



Implenia Ltd.

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**Annual Report 2009** 

Implenia in brief

Implenia is Switzerland's leading construction and construction services company. Formed in 2006 from the merger of Zschokke and Batigroup, Implenia can look back on more than 140 years of history in the building industry. The company brings the expertise of numerous highly skilled units together under the single roof of a nationally and internationally active company. With its integrated business model and specialists operating in all its divisions, Implenia can take a building project through its entire lifecycle. Its work is always economical, sustainable, integrated and customer-centric.

Implenia operates in four core areas:

#### **Real Estate**

Investment management, project development, engineering, general contracting, building automation, technical facility management

#### **Infrastructure Construction**

Buildings (new and conversions), roads and civil works, civil engineering and foundation engineering

#### **Tunnel Construction + Total Contracting**

Underground construction, special tunnel works, total contracting (rail technology)

#### **Global Solutions**

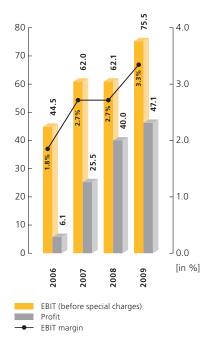
International activities focusing on infrastructure solutions and services

Implenia's vast experience and the interplay of its different units, its approximately 100 branches in Switzerland, and its representative offices in Germany, France, Italy, Russia, the United Arab Emirates and Qatar, create the foundations for efficient partnerships and creative solutions.

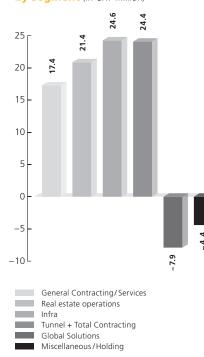
Implenia's head office is in Dietlikon near Zurich. The company employs approximately 6,000 people and in 2009 it recorded sales of CHF 2.3 billion. Its shares are listed on the SIX Swiss Exchange.

#### **KEY FIGURES**

## EBIT (before special charges) and profit (in CHF million)



## EBIT (before special charges) by segment (in CHF million)



Consolidated key figures	12.2009	12.2008
	CHF 1000	CHF 1000
Group revenue (like for like)	2 279 835	2 299 465
EBIT before special charges (like for like)	75 534	62 111
Special charges and income	-7 891	-3 108
Operating income	67 643	59 003
Profit	47 055	39 983
EBITDA	104 603	98 528
Free cash flow	92 316	169 080
Net cash position	85 896	36 687
Equity	426 340	423 238
Production output	2 637 277	2 541 910
Order book	3 445 184	2 958 904
Headcount (full time equivalents)	5 115	5 192

**HIGHLIGHTS 2009** 

### **Highlights 2009**

2009 was a good year for Implenia. Despite a difficult economic environment, the group was able to increase its operating result and profits significantly, while full order books give reason to be optimistic about the future. At the heart of this success lie Implenia's motivated employees as well as its integrated business model. True to its slogan "One company, one goal, one spirit", Implenia is committed to cross-disciplinary cooperation that creates added value for shareholders. Some major projects reflect how successful 2009 has been:

- By 2019, a whole new district will be created on the old SBB site behind Sihlpost in Zurich. Implenia is playing a substantial role in realising the project. In the first phase, plots A and C are being developed – including the Sihlpost building, a college of education, a shopping centre and office buildings.
- The Pont de la Poya bridge near Fribourg crosses the Saane valley and is designed to take traffic out of the city centre. The elegant cable-stayed bridge will have a span of 196 metres – a Swiss record. Building should be finished in 2013.
- Implenia, together with Botta Management Group, is project manager for the Central Olympic Stadium in Sochi, Russia, where the opening ceremony for the 2014 Winter Olympics will be held. The contract includes deadline coordination, quality assurance and providing the necessary specialists.

Other prestigious projects from 2009 are described in more detail in the image part of the annual report.

#### **PUBLICATION DETAILS**

#### **Publication details**

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## Implenia's vision

"We develop and build the Switzerland of tomorrow. We establish ourselves as an expert for complex international infrastructure projects. Sustainability is our passion. We are the partner of choice for customers and employees alike." CHAIRMAN'S MESSAGE 4-

## Dear Shareholders

Implenia can look back on its fourth successful year in a row. The good results for 2009 are the product of more effective cooperation across all the divisions and profit centres. This interdisciplinary cooperation is our trump card, and in the years to come we intend to use it to continue building on our market position as Switzerland's leading construction company.

#### An independent, publicly traded company

In November, after more than two years of conflict with the hedge fund Laxey, we were finally able to place its shareholding with private and institutional investors in Switzerland and elsewhere. This has cleared the way for Implenia's further development as an independent, publicly traded company with a diverse group of shareholders. Our resources can now once again be devoted unreservedly to business matters.

## Confidently into 2010

We are feeling confident about business in 2010. Implenia operates in a late-cycle industry, so we too are bound to feel the effects of the current economic weakness. However, we are confident that we will continue to thrive even in a tougher environment. With our strong market position and our integrated business model we know that we can continue to win attractive business.

## "One company, one goal, one spirit"

Implenia has achieved the goals it set when the merger was completed in 2006. As we look forward, we have redefined our vision. Implenia wants to ensure it is perceived externally and internally as a single company with a single culture and a clear approach. "One company, one goal, one spirit" is our new, forward-looking, motivational slogan.

#### Higher dividend

Implenia has produced another healthy set of results and has good prospects going forward, so the Board of Directors is asking the General Meeting to increase the dividend for the financial year 2009 – in the form of a par value reduction – to CHF 0.70 per share, compared with CHF 0.50 in the previous year.

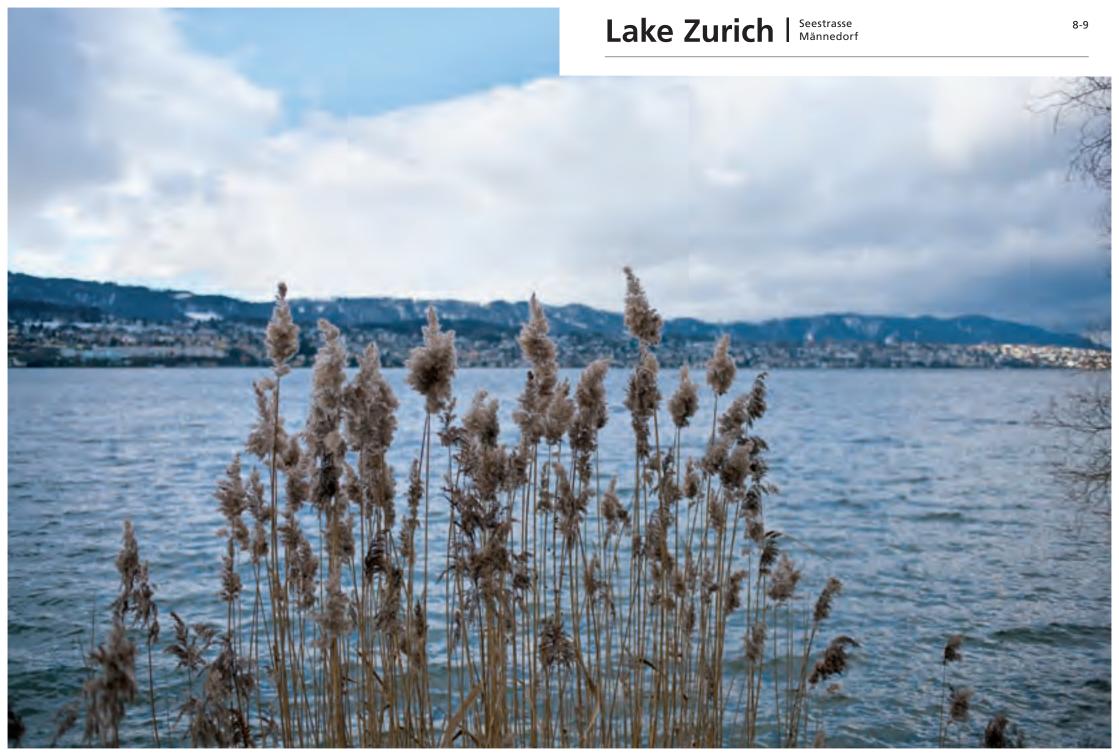
#### Thank you

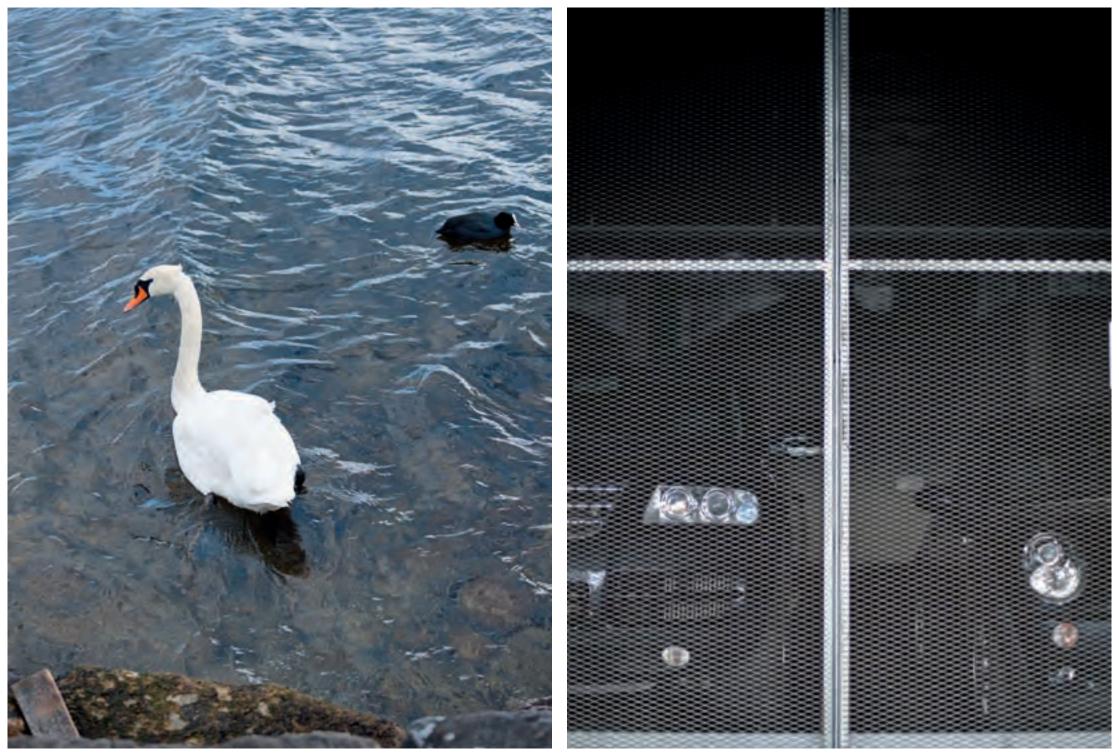
2009 was a challenging year for many different reasons, demanding total commitment from our employees. I would like to thank them all in the name of the Board of Directors and Group Management for their excellent response. I am also grateful to our customers for the trust they have placed in us and to you, our valued shareholders, for your loyalty and support.

/m-

Anton Affentranger Chairman of the Board of Directors and CEO







# **Project**

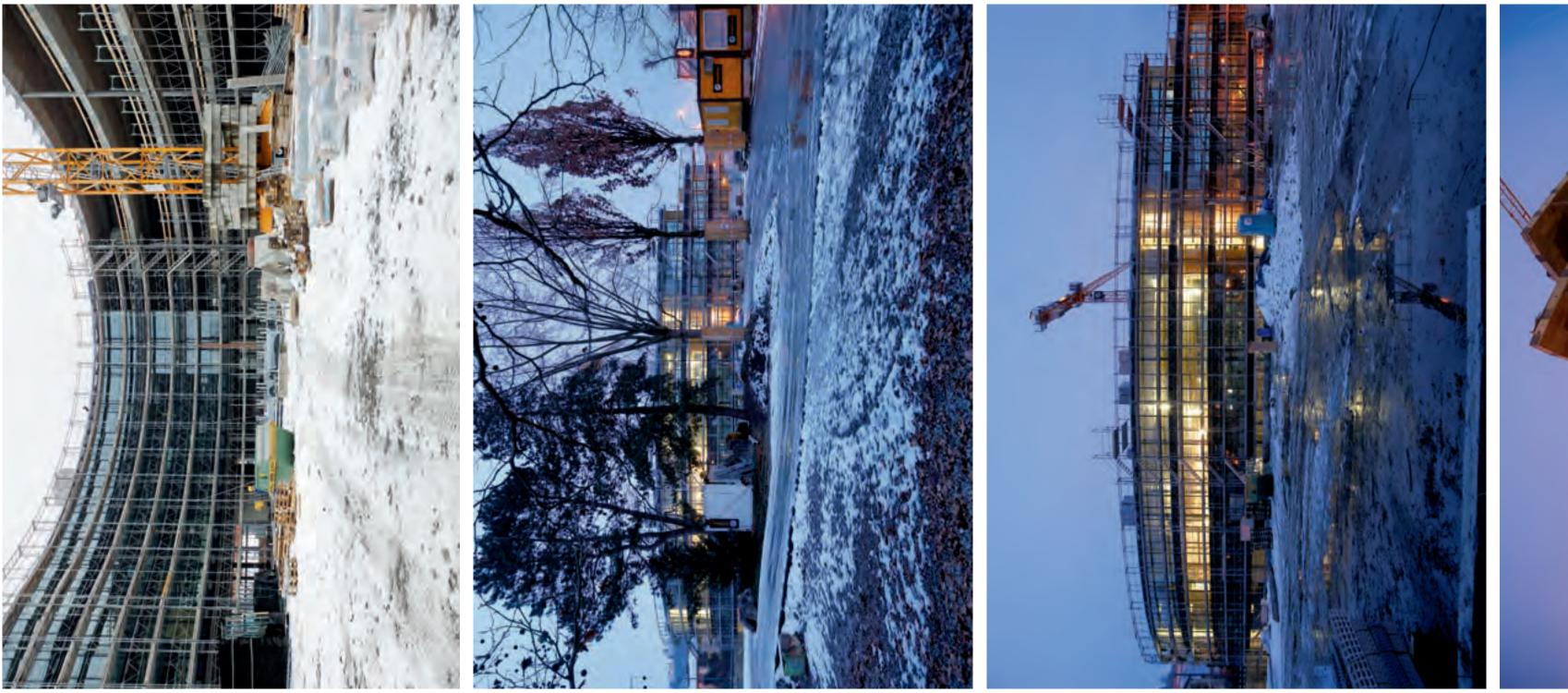
Exceptional jewels can come in exceptional shapes and sizes – just like Swarovski's new Swiss head-quarters. In Männedorf, on the northern shores of Lake Zurich, Implenia is spending around CHF 55 million on building a unique office complex for 500 employees. The international team at Ingenhoven Architects has designed an elegant, four-storey, horseshoe-shaped building that opens out onto the lakefront to give panoramic views of the water and the Alps.

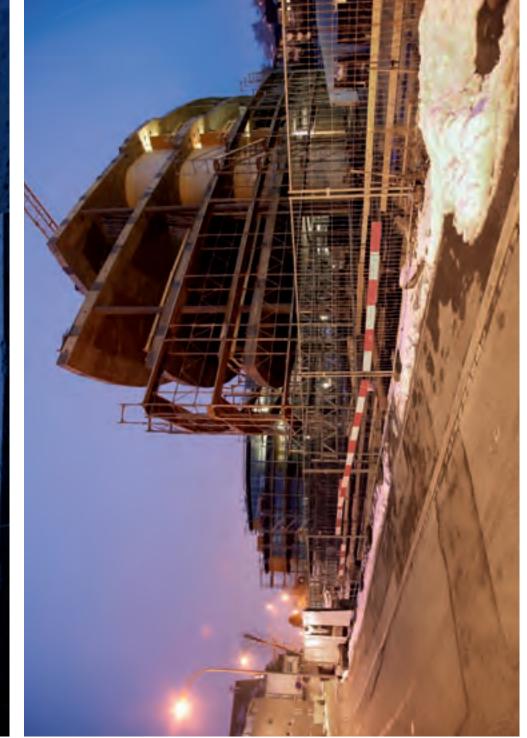
Special features include transparent double-skin curtain walls with integrated air intake and exhaust units, complex building technology and sustainable, Minergie-certified construction techniques. The glass facade is triple-glazed to increase energy efficiency still further. The building is heated and cooled using a lake water heat pump. The actual materials used for construction are also innovative: for example, Tabsilent acoustic absorbers are deployed in conjunction with the TABS system (ThermoActive Building System) to achieve a 25 to 30-fold improvement in heat flow.

Austrian client, German architect, Swiss builder: with this project, Implenia General Contracting is demonstrating the benefits of its many years of experience with international partners, and showing what impressive work it can do when given a tight schedule. Construction began at the start of February 2009 and the topping out ceremony took place as planned at the end of October 2009. Since then, the facade has been put up and work is proceeding at full pace on interior elements. Implenia General Contracting will hand over Swarovski's new jewel to the client on 30 June 2010 as planned.

Headquarters of D. Swarovski Corporation AG







#### **FACTS AND FIGURES**

Swarovski Immobilien AG, Feldmeilen

Ingenhoven Architects International GmbH, Männedorf

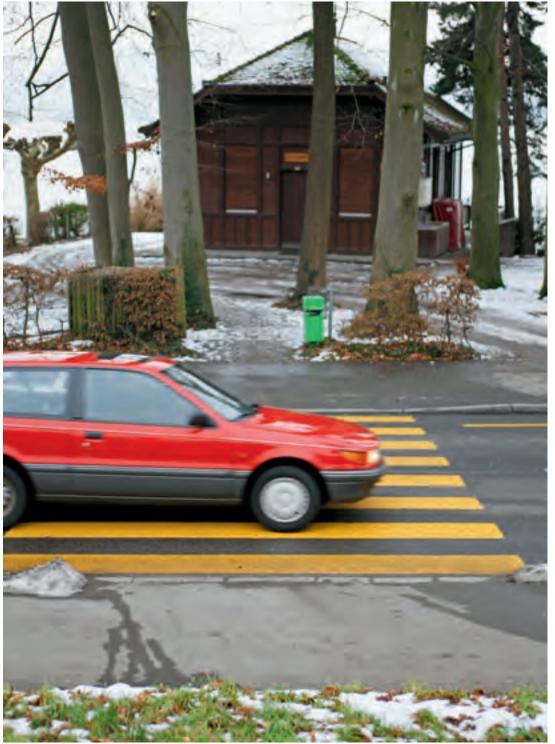
CHF 55 million

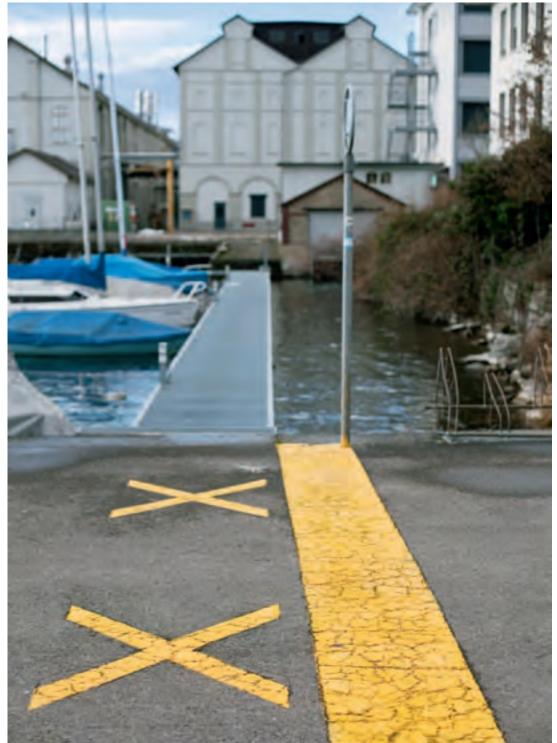
#### Implementation:

1.2.2009 to 30.6.2010









# Village centre | Postgasse Männedorf



ROUNDTABLE 18-19



Beat Fellmann (CFO) and Anton Affentranger (Chairman of the Board of Directors and CEO) in discussion with moderator Medard Meier

# "A strong performance in a demanding environment"

Implenia has further expanded its market position. Significant strides have been made both operationally and financially. Implenia brought the dispute with Laxey to a successful conclusion and made great progress towards the goal of becoming an integrated construction group. Anton Affentranger, Chairman of the Board of Directors and CEO, and Beat Fellmann, CFO, look back on a turbulent but successful year.

Despite the difficult economic situation, you can look back on a successful year. What has pleased you most of all?

**Anton Affentranger:** That's easy – seeing off our shareholder Laxey! The dispute with Laxey pushed us all to the limit, but we were able to persuade key private and institutional shareholders to remain firm. Management also maintained a solid, united front on the issue. The fact that we emerged so positively from the dispute is, I believe, a resounding vindication of our strategy of remaining successful and independent as an integrated construction company. We successfully placed Laxey's shareholding, which accounted for more than 50% of our capital, with private and institutional investors. In terms of sheer scale, this placement was equivalent to a successful IPO.

#### What has pleased you most about the annual results?

**Affentranger:** Implenia has put in a very impressive performance. We have posted record results despite the fact that we often had to work day and night on the Laxey issue, not to mention having to cope with a change in management.

#### How have you managed to strengthen people's belief in Implenia?

**Beat Fellmann:** We delivered the operating performance we promised. That gives us credibility with our shareholders as well as with our employees and customers. They can all see our strategy is working.

**Affentranger:** The two of us have carried out three full-scale road show tours, each of which proved to be real highpoints of the year. The first concentrated on securing a solid funding base. We travelled round the whole of Switzerland, from Geneva to St. Gallen, and from Basel to Lugano. We visited almost all the cantonal banks, and everywhere we went we were met with friendliness and interest. We presented our strategy and explained our intentions and goals. By the middle of the year we had put our finances on a new footing. We now have more financial room for manoeuvre – and the funding has been secured on good terms overall. For us, this was the first major sign that the banks believed in us.

#### But the test with investors was yet to come.

**Affentranger:** Correct. Finding new investors was not straightforward, so the second roadshow was more difficult and required an even greater effort. But by marshalling all our forces we got there in the end.

**Fellmann:** We had a very pleasant surprise in London, where we were able to find buyers for almost 20% of the available shares.

**Affentranger:** It was a happy experience for us. Because we had fought against Laxey, many people thought we were being protectionist and wanted to stop foreigners becoming shareholders. We were sceptical when we flew to London, and initially we were – as expected – given a thorough grilling. But the investors were convinced by our story. And it undoubtedly helped that we had seen off a well-known hedge fund like Laxey. It made investors curious about us.

ROUNDTABLE 20-21

#### And what was it ultimately that ensured the success of the placement?

**Fellmann:** The investors were completely won over by our strategy and by Implenia's future potential. Our medium-term goal of CHF 100 million EBIT certainly also helped a lot. We were able to show credibly how we were going to achieve this goal.

#### And the third roadshow?

**Affentranger:** In November we went off on another journey through Switzerland. For me, this was definitely the most important one. We visited our organisation's key employees and told them about where we wanted to take Implenia. We talked about everything: the approach we were taking, our values, our vision. By the end we had been able to discuss these things with more than 300 committed Implenia people. I found the whole experience very enriching, and I learned a lot.

## It's been nearly four years since Implenia was founded. Have you reached the milestones you mapped out back then?

**Affentranger:** We've achieved most of our goals. We have a very strong position in our home market, and we've been able to exploit our targeted synergies on a sustained basis. Outside Switzerland, we've taken the first steps as planned. Personally I would've liked to see our international business do even better, but we're inevitably feeling the effects of the global economic and financial crisis in our target markets of Russia and the Middle East. This should change in the medium and long term, however.

#### What do you like about the Implenia of today?

**Affentranger:** When I travel through the country and meet our employees, I feel very proud. There are countless examples of projects we're working on that really excite me. As a regular train traveller, I always like coming into Zurich's main station. It feels like coming into "Implenia country", with construction sites involving all our divisions!

#### What will your main focuses be over the next few years? What is your vision?

**Affentranger:** We'll do everything we can to keep increasing the Group's strength and efficiency. This means we'll have to work even more effectively with each other within the Group. We've already managed to do this to some extent, but there is still a long way to go before we can call Implenia



Beat Fellmann

"We operate along two dimensions of a matrix. It's about operational excellence in the markets on the one hand, and the excellence that has to come from the Corporate Centre on the other." Beat Fellmann

a truly integrated construction group, and this remains our greatest challenge. A good example of where we want to go is the expansion of the Lucerne Zentralbahn (central railway) – a contract we won thanks to our new integrated approach. In Lucerne, Implenia is working as a unified team. All of our disciplines are being deployed together: planning, engineering and, of course, our many technical construction skills. We've got a very high volume of orders at the moment, and a good portion of these are a result of consistently offering all the relevant services from a single source.

## You emphasise the challenge of implementing your integration model. Where is the resistance coming from?

**Affentranger:** You have to work hard to convince individual divisions and regions to work closely with each other: people in Chur with those in Zurich, the Central Swiss with the Baslers, the French-speakers with the German-speakers, and vice versa. You also have to bridge the cultural differences between construction and general contracting.

ROUNDTABLE 22-23



Anton Affentranger

#### What lies at the heart of the integration process?

**Affentranger:** Our efforts are ultimately focused on the processes used to provide services throughout the whole Group. We are looking for greater "industrialisation" of the whole construction process. It's a very ambitious aim, because we are not like ABB or Sulzer, which have an easily manageable number of production sites. We're currently running more than 4,500 construction sites with around 6,000 employees. Just think about what that means: every project is different. So what is our solution? We try to perform a balancing act that allows us to work in a decentralised, individual way tai-

"We'll do everything we can to keep increasing the group's strength and effectiveness. This means that we'll have to work even more effectively with each other within the Group." Anton Affentranger

lored exactly to the customer's needs, while still maintaining consistent, centralised management and control. Take centralised purchasing: with turnover now at CHF 2.3 billion, Implenia has much greater bargaining power than before when it buys electricity, cement, insurance and much else besides. Or look at IT and cash management, where the synergies created by integration are obvious. These are also all reasons why we created the Corporate Centre, which Beat Fellmann now heads in addition to

his job as CFO. We want to consolidate and professionalise jobs across the whole Group. Our balancing act is also reflected in our corporate culture: central, professionalised processes exist in tandem with decentralised professionals acting in the market as entrepreneurs.

#### What is your approach to recruiting new staff?

**Fellmann:** We define the processes – such as interviews when staff are taken on and when they leave – but we make it clear to the regions that what happens locally is their decision. They know local needs. We operate along two dimensions of a matrix. It's about operational excellence in the markets on the one hand, and the excellence that has to come from the Corporate Centre on the other. In other words, we emphasise decentralised freedom where it is essential for staying close to the market and for motivating employees, while at head office we take care of the services and functions required to appear in the market as a distinct Group.

#### Your new vision is linked to the evolution of values within the company. Can you explain this?

**Affentranger:** Our vision is linked to values that we need to live up to every day if we are to make Implenia unmistakeably different from its competitors. Transparency stands at the top of the list. We have nothing to hide from our shareholders, we have nothing to hide within the divisions, we have nothing to hide from our customers. We are guided by highly ethical values such as integrity and sustainability. We have reformulated our Code of Conduct accordingly, and communicated this new Code widely. We've also committed ourselves very publicly to sustainability, launching several internal and external sustainability initiatives. All of our values are communicated and discussed intensively. The new training programme we are introducing is based on our underlying principles. Every two or three months we hold a Welcome Day in Dietlikon for all new employees throughout Switzerland. Between 40 and 60 people come to each one. These events also focus on the presentation of our vision and values.

#### How are employees and Implenia's competitors responding to the call for transparency?

**Affentranger:** As number one in the industry we are happy to pay the price of being transparent. We don't have any other choice. We are the benchmark. Our employees and the young people we recruit identify with our values. They tell us clearly: I want to work in a business that is innovative, sustainable and ethical. Now that we have shaken off the burden of the Laxey dispute our rivals are saying, with some justification, Implenia is now a threat to us. Our competitors could give us no greater compliment.

