



Financial
Reports
2008

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Implenia®

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Consolidated Financial Statements of the Implenia Group

Consolidated Income Statement			
(in 1000 CHF)			
	Notes	2008	2007
Group turnover		2 326 355	2 380 625
Material expenses and sub-contractors		(1 437 757)	(1 448 835)
Personnel expenses	3	(669 966)	(711 280)
Other operating expenses	4	(133 395)	(138 678)
Depreciation		(39 525)	(46 010)
Income from associated companies	17	3 807	2 846
Income from disposals of subsidiaries	1	11 374	–
Operating result	2	60 893	38 668
Financial expenses	5	(11 962)	(10 422)
Financial income	5	3 015	3 312
Profit before taxes		51 946	31 558
Income taxes	6	(10 073)	(6 024)
Group result	2	41 873	25 534
Attributable to:			
Shareholders of Implenia Ltd		40 968	24 819
Minority interests		905	715
Group result		41 873	25 534
Earnings per share (undiluted)	7	CHF 2.24	CHF 1.37
Earnings per share (diluted)	7	CHF 2.24	CHF 1.37

The notes on pages 8 to 52 are an integral part of these consolidated financial statements.

Consolidated Income Statement



Consolidated Balance Sheet

(in 1000 CHF)			
	Notes	31.12.2008	31.12.2007
ASSETS			
Cash and cash equivalents	8	118 364	47 153
Marketable Securities	9	1 064	1 343
Trade accounts receivable	10	394 204	432 633
Work in progress	11	223 533	187 013
Work partnerships, assets	12	13 642	34 886
Other receivables	13	27 962	40 857
Inventories	14	22 153	19 005
Real estate operations	15	180 157	168 049
Prepayments and accrued income		14 918	31 659
Current assets		995 997	962 598
Tangible fixed assets	16	227 050	231 097
Investments in associated companies	17	34 757	31 481
Other financial investments	18	20 165	22 191
Benefit plan surplus	24	6 596	8 776
Intangible assets	19	77 188	83 137
Deferred tax assets	25	953	2 588
Non-current assets		366 709	379 270
TOTAL		1 362 706	1 341 868
EQUITY AND LIABILITIES			
Short-term financial liabilities	23	80 342	158 645
Trade accounts payable		240 353	175 772
Work in progress	11	422 076	381 276
Work partnerships, liabilities	12	54 968	70 517
Other short-term liabilities	21	29 867	41 728
Current tax liabilities		3 626	3 059
Accruals and deferred income	22	74 221	77 336
Current portion of long-term provisions	26	606	1 999
Current liabilities		906 059	910 332
Long-term financial liabilities	23	1 335	5 780
Provision for deferred tax liabilities	25	19 755	14 666
Long-term provisions	26	10 429	6 196
Non-current liabilities		31 519	26 642
Share capital	27	73 888	83 124
Reserves		125 883	133 783
Retained earnings		184 718	160 398
Treasury shares	28	(5 312)	(1 961)
Result		40 968	24 819
		420 145	400 163
Minority interests		4 983	4 731
Equity		425 128	404 894
TOTAL		1 362 706	1 341 868

The notes on pages 8 to 52 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet



Consolidated Cash Flow Statement

(in 1000 CHF)		Restated figures ¹	
	Notes	2008	2007
Operating activities			
Group result		41 873	25 534
Depreciation		39 525	46 010
Changes in provisions	26	3 932	(9 691)
Changes in value adjustment of real estate operations	15	(15 520)	45
Profit on sale of companies	1	(11 374)	–
Profit on sale of fixed assets		(5 163)	(3 601)
Changes in benefit plan adjustments	24	2 180	(518)
Dividends received from associates	17	3 123	2 916
Other adjustments not affecting cash and cash equivalents		11 713	5 403
Changes in trade and other accounts receivable	10, 13	34 370	(47 105)
Changes in trade and other accounts payable		57 282	46 361
Changes in work in progress/inventories	11, 14	1 643	(119 605)
Changes in work partnerships	12	5 695	12 121
Investments in real estate operations	15	(69 257)	(43 198)
Disposals of real estate operations	15	67 961	44 125
Other short-term assets and liabilities		23 024	(20 956)
Interest paid		(6 562)	(6 192)
Interest received		1 639	935
Taxes paid		(2 484)	(2 760)
Cash flow from operating activities	a)	183 600	(70 176)
Investment activities			
Investments in tangible fixed assets	16	(38 019)	(58 235)
Disposals of tangible fixed assets	16	8 055	6 127
Sale of subsidiaries	1	16 371	–
Other investments in financial assets	17, 18	(9 408)	(4 940)
Other disposals of financial assets	17, 18	8 629	14 144
Investments in intangible assets	19	(148)	(204)
Disposals of intangible assets	19	36	–
Cash flow from investment activities	b)	(14 484)	(43 108)
Financing activities			
Increase in financial liabilities	23	451 781	323 681
Repayment of financial liabilities	23	(532 870)	(256 070)
Minority interests (dividends paid)		(237)	(176)
Repayment of nominal value	27	(9 183)	(6 284)
Purchase of treasury shares	28	(12 382)	(19 944)
Sale of treasury shares	28	5 374	11 620
Cash flow from financing activities	c)	(97 517)	52 827
Net increase / (decrease) in cash and cash equivalents (a+b+c)		71 599	(60 457)
Foreign currency translation		(388)	264
Increase / (decrease) in cash and cash equivalents		71 211	(60 193)
Cash and cash equivalents at the beginning of the financial year		47 153	107 346
Cash and cash equivalents as at 31 December		118 364	47 153

¹ The composition of "net cash from operating activities" has been revised. The starting point is now the "group result" (previously the "result before tax"). The main effects of this restructuring are on the "other short-term assets and liabilities" and "other adjustments not effecting cash and cash equivalents" position.

The notes on pages 8 to 52 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement



Statement of Changes in Consolidated Equity

(in 1000 CHF)

	Implenia Ltd Shareholders						Sub-total	Minority Interests	Total Equity
	Share Capital	Treasury Shares	Consolidated Reserves	Revaluation Reserves	Foreign Currency Translation	Retained Earnings			
Balance as at 1.1.2007	89 589	(7 319)	120 049	2 906	360	158 773	364 358	4 192	368 550
Foreign currency translation	—	—	—	—	3 341	—	3 341	—	3 341
Gain/Loss recognised directly in equity (sub-total)	—	—	—	—	3 341	—	3 341	—	3 341
Profit for the period	—	—	—	—	—	24 819	24 819	715	25 534
Gain/Loss recognised for the period	—	—	—	—	3 341	24 819	28 160	715	28 875
Payments based on shares	—	—	—	—	—	2 583	2 583	—	2 583
Change in treasury shares	—	5 177	7 328	—	—	(958)	11 547	—	11 547
Effect of taxes	—	—	(201)	—	—	—	(201)	—	(201)
Nominal value repayment	(6 465)	181	—	—	—	—	(6 284)	—	(6 284)
Dividends paid	—	—	—	—	—	—	—	(176)	(176)
Balance as at 31.12.2007	83 124	(1 961)	127 176	2 906	3 701	185 217	400 163	4 731	404 894
Balance as at 1.1.2008	83 124	(1 961)	127 176	2 906	3 701	185 217	400 163	4 731	404 894
Foreign currency translation	—	—	—	—	(7 844)	—	(7 844)	—	(7 844)
Gain/Loss recognised directly in equity (sub-total)	—	—	—	—	(7 844)	—	(7 844)	—	(7 844)
Profit for the period	—	—	—	—	—	40 968	40 968	905	41 873
Gain/Loss recognised for the period	—	—	—	—	(7 844)	40 968	33 124	905	34 029
Payments based on shares	—	—	—	—	—	3 049	3 049	—	3 049
Change in treasury shares	—	(3 404)	(56)	—	—	(3 548)	(7 008)	—	(7 008)
Nominal value repayment	(9 236)	53	—	—	—	—	(9 183)	—	(9 183)
Dividends paid	—	—	—	—	—	—	—	(237)	(237)
Exclusion from scope of consolidation	—	—	—	—	—	—	—	(416)	(416)
Balance as at 31.12.2008	73 888	(5 312)	127 120	2 906	(4 143)	225 686	420 145	4 983	425 128

Share capital: see note 27.
Treasury shares: see note 28 / 32.
The notes on pages 8 to 52 are an integral part of these consolidated financial statements.

Statement of Changes
in Consolidated Equity



General

Presentation of the consolidated financial statements

The consolidated financial statements of the Implen Group are prepared in accordance with IFRS (International Financial Reporting Standards) as defined by the International Accounting Standards Board (IASB).

Changes in accounting policies

The following new standards, amendments to standards and IFRS interpretations have been considered for the preparation of the 2008 Financial Report:

- IFRIC 11 – IFRS 2, Group and treasury share transactions.
- IFRIC 12, Service concession arrangements.
- IFRIC 14 – IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction.

The effect of these changes is not material and has no influence on Implen Group's financial statements.

Owing to the sale of Privera Group (see Note 1), the Services Segment of the Real Estate Division was merged with the General Contracting Segment of the Real Estate Division.

The segments are described below under "Segment information".

The content of other accounting policies has not been changed. However, the form of some policies has been adapted and, where appropriate, additional disclosure has been added to facilitate understanding.

Standards, interpretations and amendments to published (but not yet mandatory) standards

The following standards, amendments to standards and interpretations have already been adopted by IASB, although their application will become mandatory only for reporting periods starting after 1 January 2008 (i.e. the 2009 financial year for Implen; Implen has decided not to exercise its right to adopt these requirements early).

- IFRS 8, Operating Segments (for financial years beginning on or after 1 January 2009).

IFRS 8 replaces IAS 14, Segment Reporting.

The definitions of operating segments and the reporting are based on the information used by the "operating decision makers". The application of IFRS 8 will influence segment reporting, but will have no impact on the consolidated result.

Implen's management has assessed the new rules on segmentation and has decided that the segments to be reported on in future match the current reporting.

- IAS 1, Presentation of Financial Statements – revised version (for financial years beginning on or after 1 January 2009).

The revised version of IAS 1 should make it easier for the reader to analyse and compare the information given in financial reports. The main changes are that in future companies will have to prepare a more comprehensive "Statement of financial position" (formerly "Balance sheet") and a more comprehensive "Statement of income" (formerly "Income statement"). The new "Statement of income" should also include the items that are currently booked directly through equity (e.g. exchange rate differences). In addition, the tax implications of each item are to be shown. The new "Statement of financial position" can be shown as a single global statement with appropriate interim results, or as two separate statements – an income statement followed by a "Statement of financial position".

- IAS 23, borrowing costs – amendment – change of treatment of borrowing costs concerning the acquisition, construction or production of a qualifying asset (that necessarily takes a substantial period of time to get ready for its intended use or sale). Borrowing costs related to qualifying assets will have to be capitalized (for financial years beginning on or after 1 January 2009).

Within the Implen Group, the main qualifying assets are real estate operations, office buildings and production sites that are owned by the company itself and that took more than a year to build.

Accounting Policies



- Changes to IAS 39 and IFRS 7 – Grouping of financial assets (for financial years from 1 July 2008).
- IAS 27, Consolidated and separate financial statements, version revised in 2008 (for financial years beginning on or after 1 July 2009).
- IFRIC 13, Customer loyalty programmes (for financial years beginning on or after 1 July 2008).
- IFRS 3, business combinations – revised standard (for financial years beginning on or after 1 July 2009).
- IFRS 2, Share-based payment – changes to exercise conditions and cancellation (for financial years beginning on or after 1 January 2009).
- IFRIC 15, Agreements for the construction of real estate (for financial years beginning on or after 1 January 2009).
Management is currently preparing an analysis of the possible effects of this new interpretation.
- IFRIC 16, Hedges of a net investment in a foreign operation (for financial years beginning on or after 1 October 2008).
- IFRIC 17, Distribution of non-cash assets to owners (for financial years beginning on or after 1 July 2009).
- IFRIC 18 Transfers of assets from customers (for financial years beginning on or after 1 July 2009).
- Changes to IFRS as part of the “Annual Improvement” project (mainly financial year beginning 1 January 2009). In May 2008 the IASB approved numerous minor, non-urgent changes to 20 standards as part of the “Annual Improvement” project.

For the new standards and interpretations whose introduction will have a material influence on the consolidated results, please refer to the specific notes. With regard to the others, management does not currently believe they will have any material effects on the consolidated accounts (except IFRS 3 in the case of a new acquisition), and/or believes that such effects will be limited to additional disclosures or disclosures in another form.

Basis of consolidation

The Group's parent company (Holding) is Implen Ltd, with registered office in Dietlikon, Switzerland. For the most part Implen Ltd directly owns the main subsidiaries that come within the consolidation. The details of the shareholdings held directly or indirectly by Implen Ltd are given on pages 50 and 51 of these notes.

The consolidated accounts are presented in thousands of Swiss francs, unless indicated otherwise. Valuation is based on historical cost, with the exception of certain items for which the valuation methods are described below.

Subsidiaries

Subsidiaries are companies in which Implen exercises control over the financial and commercial policies. This is generally the case if Implen holds, directly or indirectly, more than 50% of the capital or the majority of the voting rights. To determine whether control exists, the existence and impact of potential existing or convertible voting rights is considered. The accounts of these companies are prepared using the same accounting policies as those of the Group and in conformity with IFRS. The year-end of subsidiaries is the same as that of the parent company.

These company's balance sheets and income statements are incorporated into the consolidated accounts using the principle of full consolidation. Intra-Group balances and transactions are eliminated. All intra-Group profits that have not yet been realized in relation to third parties (for example: inventory movements), are eliminated. Intra-Group transactions are carried out at market prices.

Companies acquired during the financial year are consolidated from the date of their acquisition. Pursuant to IFRS 3, inclusion is in accordance with the purchase method; the date of acquisition is taken as the date from which Implen controls the acquired company. Any company sold during the financial year is consolidated up to the date on which control ceases.



Transactions with minority interest holders

Transactions with minority interest holders are treated similarly to transactions with third parties. Sales of minority shares generate a profit or a loss in the consolidated accounts. Purchases of minority shares generate goodwill amounting to the difference between the purchase price and the corresponding net asset value of the affiliated company.

