradies. He previously held various positions in technology businesses, such as ABB and Leica. He was chief of weaponry of the Swiss Army and then vice chairman of the board of directors of Zschokke Holding AG until its merger with Batigroup Holding AG. He qualified as a mechanical engineer from the Federal Institute of Technology in Zurich.

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

P. Zoelly is an independent partner of a law firm in Geneva. He works mainly on consultancy, negotiation and court-room litigation in commercial matters, particularly in the fields of civil liability and insurance law, bankruptcy law and copyright management. He also takes on official assignments as receiver, administrator and liquidator in commercial matters. P. 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 a member of the board of directors of Zschokke Holding AG from 2005. He holds a law degree from the University of Fribourg. He qualified to practice in Geneva.

### 3.2 Other activities and interests

This information is given above in the individual profiles of each Board member.

### 3.3 Interdependencies

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

### 3.4 Elections and terms of office

#### 3.4.1 Principles of the election procedure and limitation on terms of office

The General Meeting of 8 April 2008 re-elected six board members individually, and elected Urs Häner as a new member of the Board of Directors. Unless they resign or are removed from the Board prematurely, Board members serve a two year term of office commencing on the date of their election and ending on the date of the Annual General Meeting at the end of their terms of office. Members of the Board of Directors can be re-elected at any time, but they are subject to an upper age limit of 70 years; if they reach this age limit, they leave the Board at the next Annual General Meeting. The Chairman, the Vice Chairman and the Secretary are appointed by the Board of Directors.

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

The dates on which each member of the Board of Directors was first elected, as well as the dates of their re-election and details of their remaining term of office are given in the following table:

Member of the Board of Directors	First elected	Re-elected	Term of office ends
Anton Affentranger	20.12.2005	08.04.2008	AGM 2010
Markus Dennler	20.12.2005	08.04.2008	AGM 2010
Claudio Generali	20.12.2005	08.04.2008	AGM 2010
Patrick Hünerwadel	20.12.2005	08.04.2008	AGM 2010
Toni Wicki	20.12.2005	08.04.2008	AGM 2010
Philippe Zoelly	20.12.2005	08.04.2008	AGM 2010
James Lionel Cohen	24.04.2007		AGM 2009
Ian Andrew Goldin	24.04.2007		AGM 2009
Urs Häner	08.04.2008		AGM 2010

Member of the Board of Directors	Chairman's Committee	Strategy Committee	Audit Committee	Nominations and Compensation Committee
Anton Affentranger	• (Chair)	•	•	
Markus Dennler	•			• (Chair)
James Lionel Cohen		• (Chair)		
Claudio Generali		•		•
Ian Andrew Goldin		•		
Urs Häner		•		
Patrick Hünerwadel	•	•	•	
Toni Wicki			• (Chair)	
Philippe Zoelly				•

### 3.5 Internal organisation

#### 3.5.1 Distribution of responsibilities within the Board of Directors

There is no formal distribution of responsibilities within the Board of Directors except for the Chairman's powers of authority as described here. The Chairman is empowered to nominate members of the Board of Directors of the companies in which Implenia has a shareholding of at least 50%. He is also authorised in emergencies to perform tasks normally reserved to the Board if a decision cannot be taken by the Board in time and if the Chairman may reasonably expect the Board to agree with his actions. In such cases he must inform the members of the Board of Directors immediately about what he has done.

#### 3.5.2 Membership, responsibilities and powers of all committees of the Board of Directors

The Board of Directors has formed four committees – the Chairman's Committee, the Strategy Committee, the Audit Committee and the Nominations and Compensation Committee. The main task of these committees is to ensure compliance with the recommendations of the "Swiss Code of Best Practice" and to report to the Board of Directors so that the Board can prepare its decisions and exercise its supervisory function. The committees' powers are set out in Implenia Ltd's Organisational Regulations (referred to hereinafter as "Implenia's OR") and in the regulations of each committee.

The committees and their memberships are shown in the table below on the left:

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 as often business requires (Art. 3.3b of Implenia's OR).