ROUNDTABLE 24-25

#### What is Implenia's financial position?

**Fellmann:** Operationally we are doing better than ever before. We began the new financial year with an orders cushion of CHF 3.4 billion. We are confident about the foreseeable future. Naturally we are keeping a close eye on interest rate movements, because these are crucial for the construction industry. We can certainly stick to our medium-term target of CHF 100 million EBIT. We're well on the way to achieving this. Our programme to increase efficiency will start to bear fruit. We are optimising wherever we can; it's a continuous process. We've deliberately been building up our risk management skills, which should help us cope with the freak events that unfortunately always occur, as well as improve claims management. In project management and project development we're aiming to expand our portfolio. In tunnel construction we want to consolidate our current position.

#### What kind of demand are you expecting from the public sector?

**Fellmann:** The government is our most important customer, accounting for 55 percent of sales. Fortunately we're dealing with an intelligent government. FEDRO – the Federal Roads Office – is very professionally run, for example. It is aware of its great responsibility to the Swiss economy as a whole. FEDRO manages the tendering process to ensure that the pipeline is more or less continuously full. The economy has been in a difficult situation, but it wouldn't have helped at all if the pace had been accelerated, as some people advocated. The construction industry simply wouldn't have had the capacity to cope with the additional demand.

"We want to export our strengths and our specialities. We lead the world in terms of the technologies we use in tunnel construction."  $_{\rm Anton\; Affentranger}$ 

**Affentranger:** On one point, however, we have had to intervene. We lodged complaints at the federal level and with the cantons about the public sector's extremely slow payment of bills. This broke a taboo; nobody had dared speak about it before. But the Department of Finance reacted positively. It issued guidelines that are now being followed at least at the federal level. Ultimately it's the best form of economic stimulation: the government paying quickly and getting the money into circulation.

#### Foreign business is going to be a big challenge for Implenia. What are your aims?

Affentranger: We want to export our strengths and our specialities. The Swiss currently lead the world in tunnel construction because our country builds the most complex and geographically challenging tunnels in the world. Thanks to this experience and the many years of collaboration with our partners, we've mastered a huge range of technologies for subterranean construction work. The good news is that in three or four years we'll have very visible examples of this in Switzerland when the huge Neat and Zurich Durchmesserlinie projects are realised. But what do we do when they are finished? We'll have to find more of our future projects in other countries. At the moment we are still the new kids on the block on the international scene. We want to make targeted use of our skills and our track record, especially in tunnel construction, civil engineering and microtunnelling. There is an enormous amount of building activity in the Middle East, but in many cases there hasn't been enough thought about infrastructure. We are seeing this especially with regard to water supply, waste water systems and transport. This is where we can contribute with our knowledge of project management but also with our experience as a contractor.

We are also active in Russia. As far as I know we are the only western construction company currently working in Sochi. Meanwhile, the Russian Football Association has contracted us to put together the technical part of its Bid Book for the 2018/2022 football World Cup.

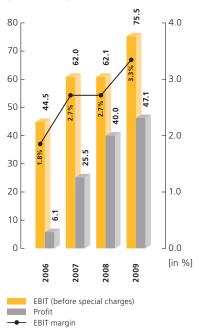
#### And how are you financing your foreign expansion?

**Fellmann:** For us it's an investment in the future. Everything is being written down immediately. We are being very cautious. We are taking our skills out to these foreign markets, but not committing many people. We are selling high-cost services that give us attractive margins. Local partnerships are our main focus. The partner brings its workforce to the table, and we contribute the know-how and, perhaps, the specialist machinery. We are only looking for foreign business where we can use that model. Our core market remains Switzerland. Apart from anything else, we owe that to our 6,000 employees.

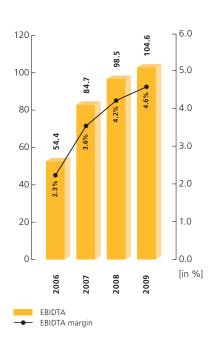
Moderation: Medard Meier Photos: Martin Stollenwerk ANNUAL RESULTS 26-27

# EBIT (before special charges), EBIT margin and profit

(in CHF million)



## **EBITDA and EBITDA margin** (in CHF million)



### **Annual results: Group**

#### Implenia's results improve again

Implenia's Group turnover for 2009 was CHF 2,280 million, which is almost unchanged on the previous year (previous year: CHF 2,299 million). The operating result before net financial costs and taxes was CHF 67.6 million (previous year: CHF 59.0 million). This year-on-year improvement, to which all divisions contributed once again, is all the more impressive considering that the 2008 results included a one-off profit of CHF 11.4 million from the sale of Privera. EBITDA operating earnings reached CHF 104.6 million (previous year CHF 98.5 million). Implenia's operating margin increased for the third consecutive year – by 0.6 percentage points from 2.7% to 3.3%.

This good operating performance pushed up Implenia's Group result by 17.7% to a very impressive CHF 47.1 million (previous year CHF 40.0 million). Implenia's efforts to keep optimising its invested capital were successful again in 2009, as confirmed by a healthy free cash flow of CHF 92.3 million (previous year CHF 169.1 million).

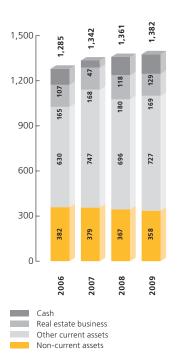
#### **Consolidated key figures**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Group turnover (like for like)	2,279,835	2,299,465
EBIT excl. real estate operations	54,127	51,816
EBIT from real estate operations	21,407	10,295
EBIT before special charges (like for like)	75,534	62,111
Impact of Privera (results, sale proceeds)	_	11,713
Special charges	-7,891	-12,931
Restatement IFRIC 15	-	-1,890
Operating result	67,643	59,003
Group result	47,055	39,983
EBITDA	104,603	98,528
Free cash flow	92,316	169,080
Number of shares	18,472,000	18,472,000
Outstanding shares	16,945,816	18,308,057
Securities number	002 386 855	002 386 855
Abbreviation	IMPN	IMPN

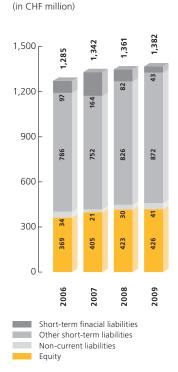
ANNUAL RESULTS 28-29

#### **Overview of balance sheet (assets)**

(in CHF million)



## Overview of balance sheet (liabilities)

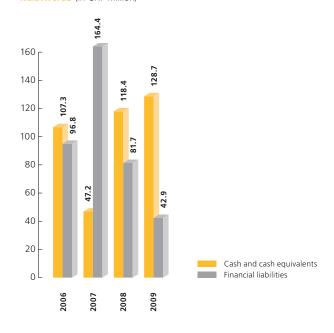


#### Implenia's strong balance sheet

Implenia manages its cash carefully and has been able to further optimise its current assets. Cash and cash equivalents came to CHF 128.7 million at the end of the year under review (previous year: CHF 118.4 million), and the Group had a healthy net cash position of CHF 85.9 million (previous year CHF 36.7 million). The increase in current assets is due to the slightly higher receivables from construction services. This was more than compensated for by a further increase in pre-payments, and is reflected mainly in the higher short-term debt. The increased guarantee capacity in 2009 – a prerequisite for customer pre-payments – has directly further strengthened the balance sheet.

At year-end, equity came to CHF 426.3 million (previous year CHF 423.2 million), giving an equity ratio of 30.9% (previous year 31.1%). Equity only rose insignificantly because of the increase in treasury shares (purchased during the placement of the old Laxey shares). Without these purchases, the equity ratio would have gone up to 32.3%.

## Cash and cash equivalents, financial liabilities (in CHF million)



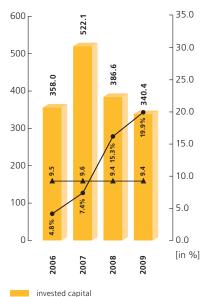
#### **Balance sheet key figures**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Cash and cash equivalents	128,749	118,364
Real estate operations	168,732	180,157
Other current assets	726,769	695,586
Non-current assets	357,544	366,709
Total assets	1,381,794	1,360,816
Interest-bearing debt	42,853	81,677
Other liabilities	912,601	855,901
Share capital	426,340	423,238
Total liabilities	1,381,794	1,360,816
Net cash position	85,896	36,687
Investments in real estate operations	88,317	69,257
Net investments in tangible fixed assets	36,421	38,019
Equity ratio in %	30.9%	31.1%

**ANNUAL RESULTS** 30-31

#### **Return on invested capital (ROIC)**

(in CHF million)



ROIC (operating result/invested capital)

→ WACC before tax

#### Implenia created substantial value

The 2009 financial year saw an increase in earnings power and a further reduction in invested capital. Rigorous monitoring and control of net current assets and a careful approach to capital spending paid dividends. Return on invested capital (ROIC) rose again to a very satisfactory 19.9% (previous year 15.3%). Average capital costs (WACC) were thus exceeded by an impressive 10.5 percentage points. This means that in 2009 Implenia created substantial value.

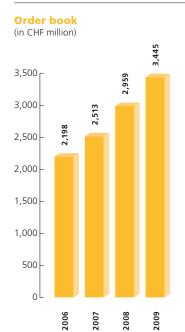
#### **Invested capital**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Current assets excl. cash and cash equivalents	895,501	875,743
Non-current assets	357,544	366,709
less non-interest-bearing liabilities	-912,601	-855,901
Total invested capital	340,444	386,551
-		

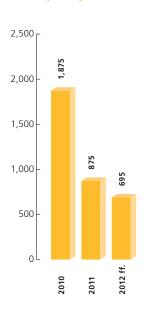
#### **Operating result**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Real Estate	36,385	21,808
Infrastructure	24,378	24,195
Tunnel + Total Contracting	23,529	25,598
Global Solutions	-7,904	-6,632
Other/exceptional factors	-8,745	-5,966
Total operating result	67,643	59,003

ANNUAL RESULTS 32-33



## Order book allocated over subsequent years (in CHF million)

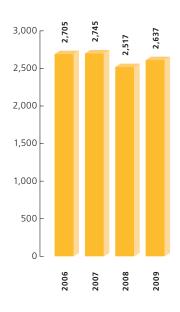


#### Implenia's high level of orders

The major contract acquisitions made by the Real Estate and Infrastructure Divisions are reflected in a year-on-year rise in orders. The Tunnel + Total Contracting Division continues to enjoy a backlog of orders covering several years. The orders reported for the Global Solutions Division are all consulting contracts. On 31 December 2009, the Group's overall order book was worth an excellent CHF 3,445 million – a significant improvement on the year-back figure of CHF 2,959 million. During 2010, CHF 1,875 million of this orders cushion will be converted into concrete sales figures. The bottom-line impact of the rest will be spread over several years from 2011 onwards. This means that Implenia has begun the 2010 financial year with 70% (previous year: 64%) of its expected production output (output including its share of work partnerships) guaranteed.

#### **Production output**

(in CHF million)



#### Order book

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Real Estate	1,799,006	1,293,224
Infrastructure	825,413	652,562
Tunnel + Total Contracting	815,267	1,013,118
Global Solutions	5,498	
Total orders	3,445,184	2,958,904

#### **Production output**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Real Estate	1,238,755	1,229,738
Infrastructure	1,292,545	1,206,839
Tunnel + Total Contracting	325,153	301,778
Global Solutions	6,121	6,342
Other/internal services of the group	-225,297	-227,787
Total production output	2,637,277	2,516,910

GROUP 34-35

#### **Business performance: Group**

#### **Positive performance in all areas**

All parts of the Implenia Group put in a positive performance in the financial year 2009. The backlog of work reached new highs almost everywhere in the Group, with the final quarter in particular seeing a healthy rise in incoming orders. This very encouraging situation is not least due to our greater efforts to work together on acquiring new work. For example, the "Coupe Gordon-Bennett" contract in Geneva, "Beaulieu" in Lausanne, and "Königareal" in Arbon are being handled jointly by the Real Estate and Infrastructure Divisions. Implenia Group's earnings situation is also very pleasing. The forecasts we made in spring for 2009 as a whole have all been fulfilled or exceeded.

Within the Real Estate Division, collaboration between the Project Development, Engineering and General Contracting areas has been stepped up, which has produced the desired results. General Contracting maintained its volume of residential construction orders at a high level. In Project Development, Implenia was able to realise several projects that had been in the pipeline for some time.

Despite the tough competitive environment and great pressure on margins, the two Construction Divisions also did good business. Infrastructure Construction can report substantial success with acquisitions, while Tunnelling + Total Contracting produced very good results despite the fact that a major project came to an end in the previous year.

The Global Solutions Division was affected by the difficulties in its target markets of Russia and the Middle East. But despite the difficult environment, it was still able to acquire several attractive projects during the year under review. The costs associated with building up our international activities are all charged directly to the income statement.

#### **Bank syndicate increases credit facility**

In August 2009, Implenia increased its credit limits by CHF 100 million and simultaneously renewed the CHF 500 million syndicated loan that ran out at the end of 2009. Consequently the Group now has access to credit lines totalling CHF 600 million over the next three years, and the scope for additional funding for its business has increased significantly. The agreement concluded with a countrywide syndicate of 19 banks is a sign of broad-based confidence in Implenia Group's future.

#### **Swiss construction sector proving robust**

Given the recession caused by the financial crisis, the Swiss construction market has performed amazingly robustly compared with other Swiss industries, and by international comparison. Sales in the Swiss primary construction sector in 2009 were much higher than in the previous year, despite the fact that the number of employees barely changed. Thanks to several major public infrastructure projects, this upward trend was more pronounced in civil works than in building construction. The backlog of work also grew healthily in 2009, clearly exceeding the previous year's figure.

Incoming orders fell back overall during the year under review. This had already been the case for several quarters in commercial/industrial construction because of companies' more cautious approach to investment. In residential construction it seems that the boom of recent years is coming to an end, and in civil works, which has lately been driven by large-scale road and rail projects, orders are now also coming in more slowly. On this evidence, we can expect to see the market stabilise at a healthy level, particular since in the current cycle the Swiss real estate market has avoided the overheating seen, for example, in the USA.

REAL ESTATE 36-37

#### **Turnover by department**

#### 2.0% 2.1% 10.3% 14.2% 33.2% 48% 10.7% 23.1% 27.4% General Contracting – residential West General Contracting – commercial Zurich General Contracting - infrastructure Central Real estate Fast Reuss Reuss, all of Switzerland

**Turnover by region** 

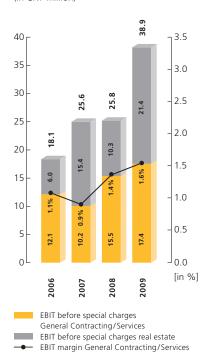
#### **Real Estate Division**

The Real Estate Division provides a comprehensive range of services covering the entire life cycle of a property from planning to operational optimisation. For the year under review the Division posted turnover of CHF 1,239 million, which is practically unchanged on the previous year (2008: CHF 1,230 million). The Division enjoyed continuing high demand, thanks especially to lively residential construction activity, and saw orders on hand increase to a new record of CHF 1,799 million (previous year CHF 1,293 million). EBIT before special charges was also much higher, rising from CHF 25.8 million in the previous year to CHF 38.9 million.

Project development, a fundamentally volatile business, performed very well. Various projects that had been in the pipeline were actually realised during the year under review, demonstrating the strength of the Real Estate Division's strategy. At the same time, some attractive new projects were added to the project development portfolio. Helped by its leading position in all the Swiss regional markets, the General Contracting business also performed well. As well as some major contracts, numerous medium and small projects were realised in residential construction and in the services business. Several of the successful project acquisitions during the year can be attributed to greater cooperation between these two areas. Reuss Engineering, which provides building technology services, continued to focus on sustainable construction.

#### **EBIT** (before special charges)

(in CHF million)



#### **Key figures - Real Estate**

may my miles man about		
	12.2009	12.2008
	CHF 1,000	CHF 1,000
Turnover (IFRS, like for like)	1,238,755	1,229,738
EBIT General Contracting/		
Services	17,448	15,467
EBIT real estate operations	21,407	10,295
EBIT before special charges (like for like)	38,855	25,762
Impact of Privera (results, sale proceeds)	_	11,713
Special charges	-2,470	-3,954
Operating result	36,385	33,521
Order book	1,799,006	1,293,224
Headcount (FTE)	488	512



Raffael Brogna Interim Head of Real Estate Division

#### My highlights of 2009

"For me it was our employees. In a difficult period they proved their passion for Implenia by putting in outstanding performances, topped off by a record level of orders. Our customers provided another highlight – placing their absolute confidence in us and challenging us with very interesting and demanding projects throughout Switzerland."

#### My vision for the future

"Implenia Real Estate becomes the leading real estate services company in Switzerland, setting the standard for customer focus, quality, know-how and reliability, as well as being a sought-after and popular employer."

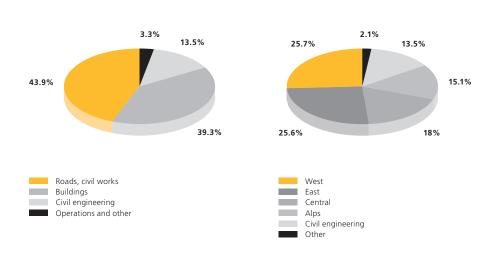
#### Key projects for the Real Estate Division in 2009

- Coupe Gordon-Bennett (former "Usine à gaz"), Geneva (see gallery pages)
- Sihlpost and Europaallee, plots A und C, Zurich
- Office building for WIPO, World Intellectual Property Organisation, Geneva
- Vertex and Main Tower, Zurich
- Office and administration building for Swarovski, Männedorf (see gallery pages)

CONSTRUCTION: INFRASTRUCTURE 38-39

#### **Turnover by department**

#### **Turnover by region**



## **Construction: Infrastructure and Tunnel + Total Contracting Division**

Construction activity increased sharply after a hard winter. This presented a major challenge, but one that we were able to master successfully thanks to the great commitment and hard work of our employees. The two construction divisions can look back on a good year of business. Each division contributed equally to the EBIT (excl. special charges) of CHF 49.0 million. The fact that this was so close to the previous year's figure (CHF 50.8 million) was due to further productivity gains. Production output – on all activities including work partnerships – came to CHF 1,618 million, which is a significant improvement on the previous year's CHF 1,509 million. Outstanding orders, including work partnerships, totalled CHF 1,641 million spread over several years (2008: CHF 1,666 million).

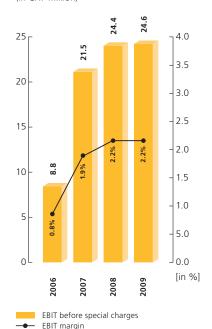
#### **Infrastructure Construction Division**

The Infrastructure Construction Division, which works on buildings, roads and civil works, civil engineering and foundation engineering, enjoyed good capacity utilisation in 2009. Production output was up, especially in civil engineering, reaching CHF 1,293 million (2008: CHF 1,207 million), spread across numerous projects of various sizes. Operating earnings (EBIT) were slightly higher than a year ago at CHF 24.6 million (2008: CHF 24.4 million).

Thanks to successful acquisitions, some in cooperation with the Real Estate Division, the volume of outstanding orders at the end of the year was up by a quarter to a record high of CHF 825 million (2008: CHF 653 million). This includes various infrastructure projects. This backlog of work suggests that the current business year will be a good one too. On the other hand, the Division is still exposed to strong pressure on margins, which is likely to get worse owing to the recession.

#### **EBIT** (before special charges)

(in CHF million)



#### Key figures - Infrastructure

12.2009	12.2008
CHF 1,000	CHF 1,000
1,123,329	1,114,508
24,639	24,370
-261	-175
24,378	24,195
1,292,545	1,206,839
825,413	652,562
3,793	3,834
	CHF 1,000 1,123,329 24,639 -261 24,378 1,292,545



**Arturo Henniger** Head of Infrastructure Division

#### My highlights of 2009

"The huge achievement of our employees. Despite a long, hard winter they successfully dealt with a high volume of construction in a short space of time. On site visits I was also inspired by the way Implenia people put their heart and soul into their work, and by the pride they obviously took in the things they were building. The CHF 1.5 billion worth of contracts won in 2009 reflects the quality of our work and confirms that our customers value us as a reliable and skilled partner."

#### My vision for the future

"Implenia Infrastructure becomes the leading innovator in civil engineering, and strengthens its local presence through its expertise in infrastructure construction. Through small jobs and complex major contracts it makes a substantial contribution to increasing the company's value."

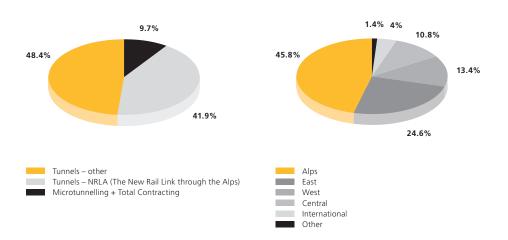
#### Key projects for the Infrastructure Division in 2009

- Opera car park, Zurich
- IKEA. Geneva
- Central Railway, Lucerne (see gallery pages)
- Le Pont de la Poya, Fribourg
- Office and administration building for Swarovski, Männedorf (see gallery pages)

CONSTRUCTION: TUNNEL + TOTAL CONTRACTING 40-41

#### **Turnover by department**

#### **Turnover by region**

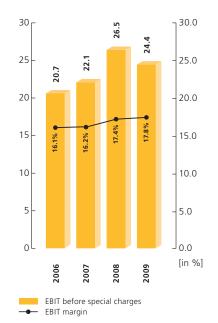


#### **Tunnel + Total Contracting Division**

2009 was also a good year for the Tunnel + Total Contracting Division. This was especially true for tunnel construction in terms of both turnover and profit: production output reached CHF 325 million (2008: CHF 302 million), and EBIT before special charges came to CHF 24.4 million (2008: CHF 26.5 million). Considering that the major Lötschberg rail technology project came to an end in the previous year, this has to be seen as an extremely satisfying result. At the end of the year under review, the Division was sitting on a CHF 815 million backlog of work (2008: CHF 1013 million).

#### **EBIT** (before special charges)

(in CHF million)



Key figures – Tunnel + Total Contracting			
	12.2009	12.2008	
	CHF 1,000	CHF 1,000	
Turnover (IFRS)	136,926	151,663	
EBIT before special charges (like for like)	24,381	26,450	
Special charges	-852	-852	
Operating result	23,529	25,598	
Production output	325,153	301,778	
Order book	815,267	1,013,118	
Headcount (FTE)	643	626	



Luzi Gruber
Head of Tunnel and
Total Contracting
Division

#### My highlights of 2009

"In Sedrun, as part of the NRLA (The New Rail Link through the Alps) project, we completed the very challenging northern section of the tunnel exactly on schedule after eight years. When we handed over the tunnel to the rail technicians, the client certified the very good quality of our work. In the "Durchmesserlinie" project in Zurich we had a technical accident with one of the microtunnelling machines, but managed to sort things out after only a few days and a short disruption to the traffic on Bahnhofplatz. We're now right back on track."

#### My personal vision for the future

"Implenia wants to be the preferred partner for challenging infrastructure projects in our Swiss home market and abroad. We will now be doing everything we can to make this possible."

#### Key projects for the Tunnel + Total Contracting Division in 2009

- TAT Faido/Bodio
- Neat, Sedrun
- Pumped-storage plant, Emosson
- Durchmesserlinie railway line, Zurich
- Zentralbahn railway, Lucerne

GLOBAL SOLUTIONS 42-43

#### **Key figures – Global Solutions**

	12.2009	12.2008
	CHF 1,000	CHF 1,000
Turnover (IFRS)	6,121	6,342
EBIT before special charges (like for like)	-7,904	-6,632
Special charges	_	_
Operating result	-7,904	-6,632
Volume of consulting contracts	5,498	_
Headcount (FTE)	12	14

#### **Global Solutions Division**

After building up a network of potential partners and customers, creating an organisation fit for international business, and working through some initial projects, in 2009 the Global Solutions Division was faced with increasing problems in its target markets of Russia and the Middle East. After a thorough analysis of the situation, it was decided to suspend the activities of the "Russian Land Implenia" joint venture. In the Middle East, Implenia is concentrating in the short and medium term on infrastructure projects, primarily in Abu Dhabi and Qatar.

The operating loss sustained by the division has to be seen as the price of securing attractive long-term international business opportunities. Owing to the difficult market environment, the Global Solutions Division adjusted the pace of international expansion and stuck to its deliberately low-risk entry strategy.

Despite the difficulties in its target markets, in 2009 the Global Solutions Division managed to acquire various prestigious contracts. In Russia, Implenia is responsible, together with the General Project Manager, for deadline coordination and supervision, as well as quality assurance, for the stadium in Sochi that will host the opening ceremony for the 2014 Olympic Games. Owing to its great experience with sports venues, Implenia has also been asked by the Russian Sports Ministry and the Russian Football Association to produce the section on stadium construction for the "Bid Book" that forms part of the application for the 2018 or 2022 football World Cup. In Abu Dhabi, Implenia is in charge of the first phase of the planned Swiss Village in Masdar City. The visionary Masdar City aims to be the world's first completely sustainable city.



Peter Bodmer Head of Global Solutions Division

#### My highlights of 2009

"In 2009, despite extremely difficult market conditions, we made the breakthrough in international business by winning some very interesting and prestigious projects. We were able to do this because we stuck to our strategy of gradually expanding our offering in tunnelling, foundation engineering and microtunnelling, and took part in our first international tenders."

#### My personal goals for the future

"I want to build up our order books in the Prime Building sector, especially in Russia and the Middle East. At the same time we would like to win one or two infrastructure contracts in the GCC states. Carefully developing sustainable relationships with our partner firms will be a key element in 2010."

#### Key projects for the Global Solutions Divisions 2009

- Central Olympic Stadium, Sochi, Russia
- Bid Book for Russia's bid for the 2018 and 2022 football World Cups
- Swiss Village in Masdar City, Abu Dhabi

OUTLOOK 44-45

#### **Outlook**

#### **Swiss construction market**

Despite the weak economy, the Swiss construction industry held up well throughout 2009. In the second half of the year, however, there were increasing signs that the industry would not be able to completely escape the effects of the crisis. Incoming orders have been declining for some time now in industrial construction, and in the second half, orders and the number of construction permits began to fall in the residential sector too.

This confirmed once again that construction is a late-cycle industry that only tends to react after a year or more to events in the rest of the real economy. Nevertheless, there is unlikely to be a sharp downturn in 2010. Stability should be maintained thanks to the continuing high level of existing orders, the civil works generated by government stimulation programmes, and the fact that Switzerland's construction market still has a healthier structure than that of many other countries. All in all, business volume in the Swiss construction market in 2010 is likely to be a little below the 2009 level.

As the industry weakens in the short term, competition, which is already intense, will become even fiercer, and pressure on margins will persist. The fact that order books are still full should not hide the fact that profitability is often inadequate. Many construction firms continue to prioritise turnover above profit.

#### International markets

Russia and the Middle East, the relevant international markets for Implenia, are still clouded by uncertainty. In 2009, construction investment in Russia fell for the first time in the decade. The situation is expected to stabilise in 2010, with a return to growth in 2011. The consequences of the financial and economic crisis will continue to be felt in the Middle East. Dubai, which had been growing so aggressively, is being affected most of all, while the benefits of the more cautious policy adopted by Abu Dhabi and Qatar are now apparent.

#### **Implenia**

Though the economic environment remains challenging, Implenia is confident about the year to come. The company has started 2010 with capacity utilisation at an excellent level, which should last throughout the year.