Associated Companies

Associated companies are companies in which Implenía exercises a considerable influence, but not control. In principle, they are companies in which the Group holds between 20 and 50% of the capital. These entities are accounted for using the equity method, and they are shown separately in the consolidated balance sheet. The equity interest is calculated, in principle, on the basis of the annual accounts as at the Group year-end date. However, if there are no annual accounts available at this time, the valuation is performed on the basis of the last available financial statements, taking into consideration any changes noted since then. Associated companies are included in the consolidation using accounting and valuation policies consistent with those of the Group.

The share of the Group in the result of associated companies is accounted for separately in the consolidated income statement. The share in losses is limited to the value of the shareholding, provided the Group is not committed to any liability beyond that value.

Work partnerships (consortia)

These tend to be ordinary partnerships formed by two or more partner firms to carry out specific activities jointly. The partners share control and share the running, resources and know-how with the aim of performing a given activity in the context of one or more contracts. The partners make available human and material resources that are invoiced directly to the work partnership.

The results achieved for works executed jointly are distributed on the basis of contractual agreements and are recorded in the context of these activities.

Certain work partnerships have their own assets, acquired or contributed for the execution of the planned activity. The share of the Group in financing these net assets is presented under work partnership receivables and liabilities (net asset or liability per work partnership). The composition of the net assets of the work partnerships is presented in the notes.

Minority holdings

The minority holdings in which Implenía does not exercise predominant control, in general shareholdings of less than 20%, are classified as “available for sale” and are reported in the balance sheet at their fair value, in accordance with IAS 39. Changes in the fair value are recorded in equity. These unrealized profits and losses recorded in equity are transferred to the income statement on sale of the shareholdings. The losses recorded in equity are also transferred to the income statement whenever a significant and lasting impairment in the value of the shareholdings is noted.

Estimates and assumptions

The preparation of the Group financial statements according to IFRS standards requires a number of assumptions to be made about the future, as well as a number of judgements and estimates. These all directly affect the values disclosed in the balance sheet and the income statement. These assumptions, judgements and estimates are based on experience and on factors considered relevant in the given conditions. Assumptions are subject to permanent review. Changes to the estimates used are accounted for via the income statement in the year when the estimate is changed.

The balance sheet and income statement positions that are especially based on assumptions and estimates and which therefore entail a significant risk in the form of possible significant adjustments to the book value of assets and liabilities during the next financial year are detailed below.

Turnover from works in progress and work

partnerships: The valuation of works in progress and work partnerships, and therefore also the determination of their turnover, follows the "percentage-of-completion" (PoC) method, and is based on estimates and assumptions relating to the final costs, income and margins of the projects in progress, as well as the income, costs and margins already realized at the balance sheet date.

Goodwill: This asset is subject to an annual impairment test. Such a test requires the estimation of future cash flows, as well as the discount rate.

Tangible fixed assets: Depreciation is based on estimates of the useful life of the tangible fixed assets.

Deferred tax assets: The valuation is based on estimates of future profits

Current taxes: Current taxes for the period are calculated on the basis of declarations by Group companies. On the date the accounts were closed, a large number of these declarations had not yet been finally accepted by the different tax authorities. Any corrections made by the tax authorities may entail adjustments to tax charges for the preceding periods.

Discretion used when applying accounting and valuation methods

Discretionary judgements have to be made especially in the following cases:

- Securities can be classified in various categories;
- When valuing provisions for pension plan commitments, actuarial gains and losses can be accounted for in different ways;
- Assets that should be sold must be examined to ascertain whether realization is possible and highly probable in the current circumstances. If so, these assets must be reported as "held for sale" and valued accordingly.

The decisions taken by Implenia in the cases that actually arose are disclosed in the comments on the accounting and valuation policies.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs, which is the local and operating currency of Implenia Ltd and of most of the Group companies.

Transactions and balance sheet positions in foreign currencies

Transactions in foreign currencies are converted into the operating currency at the exchange rate prevailing on the day of the transaction. Assets and liabilities in foreign currencies are converted at the exchange rate prevailing on the balance sheet date. The translation differences resulting from exchange rate changes to balance sheet and income statement items are recognized in the income statement.

Translation of the annual accounts of subsidiaries whose accounts are prepared in foreign currencies

The assets and liabilities recorded in accounts prepared in foreign currencies are translated at the rate prevailing on Implenia Ltd.'s balance sheet date. Income statements are translated at the average exchange rate. The resulting exchange rate differences and the exchange rate differences arising from the translation of equity-like Group loans in foreign currencies, are recognized directly in equity.

When foreign subsidiaries are sold, the exchange rate gains or losses accrued under equity are transferred to the income statement.

Segment reporting

Following the sale of Privera Group, segmentation has been adjusted to allow for the loss of the vast majority of the former Services segment's activities (commercial property management). The remaining service activities, which are still within the Real Estate Division, have been brought together with the General Contracting segment under the new name General Contracting / Services.

The operational organization of the Group is based on the following main areas of activity:

General contracting / services (part of the Real Estate Division)

This segment includes activities such as general project planning, work as general contractor and total contractor in the construction sector, coordination, engineering, planning projects in the property sector, and facility management.



Real estate (part of the Real Estate Division)

The real estate segment includes real estate promotions and the realization of projects in the real estate sector.

Tunnel and total contracting

The segment provides services in the areas of subterranean construction, tunnelling and total contracting for rail technology.

Infrastructure construction

This segment's activities include road and building construction and maintenance, civil engineering infrastructure and special works.

Global Solutions

This segment offers engineering and management services for projects, mainly outside Switzerland.

Head office overheads and sundry expenses

This category includes parent company costs that cannot be assigned to a segment, and inactive affiliated companies. At the segment reporting level, this category also includes the Group's financial commitments (syndicated loan) in particular.

The list of Group companies on pages 50 and 51 shows how each company is assigned to the various segments.

Because the Implenia Group presently operates mainly in Switzerland, geographical segmentation is limited to the following:

- Services supplied in Switzerland;
- Services supplied abroad.

Consolidated income statement

Turnover

Consolidated turnover represents all the income from the different activities of the Group.

Within the General Contracting and Construction segments, orders are recorded according to the "percentage of completion" method. Turnover, including share of profits, is recognized proportionately to match the work done during the financial year as a proportion of the total contract value. Expected losses on the order book are included in relation to the valuation of works in progress and are recognized as a reduction in turnover. Conversely, price uplifts, supplements and

bonuses are included if they have already been accepted by the customer. For work partnerships, only the work done for the work partnerships and the share in the results of these work partnerships are included in the turnover.

The turnover of Services is calculated on the basis of the service actually performed for the customer by the balance sheet date.

For the Real Estate segment, turnover includes the proceeds from property sales and total contracting work, as well as from temporary leases (pending sale). Revenues are recognized when the risk and benefits are actually transferred, which, generally speaking, is at the time when ownership is transferred, with registration in the Land Register.

Reductions of income such as rebates or discounts directly related to the invoiced services are accounted for as a reduction of turnover.

Material expenses and subcontractors

Materials and subcontractors include all such costs that are directly allocated to projects and are taken into account in the calculation of the project margin. This item also includes costs from real estate sales during the period.

Personnel expenses

Personnel costs consist of gross salaries, employer's social security contributions, and all other personnel costs in the period concerned.

Other operating expenses

These are the other operating expenses that are not directly allocated to projects.

Financial expenses and income

Financial expenses consist of the interest charged on financial commitments, foreign currency exchange losses, losses on financial instruments and losses on the revaluation or sale of financial investments.

Borrowing costs directly related to a real estate operation are accounted for as part of the cost of the operation.

Financial income consists of the interest income on loans granted, dividends, foreign currency exchange gains, gains on financial instruments and profits on the revaluation or sale of financial investments.

Income taxes

Taxes reported in the income statement consist of current taxes on profits and deferred taxes. Taxes on amounts recognized directly in equity are also posted to equity.

Current taxes are estimated on the basis of the taxable result and are calculated at the prevailing tax rates. Any differences on the tax accounts for previous years are also included in current taxes.

Deferred taxes are determined on the basis of the timing differences arising between the tax bases of assets and liabilities and their carrying values (Balance Sheet Liability Method).

Deferred taxes are determined on the basis of the timing differences arising between the tax bases of assets and liabilities and their carrying values (Balance Sheet Liability Method). Deferred taxes are determined based on the tax rates (and tax rules) in force at the balance sheet date or announced and expected to apply at the time when the deferred tax asset is realized, or when the deferred tax liability is settled.

Deferred tax assets are recognized on the balance sheet to the extent that it appears probable that future taxable profits will be available to offset the taxable losses carried forward.

Deferred tax liabilities created by timing differences relating to investments in subsidiaries and associates, are recognized unless the timing of the reversal of the timing difference is controlled by the Group and it is probable that the timing difference will not reverse in the foreseeable future.

Earnings per share

Earnings per share are calculated by dividing the Group result attributable to the shareholders of Implenia Ltd by the average weighted number of shares in circulation during the period concerned. To date, there are no factors that would require the calculation of a diluted earnings per share.

Consolidated balance sheet

Cash and cash equivalents

Cash and cash equivalents include cash, assets held in current accounts (with the post office and banks), and deposits with a term of not more than 90 days.

Trade accounts receivable

The carrying value represents the amounts invoiced after deducting value adjustments for doubtful debts. These value adjustments are recognized in the income statement.

Work in progress

Expenses related to orders are recorded at the time they occur. If the result of an order cannot be estimated reliably, income is recorded only up to the amount of the recoverable estimated expenses.

If the result of an order can be estimated reliably and if the final estimated result is a profit, the order is valued at the net selling price, according to the Percentage of Completion Method. When it appears probable that the total costs of an order will exceed the expected income, the total amount of expected loss is recognized immediately in the income statement. The percentage of completion is expressed as a percentage of the costs incurred up to the balance sheet date in relation to the total expected costs to completion of the project. Each order is valued individually, and the valuation is based on the estimated result at completion.

Work in progress consists of work not yet invoiced to customers and services and work not yet invoiced by suppliers and subcontractors, as well as provisions for losses on the order book, if any (negative margins and provision for any overheads not recoverable).

The valuation adjustments are determined separately. The net balance, by project, of these adjustments is disclosed as an asset if it is positive, or a liability if it is negative.

Work partnerships

This balance sheet item includes advances paid to and received from work partnerships, as well as undistributed shares in the result of the partnerships. A net asset or liability is reported on the balance sheet in relation to each work partnership. Work partnership income statements are valued in a similar way to work in progress.



Inventories

Inventories are valued at the lower of cost (including the purchase costs but not taking into account selling costs) and net realisable value at the balance sheet date. Inventory costs are taken to the income statement at their weighted average cost.

Real estate operations

The real estate classified under this heading consists of properties held for sale in the ordinary course of business and valued according to IAS 2 “Inventories”. Completed properties not yet sold, may temporarily generate rental income. They continue to be classified under this heading as they are intended to be sold.

Some real estate operations are conducted jointly with one or more partners. Properties under joint control and ownership are reported as real estate operations in the balance sheet for the share pertaining to Implenía, but at no more than the value of the funds invested.

Each property is valued individually. The valuation is stated at the lower of the construction cost of the property and its market value estimated by the Group’s real estate specialists. The construction cost includes the borrowing costs paid to third parties until the property is ready for use or sale.

Impairments resulting from the above valuation policies are deducted from the carrying value as a valuation adjustment. Revenues from the sale of real estate are shown as turnover. Changes to the portfolio and changes in valuation adjustments on real estate transactions are recognized in expenses.

Tangible fixed assets

Tangible fixed assets are stated at their acquisition or production cost, after deducting depreciation and any impairment. Borrowing costs are capitalized only if financing has been specifically obtained for the asset.

Improvement investments are capitalized only if they increase the value or if they are replacement investments and the replaced asset is removed from the inventory.

Other expenses related to tangible fixed assets are recognized directly in the income statement.

Depreciation is charged using the estimated useful life of the fixed asset. Fixed assets that are significant in value are divided into components with different useful lives. Depreciation is recorded separately for each component according to its useful life.

The main depreciation periods are as follows:

- Business premises 25-50 years
- Investment properties 25-50 years
- Production facilities 15-20 years
- Machinery and vehicles 6-15 years
- Furniture 5-10 years
- IT equipment 3-5 years

The residual value and useful lives are checked every year. If the current estimate changes from the previous assessment, the resulting value adjustments are recognized in the income statement in the period when the change occurs in accordance with IAS 8.

Gains and losses on disposal represent the difference between the book value and the sales proceeds, if any. Tangible fixed assets are no longer recognized when they are sold or when it is determined that the asset no longer represents a future economic value.

Leasing

Lease agreements that substantially transfer to Implenía all the risks and rewards incidental to ownership are classified as finance leases. All other lease agreements are classified as operating leases. The decision as to whether a lease agreement is an operating or finance lease is made on an individual basis, according to the principles set out in IAS 17.

Properties under finance leases are recognized on the balance sheet at the discounted value of the minimum lease payments or at market value if lower. Lease payments are divided into an interest and an amortization component so as to achieve a constant rate of interest on the remaining balance of the liability. Fixed assets acquired through finance leases are depreciated over their estimated useful life or over the duration of the lease agreement, if it is shorter.

Operating lease payments are charged through the income statement for the duration of the leasing agreement.



Financial investments

The valuation of minority shareholdings is explained under the heading "Basis of Consolidation; Minority shareholdings".

Long-term loans and receivables are recorded initially at their fair value and subsequently measured at amortized cost, less any value adjustments for unrecoverable amounts. The value adjustments are recorded in the income statement.

Intangible assets

a) Licenses and software

Software is recorded at purchase cost after deducting the accumulated depreciation and any impairment. Depreciation is calculated using the straight line method based on the estimated useful life, not exceeding 5 years.

b) IT projects

The costs incurred for IT projects are included on the balance sheet as intangible assets only if it is considered probable that they can be exploited commercially and are technically feasible, and the costs can be determined reliably. Other development expenses that do not satisfy these conditions are recognized in the income statement as they occur.

Costs are capitalized for an amount no higher than the discounted income from their future use. Capitalized development costs are depreciated on a straight line basis over an estimated useful life of between 3 and 6 years. Development costs recorded as expenses cannot be included as an asset in subsequent years.

c) Goodwill

In a business combination, goodwill represents the difference between the cost of acquisition and the fair value of the share in the net assets of the acquired company at the time of the acquisition. In the case of negative goodwill (if the value of the net assets exceeds the acquisition price), the amount is recognized directly in the income statement. Goodwill resulting from the acquisition of an associated company is included in the book value of investments in associated companies.