The Strategy Committee deals with business development and particularly Group strategy. The Strategy Committee meets as often business requires, but at least twice a year (Art. 3.4b of Implenia's OR).

As the Board of Directors' control committee, the Audit Committee is responsible for internal control and the correct application of accepted and statutory accountancy principles. It coordinates and harmonizes the work of the internal and external auditors. It is responsible for regular communication between internal and external auditors and the Board of Directors. It formulates

instructions for the internal and external audit bodies. It has the authority to order special audits where necessary. The Audit Committee meets at regular intervals, at least twice a year (Art. 3.1b of Implenía's OR).

The Nominations and Compensation Committee prepares the Board of Directors' and Group Management's succession planning and helps the Board of Directors select suitable candidates for the Board of Directors and Group Management posts. The Nominations and Compensation Committee helps the Board of Directors and the Chief Executive Officer to decide on remuneration at the company's most senior levels (Board of Directors and Group Management). The Nominations and Compensation Committee meets as often business requires, but at least twice a year (Art. 3.2b of Implenía's OR).

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

During the year under review, the Board of Directors met 16 times, convened by its Chairman, with 8 meetings taking the form of a telephone conference. The average length of its meetings was 5 hours, and 1 to 2 hours for telephone conferences. The agenda and the relevant documentation were sent to Board members prior to meetings, together with the notice convening the meeting. The Chief Executive Officer and the Chief Financial Officer are, as a rule, invited to attend Board meetings. Minutes are kept of every meeting.

The Chairman's Committee consists of the Chairman, the Vice Chairman and another member of the Board of Directors appointed by the Board. The members of the Strategy Committee, the Audit Committee and the Nominations and Compensation Committee 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 during the year under review.

The Strategy Committee met twice during the year under review. The average duration of these meetings was 4 hours.

The Audit Committee met 3 times. The average duration of these meetings was 4 hours. The CEO, the CFO and the Risk Manager take part in all meetings of the

Audit Committee. The auditor attended parts of two Audit Committee meetings during the year under review.

The Nominations and Compensation Committee met 7 times during the year under review, with meetings lasting 3–4 hours on average.

### 3.6 Responsibilities

In accordance with the Organisational Regulations of Implenía Ltd., the Board of Directors has delegated the management of Implenía Ltd. and its subsidiaries to the Chief Executive Officer (CEO), with the exception of the responsibilities that are reserved to the Board itself by the law, the articles of association and the Organisational Regulations.

The CEO is responsible for operational management to the extent that it is not assigned to other bodies by the law, articles of association or Organizational Regulations. He is responsible for managing the Group's business and for representing the Group, and especially for its operational management and for implementing strategy. He is empowered to arrange and/or carry out the duties and powers of authority assigned to him by the Organizational Regulations, unless these are reserved by the Board of Directors. The CEO delegates management of the business in accordance with the Organizational Regulations to the members of Group Management.

The CEO informs the Chairman of the Board of Directors and the Board of Directors when required and on request about the general business performance, about specific transactions and about decisions he has taken. Unusual events must be brought to the attention of the Chairman of the Board of Directors and if necessary to the members of the Board of Directors without delay either in writing or verbally.

### 3.7 Information and control instruments used to monitor Group Management

To monitor how the CEO and members of Group Management perform the tasks entrusted to them, the Board of Directors has the following information and control tools at its disposal:

	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>		×		

Following the introduction of an internal control system, this is examined by the external auditor, which reports its findings to the Board of Directors in accordance with the new law (Art. 728a Para. 1 line 3 and 728b Para. 1 SCO).

The relevant documents are discussed and analysed in meetings of Group Management. The documents and any commentary are submitted for information to the Chairman of the Board of Directors. Group Management presents the Board of Directors with a detailed analysis at each meeting of the Board.

The Risk Manager's job focuses mainly on controlling procedures relating to calculation, execution and monitoring of building projects. He also controls the organisation of the profit centres and the internal organisation of operating and administrative units.

The MIS (Management Information System) report is prepared every month. It provides performance information on turnover, margins, orders, liquidity, invoicing sta-

tus and headcount. It is prepared ready for each reporting date and includes an estimate for the year as a whole.