Thanks to the high level of orders, the Real Estate Division is practically certain to meet its budgeted turnover figures for 2010. Implenia is essentially harvesting the rewards of preparatory work done by its staff in 2009. In traditional production, Implenia also benefits from a substantial backlog of orders that includes major projects as well as numerous medium-sized and small contracts. It is unclear, however, how the incoming orders situation will develop over the year. This depends mainly on the performance of the economy as a whole, which is hard to predict. The federal government's stimulation package should give a boost to Implenia's production units, but the general pressure on margins will continue.

Internationally, Implenia is still confronted by difficult conditions in its target markets – Russia and the Middle East. Nevertheless, the group's ability to acquire attractive contracts in 2009 confirmed the wisdom of concentrating on the Infrastructure and Prime Buildings segments. Implenia expects further success by sticking to this strategy.

VISION AND VALUES 46-47

#### **Vision and values**

#### With a new vision to the future

Even more crucial than the short-term outlook is the question of how Implenia is preparing for the future. As a leading Swiss construction services group, Implenia has continually improved its results in recent years while realising sustainable synergies. In doing so it has achieved the goals set when the merger took place in 2006. Having assessed the challenges and opportunities of the coming years, therefore, Implenia has now revised its vision and values.

We develop and build the Switzerland of tomorrow.

We establish ourselves as an expert for complex international infrastructure projects.

Sustainability is our passion.

We are the partner of choice for customers and employees alike.

The intention of this vision is that Implenia appears to the outside world as a single team and a single company: "One company, one goal, one spirit". With its claim "we are developing and building the Switzerland of tomorrow", Implenia is emphasising its connection to its home market, where it maintains a strong local presence through more than 100 offices. Internationally, Implenia wants to establish itself as a recognised expert in difficult infrastructure projects. The vision also emphasises sustainability as one of the group's central priorities and an integral part of corporate strategy. Implenia's overall aim is to be the preferred partner for customers and employees.

#### **Built on shared values**

At the same time as redefining its vision, Implenia has also reformulated and refined the values to which the company is committed:

Reliability	We are a reliable partner that you can count on.	
Sustainability	We are responsible toward our environment and toward ourselves.	
Integrity	Integrity lies at the core of our actions.	
Awareness of opportunities and risks	With business constantly on our minds we strive to recognise opportunities and risks in a timely manner.	
Transparency	Is the principle in our dealings with stakeholders.	
Operational and financial excellence	A measurable requirement for all of our activities.	
Solution-driven, customer-oriented practices	Customer-oriented solutions are our priority.	
Innovation	Our future depends on our ability to keep up with the times and move forward.	

Implenia is doing everything possible to ensure that everyone in the Group actively and consistently lives up to these values, as the core of its corporate culture.

#### **Structure follows strategy**

The structure of the Implenia Group has been altered along with its vision. The Real Estate Division unites one of Switzerland's leading project developers with the country's largest general and total contractor. It also includes a series of engineering companies with proven expertise in sustainable and energy efficient projects – from planning to efficient operation of the finished building. The Infrastructure Division brings together all the production activities that make Implenia the leading Swiss construction company for small and large infrastructure works, road building, civil engineering and foundation engineering, complex building construction and civil works. The newly created Industrial Construction Division combines the activities of the former Tunnel, Total Contracting and Global Solutions Divisions. Its aim is to become the preferred partner internationally for sustainable and complex infrastructure and real estate projects of various types.

The Group is held together by its integrated business model, which emphasises cross-divisional cooperation. The successes of the last financial year make it clear that Implenia is on the right track. Over the next few years, Implenia will be able not only to maintain, but to build further on its market position.

EMPLOYEES 48-49

#### **Employees**

#### Vision embedded throughout the group

Under the slogan "One company, one goal, one spirit", Implenia has formulated a new vision which expresses its strategic focus as an integrated total service provider. During the 2009 financial year, Implenia ran an internal information campaign to communicate this vision and the corporate values that go with it. The aim is to embed the new focus throughout the company and thus lay the foundations for cooperation across all areas.

Parallel to this, the company's internal transformation continued. In the second half of 2009, the extended management team got together in various workshops to turn insights from the analysis completed at the end of 2008 into concrete action plans. The implementation phase was then launched.

A mood of new beginnings in the corporate culture was triggered by the new vision, and this should be spread throughout the whole organisation in the near future. Particular attention was paid to the revision of our Code of Conduct. The new code was widely communicated and should be firmly embedded in the internal corporate culture. To encourage identification with the company and a focus on our shared goals, we also decided to define a new group-wide salary system based on function levels. This is scheduled for implementation on 1 January 2011.

#### Headcount

In 2009, Implenia employed an average of 5,299 employees. This is 86 full time equivalents less than in 2008, mainly because of the concentration of Reuss-Gebäudetechnik and its relocation from Winterthur to Gisikon, as well as the outsourcing of SAP functions. Personnel fluctuations came to 15.1% across the group as a whole (excluding seasonal fluctuations), which is normal given the fierce competition on the recruitment market and the ongoing organisational consolidations.

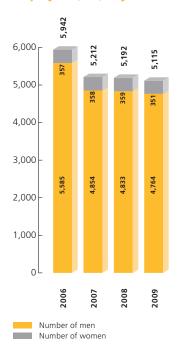
#### Headcount (FTE) 2009

Office and on-site staff	Number of employees
Real Estate	488
Infrastructure	3,793
Tunnel + Total Contracting	643
Global Solutions	12
Other	179
Total full time equivalents per 31.12.09	5,115

#### Headcount (FTE) 2008

Office and on-site staff	Number of employees
Real Estate	512
Infrastructure	3,834
Tunnel + Total Contracting	626
Global Solutions	14
Other	206
Total full time equivalents	
per 31.12.08	5,192

#### **Employees (FTE) at year-end**



#### **Case Management**

The expansion of Case Management – management of illness and accident-related absences by external care professionals working with the internal Case Management department – helped Implenia to reduce absence rates in construction by 0.3 percentage points compared with the previous year. This also helped to reduce insurance premiums.

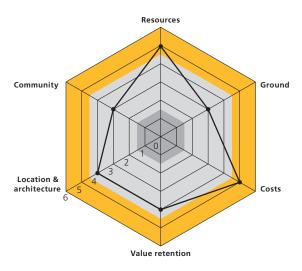
Implenia's absence rates among technical/commercial staff are low in absolute terms and in comparison with other Swiss companies.

The low absence rates, coupled with normal fluctuation, reflect the great commitment of Implenia's staff and their high level of identification with the company.

To prevent the spread of the H1N1 swine flu virus, Implenia formed a task force consisting of representatives of management, work safety, human resources, the legal service, communications and external health professionals. This management structure, along with the processes developed and the measures taken, proved effective. As a general crisis management response, these processes and structures can be reactivated at any time.

SUSTAINABILITY 50-51

#### **Sustainable Construction**



GeNaB: total evaluation of sustainable construction

### **Sustainability**

#### **Comprehensive view of sustainability**

As a construction services provider, Implenia can have a significant impact on sustainable development, because its work is concerned with not only economic value creation, but with the environment and society as a whole. This is why the issue of sustainability is embedded in Implenia's vision and continually developed. The Group defines sustainability in a wide sense: sustainability means maintaining a viable future. Implenia focuses on sustainable products and services, efficient use of natural resources, creating an attractive working environment, good corporate governance and financial excellence.

#### **Systematic implementation – evaluation with GeNaB**

Implenia practices sustainable corporate management in various areas. The Group uses its expertise in sustainable construction in its own projects, and offers it to its customers in the form of a consultancy service. It is important that the sustainability of construction work can be properly measured, so we use the "Gesamtbewertung Nachhaltiges Bauen", or GeNaB, concept (meaning "total evaluation of sustainable construction") to evaluate and optimise projects. Our own work has to meet high standards of sustainability. The GeNaB concept was developed by Implenia specialists and is based on the SIA's recommendation 112/1 – Sustainable Building Construction (see chart above; the SIA is the Swiss Association of Engineers and Architects).

#### **Preserving natural resources**

It is important that natural resources are used carefully within Implenia's own infrastructure too. By systematically identifying potential energy savings at its sites, Implenia established that its carpenters were having to dispose of old wood, when it could actually be used as heating fuel if the system was set up properly. When the woodchip heating system in the Oberentfelden workshop was renovated, filters were installed so that old wood could also be used as fuel.

Another example is the transformation of excavated material from the AlpTransit Gotthard project (NRLA) into gravel. The huge volume of concrete needed for building the Gotthard base tunnel is made using gravel created from rock excavated from the tunnel. Implenia would otherwise have to use an enormous amount of quarried gravel that now remains available to future generations. The environment also benefits from the fact that the gravel is already on site, so there is no need for transport and less need to find places to deposit the excavated material. AlpTransit Gotthard is a trailblazing project that will have a substantial influence on future construction activities. The valuable experience gained and the innovative re-use of excavated material will be used to improve subsequent projects.

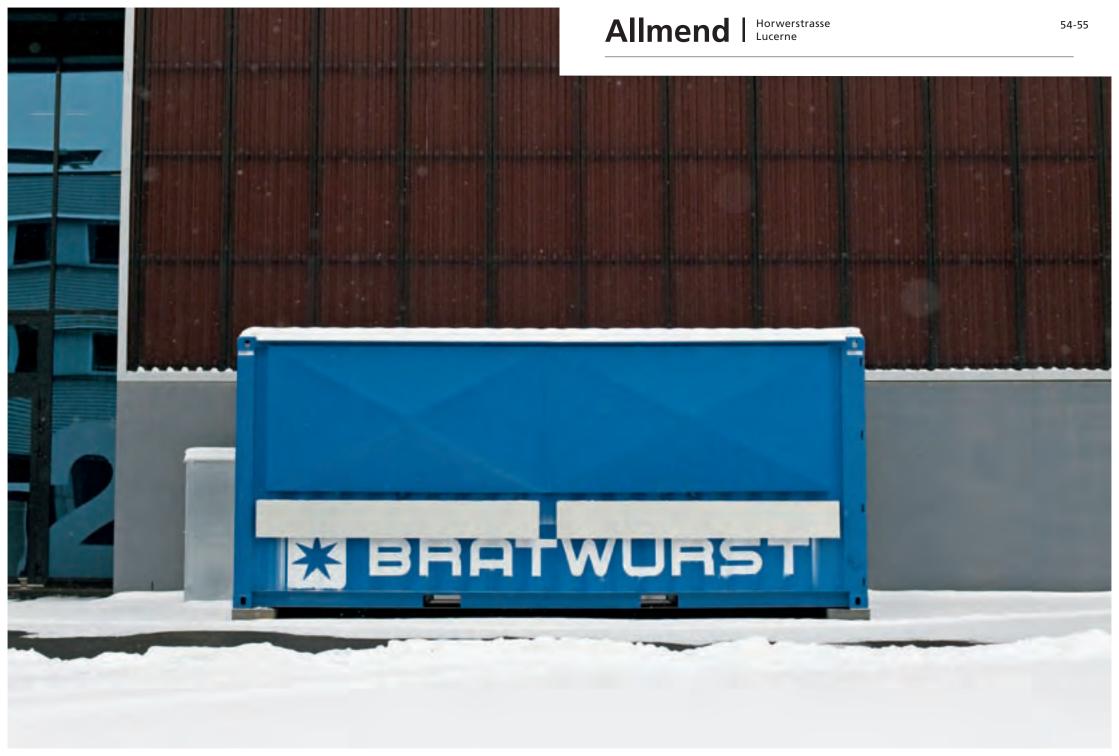
#### **Health and safety at work**

Implenia attaches a high priority to health and safety at work. In 2007 and again in 2009, the Group earned its comprehensive OHSAS 18001 certification; it is investing continuously in improvements in all areas. This includes staff training, on-site health and safety, care for employees who are ill or have accidents, and inventory optimisation. These measures have lead to a continuous reduction in accident figures, in the seriousness of accidents, and in downtimes. The number of occupational accidents fell continuously between 2006 and 2009 from 196 to 176.

#### **Further steps planned**

In terms of sustainability, Implenia's aim is to set the standard for other companies to follow. To achieve this aim it still needs to implement additional measures in the short and medium term. The main priorities are: to strengthen sustainable products and services across their lifecycles; to optimise direct and indirect management of energy and resources; training and development for employees; to evaluate our aims and the measures we have taken, and present these aims and measures to our stakeholders.









# **Project**

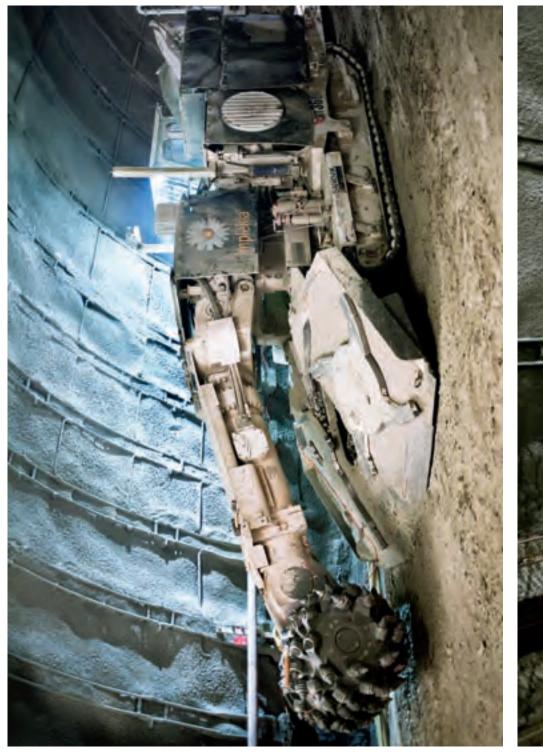
Canton Lucerne awarded Implenia Bau the job as total contractor for one of the most important infrastructure projects in the region: expanding and sinking part of the Zentralbahn Luzern railway. The stretch between Lucerne main station and Kriens Mattenhof station is being expanded to a twintrack and sunk underground. The project involves building the 515 meter Hubelmatt tunnel, the 296 meter long Allmend underground station, the 471 meter Allmend tunnel and the 144 meter long Mattenhof ramp.

The Allmend tunnel and station present two of the biggest challenges. In both cases the construction work is on and through flood sediment, lake sediment and silt deposits. The tunnel lies completely in ground water, so the "dig-and-cast" method with compressed air is being used. The tunnel ceiling is built as a lid on vertical sheet piles. Pressurised air is then used to clear out the excavated material, support the sheet piles and drive out the ground water. Construction began in December 2008 and initial work on the southern end of the Allmend tunnel is already complete. The contractual end of construction work is scheduled for the end of 2012.

Implenia Bau is using all its experience as a total contractor in this project. A high-level, networked approach is required to coordinate the different divisions involved: Infrastructure (civil and foundation engineering) and Tunnel and Total Contracting (underground construction), plus teamwork with the subcontracted engineering company. Altogether, approximately 120 Implenia employees are working on the project in Lucerne.



Zentralbahn railway, Lucerne









# Project |



#### **FACTS AND FIGURES**

#### Client:

Canton Lucerne

# Project manager (Subcontractor Total Contracting): Ingenieurgemeinschaft Tieflegung ZB, Emmenbrücke

#### Contract value:

CHF 103 million

#### Shell construction:

12.2008 to 2012



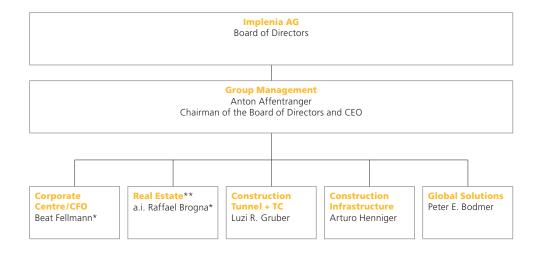




# Corporate Governance

Group structure and shareholders 66 – Capital structure 69 – Board of Directors 71 – Executive Committee 79 – Compensation, shareholdings and loans 82 – Shareholders' participation 83 – Changes of control and defence measures 84 – Auditing body 84 Information policy 85 – Important changes 85





- \* Raffael Brogna is not a Member of Group Management. The Real Estate Division is represented in Group Management ad interim by Beat Fellman
- \*\* René Žahnd took over management of the Real Estate Division on 1.3.2010, simultaneously becoming a Member of Group Management

#### **Preamble**

As required by the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG), this chapter describes those main principles of the Implenia Group's organisation and structure that directly or indirectly affect the interests of shareholders and other stakeholders.

The structuring and numbering in this chapter corresponds to those set out in the above directive.

#### 1. Group structure and shareholders

#### 1.1 Group structure

Implenia Ltd. is a holding company and controls directly or indirectly all the companies within the Implenia Group.

#### 1.1.1 Operational Group structure

As at 31 December 2009, the Group's operational structure was as shown on page 66.

#### 1.1.2 Listed companies included in the consolidation scope

Implenia Ltd., registered office in Dietlikon (ZH), is a Swiss company that is listed on the SIX Swiss Exchange (security no. 002386855, ISIN code CH0023868554, abbreviation IMPN) since 6 March 2006. Its stock market capitalisation as at 31.12.2009 was CHF 535,688,000. Its consolidated holdings do not include any listed companies.

#### 1.1.3 Unlisted companies included within the consolidation

The unlisted companies within the consolidation, including their names, registered offices, share capital and the stake held by the Group, are listed on pages 178 and 179 in the notes to the financial report.

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#### 1.2 Significant shareholders

The names of known significant shareholders and shareholder groups holding more than 3% of Implenia's share capital as at 31 December 2009 are shown below.

#### As per last disclosure notification

Shareholder	Date	Number of shares	Percentage of share capital
Group Parmino Holding AG/Max Rössler	22.11.2009	2,936,950	15.9%
Rudolf Maag	22.11.2009	2,000,000	10.8%
Ernst Göhner Stiftung (via EGS Beteiligungen AG)	22.11.2009	1,847,200	10.0%
Implenia Ltd.	19.11.2009	1,515,821	8.2%
Ammann Group <sup>1</sup>	04.03.2008	1,156,438	6.3%

#### As per Share Register on 31.12.2009

Shareholder	Total number of shares	Percentage of share capital	Shares with voting rights	Shares without voting rights
Group Parmino Holding AG/Max Rössler	2,936,950	15.9%	2,936,950	
Rudolf Maag	2,000,000	10.8%	2,000,000	
Ernst Göhner Stiftung (via EGS				
Beteiligungen AG)	No entry <sup>2</sup>			
Implenia Ltd.	1,515,821	8.2%		1,515,821
Ammann Group	1,556,438	8.4%	1,556,438	

Between 1 January and 31 December 2009 Implenia Ltd. received the following disclosure notifications concerning shareholdings within the meaning of Articles 20 and 21 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) of 24 March 1995.

Date of notification	Name of shareholder	Number of shares	Percentage of share capital
14.01.2009	Group Implenia Ltd./Russian Land Limited		< 3% (previously 3.7%)
22.01.2009	Group Implenia Ltd./Russian Land Limited	594,730	3.2%
18.02.2009	Group Implenia Ltd./Russian Land Limited		< 3.0%
19.06.2009	Laxey Group <sup>3</sup>	9,236,001	50.0%
18.11.2009	Laxey Group		< 3.0%
19.11.2009	Group Parmino Holding AG/Max Rössler	2,936,950	15.9% (previously 13.2%)
19.11.2009	Maag Rudolf	2,000,000	10.8%
19.11.2009	Ernst Göhner Stiftung (via EGS Beteiligungen AG)	1,847,200	10%
19.11.2009	Implenia Ltd.	1,515,821	8.2% (previously 1.6%)

<sup>1</sup> The Ammann Group includes Ammann Group Holding AG, Madisa AG, the pension funds of the Ammann companies, the Arthur und Emma Ammann Stiftung and Katarina Ammann-Schellenberg.

No notifications were sent to the SIX Swiss Exchange between 1 January and 26 February 2010.

#### 1.3 Cross-shareholdings

There are no cross shareholdings.

#### 2. Capital structure

#### 2.1 Capital

As at 31 December 2009, the share capital amounts to CHF 64,652,000 divided into 18,472,000 registered shares with a par value of CHF 3.50 each. The shares are fully paid up. Conditional capital amounts to CHF 32,326,000. There is no authorised capital.

#### 2.2 Conditional and authorised capital in particular

Capital may be increased conditionally by a maximum of CHF 32,326,000 by issuing a maximum of 9,236,000 registered shares with a par value of CHF 3.50 each to be fully paid up. The capital increase takes place following the exercise of conversion and/or option rights issued in connection with bonds or other financial market instruments of the company and/or of the Group companies. Existing shareholders' preferential subscription rights are excluded. Holders of the relevant conversion and/or option rights are entitled to subscribe to the new registered shares. The Board of Directors fixes the conditions for the conversion and/or the option.

The Board of Directors may partially or entirely exclude shareholders' preferential subscription rights when bonds or other financial market instruments are issued with conversion and/or option rights if these instruments are being issued to finance or refinance the acquisition of companies, parts of companies, participations or new investment projects, and/or if the instruments are issued on the national or international capital markets. If the Board of Directors resolves that the preferential subscription right will not be granted directly or indirectly, (1) the bonds or other money market instruments must be issued at market conditions, (2) the new registered shares must be issued at market conditions, taking due consideration of the stock market price of the registered shares and/or comparable instruments priced by the market, and (3) it should be possible to exercise the conversion and/or option rights within a period of no longer than 10 years from the relevant issue date.

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

There were no capital increases in 2009. Neither was there any authorised capital as at 31 December 2009.

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

	31.12.2009	31.12.2008	31.12.2007
	CHF 1,000	CHF 1,000	CHF 1,000
Share capital	64,652	73,888	83,124
Treasury shares	-38,890	-5,312	-1,961
Reserves	348,757	310,601	294,181
Net profit attributable to shareholders	45,918	39,0784	24,819
Share capital and reserves attributable to shareholders	420,437	418,255	400,163
Minority interests	5,903	4,983	4,731
Total equity	426,340	423,238	404,894

<sup>4</sup> Restatement IFRIC 15 (see commentary in point 2.1 of the notes to the consolidated financial statements).

<sup>2</sup> Since 19.2.2010, EGS Beteiligungen AG has been registered in the Share Register with 1,847,200 shares.

<sup>3</sup> The Laxey Group includes the following units: The Value Catalyst Fund Ltd., Laxey Investors Ltd., Laxey Investors LP, LP Value Ltd., Leaf Ltd., Laxey Universal Value LP, Altma Sicav Plc in respect of Gardiner Sub-Fund, Sprugos Investments XII LLC, LP Alternative LP, The Laxey Investment Trust Ltd., Leaf LP, LAXC Ltd., LIL Investments No. 4 Ltd., Laxey Partners (UK) Ltd. and Laxey Partners Ltd.

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#### 2.4 Shares and participation certificates

As at 31 December 2009, the share capital is divided into 18,472,000 fully paid-up registered shares with a par value of CHF 3.50 each. Each share entitles the holder to one vote at the General Meeting and to dividends. There are no voting right shares or other shares with similar advantages. There are no participation certificates.

#### 2.5 Dividend-right certificates

There are no dividend-right certificates.

#### 2.6 Limitations on transferability and nominee registrations

#### 2.6.1 Percentage clause

There is no percentage clause which would allow any limitation of transferability. Pursuant to Art. 7 Para. 4b of Implenia Ltd.'s articles of association, the Board of Directors can refuse to enter an owner of registered shares as a shareholder with voting rights in the Share Register if information available to the company indicates that the recognition of this owner as a shareholder would or could prevent the company from providing the legally required evidence about the composition of its shareholder body.

The details of how this article is implemented are set out in the Board of Directors' regulation entitled "Regulations on the Registration of Registered Shares and Keeping of the Share Register of Implenia AG" ("Registration Regulations"). The Registration Regulations are available at www.implenia.com, under the link "Implenia" – "Regulations").

The Registration Regulations provide that the Board of Directors shall enter a foreign shareholder in the Share Register as a shareholder with voting rights, provided:

- (i) the foreign shareholder meets the conditions that apply to all shareholders (points 2 to 4 of the Registration Regulations)
- (ii) the total number of foreign-owned shares entered with voting rights in the Share Register does not exceed the limit of 20% of all shares entered with voting rights in the Share Register, and
- (iii) the number of shares entered with voting rights in the Share Register that are held by the foreign shareholder in question does not exceed 10%.

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

#### 2.6.2 Reasons for granting exceptions

No waivers were granted during the year under review.

#### 2.6.3 Admissibility of nominee registrations

According to section 4 of the Registration Regulations, nominees are persons who do not explicitly declare in the application for registration that they hold the shares for their own account.

According to Art. 7 Para. 4a of the company's articles of association, nominees will be entered in the Share Register if they declare in writing that they are prepared to disclose the names, addresses

and shareholdings of any persons for whose account they are holding the shares. Art. 7 Para. 4a of the articles of association says the following:

"Acquirers of registered shares are registered in the Share Register with the right to vote upon request if: a) they expressly declare that they acquired and hold these registered shares in their own name and for their own account. Persons who do not provide such evidence shall only be registered as nominees with the right to vote in the Share Register if they undertake in writing to disclose the names, addresses and the number of shares of the persons for whose account they hold shares. The remaining provisions of the articles of association, in particular Article 4, 5, 6, 11 and 13 apply by analogy to nominees. The board of directors is empowered to enter into agreements with nominees regarding their notification duties."

The Board of Directors will enter nominees in the Share Register as shareholders with voting rights up to an acknowledged percentage of 1% of the registered share capital entered in the commercial register, if the nominees declare in writing that they are prepared to disclose the names, addresses and shareholdings of any person for whose account they are holding the shares. The nominees must have concluded agreements with the Board of Directors regarding their position. Registered shares held by a nominee will only be entered in the Share Register with voting rights above this 1% limit if the nominee concerned discloses the names, addresses, place of residence or domicile and shareholding of any person for whose account they are holding 0.25% or more of the registered share capital entered in the Commercial Register. Registration as a nominee requires that the nominee has made a valid application using the "Application for Registration as Nominee" form (available at www.implenia.com, then click on "Implenia" – "Regulations" – "Application for Registration as Nominee").

2.6.4 Procedure and conditions for cancelling privileges granted under the articles of association and limitations on transferability

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

#### 2.7 Convertible bonds and options

There are no outstanding convertible bonds or options.

#### 3. Board of Directors

#### 3.1 Members of the Board of Directors

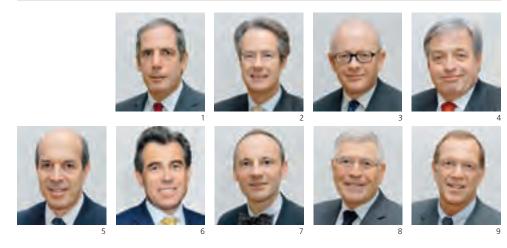
The Board of Directors has nine members. Following the resignation of the former Chief Executive Officer (CEO), Werner Karlen, on 6 April 2009, the Board appointed its Chairman Anton Affentranger as Delegate of the Board of Directors and instructed him also to take over operational management of the company as CEO. To ensure the company still meets good corporate governance standards, Board Member Toni Wicki was appointed as Independent Lead Director (see section 3.4.1 below for details of this function).

Since 6 April 2009, Anton Affentranger, as Chairman and CEO, has been the sole executive Member of the Board of Directors of Implenia. Otherwise no Member of the Board of Directors has been part of Implenia Ltd.'s Group Management or part of the operational management team of any Group company in the three years before the period under review.

James Lionel (Jim) Cohen and Ian Andrew Goldin were re-elected as Members of the Board of Directors at the Annual General Meeting of 16 April 2009.

No non-executive Member of the Board of Directors has any significant business relationship with the Implenia Group.

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#### 1 Anton Affentranger

(born 1956, Swiss)

A. Affentranger has been Chairman of the Board of Directors since March 2006 and executive Member of the Board (Chairman and CEO) since April 2009. He is also the founder and chairman of Affentranger Associates AG, Vice President of the Board of Directors of the quoted Mikron Holding AG and President of various private start-ups. A. Affentranger worked for UBS in New York, Hong Kong and Geneva, and was a Member of the bank's Executive Board at its head office in Zurich. He was partner and CEO of the private bank Lombard Odier & Cie and CFO of Roche Holding AG. In 1999 he joined the board of directors of Zschokke Holding AG, becoming chairman in 2003. He graduated with an economics degree from the University of Geneva.