Goodwill recognized on the balance sheet is subject to impairment tests conducted at least annually and whenever there are indications of a potential impairment. Goodwill is stated at the acquisition cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash generating units or groups of units that are expected to benefit from the advantages that gave rise to the goodwill.

d) Trademarks

It is assumed that trademarks have a specific useful life. Acquired trademarks are therefore stated at their acquisition cost, less accumulated depreciation. Depreciation is calculated on a straight line basis, over the estimated useful life of 1 to 5 years.

e) Customer lists and order books

It is assumed that acquired customer lists and order books have a specific useful life. They are stated at their acquisition cost less accumulated depreciation. Depreciation is calculated on a straight line basis, over the estimated useful life of 1 to 15 years.

Impairment of tangible and intangible fixed assets

Fixed assets are reviewed annually to detect any indications of a permanent reduction of value. If such indications do exist, the recoverable amount of the fixed asset is determined on the basis of an impairment test. Goodwill and intangible assets with an indefinite useful life are subject to annual impairment tests.

The recoverable amount is the higher of the fair value less selling costs, and the value in use. An impairment is charged to the income statement if the carrying value of the fixed asset or the cash generating unit exceeds the recoverable amount.

With the exception of goodwill, non-monetary assets whose value has been impaired previously are reviewed at each balance sheet date to determine any potential reversal of impairment.



Financial liabilities

Financial liabilities are recognized at amortized cost using the effective interest rate method. The difference between the amount borrowed and the amount to be repaid is recognized in the income statement over the period of the borrowing.

Provisions

Provisions are recognized if at the date of the financial statements:

- the Group has a legal or de facto obligation resulting from an event that has occurred;
- it is probable that a transfer of economic resources will be necessary to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of the provision is appropriately discounted.

Pension plans

The employees of Group companies are affiliated to autonomous and independent pension plans. These plans are financed by regulatory contributions paid by both employers and employees. The assets of the pension plans are managed independently and are completely separate from the Group. Given their characteristics, the Group's pension plans are considered as mixed plans and thus as defined benefit pension plans under IAS 19.

The balance-sheet provision for defined benefit plans corresponds to the discounted value of the defined benefit obligation (DBO) as at the balance-sheet date, after deducting the fair value of plan assets, adjusted for accumulated actuarial gains and losses not yet recognized in the income statement, and unrecognized prior service costs. The liabilities are calculated regularly by an independent actuary using the projected unit credit method. The value of the DBO is determined by discounting expected future cash flows. The discount rate used is the market rate for top quality industrial bonds.

Actuarial gains and losses due to experience adjustments and changes made in the actuarial assumptions are recognized over the expected average remaining working lives of the employees to the extent that they fall outside of the corridor at the end of the previous period. These limits amount to 10% of the cash value of the defined benefit liabilities or the plan assets, whichever is higher.

Unrecognized prior service costs are charged immediately through the income statement unless pension plan changes depend on the employee remaining at the company for a defined period (period until vesting). In this case unrecognized prior service costs are amortized on a straight line basis through the income statement over the period up until vesting.

Other employee benefits

Group executives benefit from a profit-sharing plan. This is a supplementary remuneration scheme linked to the result achieved for the year under review, and it takes the form of the allocation of free shares or shares offered at a preferential purchase price. These benefits (the difference between the stock market value of the shares distributed and the amounts received by the company for the shares) are reported as personnel expenses. Expenses relating to shares that are distributed only during the following year are recognized fully in the year in which the work is done, as this remuneration is not related to the future performance of the executives. The details are defined each year by the Board of Directors.

All the employees of the Group benefit from a profit-sharing plan as defined in the regulations. Under this plan, employees acquire a fixed number of Implenia Ltd shares at a preferential price each year. The difference between the stock market value of the shares distributed and the amounts the company receives for the shares is charged to the Group units concerned and reported in the consolidated accounts as personnel expenses in the year in which the shares are allocated.

Equity

The share capital consists of all issued registered shares. External transaction costs related directly to the issue of share capital, less the effect on income tax, are deducted directly from the capital reserves.

The acquisition of own shares by Implenla Ltd or its subsidiaries is recognized in the balance sheet as a reduction of equity at purchase cost including transaction expenses. The income from the resale of these treasury shares is also recognized in equity.

Dividends to be distributed are recognized as a liability at the time the relevant body of the company concerned passes the resolution.

Related persons and companies

Related persons and companies include work partnerships, associated companies and other related persons and companies. Please refer to the relevant sections for information about work partnerships and associated companies.

The other related parties are mainly the members of Implenla's managing bodies and people close to them, as well as the companies where these people occupy senior positions or otherwise exert a material influence.

A "material influence" is assumed especially if a senior figure at Implenla (member of the Board of Directors or Group Management) also holds a senior position at the other company (member of the board of directors or group executive board) and as such explicitly – i.e. by way of a mandate – represents Implenla's interests or acts as a representative of Implenla.

A "material influence" can also be assumed especially if one or more senior person(s) at Implenla can use their (senior) position at the other company to exert a direct influence on the terms and conditions applying to concrete transactions with Implenla (e.g. contractual terms, price, etc.). This is the case, for example, if Implenla or the senior person also has a significant capital stake in the other company or if the other company is involved in significant business transactions with Implenla. There may also be other types of arrangement that could entail a material influence.

The members of Implenla's managing bodies are the members of the Board of Directors of Implenla Ltd, and the members of Group Management.

Financial instruments

The Group divides financial instruments into the following classes:

- Operating receivables and liabilities;
- Available-for-sale financial instruments;
- Financial instruments held to maturity;
- Financial instruments shown in the income statement at fair value.

The "Financial instruments valued through the income statement at fair value" are initially recognized at fair value (market value); other assets are recognized at fair value plus transaction costs. Assignment to a particular class of financial instrument takes place on initial booking. All purchases and sales of financial instruments are booked on the transaction date.

Operating receivables and liabilities

Operating receivables and liabilities are non-derivative financial instruments with fixed or determinable payment streams that are not traded on active markets. After initial recognition, these financial instruments are shown at amortized cost as determined on the basis of initial recognized value less any repayments and amortization calculated using the effective interest rate method. This includes all payments that are defined as a fixed element of the agreement for these financial instruments. Gains and losses made on sales or as a result of impairment are recognized in the income statement.

The following balance sheet items are classed as operating receivables and liabilities:

- Cash and cash equivalents;
- Trade accounts receivable;
- Other receivables;
- Financial assets;
- Trade accounts payable;
- Financial liabilities;
- Other liabilities.



Financial instruments held to maturity

Held-to-maturity financial instruments are non-derivative financial instruments with fixed or determinable payments and fixed maturities that the Group wants to and can hold to maturity. After initial recognition, these instruments are valued at amortized cost, i.e. the value originally recognized is corrected to allow for repayments; for the (positive or negative) effect of amortization as determined by the effective interest rate method, to take account of the difference between initial and final value; and for value adjustments. This calculation includes all additional payments that are defined as a fixed element of the agreement for these financial instruments. These corrections are recognized in the income statement.

During the year under review the Group had no financial instruments held to maturity (previous year: none).

Available-for-sale financial instruments

Available-for-sale financial instruments are those that are either assigned to none of the classes mentioned above or that are available for sale. After the initial recognition, these are valued at fair value, with unrealized gains and losses recognized directly through equity. When sales are recognized or impairments made, these sums are charged out through the income statement. Interest earnings or expenses are recognized in the financial result. Dividend earnings are shown as income as soon as there is a right to receive the dividend.

The following balance sheet items are classed as available-for-sale financial instruments:

- Securities;
- Minority holdings.

Determining fair value

The fair value of financial instruments that are traded on an active market is determined on the basis of transactions on the balance sheet date. The fair value of financial instruments that are not traded on an active market is determined through suitable valuation methods. These might mean, for example, looking at current transactions involving similar financial instruments, or the current market value of similar financial instruments, discounted cash flow calculations, and other methods.

Impairments on financial instruments

Financial instruments are reviewed periodically, but at least every quarter, for impairment of value. The process for checking impairment of receivables is set out in the explanation of Financial Risk Management. As soon as an impairment test indicates that impairment has occurred, a value adjustment is recognized in the income statement. Impairments on operating receivables are recognized as reductions in revenue, impairments on financial receivables are booked as finance expense. If there are clear indications that an impairment is no longer needed or that the current impairment level is too high (e.g. because a borrower has made payments), the impairments are reversed in full or in part through the income statement, except in the case of financial instruments where the unrealized value adjustment is recognized through shareholders' equity. In this case any reversal is also recognized through shareholders' equity.

Derecognition of financial instruments

Financial assets

Financial instruments held as assets are derecognized if:

- The rights to payment streams expire;
- The Group still has rights to payment streams but has committed to pass on the payment streams to another party;
- The Group has assigned the rights to payment streams and has assigned all significant risks and revenues, or surrendered control of the financial instruments.

Financial liabilities

Financial instruments held as liabilities are derecognized if the liability has been satisfied, waived or has expired. If a financial liability is replaced by a new liability with the same creditor, but with substantially different conditions, or if an existing financial liability is substantially altered, the existing financial liability is derecognized and the replacement (or altered) financial liability recognized, with any difference booked through the income statement.

1. Scope of consolidation

Sale of the Privera Group

The Privera Group includes the subsidiaries Privera AG, Privera Services AG and AG für manuelle Dienstleistungen. The sale contract was signed on 29 May 2008, and control was transferred to the purchaser on the same day.

Privera Group’s results for the period from 1 January to 29 May 2008 were consolidated in the income statement. Privera Group is excluded from the scope of consolidation since 29 May 2008 and its accounts are no longer consolidated in Implenía’s balance sheet.

For the purposes of calculating the profit from the sale, the portion of goodwill attributable to Privera Group has been counted under net assets.

Privera Group’s net assets on the date of sale (100%)	KCHF
Cash and cash equivalents	9 165
Trade accounts receivable	4 894
Other receivables	11 286
Work in progress and inventories	29
Real estate operations	511
Prepayments and accrued income	2 752
Tangible fixed assets	2 818
Other financial investments	240
Goodwill	2 755
Short-term financial liabilities	(9 755)
Trade accounts payable	(2 648)
Work in progress	(540)
Other short-term liabilities	(1 913)
Current tax liabilities	(469)
Accruals and deferred income	(3 180)
Deferred tax liabilities	(466)
Provisions	(901)
Privera Group’s net assets	14 578
Minority interests in AG für manuelle Dienstleistungen (46.66% of KCHF 891)	(416)
Privera Group’s net assets – Implenía’s share	14 162
Sale price	25 536
Privera Group’s net assets – Implenía’s share	(14 162)
Profit from sale	11 374
Cash and cash equivalents received	25 536
Cash and cash equivalents paid	(9 165)
Net inflow of cash and cash equivalents from sale	16 371

Owing to the tax privileges enjoyed by the holding company Implenía Ltd, the sale of Privera has no tax implications.

Notes to the Consolidated
Financial Statements



2. Segment Information

The operational organisation of the Group is based on the following main sectors of activity:

- General contracting/services (general planning, general and total contracting / engineering and facility management);
- Real estate (promotion, project development);
- Tunnel construction works + TC (tunnels, total contracting in railway engineering);
- Infra construction works (roads and buildings, civil engineering, special construction);
- Global Solutions (engineering and project management abroad).

The “General contracting/Services” and “Real estate” sectors are brought together within the global segment “Real Estate”.

Owing to the sale of Privera Group (see Note 1), the Services Segment of the Real Estate Division was merged with the General Contracting Segment of the Real Estate Division. Figures for the previous year have been adjusted accordingly.

The distribution of group entities by segment can be found on page 50 and 51 of the present report.

Inter-segment transactions are carried out at market conditions.

Business segment information

(in 1000 CHF)

	Real Estate		Tunnel construction works + TC	Infra construction works	Global Solutions	Head office overheads and Miscel- laneous	Group Total
	General contracting / Services	Real Estate					
2008							
Turnover including inter-segment sales	1 152 914	101 824	151 663	1 114 508	6 342	41 633	2 568 884
./. Inter-segment sales	(33 650)	(17 505)	(1 772)	(151 915)	(3 518)	(34 169)	(242 529)
Group Turnover	1 119 264	84 319	149 891	962 593	2 824	7 464	2 326 355
Of which services	1 119 264	22 376	149 667	948 592	2 824	7 460	2 250 183
Of which sale of assets	–	61 943	224	14 001	–	4	76 172
Income from associated companies	–	–	–	3 807	–	–	3 807
Operating result/EBIT	25 902	9 509	25 598	24 195	(6 632)	(17 679)	60 893
Financial profit							(8 947)
Income taxes							(10 073)
Group Result							41 873
Depreciation	2 228	2 034	1 650	31 527	–	2 086	39 525
Other non monetary items	300	(1 527)	–	1 189	226	–	188
Investments	1 297	5 821	1 359	30 585	–	845	39 907
Assets	333 964	184 218	58 252	651 464	1 587	133 221	1 362 706
Liabilities	404 710	26 316	86 674	321 800	2 661	95 416	937 577

(in 1000 CHF)							
Restated figures							
	Real Estate					Head office	
	General		Tunnel	Infra	Global	overheads	
	contracting /	Real Estate	construction	construction	Solutions	and Miscel-	Group
	Services		works + TC	works		laneous	Total
2007							
Turnover including inter-segment sales	1 193 753	143 171	136 063	1 120 144	6 237	35 159	2 634 527
./. Inter-segment sales	(75 585)	(14 947)	(14 051)	(115 676)	(3 132)	(30 511)	(253 902)
Group Turnover	1 118 168	128 224	122 012	1 004 468	3 105	4 648	2 380 625
Of which services	1 118 168	66 805	122 012	992 358	3 105	4 636	2 307 084
Of which sale of assets	—	61 419	—	12 110	—	12	73 541
Income from associated companies	—	—	—	2 846	—	—	2 846
Operating result/EBIT	6 032	14 218	20 586	8 114	(4 123)	(6 159)	38 668
Financial profit							(7 110)
Income taxes							(6 024)
Group Result							25 534
Depreciation	7 272	1 512	1 091	32 781	—	3 354	46 010
Other non monetary items	(7 047)	(1 805)	—	(1 572)	—	(4 629)	(15 053)
Investments	2 963	2 357	866	49 945	—	2 308	58 439
Assets	354 258	204 184	46 257	684 120	502	52 547	1 341 868
Liabilities	369 391	24 159	63 375	366 526	1 499	112 024	936 974

Geographical segment information

(in 1000 CHF)			
	In Switzerland	Outside Switzerland	Group Total
2008			
Turnover	2 230 403	95 952	2 326 355
Investments	36 297	3 610	39 907
Assets	1 245 104	117 602	1 362 706
2007			
Turnover	2 301 647	78 978	2 380 625
Investments	54 079	4 360	58 439
Assets	1 223 480	118 388	1 341 868



3. Personnel expenses

(in 1000 CHF)		
	2008	2007
Salaries and fees	479 957	509 423
Social security expenses	65 389	71 301
Occupational pension expenses (defined benefit)	37 015	36 887
Occupational pension expenses (defined contribution)	862	867
FAR Foundation expenses	10 815	11 052
Temporary personnel	50 881	53 704
Other personnel expenses	25 047	28 046
Total	669 966	711 280

4. Other operating expenses

(in 1000 CHF)		
	2008	2007
Rent	47 825	50 578
Maintenance and repairs	24 748	25 939
Insurance	5 000	5 813
Administration costs and consultants	19 138	12 315
Office expenses and communications	17 903	20 779
Taxes and fees	5 558	5 688
Marketing and advertising expenses	12 888	17 012
Other operating costs	335	554
Total	133 395	138 678

5. Financial expenses and income

(in 1000 CHF)		
	2008	2007
Financial expenses		
Interest	7 219	6 557
Other financial expenses ¹	3 199	3 026
Foreign exchange losses	1 544	839
Total	11 962	10 422
Financial income		
Interest	1 491	1 181
Income from marketable securities	663	606
Other financial income	209	188
Foreign exchange gains	652	1 337
Total	3 015	3 312
¹ Other financial expenses comprise:		
Bank charges	1 567	1 595
Commissions on finance guarantees	368	–
Various	1 264	1 431
	3 199	3 026

There is no expense or income from financial derivatives because the Group did not use any such instruments.