The CEO, the CFO and the Risk Manager take part in all meetings of the Audit Committee. They provide detailed information about the business performance, make any necessary comments about this and answer questions from the members of the Audit Committee.

The Board of Directors has hired a major audit company for the internal audit function.

Internal audit reports are produced and given to the Audit Committee together with the necessary comments and recommendations.

The internal audit unit also maintains contact with the external statutory auditors

## 4. Group Management

Christian Bubb was, in 2008, the Group's Chief Executive Officer (CEO). As such, he was responsible for the management of Implenia Ltd. and its subsidiaries. He headed the Group Management, which is divided into different divisional responsibilities, each with its own head. On 1 February 2009, Werner Karlen, took over as CEO.

### 4.1 Members of Group Management

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

In addition to being the Group CEO, C. Bubb was in charge of the procurement department. After graduating as an engineer from the Federal Institute of Technology in Zurich, he helped manage major construction projects.

C. 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 he was made production manager at this company, and in 1988 Zurich Regional Manager. In 1994, he was appointed CEO of the Zschokke Group.

**Beat Fellmann** (born 1964, Swiss national)

On 1 October 2008, B. Fellmann replaced R. Merlo as Implenia's CFO and Head of Corporate Centre. B. Fellmann graduated with a degree in economics from the University of St. Gallen and is a Swiss Certified Accountant. He began his career with the international industrial group Buhler in the Internal Audit department, became assistant to the CEO and Chairman and worked finally as a specialist in financing projects. In 1998 he joined Holcim Group, where he was Head of Financial

Holdings. In this role he reported directly to the group CFO and was responsible for all finance and holding companies worldwide. In January 2005 he became deputy group CFO and was also made responsible for group tax, IT and accounting & controlling of the management company.

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

H.-P. Domanig is head of the Real Estate Division. In this capacity, he manages Implenla General Contractor Ltd., Implenla Development Ltd., Implenla Investment Management Ltd., Reuss Engineering Ltd. and Tetrag Automation Ltd. He is chairman of the board of directors of OLMeRO SA and a member of the board of directors of Cablex AG. After an education in technical fields and business administration, he worked as a manager with the Iwobau Group. In 1992, H.-P. Domanig joined the Zschokke Group, where he held various positions until 1997, when he took charge of general contracting. H.-P. Domanig is chairman of the Association Suisse des Entrepreneurs Généraux (Swiss Association of General Contractors). As a lecturer at the Federal Institute of Technology in Zurich he passes on his professional experience to future engineers.

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

L. R. Gruber is in charge of the Tunnel and Total Contracting Division within Implenla Construction Ltd. L. R. Gruber graduated in civil engineering from the Federal Institute of Technology (FIT) in Zurich and was teaching and scientific assistant to Prof. Christian Menn at the FIT from 1976 to 1979. From 1979 to 1993 he was site manager, project manager and operational manager at LGV Impresa Costruzioni SA; from 1993 to 1996, head of production for the Eastern region of SA Conrad Zschokke; from 1996 to 1997, head of Division IV of the Stuag AG Group; and from 1997, he was in charge of the tunnels & bridges section and a member of management at Batigroup Group. In this capacity, he headed the major projects and infrastructure east divisions. L.R. Gruber is the chairman of the steering committee of Swissconditions (SIA 118 standards), a member of the managing committee of the INFRA trade association, and of the SIA (specialists in underground construction), as well as a member of the Normenbeirat Bau (NBB).

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

A. Henniger is in charge of the Infrastructure Construction Division, which within Implenla Construction Ltd. includes buildings, roads and civil engineering works, engineering construction works and special works. After graduating as an engineer from the Federal Institute of Technology in Zurich, he worked from 1982 to 1988 as a director of works for different companies in South Africa and Italy. From 1988 to 1997 he worked for Locher & Co AG as site manager for various major tunnelling projects. A. Henniger joined the Zschokke Group in 1988. As Head of Industrial Projects he headed Zschokke Locher AG until its merger in 2005 with Zschokke Construction Ltd., before taking over the management of that company.