#### 2 Markus Dennler

(born 1956, Swiss)

M. Dennler has been Vice Chairman of the Board of Directors since March 2006. He is also Vice Chairman of the Board of Directors of the insurance company Allianz Suisse AG, Member of the Board of Directors of Swissquote Group Holding AG and Petroplus Holdings AG, and is a Member of the Board of the British-Swiss Chamber of Commerce. M. Dennler joined Credit Suisse Group in 1986, and became a Member of the Executive Boards of the Group's Winterthur Insurance and Credit Suisse Financial Services arms. At the beginning of 2005 he set up his own business as a lawyer in Zurich. He was Chairman of the Board of Directors of

Batigroup Holding AG between 2005 and the company's merger with Zschokke Holding AG in 2006. M. Dennler earned a degree and a doctorate in law from the University of Zurich and qualified to practice in Zurich.

#### 3 James Lionel (Jim) Cohen

(born 1942, British)

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

#### 4 Claudio Generali

(born 1943, Swiss)

C. Generali is Chairman of CORSI (Società cooperativa per la radiotelevisione nella Svizzera Italiana), Vice Chairman of the Board of Directors of SRG SSR Idée Suisse and the Fondation Swiss Aviation, Chairman of the Board of Directors of Schindler Elettronica SA and Chairman of the Associazione Bancaria Ticinese. Between 1974 and 1982 he was Deputy Managing Director of Banco dello Stato del Cantone Ticino. From 1983 to 1989 he was a member of the government of Ticino (finance and construction department), and from 1990 to 2005 he was Chairman of the Board of Directors of Banca del Gottardo. He was a Member of the Board of Directors of Batigroup Holding AG from 1997. He graduated from the University of Geneva with an economics degree.

#### 5 Ian Andrew Goldin

(born 1955, French)

I. Goldin grew up in South Africa. He studied at Cape Town University and then in England. On completion of his studies and after a stint in the private sector, he was appointed Director of the Trade Programme at the OECD in the Development Centre. He was then appointed as an infrastructure specialist at the International Bank for Reconstruction and Development (World Bank) in Washington DC (USA) before becoming Principal Economist at the European Bank for Reconstruction and Development (EBRD). In 1996, he restructured the Development Bank of South Africa (DBSA) in Johannesburg, where he was Chief Executive and Managing Director, In 2001, he returned to the World Bank Group in Washington DC, where he was appointed Director of Development Policy. In 2003 he became Vice President and was given wide-ranging responsibilities within the World Bank, Since 2006, I. Goldin has been Director of the James Martin 21st Century School and Professorial Fellow at Oxford University, I. Goldin holds an MSc from the London School of Economics and a PhD from Oxford University.

#### 6 Urs Häner

(born 1953, Swiss)

U. Häner is an independent entrepreneur who looks after various start-up businesses. From 1991 to 1993 he was CEO of Credit Suisse's Australian subsidiary. He then became CEO in charge of the implantation of Credit Suisse in Russia. Then in 1997 he was appointed CEO of the Russian subsidiary of Republic National Bank of New York, which was taken over by HSBC in 1999. He was then CEO of HSBC Russia until 2001. From 2001 to 2008 he was CEO of STT Group/Russian Land. Between 2004 and 2007 he was also

Deputy CEO of Sibir Energy plc, and from 2001 to 2007 he was a Member of Sibir's Board of Directors. Urs Häner has degrees in economics and in law from the University of St. Gallen (lic. oec. HSG, lic. rer. publ. HSG).

#### 7 Patrick Hünerwadel

(born 1959, Swiss)

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

#### 8 Toni Wicki

(born 1944, Swiss)

T. Wicki has been Independent Lead Director on the Board of Directors since April 2009. T. Wicki is also a Member of the Board of Directors of RUAG Holding and a Member of the Board of Trustees of the Eisenbibliothek Paradies. He was previously CEO and Delegate of the Board at RUAG Holding and before that held various positions in technology businesses, including ABB and Leica. He was Chief of Weaponry for the Swiss Army and then Vice Chairman of the Board of Directors of Zschokke Holding AG until its merger with Batigroup Holding AG. He qualified as a mechanical engineer from the Federal Institute of Technology in Zurich.

#### 9 Philippe Zoelly

(born 1948, Swiss)

P. Zoelly is a Partner at a law firm in Geneva. He works mainly on consultancy, negotiation and court-room litigation in commercial matters, particularly in the fields of civil liability and insurance law, bankruptcy law and copyright management. He also takes on official assignments as receiver, administrator and liquidator in commercial matters. P. Zoelly is a Member of the Board of Directors of the Swiss Society of Authors (Société Suisse des Auteurs – SSA) and chairman of the SSA's Emergency Fund. He was a Member of the Board of Directors of Zschokke Holding AG from 2005. He holds a law degree from the University of Fribourg. He qualified to practice in Geneva.

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#### 3.2 Other activities and vested interests

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

#### 3.3 Elections and terms of office

#### 3.3.1 Principles of the election procedure and limits on terms of office

The General Meeting of 16 April 2009 re-elected two Members of the Board of Directors individually. Unless they resign or are removed from the Board prematurely, Board Members serve a two year term of office commencing on the date of their election and ending on the date of the Annual General Meeting at the end of their terms of office. Members of the Board of Directors can be re-elected at any time, but they are subject to an upper age limit of 70 years; if they reach this age limit, they leave the Board at the next Annual General Meeting. The Chairman, the Vice Chairman and the Secretary are appointed by the Board of Directors.

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

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

Member of the Board of Directors	First elected	Re-elected	Term of office ends
Anton Affentranger	20.12.2005	08.04.2008	GM 2010
Markus Dennler	20.12.2005	08.04.2008	GM 2010
Claudio Generali	20.12.2005	08.04.2008	GM 2010
Patrick Hünerwadel	20.12.2005	08.04.2008	GM 2010
Toni Wicki	20.12.2005	08.04.2008	GM 2010
Philippe Zoelly	20.12.2005	08.04.2008	GM 2010
James Lionel (Jim) Cohen	24.04.2007	16.04.2009	GM 2011
lan Andrew Goldin	24.04.2007	16.04.2009	GM 2011
Urs Häner	08.04.2008		GM 2010

#### 3.4 Internal organisational structure

#### 3.4.1 Allocation of tasks within the Board of Directors

The roles within the Board of Directors of Implenia Ltd. are: the Chairman and Delegate of the Board of Directors (who also functions as CEO), Vice Chairman and Independent Lead Director. Apart from the powers of authority attached to these roles, as described here, there is no formal distribution of tasks within the Board of Directors. In general, the tasks and powers of the Chairman are as defined in the law, the articles of association, Implenia Ltd.'s Organisational Regulations (referred to hereinafter as "Implenia's OR"), the functions diagram and any specific resolutions of the Board of Directors.

The Chairman is empowered to nominate the Members of the Board of Directors of the companies in which Implenia has a shareholding of at least 50%. The Chairman chairs meetings of the Board of Directors. He is authorised in emergencies to perform tasks normally reserved to the Board of Directors if a decision cannot be taken by the Board in time, and if the Chairman may reasonably expect the Board to agree with his actions. In such cases he must inform the Members of the Board of Directors immediately about what he has done.

The Independent Lead Director is in charge of systematically assessing the performance of the Chairman and CEO, and chairs separate meetings of the independent Board Members. He monitors the activities of the Chairman and CEO, particularly with regard to compliance with the laws, articles of association, regulations and directives. To this end, the Independent Lead Director carries out an assessment of the Chairman and CEO's performance at least once a year, discusses this with the Chairman and CEO, and reports on it to the Board of Directors. In addition, the Independent Lead Director and Chairman and CEO hold regular discussions. The Independent Lead Director offers the Chairman and CEO a forum for discussing current issues, as well as advice on pending decisions. The Independent Lead Director is also available to talk to the independent Members of the Board of Directors about issues, and – if necessary – will discuss these with the Chairman and CEO. If requested by a Member of the Board of Directors, or if business requires, the Independent Lead Director can convene an extraordinary meeting of the Board of Directors without the attendance of the Chairman and CEO.

If the Chairman is unable to carry out his duties or exercise his powers, the Vice Chairman, or if necessary another Member of the Board of Directors to be specified, shall do so in his place.

### 3.4.2 Members list, tasks and areas of responsibility for each committee of the Board of Directors

The Board of Directors has formed three committees – the Lead Director Committee, the Audit Committee and the Nomination and Remuneration Committee. The main task of these committees is to ensure compliance with the recommendations of the "Swiss Code of Best Practice" and to report to the Board of Directors so the Board can prepare its decisions and exercise its supervisory function. The committees' powers are set out in Implenia's OR and in the regulations of each committee. The Chairman's Committee and the Strategy Committee were disbanded during the year under review.

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

Lead Director Committee	Audit Committee	Nomination and Remuneration Committee
•		• (Chairman)
		•
	•	•
•		
•	•	
• (Chairman)	• (Chairman)	
		•
	• •	Committee  • • • •

The Lead Director Committee was set up when the Chairman of the Board was asked to take over operational management of the company as CEO. Its members are non-executive, independent and experienced Members of the Board of Directors. The Lead Director Committee supervises the actions of the Chairman and CEO, as well as the Implenia Group's development and strategy. It systematically assesses the Chairman's and CEO's performance and regularly checks the independence of the Members of the Board of Directors. It also performs any other tasks delegated to it by the Board of Directors. The Lead Director Committee meets as often as business requires.

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The Audit Committee is made up of at least three Members of the Board of Directors. As the Board of Directors' control committee, the Audit Committee is responsible for internal control and the correct application of accepted and statutory accountancy principles. It coordinates and harmonises the work of the internal and external auditors. It is responsible for regular communication between internal and external auditors and the Board of Directors. It formulates instructions for the internal and external audit bodies. It has the authority to order special audits where necessary. The Audit Committee meets at regular intervals, but at least twice a year (Art. 3.1b of Implenia's OR).

The Nomination and Remuneration Committee is made up of at least three Members of the Board of Directors. It prepares the Board of Directors' and Group Management's succession planning and helps the Board of Directors select suitable candidates for the Board of Directors and Group Management posts. The Nomination and Remuneration Committee helps the Board of Directors and the Chairman and CEO to decide on remuneration at the company's most senior levels (Board of Directors and Group Management). It meets as often as business requires, but at least twice a year (Art. 3.2b of Implenia's OR).

The members of the Lead Director Committee, the Audit Committee and the Nomination and Remuneration Committee are appointed by the Board of Directors. Each of these committees organises itself and draws up its own regulations, which must be approved by the Board of Directors. The working method of these committees is the same as that of the Board.

The committees are advisory bodies; decision-making power is reserved for the Board of Directors as a whole

#### 3.4.3 Work methods of the Board of Directors and its committees

During the year under review, the Board of Directors met 12 times, convened by its Chairman, with 6 meetings taking the form of a telephone conference. The average length of its meetings was 5 hours, and 1 to 2 hours for telephone conferences. The agenda and the relevant documentation were sent to Board Members prior to each meeting, together with the notice convening the meeting. The CEO and CFO were, as a rule, invited to attend Board meetings. After Mr. Werner Karlen resigned, Group Management was represented at the meetings by the Chairman and CEO. Minutes were kept of every meeting.

The Lead Director Committee met 4 times during the year under review. The average duration of these meetings was 3 hours.

The Audit Committee met 3 times. The average duration of these meetings was 5 hours. The former CEO, the Chairman and CEO, the CFO and the Head of Finance and Controlling (F&C) took part in all meetings of the Audit Committee. The auditor attended at least part of every committee meeting during the year under review.

The Nomination and Remuneration Committee met 5 times during the year under review. The average duration of these meetings was 3 hours.

#### 3.5 Definition of areas of responsibility

In accordance with the Organisational Regulations of Implenia Ltd., the Board of Directors has delegated the management of Implenia Ltd. and its subsidiaries to the Chairman and CEO, with the exception of the responsibilities that are reserved for the Board itself by the law, the articles of association and Implenia's OR.

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

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

#### 3.6 Information and control instruments vis-a-vis the Executive Committee

To monitor how the Chairman and CEO and Members of the Executive Committee (Group Management) perform the tasks entrusted to them, the Board of Directors has the following information and financial controlling tools:

	annual	half-yearly	quarterly	monthly
MIS (Management Information System)				•
Financial statements				
(balance sheet, income statement, oper-				
ating account, cash flow statement, by				
division and consolidated)			•	
Budget				
(by division and consolidated)	•			
Rolling three-year plan				
(by division and consolidated)	•			
Risk management report		•		

The MIS (Management Information System) provides monthly reporting on how business is going. The MIS report contains information about turnover, margins, costs and the operating result, plus information about orders on hand, capital spending, invested capital, liquidity and headcount. The relevant documents are submitted to Group Management and the Board of Directors together with a quarterly updated commentary and an estimate for the year as a whole.

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The accounts are reported every quarter with the IFRS financial report and the internal reporting, which details the business performance to date and gives an estimate of year-end figures.

As part of the budget planning for the following year, the key figures used in the MIS are estimated on the basis of expected economic developments, and defined along with the business goals for each division. These are then used to prepare the budgeted balance sheet, income statement, cash flow statement and liquidity position.

The annual planning for the coming three calendar years (rolling three-year plan) is done in the same way as the budget.

Operational and financial risks for each division are assessed by the relevant operational manager every six months and consolidated by the finance department. The Head of F&C presents a commentary on and explanation of the risk management report directly to the Audit Committee.

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

The reporting tools mentioned above are prepared by the finance department and presented simultaneously in consolidated form to the Board of Directors and Group Management. The reporting is presented and explained by the CFO and Head of F&C at the Group Management and Audit Committee meetings. Group Management presents the Board of Directors with a detailed analysis at each meeting of the Board.

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

The Board of Directors has hired a professional audit company for the internal audit function. Internal audit reports are produced and given to the Audit Committee together with the necessary comments and recommendations. The Internal Audit Unit reports directly to each meeting of the Audit Committee. The Internal Audit Unit's reports are given to the external auditors without reservation. There is regular communication between the internal and external auditors.

#### **4. Executive Committee**

During the year under review Christian Bubb was the Group's CEO until 31 January 2009, and Werner Karlen was CEO until 6 April 2009. Since Werner Karlen resigned, Chairman of the Board of Directors Anton Affentranger has been CEO as well. As such, he is responsible for the management of Implenia Ltd. and its subsidiaries. He heads the Executive Committee (Group Management), which is divided into different divisional responsibilities, each with its own head. H.-P. Domanig left Group Management on 24 August 2009. However, he is still available to assist Group Management with special assignments until the end of April 2010.

#### **4.1 Members of the Executive Committee**

(see next page)

#### 4.2 Other activities and vested interests

This information is given below in the individual profiles of each Member of Group Management.

#### 4.3 Management contracts

Chairman of the Board of Directors Anton Affentranger's post as CEO is governed by a management mandate agreement with Affentranger Associates SA. Otherwise there are no management contracts with third parties.

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**Anton Affentranger** (see section 3.1)

#### **Beat Fellmann**

(born 1964, Swiss)

On 1 October 2008, B. Fellmann replaced R. Merlo as Implenia's CFO and Head of Corporate Centre. B. Fellmann graduated with a degree in economics from the University of St. Gallen, and he is also a qualified auditor. He began his career as an internal auditor with the international industrial group Bühler, where he became assistant to the CEO and Chairman before becoming a specialist in financing projects. In 1998 he joined Holcim Group, where he was Head of Financial Holdings. In this role he reported to the CFO and was responsible for all financial and holding companies worldwide. In January 2005 he became deputy group CFO and was also made responsible for group tax, as well as for the management company's IT, finance and controlling.

#### **Luzi Reto Gruber**

(born 1951, Swiss)

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

#### **Arturo Henniger**

(born 1956, Swiss)

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

#### Peter E. Bodmer

(born 1964, Swiss)

P. E. Bodmer is Head of the Global Solutions Division (international activities). In this capacity he runs Implenia Global Solutions Ltd. Since 2006 he has been a Member of the Board of Directors of Züblin Immobilien AG and since 2008 of Peach Property Group AG. After completing an apprenticeship as a mechanical engineer and basic training in engineering at the FIT Zurich, he studied at the University of Zurich, where he was awarded his degree in economics in 1993. In 2003 he earned an MBA from the IMD, Lausanne, P. E. Bodmer occupied various positions in two industrial companies before joining the Krebsöge Group (then part of Maag Group) in 1995 in Germany, where he worked as Associate Manager and Chief Financial Officer. When the group broke up, P. E. Bodmer was appointed by the buyer (initially American group Sinter Metals Inc. and then British company GKN plc) as Chief Financial Officer Europe, Chief Information Officer and Head of Human Resources with responsibility for integrating all European companies of the GKN Sinter Metals (Europe) Group. In 1999, P. E. Bodmer became Chief Financial Officer and Chief Operating Officer of listed company Maag Swiss Real Estate Group, until its merger with SPS Swiss Prime Site. P. E. Bodmer joined the Zschokke Group in 2005, where he ran the former Real Estate division.

Beat Fellmann, Peter E. Bodmer, Anton Affentranger, Arturo Henniger, Luzi R. Gruber (left to right)

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#### 5. Compensation, shareholdings and loans

### 5.1 Content and method of determining the compensation and shareholding programmes

The compensation of Members of the Board of Directors, the Chairman and CEO, and Members of Group Management is determined every year by the Board of Directors in response to proposals from the Nomination and Remuneration Committee and after considering the market situation.

#### **Board of Directors**

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

#### **Group Management**

The remuneration of Members of Group Management is paid in two parts, one in cash, the other in shares. The shares are paid out at the beginning of the next year and are blocked for three years. The amount paid in cash includes a fixed component (paid every month) and a variable component. The part paid in shares is fixed only. The variable component of the cash remuneration depends on the attainment of financial targets set by the Board of Directors. These targets are determined on the basis of the annual budget and are made up as follows:

- a) 50% determined by achieving the budgeted EBITDA
- b) 50% determined by achieving the budgeted invested capital.

The Nomination and Remuneration Committee determines whether the targets have been achieved once the annual results are available. The variable part of cash remuneration is paid if the targets are reached. Exceeding one or both of the targets leads to a proportional increase in the variable amount (up to a maximum of 200%); conversely, failure to reach the target leads to a proportional reduction.

In December, the Nomination and Remuneration Committee determines the fixed portion of the remuneration paid to Group Management for the following year. The Nominations and Remuneration Committee drafts a proposal on the amount to be paid to each Member of Group Management, which is analysed and ratified by the Board of Directors. Additional information on compensation pursuant to Art. 663b CO can be found in the notes to the financial statements on pages 189–192 of the financial report.

Compensation for Christian Bubb and Werner Karlen was worked out on the basis of the same remuneration principles, but also included a variable element in the form of freely available shares. This element was determined by the criteria outlined above. When Christian Bubb left the company, the fixed part of his remuneration paid out in the form of blocked shares was unblocked by means of an individual agreement with the Board of Directors. The shares paid out to Christian Bubb as a variable part of his remuneration were freely available. When Werner Karlen left the company, his employment contract was ended by mutual consent. In neither case was any exit settlement paid.

The remuneration of the Chairman and CEO is fixed and divided into two parts: a cash payment and shares. The remuneration is paid monthly apart from the shares, which are paid out quarterly. The shares are blocked for trading for three years.

#### 6. Shareholders' participation

#### 6.1 Voting rights and representation restrictions

- 6.1.1 Voting rights may be refused (i) to shareholders which, when requested to do so by the company, do not expressly declare that they acquired and hold the shares in their own name and for their own account or, if acting as nominees, they do not declare in writing that they are prepared to reveal the names, addresses and number of shares held of the persons for whom they hold the shares (Art. 7 Para. 4a of Implenia Ltd's articles of association), (ii) if the recognition of a purchaser as a shareholder may prevent the company from providing the proof required by law concerning the composition of its body of shareholders (Art. 7 Para. 4b of Implenia Ltd's articles of association). As mentioned above, the Board of Directors may reach agreements with nominees about their disclosure obligations (see section 2.6 above and www.implenia.com in the section "Implenia" "Regulations").
- 6.1.2 No exceptions were granted during the year under review.
- 6.1.3 The above restrictions on voting rights prescribed by the articles of association can be removed by changing the articles of association, which requires a resolution of the General Meeting approved by at least two thirds of the votes represented (Art. 16 of the articles of association of Implenia Ltd.).
- 6.1.4 In accordance with Art. 13 Para. 3–5 of the articles of association, a shareholder may be represented at the General Meeting by another shareholder with voting rights, using the power of attorney attached to the admission card, or by its legal representatives. Company representatives and depository proxies as well as independent proxies designated by the company do not have to be shareholders of the company. Minors and persons in guardianship may be represented by their legal representative, married persons by their spouse and legal entities by an authorised signatory or by another authorised representative; this applies even if such representatives are not shareholders of the company. The chairperson of the General Meeting of Shareholders shall decide on the admissibility of a representative.

#### **6.2 Statutory quorums**

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

#### 6.3 Convocation of the General Meeting of Shareholders

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

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#### 6.4 Inclusion of items on the agenda

Shareholders who together represent shares with a par value of CHF 1,000,000 may request that an item appear on the agenda. Requests to include an item on the agenda must be received by the company at least 45 days before the General Meeting. Shareholders were told about the submission deadline and the final date for making such a request (26 February 2010) by means of an announcement published in the Swiss Official Gazette of Commerce of 29 January 2010.

#### 6.5 Inscriptions into the share register

Shareholders who are entered with voting rights in the Share Register at 12 noon on 18 March 2010 shall be sent an invitation to the General Meeting. Shareholders who are entered in the Share Register after this but before 2 April 2010, shall be sent the invitation when they are entered in the Share Register. No entries with voting rights will be made in the Share Register from 2 April 2010 up to and including 14 April 2010. The cut-off date for acquiring the right to vote at the General Meeting is 1 April 2010, 5 p.m.

#### 7. Changes of control and defence measures

#### 7.1 Duty to make an offer

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

#### 7.2 Clauses on changes of control

Apart from the following provisions, no takeover agreements have been made with the Members of the Board of Directors, the Members of Group Management or other executives.

The Chairman and CEO's mandate agreement, which can be terminated with immediate effect at any time, stipulates a payment – replicating a job contract of a Member of the Group Management with a twelve-month notice period – equivalent to one year's remuneration in the event of a change of control. This clause only applies if Implenia Ltd. is delisted as a result of a successful public takeover offer, if the Implenia Group splits up by selling or demerging a part of the business that accounts for more than a third of the Group's turnover, or if Implenia AG becomes the subsidiary of another group.

In his employment contract, the CFO is granted a right of early termination in the event that Implenia Ltd. loses its character as a major listed company. This termination right only comes into effect if Implenia Ltd. is delisted as the result of a public takeover offer, if major parts of the business are demerged or sold, or if Implenia Ltd. becomes the subsidiary of a foreign company. In the event of such termination, the person concerned shall receive his fixed salary (excluding any variable component) for the ordinary notice period plus a period of 12 months (with income offset if new employment is found).

#### 8. Auditing body

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

Since 2006 the auditor has been PricewaterhouseCoopers AG (Zurich). The duration of the auditing mandate given to PricewaterhouseCoopers AG is one year. This began on 16 April 2009.

The lead auditor, Willy Wenger, has been responsible for the audit mandate since 2 March 2006. The lead auditor's mandate must not be for a term of more than seven years.

#### 8.2 Auditing fees

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

#### 8.3 Additional fees

Total additional fees for the current financial year come to CHF 582,661. These fees were paid for consultancy services rendered in relation to the auditing of the accounts (CHF 261,453) as well as for tax consulting (CHF 321,208).

#### 8.4 Informational instruments pertaining to an external audit

The main task of the Audit Committee is regularly and effectively to monitor the auditor's reporting to ensure its quality, integrity and transparency.

Representatives of the auditors attended parts of all meetings of the Audit Committee during the financial year. The auditing schedule, including fees, is presented to and discussed with the members of the Audit Committee. The auditor presents any important observations in writing to the Audit Committee together with appropriate recommendations.

#### 9. Information policy

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

- Profit for the year: March
  - (publication of the annual report, press conference and analysts' event)
- Half-year results: August/September
- (publication of the half-year report, press conference and analysts' event)
- General Meeting of Shareholders: April

For further information we refer interested parties to our press releases and our letters to shareholders, as well as to our website (www.implenia.com). We also provide additional information at press conferences and analyst presentations.

General information is available from the following contact address:

Claude Vollenweider Implenia Ltd. Industriestrasse 24 CH-8305 Dietlikon Phone +41 (0)44 805 45 55

Fax +41 (0)44 805 45 56

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E-mail claude.vollenweider@implenia.com

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

On 1 March 2010, René Zahnd took over as Head of Real Estate Division from Raffael Brogna. On the same date the Board of Directors appointed him as a member of Implenia's Group Management.









# **Project**

The site of the "Coupe Gordon-Bennett" project in the former industrial zone of Vernier is well known to Implenia. It belonged to the Zschokke Group from 1952; until 2008 Implenia used the site for offices, warehouses and a machinery and equipment depot. When the area was re-designated as development land, Implenia Development held a competition for preliminary designs. The winner, LRS Architectes Sàrl, was chosen to implement the project. The key factor for the competition jury was the project's great potential to rejuvenate the industrial site. Part of the mandate is being realised by the second and third-placed entrants, 3BM3 SA and Group8 Sàrl.

Contemporary architecture is combined with a high standard of construction. The "Coupe Gordon-Bennett" project is creating a new district offering a high quality of life, with space for working, living and shopping. Five buildings with internal court-yards are planned, each tailored to fit in with the surroundings. Future inhabitants will benefit from the good location on the edge of town, the public transport links and proximity to the motorway. There is also a swimming pool and sports centre nearby.

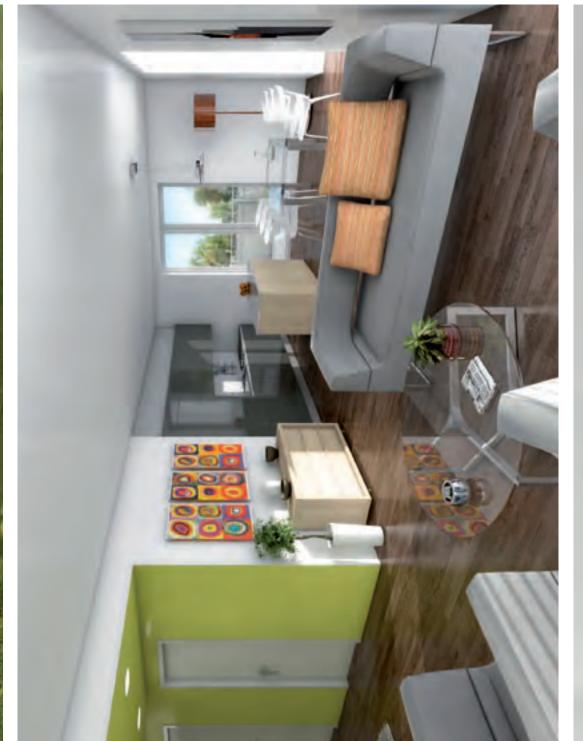
The project meets the latest requirements for sustainable construction. It is being built to Minergie standards, and throughout the project Implenia is working hard to maintain a balance between economic, social and environmental aspects. The construction work on the "Coupe Gordon-Bennett" project began in autumn 2009 and is due for completion in spring 2013. For Implenia Real Estate, this extensive project on its own land provides a unique opportunity to combine and integrate all of its skills in real estate development, marketing, sales, and total contracting.