6. Income taxes

(in 1000 CHF)		
	2008	2007
Current taxes	2 883	2 730
Deferred taxes	7 190	3 294
Income taxes	10 073	6 024
Breakdown of tax charges:		
Pre-tax income	51 946	31 558
Tax calculated at a rate of 22.77% (2007: 24.21%)	11 828	7 640
Effect of tax rate differences in certain cantons	(1 110)	(90)
Effect of non-capitalised tax losses carried forward	(431)	(6 744)
Effect of non taxable or non deductible items	(1 064)	3 415
Effect of non-capitalised tax losses created during the year	1 087	1 595
Other taxes	(237)	208
Income taxes	10 073	6 024

The average tax rate is based on the group companies' weighted average tax rates.

7. Earnings per share

(in 1000 CHF)		
	2008	2007
Group result attributable to shareholders of Implenla Ltd	40 968	24 819
Weighted average number of shares in circulation	18 314 569	18 164 296
Earnings per share (undiluted)	CHF 2.24	CHF 1.37
Earnings per share (diluted)	CHF 2.24	CHF 1.37
Number of shares in circulation as at 31.12	18 308 057	18 419 437

8. Cash and cash equivalents

(in 1000 CHF)		
	31.12.2008	31.12.2007
Cash	312	342
Bank and Post Office accounts	112 911	37 026
Other cash equivalents	5 141	9 785
Total	118 364	47 153

“Bank and Post Office accounts” includes CHF 2.9 million (2007: CHF 9.2 million) of assets held on a fiduciary basis for general contractor projects. These balances can only be used to pay subcontractors for projects where the customer bank financing the construction loan has released the funds.

9. Marketable securities

(in 1000 CHF)		
	31.12.2008	31.12.2007
Fund investments	798	903
Bills receivable	266	440
Total	1 064	1 343

10. Trade accounts receivable

(in 1000 CHF)	31.12.2008	31.12.2007
Customers	327 319	363 358
Work partnerships	51 690	53 286
Associated companies	1 780	508
Related parties	683	1 092
Guarantee retentions	25 271	25 882
Valuation adjustments	(12 539)	(11 493)
Total	394 204	432 633

These figures refer to invoices issued to customers for works completed and to interim statements.

Valuation adjustments for default changed as follows:

	2008	2007
Customers:		
Provisions as at 1 January	11 493	13 530
Use of value adjustments	(66)	–
Creation of value adjustments	4 873	–
Dissolution of value adjustments no longer required	(3 713)	(2 037)
Entries/removals due to changes in the scope of consolidation	(48)	–
Value adjustments as at 31 December	12 539	11 493

The age structure of customer receivables is as follows:

(in million CHF)	31.12.2008	31.12.2007
Not due	210.7	281.5
Overdue 1-30 days	54.4	51.5
Overdue 31-60 days	28.4	27.6
Overdue 61-90 days	12.7	11.2
Overdue more than 90 days	93.4	64.5
Value adjustment	(10.2)	(9.0)
Total not impaired	389.4	427.3
Overdue and impaired	4.8	5.3
Total	394.2	432.6

Receivables subject to individual value adjustments amounted to CHF 7.1 million gross (2007: CHF 8.0 million) at the balance sheet date; the value adjustments amount to CHF 2.3 million (2007: CHF 2.5 million). Individual value adjustments are based on the age of the receivable, as well as a detailed analysis of the reasons for non-payment and the debtor’s ongoing creditworthiness. The historic default rate is less than 0.4% of Group turnover.

No collateral was held on the balance sheet date (previous year: none). Neither were any of these receivables renegotiated (previous year: none). No receivables are pledged (previous year: none).

11. Work in progress

Work in progress includes accruals for work that has been carried out but not yet invoiced, including on-site stocks of materials, advance payments from customers and to suppliers for work not yet carried out, accruals for outstanding invoices from suppliers and subcontractors, as well as provisions for losses on the order book and work in progress.

(in 1000 CHF)		
	31.12.2008	31.12.2007
Margins and costs incurred from the start of projects, and future losses related to contracts in progress	3 142 241	6 012 684
Invoiced to customers since the start of the project	(3 340 784)	(6 206 947)
Net amounts due to customers	(198 543)	(194 263)
Presentation in balance sheet (split by project):		
Work in progress - Assets (amount due from customers)	223 533	187 013
Work in progress - Liabilities (amount due to customers)	(422 076)	(381 276)
	(198 543)	(194 263)
Information on construction contracts:		
Contract revenue recognised in the period	2 073 254	2 252 114
Advances received on construction contracts, as at 31.12	109 029	70 042
Guarantee retentions as at 31.12	25 271	25 882



12. Work partnerships

The assets and liabilities on the consolidated balance sheet include advances made and received and the share in income not yet distributed.

(in 1000 CHF)	31.12.2008	31.12.2007
Partnerships, assets	13 642	34 886
Partnerships, liabilities	(54 968)	(70 517)
Services invoiced to partnerships, not yet received	51 690	53 707
Services invoiced by partnerships, not yet paid	(1 668)	(2 007)
Net amount of all partnership receivables (payables)	8 696	16 069
The Group's share in partnership assets, liabilities, turnover and expenses is as follows:		
Current assets	339 959	246 672
Fixed assets	69 815	169 503
Short-term liabilities	267 104	275 137
Long-term liabilities	88 486	27 195
Turnover	488 210	621 873
Expenses	468 053	613 653
These items are not valued according to the Group's accounting principles, and they do not include the proportional share of Group overheads.		
Partners are jointly and severally liable for any of the work partnership's debts unless otherwise agreed.		
Joint and several liabilities in favour of partners in work partnerships	211 363	179 400
Main work partnerships:	Shareholding	Shareholding
Consorzio TAT Tunnel Alp Transit Ticino	25%	25%
TRANSCO-Sedrun	40%	40%
ATW ARGE Tunnel Weinberg	45%	45%
ARGE 2.1 Bahnhof Löwenstrasse	31%	31%

13. Other receivables

(in 1000 CHF)	31.12.2008	31.12.2007
Withholding tax	975	1 599
Other taxes and duties	2 428	3 684
Tenants	133	760
Social funds, employee insurance schemes	3 877	4 079
WIR balance	11 837	2 387
Other receivables	8 712	28 348
Total	27 962	40 857

14. Inventories

(in 1000 CHF)

	31.12.2008	31.12.2007
Raw materials and ancillary products	22 153	19 005
Total	22 153	19 005

There are no pledged inventories.

Stock is divided virtually equally between raw materials and ancillary products.

Stocks are valued at cost price, and no reduction in value was required in 2008 (or in 2007).

15. Investments in real estate

(in 1000 CHF)

	2008	2007
Acquisition value		
As at 1.1	205 044	208 992
Acquisitions	69 257	43 198
Disposals	(67 961)	(44 125)
Completely cancelled provisional projects	(5 326)	–
Gross correction	111	(6 965)
Transfers to operational buildings/financial investments	(1 597)	2 836
Change in scope of consolidation	(511)	–
Currency translation differences	(2 600)	1 108
As at 31.12	196 417	205 044
Value adjustments		
As at 1.1	(36 995)	(43 915)
Gross correction	(111)	6 965
Completely cancelled provisional projects	5 326	–
Increase (included in charges of the year)	(21)	(2 624)
Decrease (included in charges of the year)	15 541	2 579
As at 31.12	(16 260)	(36 995)
Net book value	180 157	168 049
Of which pledged	17 116	20 315
The result of real estate sales during the period is as follows:	2008	2007
Proceeds from sales (included in Group turnover)	61 943	61 419
Book value (included in annual expenses)	(67 961)	(44 125)
Real estate result (before decrease of value adjustments)	(6 018)	17 294

KCHF 600 of interest was capitalised in 2008 (2007: none).

16. Tangible fixed assets

(in 1000 CHF)				
	Office buildings	Production sites	Machines, equipments, IT	Total
Acquisition value as at 1.1.2007	125 119	22 737	228 664	376 520
Change in consolidation scope	–	–	–	–
Investments	13 283	6 715	38 237	58 235
Transfers to office buildings	(2 836)	–	–	(2 836)
Reclassifications ¹	3 536	15 723	(2 084)	17 175
Disposals	(662)	(3 481)	(18 718)	(22 861)
Currency translation differences	83	144	344	571
Acquisition value as at 31.12.2007/01.01.2008	138 523	41 838	246 443	426 804
Change in consolidation scope	(2 842)	–	(5 345)	(8 187)
Investments	6 534	5 878	25 607	38 019
Transfers from real estate	2 737	–	–	2 737
Reclassifications	(3 060)	3 060	–	–
Disposals	(9 874)	(3 427)	(25 282)	(38 583)
Currency translation differences	(266)	(574)	(1 988)	(2 828)
As at 31.12.2008	131 752	46 775	239 435	417 962
Accumulated depreciation as at 1.1.2007	42 495	9 900	111 313	163 708
Reclassifications ¹	(675)	15 620	1 045	15 990
Disposals	(320)	(3 201)	(16 814)	(20 335)
Depreciation for the year	4 116	2 642	29 586	36 344
Accumulated depreciation as at 31.12.2007/01.01.2008	45 616	24 961	125 130	195 707
Change in consolidation scope	(1 319)	–	(4 051)	(5 370)
Reclassifications	–	–	–	–
Disposals	(8 396)	(3 426)	(23 713)	(35 535)
Transfers from real estate	1 370	–	–	1 370
Depreciation for the year	5 052	2 544	28 679	36 275
Currency translation differences	(55)	(365)	(1 115)	(1 535)
Accumulated depreciation as at 31.12.2008	42 268	23 714	124 930	190 912
Net Book value as at 31.12.2008	89 484	23 061	114 505	227 050
Net Book value as at 31.12.2007	92 907	16 877	121 313	231 097
Of which finance leases at 31.12.2008	–	–	7 985	7 985
Of which finance leases at 31.12.2007	–	–	22 380	22 380

Other notes

(in 1000 CHF)		
	2008	2007
Of which pledged	40 698	35 273
Buildings under construction	–	3 273
Current contractual liabilities	–	1 500
Value adjustments	–	–
Capitalised interest	–	–

¹ Reclassifications consist mainly of amendments to acquisition costs and cumulated depreciation on properties that were booked net in the investment accounts.

17. Investments in associated companies

(in 1000 CHF)		
	2008	2007
As at 1.1	31 481	22 354
Foreign currency translation differences	(99)	31
Change in consolidation scope	–	–
Reclassification ¹	424	6 363
Acquisitions	2 879	3 361
Disposals	(612)	(558)
Share in earnings of associated companies	3 807	2 846
Dividends received	(3 123)	(2 916)
As at 31.12	34 757	31 481
Of which the following are pledged		
	–	–
Balance sheets of associated companies		
Assets	200 654	194 999
Liabilities	(105 749)	(138 048)
Net assets	94 905	56 951
Income		
	190 273	184 844
Expenses		
	(175 833)	(172 223)

¹ Mainly reclassifications between the positions "associated companies" and «other financial investments».

The five main associated companies are:

- Reproad AG
- Catram AG
- MOAG Baustoffe Holding AG
- Asfatop AG
- BRZ

The cumulative overall turnover of these five companies is CHF 92.6 million (2007: CHF 91.4 million), representing 48.7% (2007: 49.5%) of overall turnover from associated companies.

The overall assets of these five companies is CHF 91.6 million (2007: CHF 63.5 million), representing 45.7% (2007: 32.6%) of the overall assets of associated companies.

There are no restrictions on the transfer of profits from associated companies.

The details of the associated companies are given on note 39.

18. Other financial investments

(in 1000 CHF)		
	2008	2007
As at 1.1	22 191	40 823
Foreign currency translation differences	(9)	2
Change in consolidation scope	(240)	–
Transfers ¹	(447)	(6 519)
Acquisitions	6 529	1 578
Disposals	(7 807)	(13 586)
Value adjustments	(52)	(107)
As at 31.12	20 165	22 191
Distribution:		
Shareholdings in unlisted companies	3 322	3 361
Loans ²	14 890	16 937
Other financial investments	1 953	1 893
As at 31.12	20 165	22 191
Of which pledged	–	255

¹ Mainly reclassifications between the positions “associated companies” and «other financial investments».

² The carrying value approximates to the fair value.