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

Peter E. Bodmer is Head of the Global Solutions Division (international activities). In this capacity he runs Implenla Global Solutions Ltd. Since 2006 he has been a member of the board of directors of Züblin Immobilien AG and since 2008 of Peach Property Group AG. After completing an apprenticeship as a mechanical engineer and basic training in engineering at the FIT Zurich, he studied at the University of Zurich, where he was awarded his degree in economics in 1993. In 2003 he earned an MBA from the IMD, Lausanne. Mr. Bodmer occupied various positions in two industrial companies before joining the Krebsöge Group (then part of Maag Group) in 1995 in Germany, where he worked as associate manager and chief financial officer. When the group broke up, Mr. Bodmer was appointed by the buyer (initially American group Sinter Metals Inc. and then British company GKN plc) as chief financial officer Europe, chief information officer and head of human resources with responsibility for integrating all European companies of the GKN Sinter Metals (Europe) Group. In 1999, Mr. Bodmer became chief financial officer and chief operating officer of listed company Maag Swiss Real Estate Group, 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 interests

This information is given above in the individual profiles of each member of Group Management.

#### 4.3 Management contracts

There are no management contracts with third parties.

### 5. Compensation, profit-sharing and loans

#### 5.1 Remuneration and profit-sharing programs: content and procedures

The remuneration of members of the Board of Directors, the CEO and members of Group Management is determined by the Board of Directors, in response to proposals from the Nominations and Compensation Committee.

##### Board of Directors

Serving members of the Board of Directors receive fixed compensation. This is determined every December and is paid partly in cash and partly in shares, except in the case of four members of the Board of Directors who are paid entirely in cash. The shares are blocked for a period of 3 years.

##### Group Management

The remuneration of members of Group Management is paid in two parts, one in cash, the other in shares. The amount paid in cash includes a fixed component and a variable component. The part paid in shares is fixed only. The variable component of the cash remuneration depends on the attainment of financial targets set by the Board of Directors. These targets are determined on the basis of the annual budget and are made up as follows:

- a) 50% determined by achieving the budgeted EBITDA
- b) 50% determined by achieving targets based on average funds invested within the Group.

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

The CEO's remuneration is based on the same principles but also includes a variable element within the remuneration paid in shares. This is determined according to the criteria outlined above.

Shares allocated as remuneration are blocked for a period of three years. Those given to the CEO as the variable part of his remuneration are not blocked.

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

Additional information on compensation pursuant to Art. 663b SCO can be found in appendix 8 on pages 60–63 of the financial report.

### 6. Shareholders' participation rights

#### 6.1 Voting rights: restrictions and representation

6.1.1 Voting rights may be refused (i) to a shareholder which, when requested to do so by the company, does not expressly declare that it acquired and holds the shares in its own name and for its own account or, if acting as a "nominee", it does not declare in writing that it is prepared to reveal the names, addresses and number of shares held of the persons for whom it holds the shares (Art. 7 Para. 4a of Implenla Ltd's articles of association), (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 Para. 4b of Implenla Ltd's articles of association). The Board of Directors may reach agreements with nominees about their disclosure obligations (see 2.6 above and the "Implenla" section of the website [www.implenla.com](http://www.implenla.com)).

6.1.2 No waivers were granted during the year under review.

6.1.3 The above restrictions on voting rights prescribed by the articles of association can be removed by changing the articles of association, which requires a resolution of the General Meeting approved by at least two thirds of the votes represented (Art. 16 of the articles of association of Implenla Ltd.).



An Extraordinary General Meeting was held on 14 December 2007 with the sole purpose of asking shareholders to vote on whether or not to keep or remove the statutory clause permitting the Board of Directors to refuse voting rights to a purchaser of registered shares if recognition of this purchaser as a shareholder prevents or could prevent the company from providing the proof required by law as to the composition of the body of shareholders (Art. 7 Para. 4b of the articles of association of Implenla Ltd.). The General Meeting refused to remove this clause by 86.8% of the votes cast.