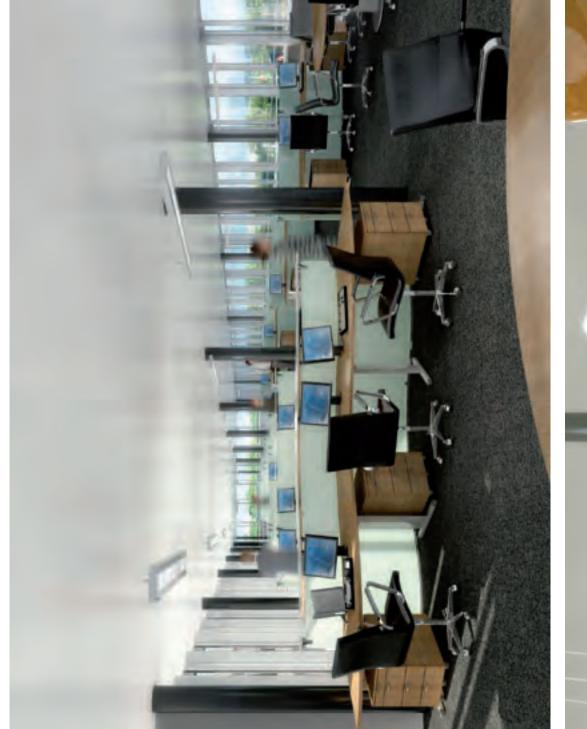
#### **Coupe Gordon-Bennett**

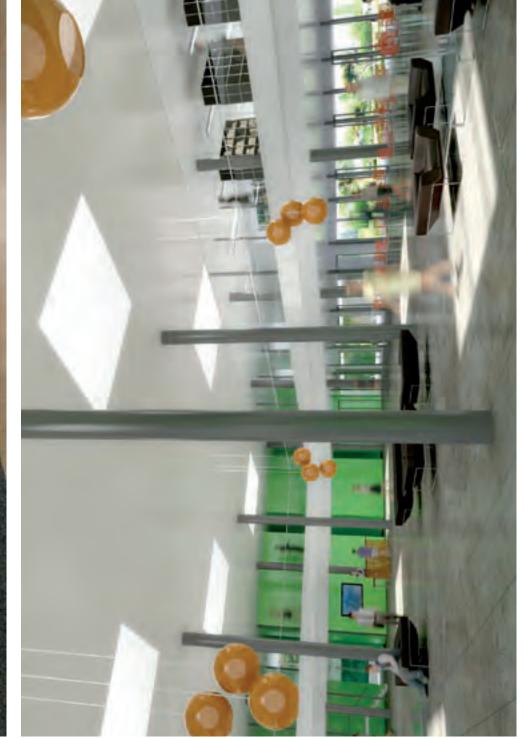
Vernier, Geneva











# Project |



#### **FACTS AND FIGURES**

#### : Client:

: Implenia Development AG

#### Architects:

LRS Architectes Sàrl, Geneva Atelier d'Architecture 3BM3 SA Group8 Sàrl

#### Apartments:

#### Office space:

13,400 m<sup>2</sup>

#### Commercial space:

2,300 m<sup>2</sup>

#### Volume:

270,000 m<sup>3</sup>

#### Investment:

CHF 250 million

#### Implementation:

2009 to 2013









# Financial Reports

Consolidated Financial Statements of the Implenia Group – Consolidated income statements 100 – Consolidated comprehensive income 101 – Consolidated balance sheets 102 – Statement of changes in consolidated equity 104 – Consolidated cash flow statements 106 – Notes to the consolidated financial statements of Implenia 108 – Report of the statutory auditor on the consolidated financial statements 180 – Statutory Financial Statements of Implenia Ltd – Income statement 182 – Balance sheet 183 Notes to the Statutory Financial Statements 184 – Report of the statutory auditor on the financial statements 194



### **Consolidated income statements**

	1.1.–31.12. 2009	1.1.–31.12. 2008
Notes	CHF 1,000	CHF 1,000
Consolidated revenue 5	2,279,835	2,324,465
Materials and sub-contractors	(1,412,677)	(1,437,757)
Staff costs 6	(639,828)	(669,966)
Other operating expenses 8	(126,887)	(133,395)
Depreciation and amortisation	(36,960)	(39,525)
Income from associates	4,160	3,807
Gain from sale of subsidiaries 2.3	_	11,374
Operating income	67,643	59,003
Financial expense 9	(7,173)	(11,962)
Financial income 9	2,163	3,015
Profit before tax	62,633	50,056
Tax 10	(15,578)	(10,073)
Consolidated profit	47,055	39,983
Attributable to:		
Shareholders of Implenia AG	45,918	39,078
Non-controlling interests	1,137	905
Basic earnings per share (CHF)		
Continuing operations	2.56	2.13

The accompanying notes form part of the consolidated financial statements.

### **Consolidated comprehensive income**

	1.1.–31.12. 2009	1.1.–31.12. 2008
	CHF 1,000	CHF 1,000
Consolidated profit	47,055	39,983
Foreign exchange differences	(159)	(7,844)
Consolidated comprehensive income	46,896	32,139
Attributable to:		
Shareholders of Implenia AG	45,759	31,234
Non-controlling interests	1,137	905

### **Consolidated balance sheets**

ASSETS		31.12.2009	31.12.2008
	Notes	CHF 1,000	CHF 1,000
Cash and cash equivalents	11	128,749	118,364
Marketable securities	12	1,042	1,064
Trade receivables	13	408,903	394,204
Work in progress	14	246,836	223,533
Joint ventures	15	2,613	13,642
Other receivables	16	20,809	27,962
Raw materials	17	20,754	20,263
Real estate transactions	18	168,732	180,157
Prepaid expenses and accrued income		25,812	14,918
Total current assets		1,024,250	994,107
Property, plant and equipment	19	222,574	227,050
Investments in associates	20	36 274	34,757
Other financial investments	21	15,755	20,165
Pension assets	25	5,177	6,596
Intangible assets	22	75,269	77,188
Deferred tax assets	26	2,495	953
Total non-current assets		357,544	366,709
Total assets		1,381,794	1,360,816

The accompanying notes form part of the consolidated financial statements.

### **Consolidated balance sheets**

(continued)

EQUITY AND LIABILITIES	31.12.2009	31.12.2008
Notes	CHF 1,000	CHF 1,000
Financial liabilities 23	42,180	80,342
Trade payables	240,579	240,353
Work in progress 14	477,452	422,076
Joint ventures 15	45,113	54,968
Other current liabilities	37,018	29,867
Current tax payables	7,007	3,626
Prepaid income and accrued expenses	64,510	74,221
Provisions 24	_	606
Total current liabilities	913,859	906,059
Financial liabilities 23	673	1,335
Deferred tax liabilities 26	30,299	19,755
Provisions 24	10,623	10,429
Total non-current liabilities	41,595	31,519
Share capital 27	64,652	73,888
Treasury shares	(38,890)	(5,312)
Reserves 2.24	348,757	310,601
Net profit attributable to shareholders	45,918	39,078
Share capital and reserves attributable to shareholders	420,437	418,255
Non-controlling interests	5,903	4,983
Total equity	426,340	423,238
Total equity and liabilities	1,381,794	1,360,816

The accompanying notes form part of the consolidated financial statements.

### **Statement of changes in consolidated equity**

			>	>		Reserve	es				
	Share capital	Treasury shares			Capital reserves	Revaluation reserve	Foreign exchange differences	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Notes	CHF 1,000	CHF 1,000			CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Equity as at 1.1.2009	73,888	(5,312)			127,120	2,906	(4,143)	223,796	418,255	4,983	423,238
Consolidated comprehensive income							(159)	45,918	45,759	1,137	46,896
Dividends										(217)	(217)
Par value repayments 27	(9,236)	146						_	(9,090)	_	(9,090)
Change in treasury shares		(33,724)					_	(2,395)	(36,119)	_	(36,119)
Share-based payment								1,632	1,632		1,632
Total changes in equity	(9,236)	(33,578)						(763)	(43,577)	(217)	(43,794)
Total equity as at 31.12.2009	64,652	(38,890)	>	>	127,120	2,906	(4,302)	268,951	420,437	5,903	426,340
Equity as at 1.1.2008	83,124	(1,961)			127,176	2,906	3,701	185,217	400,163	4,731	404,894
Consolidated comprehensive income							(7,844)	39,078	31,234	905	32,139
Dividends										(237)	(237)
Par value repayments 27	(9,236)	53				_	_	_	(9,183)	_	(9,183)
Change in treasury shares		(3,404)			(56)			(3,548)	(7,008)		(7,008)
Share-based payments							_	3,049	3,049		3,049
Change in scope of consolidation	_	_			_		_	_		(416)	(416)
Total changes in equity	(9,236)	(3,351)			(56)			(499)	(13,142)	(653)	(13,795)
Total equity as at 31.12.2008	73,888	(5,312)	>	>	127,120	2,906	(4,143)	223,796	418,255	4, 983	423,238

The accompanying notes form part of the consolidated financial statements.

### **Consolidated cash flow statements**

		1.1.–31.12. 2009	1.1.–31.12. 2008
	Notes	CHF 1,000	CHF 1,000
Consolidated profit		47,055	39,983
Depreciation and amortisation		36,960	39,525
Changes in pension assets	25	1,419	2,180
Other positions without impact on liquidity	32	7,806	16,116
Distributions from associates	20	3,116	3,123
Profit on sale of fixed assets		(3,178)	(5,163)
Gain from sale of subsidiaries	2.3	_	(11,374)
Change in current assets	32	30,681	106,617
Interest paid		(3,357)	(6,562)
Interest received		823	1,639
Taxes paid		(2,582)	(2,484)
Cash flow from operating activities		118,743	183,600
Investments in property, plant and equipment	19	(36,421)	(38,019)
Disposals of property, plant and equipment	19	8,332	8,055
Investments in other financial investments and associates	20/21	(5,099)	(9,408)
Disposals of other financial investments	20/21	7,032	8,629
Net inflow of cash from sale of subsidiaries	2.3	_	16,371
Investments in intangible assets	22	(271)	(148)
Disposals of intangible assets		_	36
Cash flow from investment activities		(26,427)	(14,484)
Increase in financial liabilities	23	647,876	451,781
Reduction of financial liabilities	23	(686,700)	(532,870)
Purchase of treasury shares		(36,123)	(12,382)
Sale of treasury shares		2,399	5,374
Par value repayment		(9,090)	(9,183)
Non-controlling interests (dividends paid)		(217)	(237)
Cash flow from financing activities		(81,855)	(97,517)
Foreign exchange differences		(76)	(388)
Change in cash and cash equivalents		10,385	71,211

### **Consolidated cash flow statements**

(continued)

		1.1.–31.12. 2009	1.1.–31.12. 2008
	Notes	CHF 1,000	CHF 1,000
Cash and cash equivalents at the start of the period	11	118,364	47,153
Cash and cash equivalents at the end of the period	11	128,749	118,364
Change in cash and cash equivalents		10,385	71,211
Free cash flow			
Cash flow from operating activities		118,743	183,600
Investments in non-current assets		(41,791)	(47,575)
Disposals of non-current assets		15,364	33,055
Free cash flow		92,316	169,080

The accompanying notes form part of the consolidated financial statements.

#### 1 General information

Implenia AG is a Swiss company with registered office in Industriestrasse 24 in Dietlikon, Zurich. The shares of Implenia AG are listed on the SIX Swiss Exchange (ISIN code CH002 386 8554, IMPN).

The German version of the financial statements is the original version. The English and French version are non-binding translations.

Implenia's business activities are described in notes 2.5 and 5 on segment reporting.

#### 2 Summary of key measurement and recognition principles

The consolidated financial statements of Implenia have been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), the IFRIC Interpretations. With the exception of balance sheet items measured at fair value, the consolidated financial statements are based on historical cost.

Management estimates and judgements for the purposes of financial reporting affect the values of reported assets and liabilities, contingent liabilities and assets on the balance sheet date and expenses and income during the reporting period. Actual values may differ from these estimates.

With the exception of the following standards, as well as the revisions and interpretations of standards that were applied for the first time from the financial year beginning 1 January 2009, the accounting principles applied in the 2009 consolidated annual financial statements are identical to those published and described in the 2008 annual report.

- IAS 1 (revised) Presentation of Financial Statements. Under the revised standard, expenses and income items may not be recognised in the statement of changes in equity. Instead, they must be reported separately in the consolidated comprehensive income statement. Following the introduction of revised IAS 1 Presentation of Financial Statements, the structure of the consolidated financial statements was modified. Total amounts of items (for example, total assets, profit before tax, cash flow from operating activities) have not been modified. These can therefore be compared with the financial statements as at 31 December 2008.
- IFRS 7 (revised) Financial Instruments: Disclosure. Under IFRS 7.8, the company must disclose the values of financial instruments grouped together in the measurement criteria in accordance with IAS 39. These include any reclassifications. Carrying amounts and fair values must be reported for each category. Three methods are used to determine the general fair values of financial instruments to be published:
- Observe market prices on active markets (Level 1)
- Adjust to prices of similar products (Level 2)
- Use measurement models (Level 3)

- IFRS 8 Operating segments. IFRS 8 replaces IAS 14 Segment Reporting. Operating segment reporting must now be based on internal management. As with internal financial reporting, the "chief operating decision maker" is in charge of the reporting. Implenia AG has designated its Board of Directors as the chief operating decision maker. The presentation of the segments did not need to be changed and is the same as the previous year's presentation.
- IAS 23 Borrowing costs. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and are capitalised. Other borrowing costs are recognised as an expense. Borrowing costs arising from general financing are treated in the same way. Under the transitional provisions of IAS 23, only the projects starting after 1 January 2009 are affected. The introduction of this standard therefore has no material impact on the projects carried out in the financial year 2009. Borrowing costs relate only to projects and not to other items under property, plant and equipment.
- IFRIC 15 Agreements for the Construction of Real Estate. IFRIC 15 provides guidance for determining if an agreement for the contruction of real estate falls within the scope of IAS 11 Construction Contracts or of IAS 18 Revenue and therefore when revenues from the construction should be recognised. The retrospective application of IFRIC 15 to 1 January 2008 has no impact on the opening balance sheet as at 1 January 2008. As at 31 December 2008, a corresponding adjustment was made. Further information is given in 2.1 of the notes.

The following new standards, and revisions and interpretations of standards have been applied for the first time from the financial year beginning 1 January 2009.

- IFRS 2 (revisions): Share-based Payment
- IAS 32 (revisions): Financial Instruments: Presentation
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IAS 39 (revisions): Financial Instruments: Recognition and Measurement
- IFRS 3 (revised): Business Combinations
- IFRIC 17: Distributions of Non-Cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers
- Annual improvements project 2008
- IFRS 5 (revisions): Non-current Assets Held for Sale and Discontinued Operations
- IAS 38 (revisions): Intangible Assets
- IFRS 9: Financial instruments
- IAS 24 (revised): Related Party Disclosures
- IFRIC 14 (amendment): IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above standards are not relevant for the Group or it was decided not to apply them prematurely.

#### 2.1 IFRIC 15 adjustments

	before adjustment		after adjustment
	31.12.2008*	adjustment	31.12.2008
	CHF 1,000	CHF 1,000	CHF 1,000
ASSETS			
Raw materials (inventories)	22,153	(1,890)	20,263
Other assets	1,340,553		1,340,553
Total assets	1,362,706	(1,890)	1,360,816
EQUITY AND LIABILITIES			
Profit or loss	40,968	(1,890)	39,078
Other liabilities	1,321,738		1,321,738
Total equity and liabilities	1,362,706	(1,890)	1,360,816

<sup>\*</sup> according to the published financial statements

#### Opening balance as at 1 January 2008 based on IFRIC 15 adjustment

before adjustment		after adjustment
1.1.2008*	adjustment	1.1.2008
CHF 1,000	CHF 1,000	CHF 1,000
962,598	_	962,598
379,270	_	379,270
1,341,868	_	1,341,868
936,974	_	936,974
404,894	_	404,894
1,341,868		1,341,868
	1.1.2008* CHF 1,000  962,598 379,270 1,341,868  936,974 404,894	1.1.2008* adjustment  CHF 1,000 CHF 1,000  962,598 — 379,270 — 1,341,868 —  936,974 — 404,894 —

<sup>\*</sup> according to the published financial statements

#### 2.2 Scope of consolidation

The consolidated financial statements of Implenia include the financial statements of Swiss-domiciled Implenia AG and its subsidiaries. Subsidiaries are companies directly or indirectly controlled by Implenia AG. Control is defined as the ability to control the financial and operating activities so as to obtain benefits from them. This is usually the case where Implenia controls directly or indirectly more than 50% of the company's voting rights or potential voting rights that can be exercised at any given time. Companies acquired in the course of the reporting year are recognised in the consolidated accounts from the date of the transfer of control of the activities and all companies sold are recognised up to the date of the transfer of control to the purchaser. Credit balances, liabilities, transactions and unrealised gains between subsidiaries are completely eliminated from the consolidated accounts.

Changes in ownership interests in subsidiaries are capitalised as a transaction in equity even if the control existed beforehand and continues to exist.

Investments in associates (defined as companies in which Implenia has 20–50% of voting rights or over which Implenia can otherwise exercise significant influence) are accounted for under the equity method.

#### 2.3 Change in scope of consolidation

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 of the Privera Group was transferred to the purchaser on the same date.

Privera Group's profits or losses for the period from 1 January to 29 May 2008 were consolidated in the income statement. Since the transfer of control, Privera Group has been excluded from the scope of consolidation and is no longer consolidated in Implenia's balance sheet.

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

#### 2.3 Change in scope of consolidation (continued)

	29.5.2008
	CHF 1,000
Cash and cash equivalents	9,165
Trade receivables	4,894
Other receivables	11,286
Work in progress and inventories	29
Real estate transactions	511
Prepaid expenses and accrued income	2,752
Property, plant and equipment	2,818
Other financial investments	240
Goodwill	2,755
Current liabilities	(9,755)
Trade payables	(2,648)
Work in progress	(540)
Other liabilities	(1,913)
Current taxes	(469)
Prepaid income and accrued expenses	(3,180)
Deferred taxes	(466)
Provisions	(901)
Privera Group's net assets	14,578
Non-controlling interests of AG für manuelle Dienstleistungen (46.66% of TCHF 891)	(416)
Privera Group's net assets – Implenia share	14,162
Sale price	25,536
Privera Group's net assets – Implenia share	(14,162)
Profit from sale of subsidiaries	11,374
Cash received	25 526
Cash paid	25,536 (9,165)
Net inflow of cash from sale	16,371

Owing to the tax privileges on federation and cantonal level enjoyed by Implenia AG, the sale of Privera has no tax implications.

#### 2.4 Consolidation principles

The annual reporting period of the single-entity financial statements ends on 31 December.

Business combinations where the Group assumes control over another company are accounted for using the purchase method. The costs of an acquisition are calculated by adding together the fair values of the assets paid to the seller, the liabilities incurred or assumed at the time of the transaction and the directly attributable costs. Identifiable assets, liabilities and contingent liabilities acquired are recognised in the balance sheet at their fair value at the time of the acquisition, irrespective of the size of the minority interests. Costs exceeding the Group's share of the fair value of the identifiable net assets are recognised as goodwill. Companies acquired or sold during the course of the financial year are recognised in the consolidated financial statements from the date of their acquisition or the time of their sale.

Financial interests in joint ventures are accounted for using the equity method.

#### 2.4.1 Factors affecting the comparability of annual results

The comparability of the operating annual results of Implenia has been affected by the sale of the Privera Group (financial year 2008). Further information on this sale and its effect on Implenia's results is given in the 2008 annual report. Operating income before non-recurring costs is shown within segment reporting. This result can be compared with the previous year as non-recurring costs and the sale are shown separately (i.e. on a like-for-like basis).

#### 2.5 Segment reporting

The Group's operating segments are defined on the basis of the organisational units for which the Group's board of directors compiles reports. The Group comprises the following segments:

#### 2.5.1 Real Estate

The Real Estate segment comprises the segments of general contracting and real estate. The full service provider within Real Estate covers all stages of the real estate lifeycle from raising capital to development and realisation, right through to operational optimisation and promotion.

#### 2.5.1.1 General contracting and Services

This segment includes activities such as the general contracting of projects, general contracting and total contracting in the field of construction, coordinating, engineering, project planning in the real estate sector and facility management. The segment comprises the following legal entities: Implenia Generalunternehmung AG, Reuss Engineering AG and Tetrag Automation AG.

#### 2.5.1.2 Real Estate

The Real Estate segment develops financing and investing concepts. For this, it draws on a comprehensive network of relationships with banks and investors looking for investment opportunities in the real estate sector. The segment primarily comprises the following legal entities: Implenia Development AG and Implenia Immobilien AG.

#### 2.5.2 Tunnel + TC Construction Works

Total Contracting is primarily concerned with planning and realising complex projects. Amongst the services provided are tunnel construction, underground engineering, the construction of power plants in the mountains and along rivers and railway technology. The segment comprises the following legal entities: Implenia Bau AG and Implenia Österreich GmbH.

#### 2.5.3 Infra Construction Works

The key speciality of Infra Construction Works is implementing road and civil engineering projects, infrastructure facilities in civil engineering, concrete restoration, bridge and avalanche protection construction, foundation construction as well as building projects (new and renovations). The segment primarily comprises a part of Implenia Bau AG, Gravière de La Claie-aux-Moines SA, Implenia Bau GmbH and Implenia Holding GmbH.

#### 2.5.4 Global Solutions

This division manages and coordinates all foreign activities. Its main focus is on Russia and the Middle East. Taking account of local characteristics, Global Solutions creates customer-specific project groups and coordinates their activities with each other.

#### 2.5.5 Misc./Holding

This category contains any Implenia costs that cannot be allocated to a segment. Group companies with no activities are also included. Note 35 pairs each Group company with its segment.

The segments have their own management structures and internal reporting systems and are therefore classed and reported as separate operating segments. Certain functions of the headquarters are shown under Misc./Holding. These include Risk Management, Accounts Department, Treasury, Group Controlling, Corporate Communications, Corporate Human Resources and Corporate Legal Services.

Transfer pricing between the operating segments is based on the arm's-length principle. The operating assets and liabilities of the segments that are reported comprise property, plant and equipment, intangible assets, trade receivables and payables, inventories, as well as other assets and other liabilities such as provisions that can be reliably allocated to the reported segments. Assets and liabilities not allocated to the segments mainly comprise current and deferred tax receivables and payables, as well as pension assets/liabilities to pension plans.

The Board of Directors exercises the role of "chief operating decision maker" in accordance with IFRS 8. The Board regularly receives internal reports so it can operate and allocate resources. Implenia is broken down by this internal reporting into the above-mentioned segments.

#### 2.6 Related parties

This covers joint ventures, associates and other related parties. Please refer to the relevant sections for information on joint ventures and associates.

Other related parties mainly comprise officers and directors of Implenia (members of management in key positions), their related parties and the companies at which these persons exercise a senior management function. Significant influence exists in particular where a person exercises a senior management function at another company as a member of the Board of Directors or Group Management and explicitly, i.e. as part of his contractual duties, represents the interests of Implenia or acts as a representative of Implenia.

Significant influence is otherwise assumed if one or more senior managers at Implenia can use their (senior) management position at the other company to exert a direct influence on the conditions applying to actual transactions with Implenia (e.g. contractual terms, prices, etc.). This is the case, for example, if Implenia or the senior management person also has a significant equity interest in the other company or if the other company conducts significant transactions with Implenia. Other types of arrangement may also lead to significant influence being exercised. The officers and directors of Implenia comprise the members of the Board of Directors and the members of Group Management of Implenia.

#### 2.7 Foreign currencies

The consolidated financial statements of Implenia are denominated in Swiss francs (CHF). The functional currencies of foreign subsidiaries are the local currency. In subsidiaries, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date. Transactions are reported at the approximate exchange rate for the expected time of occurrence. All exchange rate differences are recognised in the income statements of these companies.

Income, expenses and cash flows of the consolidated companies are translated at the average monthly rate for the reporting period in CHF. Balance sheet items are translated at the closing rate. Translation differences relating to equity, non-current group-internal financing transactions in connection with net investments in foreign subsidiaries, retained earnings and other equity items and net income in the reporting periods are recognised directly within the cumulative foreign exchange differences under "consolidated comprehensive income".

Currency gains and losses acumulated under "consolidated comprehensive income" are recognised in the income statement in the event of liquidation or the sale of foreign companies.

#### 2.8 Revenue

Consolidated revenue includes all income from the different activities of Implenia. In the General Contracting and Construction Works segments, customer contracts are recognised in accordance with the percentage-of-completion method. Revenue, including share of profits, is recognised on the basis of the proportion of the total service to be provided that is actually completed during the reporting year. Future expected losses from contracts are recognised when measuring the value of contracts or are deferred and recognised as additional costs. Price overshoots, additional services and share of profit are recognised in proportion to the progress of the construction. For contracts in joint ventures, only the service actually performed by the company in the joint venture and its share of the profits of the joint venture is recognised as revenue. Revenue under the "services" item is calculated on the basis of the proportion of the service actually provided to the customer up to the balance sheet date.

IFRIC 15 provides guidance for determining if an agreement for the contruction of real estate falls within the scope of IAS 11 Construction Contracts or of IAS 18 Revenue and therefore when revenues from the construction work should be recognised. An agreement for the construction of real estate is deemed to be a construction contract falling within the scope of IAS 11 only if the purchaser is able to influence the key elements (kitchen, bathroom, flooring, etc.) prior to the start of the construction work and/or amend the key elements after the construction work has started (irrespective of whether the purchaser has made use of this option). If the purchaser has this option, IAS 11 must be applied.

For the Real Estate segment, revenue includes the income from the sale of real estate and total contracting work, as well as temporary leases (in expectation of the sale of the property). Income from the sale is recognised when the risks and rewards are transferred, i.e. at the time ownership is transferred, which is normally upon entry in the official land registry. Reductions in income, such as rebates or discounts directly related to the services charged, are deducted from revenue.

#### 2.9 Pension liabilities

Pension liabilities from defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. They correspond to the net present value of future expected payments needed to meet the liabilities from employee service in the current period and in previous periods. The plan assets are recognised at fair value. Non-vesting past service costs, including the amounts in relation to employees in retirement, arising from changes in the pension plans are immediately recognised in the income statement. Gains or losses arising from plan curtailments or settlements are immediately recognised through profit or loss.

The effect of changes in actuarial assumptions and experience adjustments to the values of assets and liabilities from defined benefit plans are recognised in the income statement using the corridor method in accordance with IAS 19

#### 2.10 Share-based payment

The employees of Implenia benefit from a profit-sharing plan. This is a supplementary remuneration contingent on the income for the reporting period in the form of a distribution of bonus issues of shares or shares at preferential rates. These benefits (the difference between the market value of the shares distributed and the sales proceeds) are reported as staff costs. Costs in relation to shares that are not distributed until the following year are recognised fully in the year in which the service is provided as they are not contingent on future performance. The arrangements are agreed each year by the Board of Directors. All the employees benefit from an employee profit-sharing plan as defined in the regulations. Under this plan, employees are able each year to acquire a set number of Implenia AG shares at a preferential rate. The difference between the market value of the shares distributed and the sales proceeds is charged to the units concerned and reported as staff expenses in the year the shares are distributed.

#### 2.11 Taxes

Income taxes are recognised in the same periods as the income and expenses to which they relate. Deferred taxes are recognised in accordance with the balance sheet liability method. The computation is therefore based on the temporary differences between the tax base and the carrying amount relevant for consolidation of an asset or a liability unless the temporary difference relates to investments in Group companies where the reversal of the difference can be managed over time and it is probable that this will not take place in the foreseeable future. Where no provision has been made for distributions of profits, withholding taxes and other taxes on potential later distributions are not recognised since profits are normally reinvested. Deferred tax assets and deferred tax liabilities of the Group, computed on the basis of the local tax rates expected to be applicable at the time of taxation, are recognised under non-current assets and non-current liabilities. Changes over the year are recognised in the income statement or, if they relate to an item within the consolidated comprehensive income statement, recognised within this statement. Deferred tax assets from a company's tax losses are recognised to the extent that it is probable there will be future profits against which they can be utilised.

#### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash, as well as deposits held at banks, Swiss Post and other financial institutions. These are only recognised as cash if they are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and have a maturity of no more than three months from the date of acquisition. This definition also applies to the cash flow statement, where this is the amount shown. Fluctuations in cash between positive and overdrawn balances are shown on a net basis in this item.

#### 2.13 Trade receivables

Trade receivables are recognised at fair value, that is, at the amounts invoiced less allowances for estimated short-falls in receipts due to, e.g. rebates, refunds and discounts. Allowances for doubtful receivables are computed on the basis of the difference between the recognised value of the receivable and its estimated collectible net amount. Any expected loss is charged to the income statement. If a receivable is uncollectible, it is written off.

#### 2.14 Work in progress

Customer contracts relating to construction sites are capitalised using the percentage-of-completion method. The progress of the construction work in each instance is determined by the contractual arrangements on progress. The customer contracts are – after deducting advances by customers – reported in the balance sheet as net assets or net liabilities from work in progress.

If the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that it is probable will be recoverable, and contract costs incurred are also recogised as costs in the same period. This is equivalent to measurement at cost of production. If it is probable that the total contract costs will exceed the total contract revenues, the expected loss is immediately recognised as an expense.

#### 2.15 Joint ventures

Joint ventures are established to implement short-term projects with other construction companies. The assumption of the work takes place when a joint agreement with the contractual partner is concluded. Joint ventures are organised as simple partnerships; the partnership agreement governs the relationships between each member.

Joint ventures are measured using the equity method in accordance with IAS 31, under which the interests are initially recorded at cost. Thereafter, the carrying amount of the interests will increase or decrease in line with Implenia's share of the total net income of the joint venture. Implenia's share of the net income of the joint venture is reported in the net income for the period. The carrying amount of the interests in the joint venture is reduced by distributions received by Implenia and increased by advances paid by Implenia.

The receivables and payables of Implenia from or to the joint ventures are shown separately in the corresponding receivables and payables items.

#### 2.16 Associates

Associates are companies which have a significant impact on Implenia but which do not exercise any control. In principle, these are companies in which Implenia has a stake of between 20% and 50%. These companies are treated according to the equity method and are reported separately in the consolidated statement of financial position. The calculation of the equity participation is based on the annual financial statements on the closing date of the annual consolidated accounts. If none of the annual financial statements coincide with the closing date of the annual consolidated accounts, the valuation is made on the basis of the last available annual financial statement, taking into account any developments which have occurred in the meantime. The consolidation of associates is carried out in accordance with uniform group accounting and valuation principles.

The long-term joint ventures for operating facilities producing concrete and asphalt, in which Implenia has interests of 20% and above, are measured separately as associates.

Income from joint ventures is reported above operating income since these are strategic partnerships used for the purpose of executing customer contracts.

#### 2.17 Raw materials

Purchased raw materials (previously inventories) are measured at cost. This item in the balance sheet and charges to material costs are measured at historical cost in accordance with the average cost principle. Inventories that can only be sold with difficulty or at lower market prices must be written down. If it is foreseeable that written-down inventories can be used again, the write-downs are reversed by increasing the value of the assets to the lower of estimated fair value or historical cost. Unsellable inventories are written off in full.

#### 2.18 Real estate transactions

Real estate reported under this item is held for sale and measured in accordance with IAS 2 Inventories. Completed properties not yet sold may temporarily generate rental income but are still reported until this item as they are held for sale.

Each property is measured separately and at the lower of cost, including work by the company, or the net sale value. The costs include financing costs paid to third parties until the construction is ready for use.

This item is directly written down by any shortfalls determined on the basis of the above measurement principles, sales proceeds from real estate transactions are reported as revenue. Changes to the portfolio and movements in write-downs on real estate transactions are recognised in expenses. Certain real estate transactions are conducted jointly with one or more partners. Properties under joint control and ownership are recognised as real estate transactions on a proportional basis that is no higher than the capital invested.

#### 2.19 Property, plant and equipment

Property, plant and equipment are measured at cost and depreciated over the estimated useful life on a straight line basis, with the expense charged to the income statement:

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

Additional costs that extend the economic benefits of property, plant and equipment are capitalised separately. Pro-rated financing costs for property, plant and equipment in construction are capitalised if the financing is directly related to the asset. The value of property, plant and equipment is always reviewed if a write-down of the carrying amount appears a possibility due to changed circumstances or events.

#### 2.19.1 Financial Lease

Leased property, plant and equipment where Implenia bears substantially all the risks and rewards associated with ownership are capitalised at the lower of fair value of the leased asset or net present value of the minimum lease payments at the inception of the lease and depreciated over the shorter of both periods of time, lease duration or estimated useful life.

#### 2.19.2 Operating Lease

Leases are classified as operating leases if a significant proportion of the risks and rewards associated with ownership are retained by the lessor. They are generally depreciated on a straight line basis over the duration of the lease, with the expense charged to the income statement.

#### 2.20 Intangible assets

#### 2.20.1 Goodwill

Business combinations are recognised in accordance with the purchase method of accounting. The costs of acquisition include the indemnification provided in exchange for control of identifiable assets, liabilities or contingent liabilities of the acquiree. The indemnification includes payments in cash and the fair value of the transferred assets, the liabilities incurred or assumed and the equity instruments issued by the Group on the date of the transaction. Liabilities contingent on future events relating to contractual arrangements ("contingent consideration arrangements") are recognised at fair value when the purchase is recognised. Directly attributable transaction costs are recognised as an expense. The acquired net assets comprising the identifiable assets, liabilities and contingent liabilities are reported at their fair value.

If the Group does not acquire a 100% interest in an acquiree, the non-controlling interests are recognised in proportion to their share of the fair value of the net assets acquired. Goodwill is the excess of the costs of acquisition

over the interest of the Group in the fair value of the net assets acquired. Goodwill is not amortised. It is tested for impairment at each balance sheet date. Goodwill may also arise as interests in associates and corresponds to the excess of the costs of acquisition of the interest over the pro-rated fair value of the identifiable net asset. This goodwill is recognised in the interests in associates item.

When testing goodwill for impairment, the realisable value is computed on the basis of the fair value less the selling costs of the cash generating unit that contains the goodwill. The cash inflow that a market participant could generate with the cash generating unit is estimated. In certain cases, the value in use of the unit for the Group is calculated if this is higher than the fair value less selling costs. If the carrying amount exceeds the realisable value, the difference is recorded as an impairment. The estimates of future discounted cash flows and the corresponding discount rates are largely based on management estimates and assumptions. The actual cash flows and values generated may deviate significantly from the expected future cash flows and the related amounts computed by discounting methodology.

#### 2.202 Other intangible assets

Additions of licences, software, IT development costs, brands and customer relationships are recognised at cost. Intangible assets are amortised linearly over their economic life from the initial date on which the Group can use them. The estimated economic life of the intangible assets is regularly reviewed.

#### 2.21 Other financial assets

Financial assets, primarily financial investments including securities, are categorised as follows: "at fair value through profit or loss", "held for trading", "held to maturity" and "loans and receivables". Financial instruments classified as "at fair value through profit or loss" are either held for trading or are designated as such on initial recognition. The held-for-trading financial assets are acquired principally with the objective of generating a profit from short-term fluctuations in price. Financial assets are designated as "at fair value through profit or loss" if this eliminates a measurement or recognition inconsistency and results in more relevant information. Financial assets held to maturity are securities with fixed maturity that Implenia has the intention and ability to hold until maturity. Loans and receivables are financial assets that are issued by Implenia or acquired from the issuer on a primary market. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. All other financial assets are classed as available-for-sale financial assets.

All financial assets are initially recognised at their fair value including transaction costs, with the exception of financial assets classified as "at fair value through profit or loss", where the transaction costs are not included. All purchases and sales are recognised on the settlement date. After initial recognition, the financial assets at fair value through profit or loss are measured at their fair value and all changes in fair value are reported in the financial income or expense items in the period to which they relate. After initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method. After initial recognition, held-for-sale financial assets are capitalised at their fair value and all unrealised changes in fair value are taken to equity, with the exception of interest which has been computed on the basis of the effective interest method, and foreign exchange fluctuations.

In the event of the sale, impairment or disposal of held-for-sale financial assets, the cumulative gains or losses recognised as other income since the date of acquisition are reported in the financial income or expense items of the current reporting period. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Financial assets are tested for impairment on each balance sheet date. If there are objective indications of impairment such as insolvency, default or other major financial difficulties experienced by the issuer, an impairment is charged to the consolidated profit or loss.

Financial assets are derecognised if the contractual interests in cash flows from the assets expire or the Group transfers the right to receive the cash flows from the financial assets in a transaction where all the significant risks and rewards of ownership of the financial asset are transferred.

Neither assets and liabilities nor income and expenses are offset against each other if this is not required or permitted by a Standard or an Interpretation. Offsetting curtails the ability to understand parties, transactions and other events and conditions and to estimate the future cash flows of a company unless it reflects the economic substance of a transaction, event or other condition. Measuring assets net of valuation allowances – for example, obsolescence allowances on inventories and doubtful debt allowances on receivables – is not offsetting. In accordance with IAS 18, revenue must be measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts the company allows. In the course of its ordinary business activities, the Implenia Group also conducts transactions that do not in themselves generate revenue but occur in combination with the main revenue generators. If recognition of these transactions reflects the substance of the transaction or event, they must be reported by offsetting all income with the related expenses arising from the same transaction:

- a) Gains or losses on the disposal of non-current assets including financial investments and operating assets are recognised by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and
- b) Expenditure related to a provision that is recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and reimbursed under a contractual arrangement with a third party (e.g. a supplier's warranty agreement) may be netted against the related reimbursement.

In addition, gains or losses arising from a group of similar transactions, for example, foreign exchange gains or losses or gains and losses arising on financial instruments held for trading are reported on a net basis. However, these gains or losses are reported separately if they are material.

The value of financial assets with fixed economic lives must be reviewed only on the occurrence of a triggering event. A triggering event has occurred, for example, if the fair value of the assets of a cash generating unit have significantly changed since the last computation of the realisable amount or an event has occurred that would result, on a new computation, in the probability of the realisable amount being less than the carrying amount of the cash generating unit.

#### 2.22 Financial liabilities

Financial liabilities are initially recognised at cost and after initial recognition, at amortised cost. Any discount (due to the calculation of the present value), which represents the difference between net revenue and net amount payable at maturity, is amortised over the term of the instrument and charged to net financial expense.

Transaction fees paid to capital providers (banks) are amortised over the term of the underlying loan agreement using the amortised cost method.

#### 2.23 Provisions

Provisions are made if a legal or constructive obligation exists that makes it probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Restructuring provisions are made if Implenia has a detailed formal plan for restructuring that it has either already started to implement or that it has announced to those affected by it. The provisions recognised are the best estimate of the final obligation. No provisions are made for future operating losses.

Where there are a number of similar obligations, Implenia determines the probability that an outflow will be required by considering the class of obligations as a whole.

Possible obligations whose existence must be confirmed by future events or obligations whose amount cannot be reliably estimated are disclosed as contingent liabilities.

Where the effect of the time value of money is material, the net present value of the expected expenditure is recognised.

#### 2.24 Equity

Equity represents the nominal value of the issued shares of Implenia AG.

Treasury shares represent shares of Implenia AG that have been reacquired on the market.

Capital reserves include the payments by shareholders in excess of the nominal value. This is therefore the share premium account of Implenia AG reduced by the amount in excess of nominal value from the cancellation of treasury shares. Realised gains and losses from the sale of treasury shares are also recognised in the capital reserves.

The background to the revaluation reserve is as follows: Prior to the acquisition in 2006, Zschokke had a 33.33% holding in each of Gravières de la Claie-aux-Moines SA, Rocmouve SA and SISAG, as well as a 50% holding in Implenia AG. The Group acquired control over these companies though the acquisition of Batigroup, which also

had minority holdings in these companies. These companies were therefore incorporated into the consolidated financial statements through full consolidation. This staged combination resulted in an adjustment of the fair value of the original interests held by Zschokke in the amount of CHF 2.9 million. This was directly recognised in the revaluation reserve within equity. If these companies should cease to fall within the scope of consolidation, the corresponding interests in the revaluation reserve will be recognised in the income statement.

The foreign exchange differences arise from the measurement of the foreign subsidiaries. If these companies should cease to fall within the scope of consolidation, the corresponding interests in the foreign exchange differences will be recognised in the income statement.

Retained earnings represent the accumulated profits of the Group, most of which are available.

No controlling interests represent the interests held by third-party shareholders in the equity (including profit for the year) of subsidiaries.

#### 2.25 Dividends

Dividends are reported in the consolidated financial accounts in the periods in which they were agreed by the General Meeting of Shareholders.

#### 3 Risk assessment

Group-wide risk assessment, which facilitates early identification and evaluation of risks and 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.

#### 3.1 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, current and non-current financial liabilities and trade payables. Trade receivables and payables are generated in the course of normal activity. Financial liabilities are used exclusively to finance operating activities. Financial investments serve mainly to finance associates (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 from operational activity is therefore not significant. There is a small exchange rate risk from foreign currency denominated net investments in foreign subsidiaries.

#### 3.2 Credit risk

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

#### 3.2.1 Trade receivables

Agreements with customers generally stipulate payment terms of between 30 and 90 days. Customer solvency is verified prior to any contract being signed. Revenue is realised mainly with public-sector bodies and with high-quality debtors (banks, insurance companies, pension funds, etc.). No guarantees are requested. However, in the case of services relating to real estate, it is legally possible to have a lien on the real estate (right of lien of workmen and contractors). 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 revenue.

#### 3.2.2 Financial and other receivables

The credit risk relating to financial and other receivables resides in the non-payment of receivables due to debtor insolvency. Debtors are subject to regular solvency checks by means of a review of their financial situation. In the case of cash and cash equivalents, the counterparty must also have a minimum rating as well as an explicit or implicit state guarantee. With these positions, the position per counterparty is limited to a maximum amount. Ongoing credit-worthiness is monitored using market-based information (e.g. CDS spreads) and appropriate measures implemented if the need arises.

The maximum credit risk corresponds to the level of individual receivables positions if they defaulted. The three largest counterparty positions under client receivables and other receivables amount to CHF 34.3 million (2008: CHF 18.2 million). This is equivalent to 8.4% of the carrying amount of all customer and other receivables (2008: 4.3%).

The three largest counterparty positions under financial receivables and liquidity amount to CHF 81.2 million (2008: CHF 91.7 million). This is equivalent to 56.0% of the carrying amount of all financial receivables and liquidity (2008: 66.2%).

Age structure of customer accounts receivable: see Note 13.

#### 3.2 Credit risk (continued)

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

	Rating <sup>2</sup>	Balance
		CHF 1,000
Situation as at 31.12.09		
Counterparty <sup>1</sup>		_
Customer and other receivables:		
Other		13,000
Other	n.a.	11,258
Other	n.a.	10,000
Financial receivables and liquidity:		
Financial institution		41,086
Financial institution	AA	20,065
Financial institution		20,022
Situation as at 31.12.08		
Counterparty <sup>1</sup>		_
Customer and other receivables:		
Financial institution	n.a.	7,387
Other	n.a.	5,564
Other	n.a.	5,224
Financial receivables and liquidity:		
Financial institution		60,261
Financial institution		17,641
Tillaticial ilistitution		

<sup>1</sup> Counterparties are broken down by the following classifications:

#### 3.3 Liquidity risk

The liquidity risk resides mainly in the eventuality that liabilities cannot be honoured on the due date.

Future 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 2009, the Group had cash and cash equivalents of CHF 128.4 million (2008: CHF 118.4 million) and unused credit limits of CHF 242.9 million (2008: CHF 250.9 million). The Group seeks to maintain appropriate minimum liquidity (consisting of cash and cash equivalents and unused credit limits).

Maturity structure of financial liabilities:

		short-term				
	0-3 mths	3-6 mths	7–12 mths	>12 mths		
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000		
2009						
Suppliers and other liabilities	271,468	4,979	1,150	_		
Financial liabilities	42,180			673		
2008						
Suppliers and other liabilities	269,744	112	364			
Financial liabilities	35,000	45,342		1,335		

<sup>-</sup> Financial institutions (banks, insurance companies, pension funds)

<sup>-</sup> Public-sector

Other

<sup>2</sup> Moody's/Standard & Poor's rating

#### 3.4 Market risk / interest rate risk

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

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

over 5 years	2-5 years	up to 1 year	
CHF 1,000	CHF 1,000	CHF 1,000	
			Variable rate
		128,749	Cash and cash equivalents
	9,625		Financial receivables
	432	42,180	Financial liabilities
			Fixed rate
	1,185		Financial receivables
	241		Financial liabilities
_			Financial receivables

The table below shows the effect of interest rate variations on Implenia's pre-tax profit (EBIT). It is assumed that the interest rate variation affects the entire financial year. Only the effect of interest rate variations in Swiss francs is presented, since Implenia acquires debt virtually exclusively in that currency.

	Change in interest rates	Change in EBIT
	Percentage points	CHF 1,000
Sensitivity 2009	+/-0,5	1,010
Sensitivity 2008	+/-0,5	1,240

#### 3.5 Market risk/exchange rate risk

Risk related to exchange rate fluctuations is not significant and mainly concerns the translation risk of net foreign currency investments made in foreign subsidiaries.

Since Implenia holds few securities, other risks are not significant either.

#### 3.6 Defaults on financial liabilities and breaches of covenants

There were no defaults on financial liabilities during the financial year (2008: none). The financial covenants stipulated in financing agreements were kept. (2008: kept).

#### 3.7 Policy regarding capital structure and indebtedness

The Group targets an equity ratio of around 30% (2008: 30%). As at the reporting date, the equity ratio was 30.9% (2008: 31.1%).

The aim is that net current assets should be financed with current bank borrowings. Non-current assets should be financed from ongoing cash flow.

Economic equity matches the value carried in the balance sheet.

The syndicated loan has various covenants. Consolidated assets and earnings are monitored monthly. The latest actual figures and projections and budgets are used to check that covenants are kept.

#### 3.8 Fair value estimates

	Classification					
	as per	Book v	alue	Fair val	lues	
	IAS 39*	2009	2008	2009	2008	
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	
Financial assets						
Cash and cash equivalents	Rec./liab.	128,749	118,364	128,749	118,364	
Marketable securities	Afs	1,042	1,064	1,042	1,064	
Customer accounts receivable	Rec./liab.	408,903	394,204	408,903	394,204	
Other receivables	Rec./liab.	20,809	27,864	20,809	27,864	
Other financial investments (excl. particip.)	Rec./liab.	10,832	14,923	10,832	14,923	
Other financial investments (participations)	Afs	4,923	5,242	4,923	5,242	
Total		575,258	561,661	575,258	561,661	
Financial liabilities						
Non-current financial liabilities	other liab.	42,180	80,342	42,180	80,342	
Trade payables	other liab.	240,579	240,353	240,579	240,353	
Other liabilities	other liab.	37,018	29,867	37,018	29,867	
Non-current financial liabilities	other liab.	673	1,335	673	1,335	
Total		320,450	351,897	320,450	351,897	

<sup>\*</sup> Classifications as per IAS 39:

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

#### Collateral received

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

#### 3.8.1 Gains and losses taken to the income statement

	2009	2008
	CHF 1,000	CHF 1,000
a) on receivables and liabilities	(4,802)	(7,922)
b) on available-for-sale financial instruments	632	(132)
c) held-to-maturity financial instruments		_

The Implenia Group holds only the securities listed above, which are measured at fair value. The following table shows the data sources used to determine fair value:

	IAS 39*	Level 1	Level 2	Level 3
		CHF 1,000	CHF 1,000	CHF 1,000
Financial assets				
Marketable securities	zVv	1,042		
Participations <sup>2</sup>	zVv			_

<sup>2</sup> Long-term participations in the amount of TCHF 4,923 (2008: TCHF 5,242) are not traded on an active market, making it impossible to determine their reliable fair value. They are measured at amortised cost.

Level 1: Market price on an active market for this instrument (no adjustments or changes to composition).

Level 2: Market price on an active market for similar assets or liabilities, or other valuation method using observable market data as significant input.

Level 3: Valuation methods where unobservable market data are used as significant input.

Rec./liab. = receivables and liabilities

<sup>-</sup> AfS = available for sale

<sup>-</sup> other liab. = Other liabilities

CONSOLIDATED FINANCIAL STATEMENTS OF THE IMPLENIA GROUP

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## Notes to the consolidated financial statements of Implenia

#### 4 Key management decisions and estimates

#### 4.1 Management decisions used when applying accounting principles

#### 4.1.1 Revenue recognition

The nature of the Group's business is such that many sales transactions are structured in a way that is not simple. Sales agreements may comprise many elements occurring at different times. Revenue is only recognised when in the opinion of management the risks and rewards concerned have been transferred to the buyer, the Group is no longer involved in managing further activities or exercises de facto control over the goods sold and obligations have been met. Consequently, for some transactions the payments received or the work performed are accrued in the balance sheet and taken to the income statement in future accounting periods when contractual conditions have been met.

#### 4.1.2 Consolidation of subsidiaries, associates and joint ventures

The Group performs transactions which give rise to the power of control or significant influence on operating activities or the Company. Such transactions include the acquisition of some or all of the share capital of other companies, the purchase of certain non-current assets and the assumption of certain liabilities or contingent liabilities. In all such cases, management makes an estimate as to whether the Group has control or significant influence on the company's operating business. Depending on this estimate, the company is consolidated either as a subsidiary or as an associate. Such estimates are made in view of the underlying economic substance of the transaction, not solely on the contractual terms.

#### 4.1.3 Leasing

In the case of leasing contracts Implenia takes on the role of lessee. The treatment of leasing transactions in the consolidated financial statements is primarily dependent on whether the leasing relationship is classified as an operating lease or a finance lease. In its assessment management looks at both the type and the legal form of the leasing relationship and comes to a decision on whether all the relevant risks and benefits of the leased object are transferred to the lessee. Contracts that do not have the legal form of a leasing relationship and yet confer the right of use of an asset are also an integral part of such assessments.

#### 4.2 Key assumptions and sources of uncertainty in estimates

When drawing up the consolidated annual financial statements under IFRS, management has to make estimates and assumptions which affect the application of accounting principles and the values reported under assets, liabilities, income and expenses and the way they are presented. The estimates and assumptions are based on historic values and various other factors which appear appropriate under the circumstances. These are used as the basis for measuring assets and liabilities which cannot be valued directly from other sources. Actual values may differ from these estimates.

Estimates and assumptions are subject to permanent review. Changes to estimates may be necessary if the situation on which they were based has changed or new information or additional insights have become available. Such changes are recognised in the reporting period in which the estimate was adjusted.

The key assumptions about future trends and the most important sources of estimate uncertainty which may require material adjustments to the recognised values of assets and liabilities over the coming twelve months are listed below

#### 4.2.1 Property, plant and equipment, intangibles (including goodwill)

Implenia has property, plant and equipment with a carrying amount of CHF 222.6 million, goodwill carried at CHF 69.2 million and other intangibles carried at CHF 6.1 million. These assets are reviewed annually for impairment as described above. To decide whether an impairment has occurred, estimates are made of future forecast cash flow from the use and potential sale of these assets. Actual cashflows may differ significantly from the future discounted cash flows based on these estimates. Factors such as changes in the planned use of buildings, machinery and installations, technical obsolence or lower than forecast sales may shorten the useful life or require an impairment. Changes in the discount rates used may also result in impairments.

#### 4.2.2 Employee benefit plans

Group employees are members of benefit schemes which are treated as defined benefit plans under IAS 19. The calculation of assets held by and liabilities owed to these schemes recognised in the balance sheet are based on statistical and actuarial calculations carried out by actuaries. The net present value of defined benefit liabilities is heavily dependent on assumptions such as the discount rate used to calculate the net present value of future pension liabilities, future salary increases and increases in employee benefits. Actuaries independent from the Group also use statistical data such as probability of leaving and member mortality for their assumptions. Actuarial assumptions may differ substantially from the actual results owing to changes in market conditions and the economic environment, higher or lower leaving rates, longer or shorter lifespans among members and other estimated factors. These differences may affect the values of the assets held by and liabilities owed to employee benefit schemes recognised in the balance sheet in future reporting periods.

5	Segment re	eporting
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Segment reporting as submitted to the Board of Directors:

as at 31.12.2009										
	Gen. con./ services	Real Estate		-	Tunnel + TC Construction Works	Infrastructure Construction Works	Global Solutions	Total	Misc./ Holding Co.	Total
	CHF 1,000	CHF 1,000		-	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Segment revenues	1,111,342	127,413			136,926	1,123,329	6,121	2,505,131	55,450	2,560,581
Intergroup revenues	(42,106)	(25,624)		-	(13,109)	(148,003)	(3,148)	(231,990)	(48,756)	(280,746)
External revenues	1,069,236	101,789		-	123,817	975,326	2,973	2,273,141	6,694	2,279,835
of which services	1,004,593	21,833		_	123,604	965,340	2,973	2,118,343	6,691	2,125,034
of which goods	64,643	79,956		-	213	9,986		154,798	3	154,801
Operating income before non-recurring items, as calculated internally	17,448	21,407	>	>	24,381	24,639	(7,904)	79,971	(4,437)	75,534
Operating income includes:				-			<del></del>			
Depreciation on property, plant and equipment									_	(34,769)
Writedowns on financial assets									_	(2,001)
Income from associates									_	4,160
Income from disposals of subsidiaries									_	_
Investments in property, plant and equipment and intangible assets	126	218		-	3,804	32,155		36,303	389	36,692
Total assets	552,105	227,338			132,871	698,092	5,069	1,615,475	(233,681)	1,381,794
Total liabilities	(423,894)	(84,712)	>	>	(73,687)	(540,414)	(22,513)	(1,145,220)	189,766	(955,454)
Total equity	(128,211)	(142,626)	,	-	(59,184)	(157,678)	17,444	(470,255)	43,915	(426,340)

### Segment reporting (continued)

Segment reporting as submitted to the Board of Directors:

as at 31.12.2008										
	Gen. con./ services	Real Estate		_	Tunnel + TC Construction Works	Infrastructure Construction Works	Global Solutions	Total	Misc./ Holding Co.	Total
	CHF 1,000	CHF 1,000		_	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Segment revenues	1,127,914	101,824			151,663	1,114,508	6,342	2,502,251	41,633	2,543,884
Intergroup revenues	(33,650)	(17,505)		_	(1,772)	(151,915)	(3,518)	(208,360)	(34,169)	(242,529)
External revenues	1,094,264	84,319		_	149,891	962,593	2,824	2,293,891	7,464	2,301,355
of which services	1,119 264	22,376		_	149,667	948,592	2,824	2,242,723	7,460	2,250,183
of which goods		60,053		_	224	14,001		74,278	4	74,282
Operating income before non-recurring items, as calculated internally	15,467	10,295	>	>	26,450	24,370	(6,632)	69,950	(7,839)	62,111
Operating income includes:				_						
Depreciation on property, plant and equipment	<del></del>								<del>-</del>	(36,275)
Writedowns on financial assets	_								_	(52)
Income from associates									_	3,807
Income from disposals of subsidiaries	_								-	11,374
Investments in property, plant and equipment and intangible assets	1,297	4,081		-	1,359	30,585		37,322	845	38,167
Total assets	333,964	184,218			58,252	651,464	1,587	1,229,485	133,221	1,362,706
Total liabilities	(404,710)	(26,317)		-	(86,674)	(321,800)	(2,661)	(842,162)	(95,416)	(937,578)
Total equity	70,746	(157,901)	>	> -	28,422	(329,664)	1,074	(387,323)	(37,805)	(425,128)

#### 5 Segment reporting (continued)

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Reconciliation of total segment assets to total assets	1,381,794	1,362,706
IFRIC 15 restatement	_	(1,890)
Total assets	1,381,794	1,360,816
Reconciliation of total segment liabilities to total liabilities	(955,454)	(937,578)
IFRIC 15 restatement	<u>-</u>	_
Total current and non-current liabilities	(955,454)	(937,578)
Operating income before non-recurring items, as calculated internally  Non-recurring costs Laxey	75,534 (2,405)	62,111 (1,947)
Reconciliation of operating income before non-recurring costs to consolidated profit		
	- <del></del> -	(1,947)
Amortisation of intangibles (net of tax)	(2,075)	(3,052)
Operating income Privera	<u> </u>	339
Proceeds from sale of Privera	<u> </u>	11,374
Litigation	(1,000)	(4,117)
Non segment-specific provisions		(3,815)
Pension costs	(2,411)	_
IFRIC 15 restatement	-	(1,890)
Operating income	67,643	59,003
Operating income		
Financial expense	(7,173)	(11,962)
	(7,173) 2,163	
Financial expense	·	3,015
Financial expense Financial income	2,163	(11,962) 3,015 50,056 (10,073)

Implenia AG is domiciled in Switzerland. Revenues from third parties in Switzerland amounted to CHF 2,194 million (2008: CHF 2,228 million). Revenues generated abroad came to CHF 86 million (2008: CHF 96 million). Non-current assets located in Switzerland (excluding financial instruments and deferred taxes capitalised) as at 31.12.09 were CHF 347.7 million (2008: CHF 355.6 million). Non-current assets located abroad (excluding financial instruments and deferred taxes capitalised) as at 31.12.09 were CHF 7.7 million (2008: CHF 10.1 million).