19. Intangible assets

(in 1000 CHF)

	IT Project	Licences and Software	Trademarks	Customer List and Order Book	Goodwill	Group Total
Acquisition value as at 1.1.2007	3 962	3 239	2 884	13 230	71 948	95 263
Investments	–	204	–	–	–	204
Acquisition value as at 31.12.2007/01.01.2008	3 962	3 443	2 884	13 230	71 948	95 467
Change in consolidation scope	–	–	–	–	(2 755)	(2 755)
Investments	–	148	–	–	–	148
Transfers	–	(84)	(3)	60	–	(27)
Disposals	(150)	(112)	–	–	–	(262)
As at 31.12.2008	3 812	3 395	2 881	13 290	69 193	92 571
Accumulated depreciation as at 1.1.2007	1 059	2 185	1 883	2 329	–	7 456
Reclassification of acquisition value	(38)	83	–	(83)	–	(38)
Reclassification of accumulated depr./amort.	38	–	–	–	–	38
Depreciation/amortization	1 420	750	203	2 501	–	4 874
Accumulated depreciation as at 31.12.2007/01.01.2008	2 479	3 018	2 086	4 747	–	12 330
Foreign currency translation differences	–	–	–	–	–	–
Transfers	–	(84)	(3)	61	–	(26)
Disposal	(150)	(21)	–	–	–	(171)
Depreciation/amortization	1 271	197	199	1 583	–	3 250
Accumulated depreciation as at 31.12.2008	3 600	3 110	2 282	6 391	–	15 383
Net book value as at 31.12.2008	212	285	599	6 899	69 193	77 188
Net book value as at 31.12.2007	1 483	425	798	8 483	71 948	83 137
Of which pledged	–	–	–	–	–	–

20. Allocation and impairment testing of goodwill

The net book value of goodwill is the positive difference between the cost of acquisition and the fair value of the subsidiaries' net assets on acquisition, less any value adjustments required after annual impairment testing - i.e. the value in use.

Goodwill is allocated to the relevant cash-generating units (CGU). The goodwill resulting from the acquisition of Batigroup is allocated across the relevant areas created by the internal reorganisation.

The net residual value of a CGU is determined by calculating its value in use by means of the discounted cash flow method. This calculation is based on projected cash flows derived from the 2009-2011 business plan approved by management. Subsequent years' cash flows are estimated based on the growth rates shown below.

The Goodwill is distributed between the CGUs as follows:

(in 1000 CHF)			
	31.12.2008	Change in consolidation scope	31.12.2007
Cash Generating Units:			
Implenia Construction Ltd - Infra	12 835	—	12 835
Implenia Construction Ltd - Tunnels and TC	15 596	—	15 596
Implenia General Contractor Ltd*	30 467	—	30 467
Reuss Engineering AG	10 295	—	10 295
Privera AG	—	(2 690)	2 690
AG für manuelle Dienstleistungen	—	(65)	65
	69 193	(2 755)	71 948

* Including goodwill relating to Göhner Merkur (CHF 2.079 million).

Assumptions for the calculation of the recoverable amount:				
	Implenia Construction Ltd - Infra	Implenia Construction Ltd Tunnels and TC	Implenia General Contractor Ltd	Reuss Engineering AG
Management defined the budgeted gross margin based on	7.90%	9.40%	4.60%	25.60%
Discount rates are pre-tax and reflect the specific risks faced by the segment concerned	7.30%	10.20%	10.20%	10.00%
Post-business plan growth rate	1.00%	1.00%	1.00%	0.50%

Management defined the budgeted gross margin based on historical trends and expectations of future market development. The average growth rates are in line with construction industry averages in Switzerland.

Discount rates are pre-tax and reflect the specific risks faced by the segments concerned.

The impairment testing revealed no impairments.

21. Other short-term liabilities

(in 1000 CHF)		
	31.12.2008	31.12.2007
Tax authorities (withholding tax, VAT, taxes paid in advance)	21 365	22 156
Social security institutions, insurance providers	1 690	3 993
Payables to employees	3 359	4 033
Benefit plan institutions	141	483
Others	3 312	11 063
Total	29 867	41 728

22. Accrued liabilities and deferred income

(in 1000 CHF)		
	31.12.2008	31.12.2007
Vacation and overtime entitlement of employees	55 421	51 094
Other payables	18 800	26 242
Total	74 221	77 336

23. Financial liabilities

(in 1000 CHF)		
	2008	2007
As at 1.1	164 425	96 814
Change in consolidation scope	(1 659)	–
Increase in financial liabilities	451 781	323 681
Repayments in financial liabilities	(532 870)	(256 070)
As at 31.12	81 677	164 425
Due dates:		
Less than 1 year	80 342	158 645
Between 1 and 5 years	1 335	5 780
As at 31.12	81 677	164 425
Of which finance leases	2 959	7 351

The main source of financing is the syndicated credit that the Group obtained from a consortium of banks and which runs until the end of 2009.

On 7 April 2008, Implenla Ltd signed an amendment to the credit agreement decreasing the cash facility by CHF 1.3 million to CHF 248.7 million. The guarantee limit remained unchanged at CHF 250 million. The other terms of the initial contract are essentially unchanged.

To secure the syndicated credit, Implenla issued the following securities in favour of the bank consortium:

- Pledging of mortgage certificates on the Group real estate for an amount of CHF 43.7million (2007: 44 million).
- Guarantees given by the most important Group companies to cover the obligations of Implenla Ltd towards the bank consortium.

The continuation of the credit agreement is dependant on various conditions and covenants. Implenla Ltd met all these conditions as at 31 December 2008.

Liabilities arising from finance leases

(in 1000 CHF)						
	Total of minimum leasing payments		Total interest		Present value of minimum leasing payments	
	2008	2007	2008	2007	2008	2007
Less than 1 year	2 235	4 322	128	66	2 107	4 256
1 to 5 years	955	3 477	103	382	852	3 095
Total	3 190	7 799	231	448	2 959	7 351

Leasing concerns mainly site equipment.

24. Employee pension plans

Implenia pension plans essentially comprise the former plans of Zschokke and Batigroup. They consist of plans governed by Swiss pensions law and are regarded as defined pension plans for the purpose of IAS19. Pension liabilities with respect to active staff are determined using the projected unit credit actuarial valuation method, taking into account future salary and pension increases and staff turnover expectations. Pension liabilities with respect to pensioners correspond to the fair value of current pensions taking into account future increases. Actuarial reports are prepared at the balance sheet date.

(in million CHF)	2008	2007
Amount recognized in the balance sheet as per year-end		
Present value of funded defined benefit obligation	(1 213.5)	(1 271.1)
Fair value of plan assets	1 013.3	1 235.8
Overfunding (+) / underfunding (-)	(200.2)	(35.3)
Unrecognized actuarial gains (-) / losses (+)	206.8	44.0
Asset (+) / Liability (-) recognized in balance sheet	6.6	8.8
Reconciliation of the amount recognized in the balance sheet		
Asset recognized as per 1.1	8.8	8.3
Expense recognized in profit or loss	(37.0)	(37.0)
Contributions by the employer	34.8	37.5
Asset recognized as per 31.12	6.6	8.8
Pension expenses recognized in profit or loss		
Current service cost	(40.7)	(40.6)
Interest cost	(39.9)	(38.1)
Expected return on plan assets	43.6	41.7
Expense recognized in profit (+) / loss (-)	(37.0)	(37.0)
The expected employer's contributions for 2009 amount to approximately to CHF 33.6 million (2008: CHF 37.7).		
Actual return on plan assets	(169.0)	33.9
Principal actuarial assumptions at 31.12		
Discount rate	3.5%	3.2%
Expected rate of return on plan assets	3.5%	3.5%
Future salary increases	1.25%	1.0%
Future pension increases	0.0%	0.0%
Expected average remaining working lives in years	9.7	10.0
Life expectancy at retirement age (male/female) in years	17.90 / 21.85	21.2

The expected rate of return on plan assets is based on expected performance of each investment category as per present investment policy.

The long term returns by category is 7.0% on Swiss Shares, 8.0% on foreign shares, 2.5% on Swiss bonds, 3.5% on foreign bonds, 4.5% on real estate investments and 1% on cash deposits.

(in million CHF)		
Reconciliation of defined benefit obligation	2008	2007
Defined benefit obligation at 1.1	(1 271.1)	(1 221.9)
Interest cost	(39.9)	(38.1)
Current service cost (employer)	(40.7)	(40.6)
Employee contributions	(31.3)	(32.1)
Past service cost	119.7	61.6
Curtailment and settlements	0.0	0.0
Actuarial gain (+) / loss (-) on defined benefit obligation	49.8	0.0
Defined benefit obligation at 31.12	(1 213.5)	(1 271.1)
Reconciliation of the fair value of plan assets		
Fair value of plan assets at 1.1	1 235.8	1 193.9
Expected return on plan assets	43.6	41.7
Employer contributions	34.8	37.5
Employee contributions	31.4	32.1
Benefits paid/deposited	(119.7)	(61.6)
Actuarial gain (+) / loss (-) on plan assets	(212.6)	(7.8)
Fair value of plan assets at 31.12	1 013.3	1 235.8
Major categories of plan assets		
Properties	17.2%	15.6%
Equity instruments Switzerland	10.7%	14.7%
Equity instruments foreign countries	9.4%	15.7%
Debt instruments Switzerland	38.2%	26.5%
Debt instruments foreign countries	18.1%	21.6%
Cash	6.4%	5.9%

Plan assets include shares of Implenla Ltd for a total fair value of CHF 1.0 million (2007: shares for a value of CHF 1.9 million) and properties occupied by Implenla for a value of CHF 19.9 million (2007: CHF 27.2 million).

Information over several years	2008	2007	2006	2005
Present value of funded defined benefit obligation	(1 213.5)	(1 271.1)	(1 221.9)	(563.1)
Fair value of plan assets	1 013.3	1 235.8	1 193.9	555.7
Underfunding	(200.2)	(35.3)	(28.0)	(7.4)
Experience adjustments on defined benefit obligation	42.4	0.0	42.2	6.0
Experience adjustments on plan assets	(212.6)	(7.8)	22.4	4.7

Foundation for flexible retirement (FAR)

Industrial personnel subject to the collective employment agreement may take optional early retirement from the age of 60. Bridging benefits are paid between the early retirement date and normal retirement age by the Foundation for Flexible Retirement in the Construction Industry (FAR), which was established especially for this purpose. FAR, which was created by the SIB (Industry and Construction) and SYNA trades unions and also the Société Suisse des Entrepreneurs, is funded by contributions from employers and employees. FAR benefits are funded through a pay-as-you-go system, so do not qualify for treatment as a defined benefit plan under IAS 19. Consequently, the FAR is treated as a multi-employer, defined contribution system.

The FAR prepares its accounts in accordance with Swiss pension legislation. On this basis, as of June 30, 2008 the FAR had a reserve ratio of 95.1% (end of 2007 : 94.9%). The Group does not anticipate any payment obligations beyond contributions initially planned. In 2008, the Group paid the FAR contributions totalling CHF 10.8 million (2007: CHF 11.1 million).



25. Deferred taxes

(in 1000 CHF)		
	2008	2007
Deferred tax liabilities		
As at 1.1	14 666	13 613
Changes	5 555	1 053
Change in consolidation scope	(466)	–
As at 31.12	19 755	14 666
The main deferred tax liabilities refer to the following items:		
Difference between taxable base and carrying value of provisions	3 998	619
Difference between taxable base and carrying value of tangible fixed assets	6 053	6 657
Difference between taxable base and carrying value of work in progress (assets/liabilities) and work partnerships (debtors/creditors)	3 145	472
Difference between taxable base and carrying value of inventories	1 091	1 083
Deferred tax liabilities on pension plan assets	1 434	1 922
Other net differences	4 034	3 913
	19 755	14 666

No deferred taxes are recognized for differences of CHF 164 million (2007: CHF 158 million) relating to subsidiary companies.

Deferred tax assets		
As at 1.1	2 588	4 953
Changes	(1 635)	(2 365)
Change in consolidation scope	–	–
As at 31.12	953	2 588

Recognised deferred taxes are calculated on the basis of a tax loss carry-forward of CHF 4.4 million (2007: CHF 12.1 million). Management expects profits to be large enough to absorb these loss carry-forwards

Unrecognised tax losses to be carried forward		
Expiry date:		
1 year	1	–
From 2 to 5 years	1	2
After 5 years	13 408	12 914
No expiry	107 740	123 439
	121 150	136 355

The unrecognised tax losses in 2008 mainly concern foreign companies that no longer have any operational activities.

26. Provisions

(in 1000 CHF)							
	Warranty provisions	Onerous contracts	Integration costs	Disputes	Repairs and claims	Others	Group Total
2008							
As at 1.1	995	–	1 999	2 883	1 293	1 025	8 195
Foreign currency translation differences	(82)	–	(40)	(3)	–	(66)	(191)
Change in consolidation scope	(33)	–	(226)	(575)	–	(67)	(901)
Reclassifications	–	–	–	–	–	–	–
Recognized	3 000	1 424	65	1 455	710	337	6 991
Used	(447)	–	(1 192)	–	–	(200)	(1 839)
Reversed	(31)	(575)	–	44	(409)	(249)	(1 220)
As at 31.12	3 402	849	606	3 804	1 594	780	11 035
Of which short term	–	–	606	–	–	–	606
2007							
As at 1.1	4 319	3 962	1 766	5 771	3 427	2 454	21 699
Change in consolidation scope	–	–	–	–	–	–	–
Reclassifications	424	(300)	454	(2 488)	(988)	(915)	(3 813)
Recognized	539	–	1 319	–	9	256	2 123
Used	(4 252)	(2 262)	(1 500)	(400)	(245)	(770)	(9 429)
Reversed	(35)	(1 400)	(40)	–	(910)	–	(2 385)
As at 31.12	995	–	1 999	2 883	1 293	1 025	8 195
Of which short term	–	–	1 999	–	–	–	1 999

Warranty provisions concern completed projects. Related costs tend to be payable within 2 to 5 years.

The onerous contracts relate to rent guarantees. They generally extend over a period of 2 to 3 years. In 2008, Implenía granted its customers rent guarantees for 3 new projects. In one case, the provision for rent guarantees was reduced because additional rental agreements were signed.

In 2008, provisions were set aside for disputes relating to three real estate transactions.

The provision for repairs and claims relates to the future cost of rehabilitating land, primarily gravel pits, once exploitation is complete. Two new provisions have been formed for restoration of plots of land.