6.1.4 In accordance with Art. 13 para. 3–5 of the articles of association 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, or by its legal representatives. Company representatives and depository proxies as well as independent proxies designated by the company do not have to be shareholders of the company. Minors and persons in guardianship may be represented by their legal representative, married persons by their spouse and legal entities by an authorised signatory or by another authorised representative; this applies even if such representatives are not shareholders of the company. The chairperson of the General Meeting of Shareholders shall decide on the admissibility of a representative.

## 6.2 Statutory quorums

The General Meeting makes its resolutions by the majorities stipulated by law. The articles of association do not stipulate any different majorities, except for the ones needed for the removal or simplification of the restriction on the transferability of shares, which require a resolution of the General Meeting approved by at least two thirds of the votes represented (Art. 16 of the articles of association of Implenla Ltd.). Resolutions about mergers, demergers and transformations are governed by the provisions of the Swiss Mergers Act.

## 6.3 Convening the General Meeting of Shareholders

The General Meeting is convened by notice published in the Swiss Official Gazette of Commerce. Holders of registered shares may also be informed in writing (Art. 11 of the articles of association of Implenla Ltd.). The Board of Directors decides on the location of the General Meeting.

## 6.4 Agenda items

Shareholders who together represent shares with a par value of CHF 1,000,000 may request that an item appears on the agenda. Requests to include an item on the agenda must be received by the company at least 45 days before the General Meeting. Shareholders were told about the submission deadline and the final date for making such a request (2 March 2009) by means of an announcement published in the Swiss Official Gazette of Commerce of 2 February 2009.

## 6.5 Entry in the Share Register

From 4 April 2009 until the General Meeting scheduled for 16 April 2009, no shareholders with voting rights are entered in the Share Register.

## 7. Takeovers and defensive measures

### 7.1 Obligation to make an offer

Implenia Ltd's articles of association contain no opting out or opting up clause.

### 7.2 Takeover clause

Apart from the following provisions, no takeover agreements have been made with the members of the Board of Directors, the members of Group Management or other executives. In the negotiations about his terms and conditions of appointment, the current CFO was granted a right of early termination in the event that Implenia Ltd. loses its character as a major listed company. This termination right only comes into effect if Implenia Ltd is delisted as the result of a public takeover offer, if major parts of the business are demerged or sold, or if Implenia becomes the subsidiary of a foreign company. In the event of such termination, the person concerned shall receive his fixed salary (excluding any variable component) for the ordinary notice period plus a period of 12 months (with income offset if new employment is found).

## 8. Auditors

### 8.1 Duration of mandate and term of office of the lead auditors

The duration of the auditing mandate given to PricewaterhouseCoopers is one year. This began on 8 April 2008. The lead auditor, Willy Wenger, has been responsible for the audit mandate since 2 March 2006.

### 8.2 Audit fee

During the year under review, total fees invoiced by the auditing company came to CHF 1 008 237.

### 8.3 Additional fees

Total additional fees for the current financial year come to CHF 649 582. These fees were paid for consultancy services rendered in relation to the auditing of the accounts and the implementation of new accounting standards, as well as for tax consulting pertaining mainly to the legal restructuring of the new Implenia Group.

### 8.4 Information provided by the statutory auditors

The main task of the Board of Directors' Audit Committee is regularly and effectively to monitor the auditor's reporting to ensure its quality, integrity and transparency. Representatives of the auditors attended parts of two meetings of the Audit Committee during the financial year. The auditing schedule is presented to and discussed with the members of the Audit Committee. The audit firm presents any important observations it has made to the Audit Committee together with appropriate recommendations.

## 9. Information policy

The Group follows an open and transparent communications policy. The most important information is communicated regularly as follows:

- Annual results                      March/April
- Half-year results                      September
- General Meeting                      April

For further information we refer interested parties to our half-yearly management report, our press releases and our letters to shareholders, as well as to our website ([www.implenia.com](http://www.implenia.com)). We also provide information at press conferences and presentations to financial analysts.

General information is available from the following contact address:

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

On 1 February 2009, Werner Karlen, took over as CEO from Christian Bubb, who has retired.

## Printing information

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