Revenues of CHF 48.2 million (2008: CHF 4.5 million) were generated with the Verkehr und Infrastruktur (vif) authorities. This customer comes under the Infrastructure Construction Works segment.

#### 6 Staff expenses

	31.12.2008
CHF 1,000	CHF 1,000
458,526	479,957
62,830	65,389
36,748	37,877
10,976	10,815
46,752	50,881
23,996	25,047
639,828	669,966
	458,526 62,830 36,748 10,976 46,752 23,996

#### 7 Profit sharing scheme

#### 7.1 Staff scheme

On 4 December 2008, the Board of Directors decided to suspend until further notice the purchasing campaign for employee shares. Therefore no costs are charged to the income statement in the 2009 financial year. In the previous year, the difference between the market price of CHF 32.50 per share on average and the preferential price of CHF 19.95 per share was charged to the income statement.

	2009	2008
	CHF 1,000	CHF 1,000
Number of shares subscribed	-	61,862
Amount expensed in the financial year		776

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

#### 7.2 Executive scheme

Group managers benefit from a profit-sharing scheme in Implenia AG shares. Depending on the achievement of targets, the Board of Directors may decide to allocate shares free of charge or at a preferential price. 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 market value of the shares at the time of allocation, 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 2009, shares reserved for managers were estimated at a price of CHF 29.00 per share (2008: CHF 29.00 per share).

		2009	2008
Allocation of shares for the previous year	Number	81,039	76,343
Allocation of shares for the previous year	CHF 1,000	1,959	2,382
Estimated cost for the previous year	CHF 1,000	(2,200)	(2,456)
Estimated cost for the current year	CHF 1,000	1,731	2,200
Amount charged to the financial year	CHF 1,000	1,490	2,126

#### 7.3 Shares for board members

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

		2009	2008
Allocation of shares	Number	5,863	3,840
Allocation of shares for the previous year	CHF 1,000	152	124
Estimated cost for the previous year	CHF 1,000	(118)	(126)
Estimated cost for the current year	CHF 1,000	108	118
Amount charged to the financial year	CHF 1,000	142	116

8 Of	ther c	peratir	ıg ex	penses
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	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Rent	51,601	47,825
Maintenance and repairs	22,768	24,748
Insurance	5,495	5,000
Administration costs and consultants	16,219	19,138
Office expenses and communications	17,562	17,903
Taxes and fees	5,818	5,558
Marketing/advertising and other administration costs	7,421	12,888
Other operating expense		335
Total	126,887	133,395
	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Net financial expense		CHF 1,000
Net financial expense Interest expense		
·	CHF 1,000	7,219
Interest expense	CHF 1,000	7,219 404
Interest expense Bank charges	3,167 503	7,219 404 368
Interest expense Bank charges Financial guarantees fixed costs	3,167 503 751	7,219 404 368 2,427
Interest expense Bank charges Financial guarantees fixed costs Other financial expense	3,167 503 751 2,452	7,219 404 368 2,427 1,544 11,962
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses	3,167 503 751 2,452	7,219 404 368 2,427 1,544
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses Total  Net financial income	3,167 503 751 2,452	7,219 404 368 2,427 1,544 11,962
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses Total  Net financial income	3,167 503 751 2,452 300 7,173	7,219 404 368 2,427 1,544 11,962
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses Total  Net financial income Interest income	3,167 503 751 2,452 300 7,173	7,219 404 368 2,427 1,544 11,962 1,491 663
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses Total  Net financial income Interest income Income from marketable securities Other financial income	3,167 503 751 2,452 300 7,173	7,219 404 368 2,427 1,544
Interest expense Bank charges Financial guarantees fixed costs Other financial expense Foreign exchange losses Total  Net financial income Interest income Income from marketable securities	3,167 503 751 2,452 300 7,173  851 632 469	7,219 404 368 2,427 1,544 11,962 1,491 663 209

#### 10 Taxes

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Profit before tax		
Switzerland	64,975	53,763
Abroad	(2,342)	(1,817)
Total profit before tax	62,633	51,946*
Current and deferred tax expense		
Switzerland	5,186	2,105
Abroad	1,390	778
Total current tax expense	6,576	2,883
Switzerland	9,133	7,181
Abroad	(131)	9
Total deferred tax expense	9,002	7,190
Total tax	15,578	10,073
Tax charge in %	24.9%	19.4%

<sup>\*</sup> before IFRIC 15 restatement (see explanations under 2.1)

### Analysis of tax rate

The following elements explain most of the differences between the expected Group tax rate (the weighted average tax rate, based on the pre-tax profit of each Group company) and the effective tax rate:

	2009	2008
	%	%
Expected tax rate from business units	21.7%	21.2%
Effect of non-taxable or non-deductible expenses	0.9%	-0.5%
Effect of non-capitalized tax losses arising during the year	2.6%	2.1%
Effect of the change in the applicable tax rate (in certain cantons)	0.5%	-2.1%
Effect of the use of non-capitalized tax losses carried forward		-0.8%
Prior-year and other items	-0.8%	-0.5%
Effective tax rate from business units	24.9%	19.4%

#### 11 Cash and cash equivalents

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
398	312
113,746	112,911
14,605	5,141
128,749	118,364
	14,605

"Bank and Post Office accounts" includes CHF 2.4 million (2008: CHF 2.9 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.

#### 12 Marketable securities

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
661	798
381	266
1,042	1,064
	CHF 1,000 661 381

#### 13 Trade receivables

3	1.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Customers	338,714	327,319
Joint ventures	49,597	51,690
Associates	999	1,780
Related parties	683	683
Guarantee retentions	31,513	25,271
Value adjustment for doubtful receivables	(12,603)	(12,539)
Total	408,903	394,204
of which pledged		

Allowance is made for receivables that are in arrears by taking specific and general value adjustments calculated using current experience. Past experience has shown that this risk can be regarded as minor. The valuation allowance account is only used for trade receivables. For all other items, impairments are taken directly.

#### Value adjustment for doubtful receivables

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
1 January	12,539	11,493
Applied	8,301	4,873
Added	(1,685)	(66)
Reversed	(6,552)	(3,713)
Moves due to changes in the scope of consolidation		(48)
Total 31 December	12,603	12,539

#### 13 Trade receivables (continued)

Age breakdown of receivables 2009

	Total			Over	due	
	book value			31-60	61-90	
	31.12.09	Not due	<30 days	days	days	>90 days
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Customers	338,714	216,794	31,290	12,411	9,804	68,415
Joint ventures	49,597	26,172	4,281	3,577	3,336	12,231
Associates	999	694	9			296
Related parties	683	_	_	_	_	683
Total	389,993	243,660	35,580	15,988	13,140	81,625
Guarantee retentions	31,513					
Value adjustment for doubtful receivables	(12,603)					
Total	408,903					

The total of overdue receivables amounts to CHF 146.3 million (2008: CHF 163.6 million). With regard to the trade receivables that have not been impaired and are not in arrears there are no indications at the balance sheet date that the customers will not be able to meet their financial obligations.

Age breakdown of receivables 2008

	Total			Over	due	
	book value			31-60	61-90	
	31.12.08	Not due	<30 days	days	days	>90 days
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Customers	327,319	195,424	48,221	22,705	9,721	51,248
Joint ventures	51,690	21,108	6,085	5,300	2,467	16,730
Associates	1,780	1,252	77	(4)	452	3
Related parties	683	59	17	399	59	149
Total	381,472	217,843	54,400	28,400	12,699	68,130
Guarantee retentions	25,271					
Value adjustment for doubtful receivables	(12,539)					
Total	394,204					

#### 14 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, and provisions for losses on the order book and work in progress.

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Margins and costs incurred from the start of projects, and future		
losses related to work in progress	5,122,058	3,142,241
Invoiced to customers since the start of the project	(5,352,674)	(3,340,784)
Net receivables from customers (net debt owed to customers)	(230,616)	(198,543)
Presentation in balance sheet (allocation by project)		
Work in progress – Assets (receivables due from customers)	246,836	223,533
Work in progress – Liabilities (amount owed to customers)	(477,452)	(422,076)
Balance sheet item	(230,616)	(198,543)
	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Information on construction contracts		
Contract revenue recognised in the period	2,048,585	2,073,254
Advance payments received	138,736	109,029
Guarantee retentions	31,513	25,271
· · · · · · · · · · · · · · · · · · ·		

#### 15 Joint ventures

Initial measurement of joint ventures is at cost. In subsequent years, the carrying amount is increased by the proportional share of profits and reduced by the proportional share of losses by affecting net income. Distributions to Implenia by joint ventures reduce the carrying amount of the partnerships, contributions made by Implenia increase the carrying amount by not affecting net income. Depending on the situation, the result is a receivable or a liability, which is recognised on the appropriate side of the balance sheet.

	Net asset	Net asset	Net liability	Net liability
	2009	2008	2009	2008
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 1.1	13,642	34,886	54,968	70,517
Change	(11,029)	(21,244)	(9,855)	(15,549)
Total as at 31.12	2,613	13,642	45,113	54,968

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
2,613	13,642
(45,113)	(54,968)
49,597	51,690
(2,753)	(1,668)
4,344	8,696
	2,613 (45,113) 49,597 (2,753)

Implenia's share in joint venture assets, liabilities, revenue and expenses is as follows:

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Current assets	337,401	339,959
Non-current assets	80,154	69,815
Total assets	417,555	409,774
Current liabilities	361,382	267,104
Non-current liabilities	10,981	88,486
Equity	45,192	54,184
Total equity and liabilities	417,555	409,774
Revenue	3,055,527	488,210
Expenses	(3,010,335)	(468,053)
Result	45,192	20,157

The shares of assets, liabilities and net income shown have not been valued and accounted for according to Implenia's accounting policies.

Partners are jointly and severally liable for any joint venture debts unless otherwise agreed.

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Joint and several liability of partners in joint ventures	214,785	211,363
Major joint ventures in terms of share of total assets and revenue	Share	
Consorzio TAT Tunnel Alp Transit Ticino	25.0%	
ARGE Transco Gottardo Sedrun	40.0%	
ARGE Tunnel Weinberg ATW	45.0%	
Groupement Marti-Implenia (Nant de Drance, Emosson)	50.0%	
ARGE 2.1 Bahnhof Löwenstrasse	31.0%	

#### 16 Other receivables

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
868	975
3,297	2,428
1,508	3,877
8,475	11,837
6,661	8,845
20,809	27,962
	CHF 1,000 868 3,297 1,508 8,475 6,661

#### 7 Raw materials

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
20,754	20,263
	_
20,754	20,263
	20,754 20,754 20,754

In 2009, the cost of raw materials taken to income in the consolidated financial statements amounted to CHF 276 million (2008: CHF 272 million). Stock is divided virtually equally between raw materials and ancillary products. The cost of value adjustments for the current year is CHF 0 (2008: CHF 0). No value adjustments were reversed (2008: none).

#### 18 Real estate transactions

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Cost of acquisition as at 1.1	196,417	205,044
Additions	88,317	69,257
Disposals	(103,104)	(67,961)
Acquisition projects fully written down	_	(5,326)
Reclassifications	_	111
Transfer operating premises	_	(1,597)
Change in scope of consolidation	_	(511)
Foreign exchange differences	(74)	(2,600)
Cumulative cost of acquisition	181,556	196,417
Cumulative value adjustments as at 1.1	(16,260)	(36,995)
Additions	_	(21)
Disposals	3,434	15,541
Acquisition projects fully written down	_	5,326
Reclassifications	_	(111)
Foreign exchange differences	2	_
Cumulative value adjustments	(12,824)	(16,260)
Net carrying amount	168,732	180,157
of which pledged	19,691	17,116
of which capitalised borrowing expense		600
The gain/loss on real estate sales during the period is as follows:		
Sale proceeds	136,823	61,943
Carrying amount of assets sold	(99,670)	(52,420)
Gain/loss on real estate	37,153	9,523

(excluding the expense of the Real Estate segment)

### 19 Property, plant and equipment

	Property	Plant	Equipment, IT	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2009				
Cost of acquisition at 1.1.09	131,752	46,775	239,435	417,962
Additions	6,711	1,837	27,873	36,421
Disposals	(3,808)	(442)	(23,279)	(27,529)
Reclassifications	506	152	(658)	_
Transfers of real estate		_		
Change in scope of consolidation		_		_
Foreign exchange differences	(6)	_	(11)	(17)
Cumulative cost of acquisition as at 31.12.09	135,155	48,322	243,360	426,837
Cumulative write downs as at 1.1.09	(42,268)	(23,714)	(124,930)	(190,912)
Additions	(5,122)	(2,924)	(27,690)	(35,736)
Disposals	425	420	21,531	22,376
Reclassifications	(182)	(121)	303	_
Transfers real estate		_		_
Change in scope of consolidation		_		
Foreign exchange differences	1	_	8	9
Cumulative write downs as at 31.12.09	(47,146)	(26,339)	(130,778)	(204,263)
Net carrying amount as at 31.12.09	88,009	21,983	112,582	222,574
of which finance leases			2,247	2,247
of which pledged	35,406			35,406
of which under construction	5,806	_		5,806

### 19 Property, plant and equipment (continued)

	Property	Plant	Equipment, IT	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2008				
Cost of acquisition at 1.1.08	138,523	41,838	246,443	426,804
Additions	6,534	5,878	25,607	38,019
Disposals	(9,874)	(3,427)	(25,282)	(38,583)
Reclassifications	(3,060)	3,060		
Transfers real estate	2,737	_		2,737
Change in scope of consolidation	(2,842)	_	(5,345)	(8,187)
Foreign exchange differences	(266)	(574)	(1,988)	(2,828)
Cumulative cost of acquisition as at 31.12.08	131,752	46,775	239,435	417,962
Cumulative write downs as at 1.1.08	(45,616)	(24,961)	(125,130)	(195,707)
Additions	(5,052)	(2,544)	(28,679)	(36,275)
Disposals	8,396	3,426	23,713	35,535
Reclassifications	_	_		_
Transfers real estate	(1,370)	_		(1,370)
Change in scope of consolidation	1,319	_	4,051	5,370
Foreign exchange differences	55	365	1,115	1,535
Cumulative write downs as at 31.12.08	(42,268)	(23,714)	(124,930)	(190,912)
Net carrying amount as at 31.12.08	89,484	23,061	114,505	227,050
of which finance leases	_	_	7,985	7,985
of which pledged	40,698			40,698
of which under construction				

In 2009 no interest was capitalised under the position "Property, plant and equipment" (2008: none).

#### 19 Property, plant and equipment (continued)

#### Leasing agreements where the Group is lessee.

Finance leases: Future minimum lease instalments for non-terminable leases:

		Future minimum lease instalment		value instalment		
	2009	<b>2009</b> 2008		<b>2009</b> 2008 <b>20</b>		2008
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000		
Less than 1 year	526	2,235	478	2,107		
Between 2 and 5 years	431	955	376	852		
Total	957	3,190	854	2,959		

Operating leases: Future minimum lease instalments for non-terminable leases:

	Future minimum lease ir	Future minimum lease instalment		
	2009	2008		
	CHF 1,000	CHF 1,000		
Less than 1 year	17,398	16,092		
Between 2 and 5 years	54,672	47,187		
Between 6 and 9 years	17,539	21,535		
Total	89,609	84,814		

Subsidiaries have entered into numerous operating leases, mainly for the short-term rental of construction machinery. Total expense for operating leases was TCHF 51,600 (2008: TCHF 46,566).

#### 20 Investments in associates

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Carrying amount as at 1.1	34,757	31,481
Additions	1,293	2,879
Disposals	(872)	(612)
Reclassification	55	424
Share in earnings of associated companies	4,160	3,807
Dividends received	(3,116)	(3,123)
Foreign exchange differences	(3)	(99)
Carrying amount as at 31.12	36,274	34,757
of which pledged		

#### Balance sheets and income statements of associates:

31.12.2009	31.12.2008
CHF 1,000	CHF 1,000
239,316	200,654
(120,898)	(105,749)
118,418	94,905
211,013	190,273
(194,486)	(175,833)
16,527	14,440
	CHF 1,000 239,316 (120,898) 118,418 211,013 (194,486)

The figures shown are the overall balance sheet and income statement positions and not only Implenia's share in these positions.

The five most important associates are:

- MOAG Baustoffe Holding AG, Mörschwil
- Reproad AG, Bremgarten
- Catram AG, Chur
- Argobit AG, Schafisheim
- SEBAL Belagswerk Biel-Büttenberg (EG)

A list of associates can be found in note 36.

#### 21 Other financial investments

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Carrying amount as at 1.1	20,165	22,191
Acquisitions	3,539	(9)
Disposals	(5,893)	(240)
Reclassifications	(55)	(447)
Valuation adjustments	(2,001)	(52)
Change in scope of consolidation		6,529
Foreign exchange differences		(7,807)
Carrying amount as at 31.12	15,755	20,165
Weighted effective interest rate	2.6%	1.5%
Breakdown		
Shareholdings in unlisted companies	4,923	3,322
Loans*	10,810	14,890
Other financial investments	22	1,953
Carrying amount as at 31.12	15,755	20,165
of which pledged		

<sup>\*</sup> Carrying amount approximates to fair value.

### 22 Intangible assets

		Licences		Customer		
		and		list and		
	IT Projects	software	Trademarks	order book	Goodwill	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2009						
Cost of acquisition at 1.1.09	3,812	3,395	2,881	13,290	69,193	92,571
Additions	_	271	_	_	_	271
Disposals	_	_	_	_	_	-
Cumulative cost of acquisition as at 31.12.09	3,812	3,666	2,881	13,290	69,193	92,842
	3,012	3,000	2,001	13,230	03,133	32,012
Cumulative write downs as at 1.1.09	(3,600)	(3,110)	(2,282)	(6,391)	_	(15,383)
Additions	(212)	(219)	(200)	(1,559)		(2,190)
Disposals						_
Cumulative write downs as at 31.12.09	(3,812)	(3,329)	(2,482)	(7,950)		(17,573)
31.12.03	(3,612)	(3,323)	(2,402)	(7,930)		(17,575)
Net carrying amount as at						
31.12.09	_	337	399	5 340	69,193	75,269
of which pledged		_	_			
of which with unlimited useful life					69,193	69,193
Residual life (years)	_	2	2	4	n.a.	_

#### **22 Intangible assets** (continued)

		Licences		Customer		
	IT Projects	and software	Trademarks	list and order book	Goodwill	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.08	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Cost of acquisition at 1.1.08	3,962	3,443	2,884	13,230	71,948	95,467
Additions		148				148
Disposals	(150)	(112)				(262)
Reclassifications	_	(84)	(3)	60	_	(27)
Change in scope of consolidation					(2,755)	(2,755)
Cumulative cost of acquisition as at 31.12.08	3,812	3,395	2,881	13,290	69,193	92,571
Cumulative write downs as at 1.1.08	(2,479)	(3,018)	(2,086)	(4,747)	_	(12,330)
Additions	(1,271)	(197)	(199)	(1,583)		(3,250)
Disposals	150	21	_	_	_	171
Reclassifications		84	3	(61)		26
Change in scope of consolidation						
Cumulative write downs as at 31.12.08	(3,600)	(3,110)	(2,282)	(6,391)		(15,383)
Net carrying amount as at 31.12.08	212	285	599	6,899	69,193	77,188
of which pledged						
of which with unlimited useful life					69,193	69,193
Residual life (years)	1	2	3	5	n.a.	n.a.

#### **Examination of goodwill for impairment**

Capitalised goodwill is the positive difference between the cost of acquisition and the fair value of 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. The goodwill resulting from the acquisition of Batigroup is allocated across the relevant areas created by the internal reorganisation.

The realisable value of a cash-generating unit is determined by calculating its value in use by means of the discounted cash flow method. This calculation is based on the 2010 budget and the projected cash flows derived from the 2011–2012 business plan approved by management. Subsequent years' cash flows are estimated based on the growth rates shown below.

Goodwill is distributed between the cash-generating units as follows:

	31.12.2009	Change	31.12.2008
	CHF 1,000	CHF 1,000	CHF 1,000
Implenia Construction AG – Infrastructure	12,835	-	12,835
Implenia Construction AG – Tunnels and TC	15,596	_	15,596
Implenia Generalunternehmung AG	30,467	_	30,467
Reuss Engineering AG	10,295		10,295
Total	69,193	_	69,193

Assumptions for the calculation of value in use:

	Implenia E	Implenia Bau AG		
	Implenia Bau AG Infrastructure	Implenia Bau AG Tunnel/TC	Implenia Gen. Con. AG	Reuss Eng. AG
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Gross margin	6.9%	10.0%	4.6%	27.0%
Discount rate, pre-tax	7.4%	10.1%	10.1%	9.9%
Post-business plan growth rate	1.0%	1.0%	1.0%	0.5%

Management has 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.

Goodwill was tested for impairment; none was found necessary.

**CONSOLIDATED FINANCIAL STATEMENTS OF THE IMPLENIA GROUP** 

## Notes to the consolidated financial statements of Implenia

#### 23 Current and non-current financial liabilities

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
As at 1.1	81,677	164,425
Additions	647,876	451,781
Disposals	(686,700)	(532,870)
Change in scope of consolidation		(1,659)
Total financial liabilities	42,853	81,677
Due dates:		
Curent financial liabilities (less than one year)	42,180	80,342
Non-current financial liabilities (between 2 and 5 years)	673	1,335
Total financial liabilities	42,853	81,677
of which finance leases	854	2,959

On 12 August 2009 a new syndicated loan agreement running to 30 September 2012 was signed with UBS AG of Zurich as lead manager, which replaced the existing agreement with effect from 30 September 2009. The facility for CHF 600 million, split between a cash limit of CHF 250 million and a limit for the issue of guarantees of CHF 350 million.

In addition, Implenia has bilateral loan agreements worth more than CHF 34.5 million.

#### 24 Current and non-current provisions

	Perform-				Repair		
	ance				and		
	guaran-	Onerous	Integra-		legacy	0.1	
	tees	contracts	tion costs	Litigation	claims	Others	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2009							
Balance as at 1.1.09	3,402	849	606	3,804	1,594	780	11,035
Added	377			1,000	220	290	1,887
Applied	(6)	(45)		(52)	(43)	(65)	(211)
Reversed	(84)	(229)	(84)	(1,139)		(550)	(2,086)
Reclassifications			(522)			522	_
Foreign exchange differences	(1)					(1)	(2)
Total provisions 31.12.09	3,688	575		3,613	1,771	976	10,623
of which non-current							
31.12.08							
Balance as at 1.1.08	995		1,999	2,883	1,293	1,025	8,195
Added	3,000	1,424	65	1,455	710	337	6,991
Applied	(447)		(1,192)			(200)	(1,839)
Reversed	(31)	(575)		44	(409)	(249)	(1,220)
Reclassifications							_
Change in scope of consolidation	(33)		(226)	(575)		(67)	(901)
Foreign exchange differences	(82)		(40)	(3)		(66)	(191)
Total provisions 31.12.08	3,402	849	606	3,804	1,594	780	11,035
of which non-current		_	606	_	_	_	606

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 2009, Implenia 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.

The provisions for litigation mainly relate to litigation cases of inactive companies.

The provision for repair and legacy claims relates to future repair costs of real estate, primarily gravel pits after they have been fully exploited. Two new provisions have been created for repair costs of real estate.

#### 25 Pension assets

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Holdings as at 1 January	6,596	8,776
Booked pension expense	(35,997)	(36,977)
Employer contributions	34,578	34,797
Total	5,177	6,596

In accordance with IFRS, pension arrangements are shown as being defined contribution schemes if the Group pays fixed contributions to a separate fund or external financial institution and there are no statutory or effective obligations to make any further contributions. All other pension arrangements are treated as defined benefit schemes, even if the Group's potential obligations are small or the probability of their being incurred is low. Consequently, most Group pension arrangements are classified in these consolidated annual financial statements as defined benefit schemes, since corresponding legal or constructive obligations apply in Switzerland.

#### **Defined benefit plans**

The largest defined benefit plan is in Switzerland. The plan is financed by contributions from the employer and from employees. The plan takes the form of an independant foundation.

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Defined benefit plan: Expense		
Net service cost	21,277	40,717
Amortisation of unrecognised net (gain)/loss	8,830	_
Expected return on plan assets	(35,328)	(43,656)
Interest expense	41,218	39,916
Total expense taken to the income statement	35,997	36,977

Income received on plan assets in 2009 was CHF 123.4 million.

Qualified independent actuaries carry out regular assessments and conduct an annual valuation as at the reporting date. The separate pension plans take the form of foundations independent of the Group. The net assets or liabilities shown in the balance sheet are the over or underfunding of the pension plan, adjusted for past service cost that has not been taken into account.

Amounts carried in the balance sheet for the defined benefit plan are predominantly long term in nature and are reported under non-current assets or liabilities.

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Defined benefit plan: financing		
Market value of plan assets	1,149,830	1,013,295
Defined benefit obligations	(1,326,694)	(1,213,529)
Underfunding	(176,864)	(200,234)
Unrecognised actuarial gains/losses	182,041	206,830
Net asset	5,177	6,596

Detailed information on the assets of the pension plan and defined benefit obligations are shown below:

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Defined benefit plan: Market value of plan assets		
As at 1 January	1,013,295	1,235,845
Expected return on plan assets	35,328	43,656
Actuarial gains/losses	96,786	(212,684)
Employer contributions	34,578	34,797
Employee contributions	29,466	31,354
Past service cost	(59,623)	(119,673)
As at 1 January	1,149,830	1,013,295

No company shares are included in the market value of plan assets.

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Defined benefit plan: defined benefit obligations		
As at 1 January	(1,213,529)	(1,271,097)
Current service cost	(21,277)	(40,717)
Interest expense	(41,218)	(39,916)
Employee contributions	(29,466)	(31,354)
Actuarial gains and losses	(80,827)	49,882
Past service cost	59,623	119,673
As at 31 December	(1,326,694)	(1,213,529)

Estimated employer contributions for 2010 are CHF 34.5 million.

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## Notes to the consolidated financial statements of Implenia

#### 25 Pension assets (continued)

#### **Actuarial assumptions**

Actuarial assumptions are forecast estimates of the variables which determine the ultimate cost of supporting the defined benefit plan. The estimates are set by management every year. The actuarial assumptions include demographic forecasts of mortality and staff revenue. Financial assumptions such as salary increases, the interest rate and the capital market yield are also taken into account.