Other provisions relate to risks associated with Implenía's foreign activities.

27. Share capital

	31.12.2008 According to latest disclosure notification	31.12.2008 According to Share Register	31.12.2007
Known shareholders holding more than 3% of share capital as at 31 December 2008 (31 December 2007):			
Laxey Group	34.0%	14.4%	34.1%
Parmino Holding AG	11.1%	12.4%	11.2%
Ammann Group	6.3%	6.3%	3.3%
Implenia Ltd / Russian Land Ltd	3.7%	3.7%	–
Port Noir Investment Sàrl	–	–	6.5%
Number of registered shares		18 472 000	18 472 000
Nominal value per share in CHF		4.00	4.50
Total nominal value in CHF, as at		73 888 000	83 124 000
Number of shares in circulation, as at		18 308 057	18 419 437
ISIN Code	CH002 386 8554 (IMPN)		

The Annual General Meeting of Shareholders held on 8 April 2008 decided to repay CHF 0.50 of the par value of each Implenla Ltd share. As the legal requirements for repayment were met, the repayment was made as planned on 3 July 2008. From that date, the share capital of Implenla Ltd amounts to CHF 73 888 000.

The Annual General Meeting on 2 March 2006 decided on a conditional capital increase of up to a total of CHF 44 794 600 (9 236 000 shares with a par value of CHF 4.85 each) for the purpose of covering the potential conversion of future convertible bonds or similar financial instruments. In accordance with the decision taken by the General Meeting of Shareholders on 24 April 2007 the par value of shares was reduced to CHF 4.50 for the same reason following payment of dividends. It was then further reduced to CHF 4.00 following the decision taken by the General Meeting of Shareholders on 8 April 2008 – again for the same reason. Consequently, available conditional capital now comes to CHF 36 944 000 (9 236 000 registered shares at CHF 4.00 each). As at 31 December 2008, none of the bonds concerned were still outstanding.

The Board of Directors proposes to the General Meeting of 16 April 2009 that there be a partial reimbursement of CHF 0.50 of the par value. The share capital will be reduced by KCHF 9 236 to KCHF 64 652. The articles of incorporation will be adjusted accordingly. The partial reimbursement will take place on 6 July 2009 in favour of shareholders entered in the register on 3 July 2009. This reimbursement is not subject to deduction of withholding tax or income tax for natural persons liable for tax in Switzerland.

28. Treasury Shares

(in 1000 CHF)			
	Number	Average Unit Price (in CHF)	Total
Balance as at 01.01.2007	465 074	16	7 319
Purchases	472 017	42	19 944
Disposals	(800 043)	30	(23 791)
Transfers (management)	(84 485)	16	(1 330)
			(5 177)
Nominal value repayment	—	—	(181)
Balance as at 31.12.2007	52 563	37	1 961
Balance as at 01.01.2008	52 563	37	1 961
Purchases	377 170	33	12 382
Disposals	(123 745)	34	(4 196)
Transfers (management)	(80 183)	34	(2 688)
Transfers (employees)	(61 862)	34	(2 094)
			3 404
Nominal value repayment	—	—	(53)
Balance as at 31.12.2008	163 943	32	5 312

29. Financial instruments

(in 1000 CHF)

(in 1000 CHF)

	Classified as per	Book value		Fair values	
	IAS39*	2008	2007	2008	2007
Financial assets					
Cash and cash equivalents	rec./liab.	118 364	47 153	118 364	47 153
Marketable Securities	av.sale	1 064	1 343	1 064	1 343
Short-term accounts receivable	rec./liab.	–	148	–	148
Trade accounts receivable	rec./liab.	394 204	432 633	394 204	432 633
Other receivables	rec./liab.	27 864	40 708	27 864	40 708
Financial investments (without securities)	rec./liab.	20 165	22 191	20 165	22 191
Total		561 661	544 176	561 661	544 176
Financial liabilities					
Short-term financial liabilities	other liab.	80 342	158 645	80 342	158 645
Trade accounts payable	other liab.	240 353	175 772	240 353	175 772
Other short-term liabilities	other liab.	29 867	41 728	29 867	41 728
Long-term financial liabilities	other liab.	1 335	5 780	1 335	5 780
Total		351 897	381 925	351 897	381 925

* Classifications as per IAS 39:

- rec./liab.: receivables and liabilities
- av.sale: available for sale
- other liab.: other liabilities

Amount of financial instruments held to maturity: during the financial year, the Group held none of this type of financial instrument (2007: none).

Collateral received

As at the balance sheet date, the Group held no freely available collateral (previous year: none).

Pledging of financial assets

No financial assets were pledged at the balance sheet date (2007: KCHF 255).

Changes in valuation adjustment: see note 10.

	2008	2007
Profit and loss in income statement		
a) result of receivables and liabilities	(7 922)	(6 830)
b) result of financial instruments available for sale	(132)	379
c) result of financial instruments held until maturity	–	–

30. Risk assessment

Group-wide risk assessment, which facilitates early identification and evaluation of risks, as well as the implementation of appropriate risk-reduction measures, is carried out every half-year and focuses mainly on project risks and financial risks. Using a bottom-up process based on risk maps for each project and unit, the results of all the individual risk and opportunity assessments are consolidated. As part of the accounting and control process, Group Risk Management reports twice a year to Group Management, the Audit Committee and the Board of Directors.

Management of financial risks

The principles used for financial risk management are defined at group level and apply to all group entities. They include rules about holding and investing liquid assets, taking on debt, and hedging against foreign currency, price and interest rate risks. Compliance with the rules is centrally monitored on a continuous basis. Overall, the Group follows a conservative, risk-averse approach.

The Group's main financial instruments are: cash and cash equivalents, trade receivables, financial and other receivables, short and long-term financial liabilities and trade payables.

Trade receivables and payables are generated in the course of normal activity. Financial liabilities are used exclusively to finance operational activity (current and fixed assets). Financial investments serve mainly to finance associated companies (loans).

Derivative financial instruments may only be used within the Group to hedge operating business. Owing to the low level of foreign currency risk, derivative financial instruments are rarely used. At the balance sheet date, the Group held no derivative financial instruments (previous year: none).

The main risks for the Group resulting from financial instruments are credit risk, interest rate risk, liquidity risk and market risk. Nearly 99% of sales and purchases by Group companies are made in the same currency; 100% of financing is in the same currency. The exchange rate risk run by the Group with regard to operational activity is therefore not significant. There is a small exchange rate risk on foreign currency-denominated net investments in foreign subsidiaries.

Credit risk

The credit risk concerns defaults on trade receivables and on financial claims.

Trade accounts receivable

Agreements with customers generally stipulate payment terms of between 30 and 90 days. Customer solvency is verified prior to any contract being signed. Turnover is realised mainly with public sector bodies and with high quality debtors (banks, insurance companies, pension funds, etc). On principle, no guarantees are requested. However, in the case of services relating to real estate, it is legally possible to have a mortgage on the real estate (mortgage right of artisans and entrepreneurs). Notice of payments outstanding is given as part of a standardised procedure. Regular reports are made on the progress of receivables, particularly those that are overdue. Irrecoverable debts are negligible in relation to Group turnover.

Financial and other claims

The credit risk relating to financial claims and other receivables resides in loss of income due to debtor insolvency. Debtors are subject to regular solvency checks by means of a review of their financial situation.

The maximum credit risk corresponds to the level of individual receivables positions if they defaulted. The three largest trade receivables positions amount to CHF 18.2 million (2007: CHF 34.0 million), or 4.3% of all trade and other receivables (2007: 7.2%). For financial claims and liquidities, the three largest sums amount to CHF 91.7 million (2007: CHF 21.4 million), corresponding to 66.2% of all financial claims and liquidities (2007: 31.0%).

Ageing structure of trade accounts receivable: see note 10.

The table below shows receivables from the most important counterparties on the balance sheet date:

Situation as at 31.12.2008		
Counterparty ¹	Rating ²	Balance
Customer receivables:		
Financial institutions	n.a.	7 387
Other	n.a.	5 564
Other	n.a.	5 224
Financial claims and liquidity:		
Financial institutions	Aa2	60 261
Financial institutions	Aaa	17 641
Financial institutions	A1	14 082
Situation as at 31.12.2007		
Counterparty ¹		
Customer receivables:		
Public entities	n.a.	19 500
Other	n.a.	8 016
Other	n.a.	6 456
Financial claims and liquidity:		
Other	n.a.	9 011
Financial institutions	Aaa	6 376
Financial institutions	Aa2	6 022

¹ Counterparties are distributed according to the following classifications:
– Financial institutions (banks, insurance companies, pension funds);
– Public entities;
– Other.

² Moody's long-term debt rating.

Liquidity risk

The liquidity risk resides mainly in the eventuality that liabilities cannot be honoured on the due date. Future development of liquidity is forecast based on a variety of rolling planning horizons. The Group endeavours at all times to have sufficient lines of credit to cover planned funding requirements. As at 31 December 2008, the Group had cash and cash equivalents of CHF 118.4 million (2007: CHF 47.2 million) and unused credit limits of CHF 250.9 million (2007: CHF 178.6 million). The Group seeks an appropriate minimum liquidity (consisting of cash and cash equivalents and unused credit limits).

Maturity structure of financial liabilities:

2008	0-3 months	3-6 months	7-12 months	More than 12 months
Suppliers and other liabilities	269 744	112	364	–
Short-term financial liabilities	35 000	45 342	–	–
Long-term financial liabilities	–	–	–	1 335
2007				
	0-3 months	3-6 months	7-12 months	More than 12 months
Suppliers and other liabilities	215 488	44	1 968	–
Short-term financial liabilities	158 644	–	–	–
Long-term financial liabilities	–	–	–	5 780

Interest rate risk

The Group has very few assets that generate interest. Consequently, the Group's interest rate risk results from the structure and volume of its financing. The Group only takes on debt with variable interest rates, so the risk lies in the effect of interest rate changes on the Group's cash flow; the risk of fluctuating fair value is negligible. Interest rate increases tend to have a negative effect on Group results. Debt is always taken on in the national currency of the financed entity and is therefore almost entirely in Swiss francs.



The structure of due dates of interest-bearing financial instruments is as follows:

	Less than 1 year	2-5 years	More than 5 years
Variable rate:			
Liquidity	118 364	–	–
Financial claims	98	19 849	–
Financial liabilities	80 342	1 335	–
Fixed rate:			
Financial claims	–	1 677	–
Financial liabilities	–	–	–

The table below shows the effect of interest rate variations on the Group’s pre-tax profit (EBT). It is assumed that the interest rate variation affected the entire financial year. Only the effect of interest rate variations in Swiss francs is presented, since the Group acquires debt virtually exclusively in that currency. Interest rate variations have no effect on shareholders’ equity.

	Variation in rates	Variation in EBT
Sensitivity 2008	+/- 0.5%	1 240
Sensitivity 2007	+/- 0.5%	1 097

Exchange rate risk and market risk (cash flow risk)

Risk related to exchange rate fluctuations is not significant and mainly concerns net foreign currency investments made in foreign subsidiaries.
Since the Group holds few securities, market risk is not significant either.

Losses on financial liabilities and contractual infringements

There were no losses on financial liabilities during the financial year (2007: none). Clauses (financial covenants) stipulated in financing agreements were fulfilled.

Policy regarding structure of capital and indebtedness

The Group targets a self-financing rate of around of 30% (2007: 30%). On the year end date, the rate of self-financing was 31.2% (2007: 30.2%).
Net current assets must be financed by short-term bank finance, while fixed assets must be funded from current cash flow.
The value of economic shareholders’ capital corresponds to that shown in the balance sheet.

31. Leasing contracts

(in 1000 CHF)

	2008	2007
Rents expensed in the financial year	46 566	50 578
Amount of leasing liabilities for 2009 / (2008)	16 092	16 927
Amount of leasing liabilities for 2010 to 2013 / (2009-2012)	47 187	47 478
Amount of leasing liabilities from 2014 / (from 2013)	21 535	28 561

Rental contracts are distributed as follows: real estate rental 81% (2007: 80%) and vehicle rental 19% (2007: 20%).

There are no existing leases or sub-leasing agreements that are not rescindable.

32. Profit-sharing scheme

(in 1000 CHF)

a) Scheme available to all employees

Under this scheme, employees can subscribe to shares of Implenla Ltd at a preferential price. The difference between the average market price of CHF 32.50 per share (2007: CHF 32.15 per share) and the preferential price of CHF 19.95 per share (2007: CHF 19.30 per share) is recorded as an expense of the period.

	2008	2007
Number of shares subscribed	61 862	52 866 ¹
Amount expensed in the financial year	776	679

¹ By the Motivation Foundation.

The shares are blocked and cannot be traded for a period of 3 years. The employees are entitled to dividends and may exercise their voting rights. Upon expiry of the blocking period, the shares may be freely traded by the employees.

b) Executive scheme

Group managers benefit from a profit-sharing scheme in Implenla Ltd shares. Depending on the achievement of targets, the Board of Directors may decide to allocate shares free of charge or on a preferential basis. Under a written agreement, this allocation constitutes additional annual remuneration that is not related to the future performance of managers. The amount is therefore expensed entirely in the current financial year. The amount charged to the Group is calculated on the basis of the share's stock market value at the time of grant, usually the beginning of the next financial year. The Group may either buy shares on the market or draw from its own stock of shares.

In 2008, shares reserved for managers were estimated at a price of CHF 29.00 per share (2007: CHF 34.60 per share).

Allocation of shares for the previous year	Number	76 343	77 480
	KCHF		KCHF
Allocation of shares for the previous year		2 382	1 972
Estimate of cost for the previous year		(2 456)	(1 600)
Estimate of cost for the current year		2 200	2 456
Amount charged to the financial year		2 126	2 828

c) Shares to board members

Some board members receive part of their remuneration in shares.
The cost is calculated and reported in the same way as for shares allocated to managers.

		2008	2007
Allocation of shares for the previous year	Number	3 840	7 005
		KCHF	KCHF
Allocation of shares for the previous year		124	170
Estimate of cost for the previous year		(126)	(170)
Estimate of cost for the current year		118	126
Amount charged to the financial year		116	126

33. Related party disclosures

(in 1000 CHF)

	2008	2007
Information on related party transactions		
Sales to related parties:		
– associated companies	5 710	4 688
– companies related to a key management executive	3 891	11 569
– work partnerships	209 277	230 887
– others	–	455
Purchases from related parties:		
– associated companies	22 923	19 964
– companies related to a key management executive	2 423	6 736
– work partnerships	16 375	4 647
Credit claims on related parties (as at 31.12.):		
– associated companies	1 780	558
– companies related to a key management executive	683	999
– work partnerships	51 690	53 707
– others	–	1 207
Debts to related parties (as at 31.12.):		
– associated companies	5 258	3 851
– companies related to a key management executive	264	130
– work partnerships	1 668	1 007
– others	–	704

Transactions with related parties are dealt with at arm’s length.

34. Remuneration of key management executives

(in 1000 CHF)		
	2008	2007
The term "key management executives" includes the members of the Board of Directors and the members of the Group Management.		
Short-term benefits	6 213	6 409
Post-employment benefits	–	–
Occupational pension contributions	491	500
Termination benefits	–	–
Share-based payments	2 171	2 501
Total remuneration of key management executives	8 875	9 410
Balance in favour of key management executives as at 31.12		
	3 525	4 529

35. Contingent liabilities

(in million CHF)		
	2008	2007
Third party guarantees	238.9	179.4

Implenia's contingent liabilities are mainly outstanding guarantees (submission, warranty and issued guarantees) for ongoing projects carried out for own account as well as for projects in work partnerships.

36. Exchange rates used for currency translations

		Income statement			Balance sheet		
		Average rate			Rate as at 31.12		
		2008	2007	+/-%	2008	2007	+/-%
EU	1 EUR =	CHF 1.5805	CHF 1.6416	–3.7%	CHF 1.4912	CHF 1.6573	–10.0%
Ivory Coast	100 XOF =	CHF 0.2420	CHF 0.2480	–2.4%	CHF 0.2300	CHF 0.2500	–8.0%
USA	1 USD =	CHF 1.0586	CHF 1.1935	–11.3%	CHF 1.0587	CHF 1.1263	–6.0%
UK	1 GBP =	CHF 1.9530	CHF 2.3782	–17.9%	CHF 1.5297	CHF 2.2479	–31.9%
Qatar	100 QAR =	CHF 29.082	N/A	N/A	CHF 29.070	CHF 30.970	–6.1%

Source: UBS-Price-list 31 December 2008.

37. Post-balance sheet events

As its meeting of 5 March 2009, the Board of Directors of Implenia Ltd signed off the 2008 consolidated accounts and recommended that these be approved by the company's Annual General Meeting of 16 April 2009.

Up to the time of the approval of this report, there were no known events that might require any changes to the annual financial statements.

38. Subsidiaries

Name	Share holding	Registered office	Currency	Share capital	Segment	Active/ Inactive	Held by
Balduin Weisser AG	100%	Basel	CHF	1 750 000	Overheads Holding and Miscellaneous	Inactive	Implenia Immobilien AG
Bâtiments industriels du Haut-Rhin Sàrl (Bâtirhin)	100%	Mulhouse (F)	EUR	195 000	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Développements transfrontaliers SA	100%	Lyon (F)	EUR	14 663 800	Real Estate	Active	Implenia Development AG
Gebr. Ulmer GmbH	100%	Bruchsal (D)	EUR	25 565	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Gravière de La Claie-aux-moines S.A.	66.66%	Savigny	CHF	1 500 000	Infra Construction Works	Active	Implenia AG
Gust. Stumpf GmbH	100%	Bruchsal (D)	EUR	1 533 876	Overheads Holding and Miscellaneous	Inactive	Implenia Holding GmbH
Gust. Stumpf Verwaltungs GmbH & Co KG	100%	Bruchsal (D)	EUR	511 292	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Implenia (Ticino) SA	100%	Lugano	CHF	150 000	Infra Construction Works	Active	Implenia AG
Implenia Construction SA	100%	Genève	CHF	40 000 000	Infra + Tunnel, TC Construction Works + Global	Active	Implenia AG
Implenia Bau GmbH	100%	Rümmingen (D)	EUR	2 556 459	Infra Construction Works	Active	Implenia Holding GmbH
Implenia Generalunternehmung AG	100%	Basel	CHF	20 000 000	General Contractor / Services	Active	Implenia AG
Implenia Development AG	100%	Dietlikon	CHF	30 000 000	Real Estate	Active	Implenia AG
Implenia Global Solutions Ltd.	100%	Dietlikon	CHF	100 000	Global Solutions	Active	Implenia AG
Implenia Holding GmbH	100%	Rümmingen (D)	EUR	3 067 751	Infra Construction Works	Active	Implenia Immobilien AG
Implenia Immobilien AG	100%	Dietlikon	CHF	30 600 000	Real Estate	Active	Implenia AG
Implenia Investment Management AG	100%	Dietlikon	CHF	100 000	Real Estate	Active	Implenia AG
Implenia Management AG	100%	Genève	CHF	500 000	Overheads Holding and Miscellaneous	Active	Implenia AG
Implenia Österreich GmbH	100%	Wien (A)	EUR	35 000	Infra Construction Works	Active	Implenia AG
M.F. Wachter Bauunternehmung GmbH	100%	Stuttgart (D)	EUR	1 000 000	Overheads Holding and Miscellaneous	Inactive	Implenia Holding GmbH
Reprojet AG	100%	Zürich	CHF	100 000	Infra Construction Works	Active	Implenia AG

Name	Share holding	Registered office	Currency	Share capital	Segment	Active/ Inactive	Held by
Reuss Engineering AG	100%	Dietlikon	CHF	100 000	General Contractor / Services	Active	Implenia AG
Rocmouve SA	66.66%	Echallens	CHF	120 000	Infra Construction Works	Active	Gravière de La Claie-aux-moines S.A.
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CHF	500 000	Infra Construction Works	Active	Implenia AG
Sisag SA	100%	Abidjan (CI)	XOF	492 000 000	Infra Construction Works	Active	Implenia AG
Socarco Mali Sàrl	100%	Bamako (Mali)	XOF	100 000 000	Infra Construction Works	Active	SISAG
Sonnrain Wohnbau GmbH	100%	Rümmingen (D)	EUR	255 646	Overheads Holding and Miscellaneous	Inactive	Implenia Holding GmbH
Strassen und Tiefbau AG	100%	Vaduz (FL)	CHF	50 000	Overheads Holding and Miscellaneous	Inactive	Implenia Immobilien AG
Stuag Bauunternehmung GmbH	100%	Rümmingen (D)	EUR	306 775	Overheads Holding and Miscellaneous	Inactive	Implenia Holding GmbH
Swiss Overseas Engineering Company	100%	Genève	CHF	200 000	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Tetrag Automation AG	100%	Dietlikon	CHF	100 000	General Contractor / Services	Active	Implenia AG
Trachsel AG	100%	Heimberg	CHF	100 000	Infra Construction Works	Active	Implenia AG
Zschokke Construction Sàrl	100%	Lyon (F)	EUR	76 225	Infra Construction Works	Active	Zschokke France SA
Zschokke Développement SA	100%	Lyon (F)	EUR	457 347	Overheads Holding and Miscellaneous	Inactive	Zschokke France SA
Zschokke France SA	100%	Lyon (F)	EUR	914 694	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Zschokke GmbH Leipzig	100%	Leipzig (D)	EUR	1 022 584	Overheads Holding and Miscellaneous	Inactive	Zschokke Holding Deutschland GmbH
Zschokke Holding Deutschland GmbH	100%	Berlin (D)	EUR	3 067 751	Overheads Holding and Miscellaneous	Inactive	Implenia AG
Zschokke Procédés Spéciaux Sàrl	100%	Lyon (F)	EUR	457 347	Overheads Holding and Miscellaneous	Inactive	Zschokke France SA

All shares in the companies Privera AG, Privera Services AG and AG für manuelle Dienstleistungen were sold as at 29 May 2008.

All subsidiaries of the Group are fully consolidated.

39. Associated companies

Company name	Share holding	Registered office	Currency	Share capital
Argo Mineral AG	50.0%	Aarau	CHF	300 000
Argobit AG	40.0%	Schafisheim	CHF	1 200 000
Asfatop AG	50.0%	Unterengstringen	CHF	1 000 000
Associés Poste Enrobage en Commun (APEC) SA	20.0%	Hauterive	CHF	300 000
Batitunnel Italia S.p.A.	5.0%	Bagnaria Arsa	EUR	–
Bawag, Belagsaufbereitungsanlage Wimmis AG	24.0%	Wimmis	CHF	100 000
Belagswerk Rinau AG	25.0%	Kaiseraugst	CHF	1 000 000
Bépo-Bétonpompé S.A.	26.0%	Lausanne	CHF	120 000
Betonwerk Vispe (EG)	20.0%	Stalden	CHF	672 660
Bewo Belagswerk Oberwallis (EG)	25.0%	Niedergesteln	CHF	1 500 000
Bioasfa SA	50.0%	Bioggio	CHF	900 000
Bipp Asphalt AG	27.5%	Niederbipp	CHF	1 000 000
BRZ Belags- und Recycling-Zentrum (EG)	33.3%	Horw	CHF	1 500 000
Catram AG	24.0%	Chur	CHF	1 000 000
Consorzio Duomo	50.0%	Napoli-I	EUR	–
Deponie Eglisau (EG)	37.0%	Eglisau	CHF	–
Deponie Vorderland AG	33.3%	Rehetobel	CHF	150 000
Garage-Parc Montreux Gare SA	26.0%	Montreux	CHF	2 050 000
GU Kies AG	33.3%	Schaffhausen	CHF	450 000
Holcim Bétondrance SA	46.0%	Martigny	CHF	300 000
Imbess, Impianto miscela bituminosa E.S.S (EG)	33.3%	Chiggiogna	CHF	–
Kieswerk Oldis AG	21.4%	Haldenstein	CHF	1 200 000
Léchire S.A.	33.0%	Fribourg	CHF	100 000
Microlog SPA	50.0%	San Giorgio (IT)	EUR	120 000
MIFAG Mischgutwerk Frauenfeld AG	10.0%	Frauenfeld	CHF	600 000
MOAG Baustoffe Holding AG	13.3%	Mörschwil	CHF	300 000
Mobival (EG)	26.0%	Massongex	CHF	–
Parking de la Place de la Navigation S.A.	24.0%	Lausanne	CHF	6 986 000
Prébit, Centre d'enrobage (EG)	25.0%	Marin-Epagnier	CHF	500 000
Pro Quarta (EG)	42.0%	Alvaneu	CHF	500 000
Remora AG	18.3%	St. Gallen	CHF	300 000
Reproad AG	33.3%	Bremgarten	CHF	1 500 000
Russian Land Implenla Holding Ltd.	50.0%	Nicosia	EUR	3 001
Sebal Belagswerk Biel-Büttenberg (EG)	48.0%	Biel-Büttenberg	CHF	–
Sebal Lyss AG	48.0%	Lyss	CHF	500 000
Seval - Société d'Enrobage du Valais central (EG)	83.0%	Vétroz	CHF	–
SFR société Fribourgeoise de Recyclage SA	20.8%	Hauterive	CHF	1 200 000
Société Coopérative Les Terrasses	44.4%	Versoix	CHF	775 500
Société de recyclage de matériaux pierreux - SRMP	40.0%	Savigny	CHF	95 443
Société d'exploitation du Mégastore d'Archamps - SEMA	30.0%	Archamps	EUR	37 000
Tapidrance (EG)	52.0%	Martigny	CHF	1 000 000
Unas Technology	21.6%	Gisikon	CHF	155 000
Urner Belagszentrum (UBZ), Flüelen/UR (EG)	50.0%	Flüelen	CHF	1 000 000
Urphalt Gemeinschaftsunternehmung (EG)	25.0%	Altdorf	CHF	–
Valbéton (EG)	50.6%	Sion	CHF	100 000
Valver (EG)	30.4%	Martigny	CHF	1 729 936
Wohnpark an der Kander GmbH	40.0%	Rümmingen-D	EUR	204 517

Associated companies are consolidated using the equity method (see note 17).
Despite a holding in excess of 50%, Seval, Tapidrance and Valbéton are considered to be associated companies consolidated using the equity method. These are companies over which Implenla does not have sufficient control to justify full consolidation. By contrast, some companies in which Implenla has a holding of less than 20% are considered to be associated companies due to the fact that Implenla has significant influence over them.

Report of the statutory auditor to the general meeting of Implenia AG, Dietlikon

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Implenia AG, which comprise the balance sheet, income statement, cash flow statement, statement of recognised income and expense/statement of changes in equity and notes (pages 4 to 52), for the year ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circum-

stances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

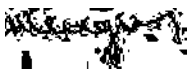
Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG



Willy Wenger
Audit expert
Auditor in charge



Gerhard Siegrist
Audit expert

Zurich, March 6, 2009

Report of the Group Auditor on the Consolidated Financial Statements



Implenia

Statutory Financial Statements of Implenia Ltd

Income Statement		
(in CHF)		
	2008	2007
INCOME		
Income from investments	34 706 900	17 426 915
Profit on sale of investments	13 567 191	–
Changes in provisions	2 193 716	–
Reversal of amortisation on investments	2 325 366	–
Financial income	11 903 664	20 134 952
TOTAL	64 696 836	37 561 868
EXPENSES		
Financial expenses	20 650 851	12 789 109
Amortisation on investments	–	2 156 200
Administration costs	3 973 386	2 566 513
Capital tax and stamp duty	359 951	144 003
Income taxes	(192 500)	173 875
Changes in provisions	–	10 831 575
Profit/(loss) for the year	39 905 149	8 900 593
TOTAL	64 696 836	37 561 868

Income Statement

Balance Sheet

(in CHF)			
	Notes	31.12.2008	31.12.2007
ASSETS			
Cash and cash equivalents		94 260 816	8 836 987
Treasury shares	1	5 312 187	1 960 633
Accounts receivable - Group companies		252 440 120	224 423 048
Accounts receivable - third parties		4 550 650	24 532 773
Prepayments and accrued income		656 060	1 529 534
Current assets		357 219 834	261 282 975
Subsidiaries	2	260 634 713	270 252 149
Associated companies and minority shareholdings	2	3 815 173	1 599 101
Other financial investments		240 000	249 092
Non-current assets		264 689 886	272 100 342
TOTAL		621 909 720	533 383 318
EQUITY AND LIABILITIES			
Short-term financial liabilities	6	74 000 000	123 018 862
Liabilities - Group companies		296 322 480	188 681 963
Liabilities - third parties		6 446	102 088
Other accounts payable		786 123	1 716 871
Accruals and deferred income		1 412 717	1 150 728
Current liabilities		372 527 765	314 670 512
Long-term financial liabilities		800 000	800 000
Non-current liabilities		800 000	800 000
Share capital:	3	73 888 000	83 124 000
– 18 472 000 registered shares of CHF 4.00 (2007: 4.50)			
Reserve for treasury shares		5 312 187	1 960 633
General reserve		54 558 715	54 558 715
Voluntary reserve		20 779 718	24 131 272
Profit and loss account:			
– profit carried forward		54 138 186	45 237 593
– profit for the year		39 905 149	8 900 593
Shareholders' equity		248 581 954	217 912 806
TOTAL		621 909 720	533 383 318

Balance Sheet

1. Treasury shares

(in CHF)	Number 2008	2008	2007
Implenia Ltd shares			
Balance as at 1.1	52 563	1 960 633	7 319 308
Purchases	377 170	12 381 831	19 944 496
Disposals	(265 790)	(8 977 496)	(25 122 393)
Nominal value repayment		(52 781)	(180 777)
Balance as at 31.12	163 943	5 312 187	1 960 633

2. Investments

(in CHF)	2008	2007
Subsidiaries (see list on last page)	260 634 713	270 252 149
Associated companies and minority shareholdings	3 815 173	1 599 101

3. Share capital

The General Meeting of 2 March 2006 decided to authorize a conditional capital increase of maximum CHF 36 944 000 represented by 9 236 000 fully paid-up registered shares at CHF 4 each. To date, this conditional capital has not been used.

The General Meeting of 8 April 2008 approved a partial refund of CHF 0.50 of the nominal value. The share capital was reduced by CHF 9 236 000 to CHF 73 888 000.

	31.12.2008 According to last disclosure notification	31.12.2008 According to share register	31.12.2007
Laxey Group	34.0%	14.4%	34.1%
Implenia Ltd / Russian Land Ltd	3.7%	3.7%	
Parmino Holding Ltd	11.1%	12.4%	11.2%
Port Noir Investment Sàrl			6.5%
Ammann Group	6.3%	6.3%	3.3%

4. Hidden reserves

(in CHF)	2008	2007
Net release by virtue of Art. 663b CO	4 070 139	–

Notes to the Statutory
Financial Statements



5. Contingent liabilities

(in 1000 CHF)	31.12.2008	31.12.2007
Guarantees	26 872	18 134
Security for joint liability regarding the levying of VAT for the Group	14 029	17 885

6. Syndicated loan

Implenia Ltd signed a syndicated credit facility on 16 August 2006 with a consortium of banks. The total credit limit amounts to CHF 500 million and will be valid until the end of 2009.

The facility is split between a cash limit of CHF 250 million and a limit for the issue of guarantees of CHF 250 million.

On 7 April 2008, Implenla Ltd signed a amendment to the credit agreement decreasing the cash facility by CHF 1.3 million to CHF 248.7 million. The guarantee limit remained unchanged at CHF 250 million. The other terms of the initial contract are essentially unchanged.

- Implenia secured the syndicated loan on the following collateral:
- Pledging of mortgage certificates on the Group real estate for a collateral value of CHF 43.7 million (2007: CHF 44 million).
 - Guarantees given by the most important companies of the group to cover the obligations of Implenla Ltd towards the bank consortium.

The continuance of the credit relationships is dependant on various conditions and covenants, which had been complied with by Implenla Ltd. as at 31.12.2008.

(in 1000 CHF)		
Situation as at 31.12.2008		
	Cash limit	Guarantee limit
Authorised limits	248 700	250 000
Limits used	40 000	159 302

7. Risk assessment

Group-wide risk assessment, which facilitates early identification and evaluation of risks, as well as the implementation of appropriate risk-reduction measures, is carried out every half-year and focuses mainly on project risks and financial risks. Using a bottom-up process based on risk maps for each project and unit, the results of all the individual risk and opportunity assessments are consolidated. As part of the accounting and control process, Group Risk Management reports twice a year to Group Management, the Audit Committee and the Board of Directors.

8. Compensation paid to members of the Board of Directors and members of the Group Management

8.1. Remuneration paid to the members in office of the governing bodies

The total of all remuneration paid to the members of the Board of Directors and the Group Management amounts to KCHF 8 875.0 (2007: KCHF 9 410.6), including shares assigned, leaving benefits, social security contributions and additional fees.

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

(in 1000 CHF)	Social security			Shares assigned ¹		Leaving benefit	Total
	Fixed salaries	Variable salaries	contri- butions	Number	Value		
2008							
CEO	516.5	439.0	251.4	28 326	862.9	–	2 069.8
Other members in office of the Group General Management	1 822.2	952.0	828.4	31 661	964.5	–	4 567.1
Members of the Group General Management who left in 2008	341.6	191.4	164.5	7 006	213.4	–	910.9
Related persons	–	–	–	–	–	–	–
Total	2 680.3	1 582.4	1 244.3	66 993	2 040.8	–	7 547.8
2007							
CEO	501.4	488.5	257.5	33 296	1 152.1	–	2 399.5
Other members in office of the Group Management	1 951.0	1 539.9	1 035.1	35 335	1 222.6	–	5 748.6
Members of the Group Management who left in 2007	–	–	–	–	–	–	–
Related persons	–	–	–	–	–	–	–
Total	2 452.4	2 028.4	1 292.6	68 631	2 374.7	–	8 148.1

¹ Implenla Ltd shares, security no 00238 68554, nominal value CHF 4 (2007: 4.50).

The variable part of the remuneration in cash and in shares is paid in 2009.

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

(in 1000 CHF)						
	Social security		Shares ¹			
	Fees	contri- butions	Number	Value	Additional	Total
2008						
Anton Affentranger, Chairman	159.0	21.8	1 462	49.5	227.8	458.1
Markus Dennler, Vice Chairman	111.0	15.3	731	24.8	–	151.1
James Lionel Cohen, Member	93.0	12.8	–	–	–	105.8
Claudio Generali, Member	74.0	10.2	549	18.6	–	102.8
Ian Andrew Goldin, Member	89.0	12.2	–	–	–	101.2
Urs Häner, Member	48.0	6.6	–	–	–	54.6
Patrick Hünerwadel, Member	95.5	13.1	–	–	4.1	112.7
Toni Wicki, Member	80.0	11.0	549	18.6	–	109.6
Philippe Zoelly, Member	80.0	11.0	549	18.6	21.7	131.3
Related persons	–	–	–	–	–	–
Total	829.5	114.0	3 840	130.1	253.6	1 327.2
2007						
Anton Affentranger, Chairman	184.6	25.4	1 388	48.1	157.3	415.4
Markus Dennler, Vice Chairman	122.7	16.9	694	24.0	–	163.6
James Lionel Cohen, Member	84.0	11.5	–	–	–	95.5
Claudio Generali, Member	95.3	13.1	521	18.0	–	126.4
Ian Andrew Goldin, Member	71.5	9.8	–	–	–	81.3
Patrick Hünerwadel, Member	117.3	16.1	–	–	–	133.4
Toni Wicki, Member	96.7	13.3	521	18.0	–	128.0
Philippe Zoelly, Member	88.7	12.2	521	18.0	–	118.9
Related persons	–	–	–	–	–	–
Total	860.8	118.3	3 645	126.1	157.3	1 262.5

¹ Implenia Ltd shares, security No 00238 68554, nominal value CHF 4 (2007: 4.50).

No severance payments were made during 2007 and 2008.

8.2. Remuneration paid to former members of the governing bodies

No remuneration was paid to former members of the governing bodies whose term of office came to an end during the previous accounting period or before.

8.3. Assignment of shares during the year

The number of shares assigned in 2008 to members of Group Management, as well as to related persons, is 66 993 (2007: 68 631). Implenia Ltd has no executive members on its Board of Directors.

The number of shares assigned in 2008 to the non executive members of the Board of Directors, as well as to related persons, is 3 840 (2007: 3 645).

8.4. Share holding

As at 31 December 2008, the number of shares held by members of Group Management, as well as by related persons, is 122 015, which represents 0.66% of the share capital (2007: 172 430 or 0.93%). This figure includes any shares acquired in a private capacity. Implenia Ltd has no executive members on its Board of Directors.

	31.12.07	As at 31.12.08	Whereof shares blocked until		
			2009	2010	2011
Members of the Group Management					
Christian Bubb, CEO	46 080	41 280	13 360	12 680	14 240
Hans-Peter Domanig, Head of division Real Estate	27 988	26 346	8 000	11 188	7 158
Arturo Henniger, Head of division Construction Infra	27 558	26 299	8 560	10 318	7 421
Luzi Reto Gruber, Head of division Construction tunnels and total contracting	3 000	7 490	–	–	4 490
Peter Bodmer, Head of division Global Solutions	13 508	20 600	3 200	10 308	7 092
Roger Merlo, CFO	25 828	–	–	–	–
Beat Fellmann, CFO	–	–	–	–	–
Jean-Pierre Vogt, Head of Human Resources	28 468	–	–	–	–
Total	172 430	122 015	33 120	44 494	40 401

As at 31 December 2007, the number of shares held by the non executive members of the Board of Directors, as well as by related persons, is 64 148, which represents 0.35% of the share capital (2007: 51 647 or 0.28%). This figure includes any shares acquired in a private capacity.

	31.12.07	As at 31.12.08	Whereof shares blocked until		
			2009	2010	2011
Members of the Board of Directors					
Anton Affentranger, Chairman	39 310	50 772	–	2 430	1 462
Markus Dennler, Vice Chairmann	1 724	2 455	–	1 624	731
James Lionel Cohen, Member	1	1	–	–	–
Claudio Generali, Member	2 167	2 716	–	967	549
Ian Andrew Goldin, Member	1	1	–	–	–
Urs Häner, Member	–	1	–	–	–
Patrick Hünerwadel, Member	1 340	–	–	–	–
Toni Wicki, Member	5 497	6 046	–	1 017	549
Philippe Zoelly, Member	1 607	2 156	–	967	549
Total	51 647	64 148	–	7 005	3 840

8.5. Options

Implenia Ltd has no stock-option remuneration scheme.

8.6. Fees and additional remuneration

Overall additional fees and remuneration invoiced by members of the Board of Directors or Group Management, or related persons, since January 2008 amount to KCHF 253.6. This sum is made up of: KCHF 227.8 for A. Affentranger for consultancy services relating to special mandates. KCHF 4.1 of fees paid to Lenz & Staehelin, where P. Hünerwadel is a partner; these were consultancy fees paid to Lenz & Staehelin's practice in Zurich. KCHF 21.7 to Philippe Zoelly, being a consultancy fee relating to the sale of an investment.

The amount of fees and additional remuneration invoiced in 2007 by each member of the Board of Directors or the Group Management or by a related person amounts to CHF 157 336, being consulting services provided by Mr. Anton Affentranger in relation to a special mandate.

8.7. Loans to officers and governing bodies

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

8.8. Highest total remuneration

For the member of the Board of Directors who has the highest overall remuneration, please refer to the first table.

Proposal of the Board of Directors regarding the appropriation of available earnings		
(in CHF)		
	2008	2007
Balance carried forward	54 138 186	45 237 593
Profit for the year	39 905 149	8 900 593
Profit and loss account	94 043 335	54 138 186
To be carried forward	94 043 335	54 138 186
<p>The Board of Directors proposes to the General Meeting of 16 April 2009 that there be a partial reimbursement of CHF 0.50 of the par value. The share capital will be reduced by KCHF 9 236 to KCHF 64 652. The articles of incorporation will be adjusted accordingly. The partial reimbursement will take place on 6 July 2009 in favour of shareholders entered in the register on 3 July 2009. This reimbursement is not subject to deduction of withholding tax or income tax for natural persons liable for tax in Switzerland.</p>		
(in CHF)		
Variation of the share price		
(as quoted on the Swiss Stock Exchange SIX)		
	2008	2007
Share high/low:	37.00/25.15	44.90/25.60
Price as at 31st December	29.00	34.60

Proposal of the Board of Directors



Subsidiaries

Name	Share holding	Registered office	Currency	Share capital
Bâtiments industriels du Haut-Rhin Sàrl (Bâtirhin)	100%	Mulhouse (F)	EUR	195 000
Gebr. Ulmer GmbH	100%	Bruchsal (D)	EUR	25 565
Gravière de La Claie-aux-moines S.A.	66.66%	Savigny	CHF	1 500 000
Gust. Stumpf Verwaltungs GmbH & Co KG	100%	Bruchsal (D)	EUR	511 292
Implenia (Ticino) SA	100%	Lugano	CHF	150 000
Implenia Construction SA	100%	Genève	CHF	40 000 000
Implenia Generalunternehmung AG	100%	Basel	CHF	20 000 000
Implenia Development AG	100%	Dietlikon	CHF	30 000 000
Implenia Global Solutions Ltd.	100%	Dietlikon	CHF	100 000
Implenia Immobilien AG	100%	Dietlikon	CHF	30 600 000
Implenia Investment Management AG	100%	Dietlikon	CHF	100 000
Implenia Management AG	100%	Genève	CHF	500 000
Implenia Österreich GmbH	100%	Wien (O)	EUR	35 000
Reprojet AG	100%	Zürich	CHF	100 000
Reuss Engineering AG	100%	Dietlikon	CHF	100 000
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CHF	500 000
Sisag SA	100%	Abidjan (CI)	XOF	492 000 000
Swiss Overseas Engineering Company	100%	Genève	CHF	200 000
Tetrag Automation AG	100%	Dietlikon	CHF	100 000
Trachsel AG	100%	Heimberg	CHF	100 000
Zschokke France SA	100%	Lyon (F)	EUR	914 694
Zschokke Holding Deutschland GmbH	100%	Berlin (D)	EUR	3 067 751

Subsidiaries



Report of the statutory auditor to the general meeting of Implenia AG, Dietlikon

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Implenia AG, which comprise the balance sheet, income statement and notes (pages 56 to 65), for the year ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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


Report on other legal requirements

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

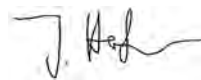
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG



Willy Wenger
Audit expert
Auditor in charge



Jürg Hofer
Audit expert

Zurich, March 6, 2009

Report of the Statutory Auditor



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