The financial assumptions are based on market expectations for the period over which the obligations are met. The following assumptions are used for the most important defined benefit plan:

	2009	2008
	%	%
Discount rate	3.25%	3.50%
Expected return on plan assets	3.50%	3.50%
Forecast salary increases	1.25%	1.25%
Inflation	1.25%	1.25%
Future pension increases	0.00%	0.00%

Discount rates based on the market yield of prime industrial bonds are used to calculate the net present value of defined benefit obligations. The expected return on plan assets is based on market forecasts of the expected return on the assets of the independent pension plan, bearing in mind the maturity of the corresponding liability. The calculation includes assumptions about expected dividend and interest income, realised and unrealised gains on plan assets and tax, plus administration costs borne by the plan. The assumptions are based on long-term market forecasts.

Forecast salary increases are based on the latest estimates and historical trends at Group companies. They are applied to calculate the defined benefit obligations and the current service cost recognised in the income statement.

	31.12.2009	31.12.2008
	%	%
Breakdown of plan assets		
Real Estate	16.3%	17.2%
Swiss equities	11.1%	10.7%
Foreign equities	17.2%	9.4%
Swiss bonds	35.7%	38.2%
Foreign bonds	16.6%	18.1%
Cash and cash equivalents	3.1%	6.4%

The plan assets do not include any equity and equity-index instuments of Implenia AG (2008: CHF 1 million). Moreover, the pension fund assets include real estate used by Implenia worth CHF 19.9 million (2008: CHF 19.9 million).

	2009	2008	2007	2006
Multi-year figures	CHF million	CHF million	CHF million	CHF million
Market value of plan assets	1,150	1,013	1,236	1,194
Present value of liabilities	(1,327)	(1,214)	(1,271)	(1,222)
Underfunding	(177)	(200)	(35)	(28)
Experience adjustments to plan assets	88	(213)	(8)	22
Experience adjustments to liabilities	(19)	42		42

#### The Foundation for Flexible Retirement (FAR): a defined contribution scheme

Implenia's Industrial staff subject to the collective employment agreement may take voluntary 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 scheme.

The FAR prepares its accounts in accordance with Swiss pension legislation. On this basis, as at 30.06.2009 the FAR had a reserve ratio of 100.7% (June 2008: 95.1%). Implenia does not anticipate any payment obligations beyond contributions initially planned. In 2009, Implenia paid the FAR contributions totalling CHF 11.0 million (2008: CHF 10.8 million).

#### 26 Deferred tax assets and liabilities

				>	>						
Deferred tax assets											
	Property, plant		Retirement ben-				ax losses brought				
	and equipment	Intangibles	efit obligations			Inventories	forward	Work in progress	Provisions	Other items	Total
	CHF 1,000	CHF 1,000	CHF 1,000			CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 1.1.08	_	_	-			_	953	_	_	_	953
Debited/credited to net income		_					1,542				1,542
Carrying amount as at 31.12.09		_					2,495				2,495
As at 1.1.08	_	_	_			_	2,588	_	_	_	2,588
Debited/credited to net income							(1,635)				(1,635)
Carrying amount as at 31.12.08		_		>	>		953				953
Deferred tax liabilities		Property, plant	Intangibles	>	>	Retirement ben- efit obligations	Inventories	Work in progress	Provisions	Other items	Total
		CHF 1,000	CHF 1,000			CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 1.1.09		4,842	1,211			1,434	1,091	3,145	3,998	4,034	19,755
Debited/credited to net income		187	11			(360)	67	7,380	1,219	2,040	10,544
Balance as at 31.12.09		5,029	1,222			1,074	1,158	10,525	5,217	6,074	30,299
As at 1.1.08		5,096	1,561			1,922	1,083	472	619	5,004	15,757
Debited/credited to net income		(254)	(265)			(488)	8	2,673	3,379	(589)	4,464
Other changes		_	(85)				_			(381)	(466)
Balance as at 31.12.08		4,842	1,211	>	>	1,434	1,091	3,145	3,998	4,034	19,755

The temporary differences between statutory accounts and IFRS values increased due to a change in statutory valuation. This led to the increase in deferred tax liabilities.

#### 26 Deferred tax assets and liabilities (continued)

Temporary differences without deferred tax		
	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Temporary differences where no deferred tax has been recognised, because they are permanent:		
Investments	210,631	164,154
Good on acquisitions	69,193	69,193

The gross amount of unused losses brought forward for which deferred tax claims have been capitalised and not capitalised break down by maturity as follows:

Not		Total	Not		Total
capitalised	Capitalised	31.12.2009	capitalised	Capitalised	31.12.2008
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1	_	1	1	1,058	1,059
	_		1		1
_	_	_	_	_	_
	9,324	9,324	_		
2	2,086	2,088	13,408		13,408
113,190	510	113,700	107,740	3,373	111,113
113,193	11,920	125,113	121,150	4,431	125,581
	CAPITALISED  CHF 1,000  1 2 113,190	capitalised         Capitalised           CHF 1,000         CHF 1,000           1         -           -         -           -         -           -         9,324           2         2,086           113,190         510	capitalised         Capitalised         31.12.2009           CHF 1,000         CHF 1,000         CHF 1,000           1         -         1           -         -         -           -         -         -           -         9,324         9,324           2         2,086         2,088           113,190         510         113,700	capitalised         Capitalised         31.12.2009         capitalised           CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000           1         —         1         1           —         —         —         1           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —         —           —         —         —	capitalised         Capitalised         31.12.2009         capitalised         Capitalised         Capitalised           CHF 1,000         CHF 1,000

Tax losses brought forward are capitalised when it is likely that taxable profits will be earned in future.

The non-capitalised tax-loss carryforwards in 2009 mainly affect subsidiaries outside Switzerland which no longer carry out any operational activity.

#### 27 Share capital

		Change		Change	
	31.12.2007	2008	31.12.2008	2009	31.12.2009
	Number of shares				
Total number of Implenia AG shares	18,472,000	_	18,472,000	-	18,472,000
Shares reserved for equity-linked					
remuneration	_	_	_	80,000	80,000
Unreserved treasury shares	52,563	111,380	163,943	1,282,241	1,446,184
Total treasury shares	52,563	111,380	163,943	1,362,241	1,526,184
Total shares outstanding	18,419,437	(111,380)	18,308,057	(1,362,241)	16,945,816

Due to the repositioning of the Implenia block of shares held by Laxey, Implenia bought CHF 30 million of its own shares (6.5% of share capital) on 26.11.2009.

All shares have been subscribed and fully paid up. As at 31 December 2009, all shares had voting rights and qualified for dividends with the exception of 1,526,184 treasury shares (2008: 163,943).

	31.12.2007	Change 2008	Change 2009 <b>31.12.2009</b>		
	Par value of shares	Par value of shares	Par value of shares	Par value of shares	Par value of shares
Share capital	83,124	(9,236)	73,888	(9,236)	64,652
Treasury shares	(237)	(419)	(656)	(4,686)	(5,342)
Total share capital outstanding	82,887	(9,655)	73,232	(13,922)	59,310

As at 31.12.2009, the par value of a share amounts to CHF 3.50 (31.12.2008: CHF 4.00).

#### 28 Earnings per share

		31.12.2009	31.12.2008
Data for calculating earnings per share:			
Net profit attritbutable to shareholders	CHF 1,000	45,918	39,078
Number of shares in circulation		16,945,816	18,308,057
Weighted average number of shares in circulation		17,959,908	18,314,569
Earnings per share (undiluted)	CHF	2.56	2.13
Earnings per share (diluted)	CHF	2.56	2.13

Undiluted earnings per share (EPS) are calculated by dividing the net income attributable to shareholders of Implenia AG by the weighted average number of shares outstanding during the period. The average number of Treasury shares held and acquired is deducted from the number of shares outstanding.

#### 29 Dividends per share

A par value repayment of CHF 0.50 per share was made in 2008 (2007: CHF 0.50 per share). The Board of Directors is proposing a par value repayment of CHF 0.70 for 2009 to the General Meeting to be held on 14.04.2010. The balance sheet shown as at 31.12.2009. does not reflect the proposed appropriation of 2009 earnings.

#### 30 Contingent liabilities

31.12.2009	31.12.2008
CHF million	CHF million
238.9	179.4
32.4	59.5
271.3	238.9
_	238.9 32.4

Implenia's contingent liabilities are mainly outstanding guarantees (tender, warranty and issued guarantees) for ongoing projects carried out for own account, projects in joint ventures and tax/law litigations.

#### Contractual capex obligations

	31.12.2009	31.12.2008
	CHF million	CHF million
Property, plant and equipment	0.4	_
Total	0.4	0.0

#### 31 Related party disclosures

According to the shareholder register, the following parties held more than 3% of share capital on the reporting date:

	31.12.2009	31.12.2008
	%	%
Group Parmino Holding AG/Max Rössler	15.9%	12.4%
Maag Rudolf	10.8%	_
EGS Beteiligungen AG	10.0%	
Group Ammann	8.4%	6.3%
Implenia Ltd.	8.2%	0.9%
Laxey Group	<3.0%	14.4%*
Russian Land Ltd.		2.8%

<sup>\*</sup> According to last disclosure notification Laxey Group held 34% on 31 December 2009.

The placing of the 51.9% of the share capital previously held by Laxey with a range of private and institutional shareholders from Switzerland and abroad was completed on 26 November 2009. Implenia now once again has a broad range of shareholders.

#### 31 Related party disclosures (continued)

#### Consolidated and associated companies

An overview of the major consolidated companies and associates is provided in notes 35 and 36. Transactions between subsidiaries and the parent company and between different subsidiaries are eliminated on consolidation. The following transactions took place between the Group and associates/joint ventures/staff pension plans:

	2009	2008
	CHF 1,000	CHF 1,000
Sales to related parties		
Associates	3,968	5,710
Companies influenced by officers or directors of the Company		3,891
Joint ventures	251,528	209,277
Purchases from related parties		
Associates	22,493	22,923
Companies influenced by officers or directors of the Company	6,329	2,423
Joint ventures	22,781	16,375
Receivable from related parties		
Associates	999	1,780
Companies influenced by officers or directors of the Company	683	683
Joint ventures	49,597	51,690
Owed to related parties		
Owed to related parties  Associates	4,595	5,258
·	4,595	5,258 264

#### Members of management in key positions

Members of the Board of Directors of Implenia AG receive annual compensation for their activities, with additional compensation for serving on board committees. Total compensation paid to the non-executive Board of Directors (excluding the Chairman) in 2009 was TCHF 872 (2008: TCHF 870).

The Group Management of Implenia AG receive compensation comprising an annual fixed salary, a variable compensation and reimbursement of expenses. The Chairman/CFO receives a fixed salary. The Group pays social security on the above compensation and pension fund contributions. The Board of Directors and senior managers also participate in certain share-based profit sharing schemes. The terms are shown in note 2.10.

Total compensation of TCHF 1,352 was paid to former members of Group Management.

#### Compensation paid to key staff

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Short-term benefits	6,296	6,215
Post-employment benefits	_	_
Other long-term benefits	394	491
Payments on termination of employment		_
Share-based payment	1,858	2,171
Total	8,548	8,877

#### 32 Details on consolidated cash flow statement

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Change in receivables	(7,546)	34,370
Changes in work in progress (net), raw materials	31,583	3,533
Change in real estate transactions	11,353	(16,816)
Changes in trade and other accounts payable	7,377	57,282
Change in accruals and deferred income	(12,086)	28,248
Total change in current assets	30,681	106,617

( hander	ın	othor	positions	WITHOUT	impact	$\alpha$ n	handity
CHandes	111			williout	IIIIDaci	OH	IIuuiuitv

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Result from associates	(4,215)	(3,802)
Change in other financial liabilities	2,056	52
Change in deferred tax	9,002	7,190
Change in provisions	(412)	3,932
Change in joint ventures	1,174	5,695
Change in other positions	201	3,049
Total change in other positions without impact on liquidity	7,806	16,116

#### Cash flow from operating activities

Cash flow is calculated using the indirect method, i.e. by adjusting consolidated profit for non-cash income and expense such as depreciation and amortisation. Operating cash flow also includes income tax paid on all activities.

#### Cash flow from investing activities

Cash flow from investing activities mainly includes consolidated cash flow from the purchase and sale of property, plant and equipment and intangibles and the purchase and sale of subsidiaries. It also includes cash flow from Implenia's other financial investments. Cash flow from investing activities shows the net cash reinvested in operating assets and the financial impact of disposals.

#### 32 Details on consolidated cash flow statement (continued)

#### Cash flow from financing activities

Cash flow from financing activities mainly includes payments under borrowings the Group has raised or paid back. Cash flow from financing activities shows the transactions which have taken place between the Group and its lenders.

#### 33 Events after the balance sheet date

The Board of Directors of Implenia AG approved these consolidated financial statements on 5.3.2010. On 5.3.2010 the Board of Directors proposed a par value repayment of CHF 0.70 per share, which will be submitted to the General Meeting to be held on 14.04.2010 for approval. If the resolution is approved, the total amount of the distribution will be CHF 12.9 million.

#### 34 Foreign exchange rates

		Income statement Average		Balance sheet (	Closing rate
	_	2009	2008	2009	2008
European Union	1 EUR	CHF 1.51	CHF 1.58	CHF 1.49	CHF 1.49
Ivory Coast	100 XOF	CHF 0.23	CHF 0.24	CHF 0.23	CHF 0.23
USA	1 USD	CHF 1.07	CHF 1.06	CHF 1.03	CHF 1.06
United Kingdom	1 GBP	CHF 1.66	CHF 1.95	CHF 1.66	CHF 1.53
Qatar	100 QAR	CHF 29.36	CHF 29.08	CHF 28.35	CHF 29.07

Name	Share- holding	Registered office	Country	Currency
Balduin Weisser Ltd.	100.0%	Basel	СН	CHF
Bâtiments industriels du Haut-Rhin Sàrl (Bâtirhin)	100.0%	Mülhausen	F	EUR
Développements transfrontaliers SA	100.0%	Lyon	F	EUR
Gebr. Ulmer GmbH	100.0%			EUR
Gravière de La Claie-aux-Moines S.A.	66.7%	Savigny	CH	CHF
Gust. Stumpf GmbH	100.0%	Bruchsal	D	EUR
Gust. Stumpf Verwaltungs GmbH & Co KG	100.0%	Bruchsal	D	EUR
Implenia (Tessin) Ltd.	100.0%	Lugano	CH	CHF
Implenia Bau AG	100.0%	Genf	CH	CHF
Implenia Bau GmbH	100.0%	Rümmingen	D	EUR
Implenia General Contractor Ltd.	100.0%	Basel	CH	CHF
Implenia Development Ltd.	100.0%	Dietlikon	СН	CHF
Implenia Global Solutions Ltd.	100.0%	Dietlikon	CH	CHF
Implenia Holding GmbH	100.0%	Rümmingen	D	EUR
Implenia Immobilien AG	100.0%	Dietlikon	CH	CHF
Implenia Investment Management Ltd.	100.0%	Dietlikon	CH	CHF
Implenia Italia S.p.A.*	95.0%	Basiliano		EUR
Implenia Management Ltd.	100.0%	Dietlikon	CH	CHF
Implenia Österreich GmbH	100.0%	Vienna	A	EUR
M.F. Wachter Bauunternehmung GmbH	100.0%	Stuttgart	D	EUR
Reprojet AG	100.0%	Zurich	CH	CHF
Reuss Engineering Ltd.	100.0%	Dietlikon	CH	CHF
SAPA, Société Anonyme de Produits Asphaltiques	75.0%	Satigny	CH	CHF
Sisag Ltd.	100.0%	Abidjan	CI	XOF
Socarco Mali Sàrl	100.0%	Bamako	RMM	XOF
Sonnrain Wohnbau GmbH	100.0%	Rümmingen	D	EUR
Strassen und Tiefbau AG	100.0%	Vaduz	FL	CHF
Stuag Bauunternehmung GmbH	100.0%	Rümmingen	D	EUR
Swiss Overseas Engineering Company	100.0%	Geneva	CH	CHF
Tetrag Automation Ltd.	100.0%	Dietlikon	СН	CHF
Trachsel AG	100.0%	Heimberg	СН	CHF
Zschokke Construction Sàrl	100.0%	Lyon	F	EUR
Zschokke Développement SA	100.0%	Lyon	F	EUR
Zschokke France SA	100.0%	Lyon	F	EUR
Zschokke GmbH Leipzig	100.0%	Leipzig	D	EUR
Zschokke Holding Deutschland GmbH	100.0%	Berlin	D	EUR
Zschokke Procédés Spéciaux Sàrl	100.0%	Lyon	F	EUR

>	Capital	Segment	Active/Inactive	Held by
1,	,750,000	Miscellaneous and Holding Company	Inactive	Implenia Immobilien AG
	195,000	Miscellaneous and Holding Company	Inactive	Implenia Ltd.
14	,663,800	Real Estate	Active	Implenia Development AG
	25,565	Miscellaneous and Holding Company	Inactive	Implenia Ltd.
1,	,500,000	Infra Construction Works	Active	Implenia Ltd.
1,	,533,876	Miscellaneous and Holding Company	Inactive	Implenia Holding GmbH
	511,292	Miscellaneous and Holding Company	Inactive	Implenia Ltd.
	150,000	Infra Construction Works	Active	Implenia Ltd.
40	,000,000	Infra + Tunnel, TC Construction Works + Global	Active	Implenia Ltd.
2	,556,459	Infra Construction Works	Active	Implenia Holding GmbH
20	,000,000	General Contracting/Services	Active	Implenia Ltd.
30	,000,000	Real Estate	Active	Implenia Ltd.
	100,000	Global Solutions	Active	Implenia Ltd.
3	,067,751	Infra Construction Works	Active	Implenia Immobilien AG
30	,600,000	Real Estate	Active	Implenia Ltd.
	100,000	Real Estate	Active	Implenia Ltd.
	250,000	Tunnel + TU Bauproduktion	Aktive	Implenia Bau AG
	500,000	Miscellaneous and Holding Company	Active	Implenia Ltd.
	35,000	Tunnel + TC Construction Works	Active	Implenia Ltd.
1,	,000,000	Miscellaneous and Holding Company	Inactive	Implenia Holding GmbH
-	100,000	Infra Construction Works	Active	Implenia Ltd.
	100,000	General Contracting/Services	Active	Implenia Ltd.
	500,000	Infra Construction Works	Active	Implenia Ltd.
492	,000,000	Infra Construction Works	Active	Implenia Ltd.
100	,000,000	Infra Construction Works	Active	Sisag AG
-	255,646	Miscellaneous and Holding Company	Inactive	Implenia Holding GmbH
-	50,000	Miscellaneous and Holding Company	Inactive	Implenia Immobilien AG
	306,775	Miscellaneous and Holding Company	Inactive	Implenia Holding GmbH
	200,000	Miscellaneous and Holding Company	Inactive	Implenia Ltd.
	100,000	General Contracting/Services	Active	Implenia Ltd.
<del></del>	100,000	Infra Construction Works	Active	Implenia Ltd.
	76,225	Infra Construction Works	Active	Zschokke France SA
	457,347	Miscellaneous and Holding Company	Inactive	Zschokke France SA
	914,694	Miscellaneous and Holding Company	Inactive	Implenia Ltd.
1	,022,584	Miscellaneous and Holding Company	Inactive	Zschokke Holding Deutschland GmbH
		Miscellaneous and Holding Company	Inactive	Implenia Ltd.
>	457,347		Inactive	Zschokke France SA

<sup>\*</sup> founded 18 December 2009

#### 36 Associates

- Associates					
Name	Share- holding	Registered office	Country	Currency	Capital
Name	Holding	Registered office	Country	Currency	Сарітаі
Argo Mineral AG	50.0%	Aarau	СН	CHF	300,000
Argobit AG	40.0%	Schafisheim	CH	CHF	1,200,000
Asfatop AG	50.0%	Unterengstringen	СН	CHF	1,000,000
Associés Poste Enrobage en Commun (APEC) SA	20.0%	Hauterive	СН	CHF	300,000
Bawag, Belagsaufbereitungsanlage Wimmis AG	24.0%	Wimmis	СН	CHF	100,000
Belagswerk Rinau AG	25.0%	Kaiseraugst	CH	CHF	1,000,000
Betonwerk Vispe (sp)	20.0%	Stalden	CH	CHF	89,659
Bewo Belagswerk Oberwallis (sp)	25.0%	Niedergesteln	CH	CHF	1,500,000
Bioasfa SA	50.0%	Bioggio	CH	CHF	900,000
Bipp Asphalt AG	27.5%	Niederbipp	CH	CHF	1,000,000
BRZ Belags- und Recycling-Zentrum (sp)	33.3%	Horw	CH	CHF	1,500,000
Catram AG	24.0%	Chur	CH	CHF	1,000,000
Deponie Eglisau (sp)	37.0%	Eglisau	СН	CHF	
Deponie Vorderland AG	33.3%	Rehetobel	CH	CHF	150,000
Garage-Parc Montreux Gare SA	26.0%	Montreux	CH	CHF	2,050,000
GU Kies AG	33.3%	Schaffhausen	СН	CHF	450,000
Holcim Bétondrance SA	46.0%	Martigny	СН	CHF	300,000
Imbess, Impianto miscela bituminosa E.S.S (sp)	33.3%	Chiggiogna	СН	CHF	_
Kieswerk Oldis AG	21.4%	Haldenstein	CH	CHF	1,200,000
Léchire S.A.	33.0%	Fribourg	CH	CHF	100,000
Microlog SPA	50.0%	San Giorgio	Ī	EUR	120,000
MIFAG Mischgutwerk Frauenfeld AG	10.0%	Frauenfeld	СН	CHF	600,000
MOAG Baustoffe Holding AG	13.3%	Mörschwil	CH	CHF	300,000
Mobival (sp)	26.0%	Massongex	CH	CHF	
Parking Port d'Ouchy S.A.	24.0%	Lausanne	CH	CHF	6,986,000
Prébit, Centre d'enrobage (sp)	25.0%	Marin-Epagnier	СН	CHF	500,000
Pro Quarta (sp)	42.0%	Alvaneu	CH	CHF	500,000
Remora AG	18.3%	St. Gallen	CH	CHF	300,000
Real Partners Ltd	45.0%	Zug	СН	CHF	300,000
Remora AG	18.3%	St. Gallen	СН	CHF	300,000

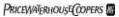
#### **36** Associates (continued)

	Share-				
Name	holding	Registered office	Country	Currency	Capital
Reproad AG	33.3%	Bremgarten	СН	CHF	1,500,000
Russian Land Implenia Holding Ltd.	50.0%	Nicosia	CY	EUR	3,001
Sebal Belagswerk Biel-Büttenberg (sp)	48.0%	Biel-Büttenberg	CH	CHF	
Sebal Lyss AG	48.0%	Lyss	CH	CHF	500,000
Seval – Société d'Enrobage du Valais central (sp)	83.0%	Vétroz	СН	CHF	
SFR Freiburgische Abfallverwertungsge- sellschaft AG	20.8%	Hauterive	СН	CHF	1,200,000
Socarco Bénin Sàrl	40.0%	Cotonou	BJ	XOF	1,000,000
Socarco Burkina Sàrl	40.0%	Burkina	BF	XOF	10,000,000
Société Coopérative Les Terrasses (sp)	41.8%	Versoix	СН	CHF	775,500
Société de recyclage de matériaux pierreux – SRMP (sp)	40.0%	Savigny	СН	CHF	95,443
Société d'exploitation du Mégastore d'Archamps – SEMA (sp)	30.0%	Archamps	F	EUR	37,000
Société Romande de Recyclage – SRREC (sp)	50.0%	Satigny	СН	CHF	
Tapidrance (sp)	52.0%	Martigny	СН	CHF	1,000,000
Unas Technology AG	21.6%	Gisikon	СН	CHF	155,000
Urner Belagszentrum (UBZ) (sp)	50.0%	Flüelen	СН	CHF	1,000,000
Valbéton (sp)	25.0%	Altdorf	CH	CHF	
Valver (sp)	50.6%	Sion	СН	CHF	100,000
Wohnpark an der Kander GmbH	27.9%	Martigny	СН	CHF	1,729,936
wsb AG	40.0%	Rümmingen	D	EUR	204,517
wsb AG	50.0%	Rafz	CH	CHF	500,000

(sp) simple partnership

Associates are valued according to the equity method (see explanations under 2.16). Although the stakes owned in Seval, Tapidrance and Valbéton are above 50%, these are accounted for as associates and valued according to the equity method because Implenia does not control these companies. By contrast, some companies in which Implenia holds a stake of less than 20% are recognised as associates because Implenia exercises significant influence over them.

### Report of the statutory auditor on the consolidated financial statements



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

As statutory auditor, we have audited the consolidated financial statements of Implenia AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 100 to 179), for the year ended 31 December 2009.

#### 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 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 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 31 December 2009 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 SCO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 SCO 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

Zurich, 8 March 2010

Audit expert

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 182-183

### **Income statement**

	2009	2008
	CHF 1,000	CHF 1,000
INCOME		
Income from investments	24,235	34,707
Income from sale of investments	(282)	13,567
Reduction of value adjustments and provisions (net)		4,519
Financial income	9,770	11,904
Other income	800	_
Total	34,523	64,697
EXPENSES		
Administration costs	3,307	3,974
Creation of value adjustments and provisions (net)	4,230	
Net financial expenses	6,137	20,651
Taxes	296	167
Profit for the year	20,553	39,905
Total	34,523	64,697

### **Balance sheet**

	31.12.2009	31.12.2008
Notes	CHF 1,000	CHF 1,000
ASSETS		
Cash and cash equivalents	96,773	94,261
Treasury shares 1	38,890	5,312
Accounts receivable due to Group companies	261,092	252,440
Other accounts receivable	4,428	4,551
Prepaid income and accrued expenses	6,477	656
Current assets	407,660	357,220
Investments in subsidiaries 2	265,243	260,635
Associated companies and minority shareholdings 2	2,197	3,815
Other financial investments	2,240	240
Non-current assets	269,680	264,690
Total	677,340	621,910
EQUITY AND LIABILITIES		
Liabilities – banks	40,000	74,000
Liabilities – Group companies	354,212	296,322
Liabilities – third parties	60	6
Other short-term liabilities	22,362	786
Prepaid income and accrued expenses	807	1,413
Current liabilities	417,441	372,527
Long-term liabilities		800
Non-current liabilities	<u>-</u>	800
Non-current habilities		800
Share capital 3	64,652	73,888
Reserve for treasury shares	38,890	5,313
Legal reserve	54,559	54,559
Voluntary reserve	20,780	20,780
Profit and loss account:		_
– profit carried forward	60,465	54,138
– profit for the year	20,553	39,905
Equity	259,899	248,583
Total	677,340	621,910

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 184-185

### **Notes to the Statutory Financial Statements**

#### 1 Treasury shares (Implenia AG)

	2009	2009	2008
	Number	CHF 1,000	CHF 1,000
Balance as at 1.1	163,943	5,312	1,960
Purchases	1,449,303	36,123	12,383
Sales	(87,062)	(2,399)	(8,977)
Nominal value repayment		(146)	(53)
Balance as at 31.12	1,526,184	38,890	5,313

Due to the repositioning of the share capital held by Laxey, Implenia AG bought CHF 30 million worth of shares (6.5% of share capital) on 26 November 2009.

#### 2 Investments

	2009	2008
	CHF 1,000	CHF 1,000
Subsidiaries (see list on last page of the notes)	265,243	260,635
Associated companies and minority shareholdings	2,197	3,815

#### 3 Share capital

The General Meeting of 2 March 2006 decided to authorise a conditional capital increase of maximum TCHF 32,326 represented by 9,236 fully paid-up registered shares at CHF 3.50 each. To date, this conditional capital has not been used.

The General Meeting of 16 April 2009 approved a partial refund of CHF 0.50 of the nominal value of each share. The share capital was reduced by TCHF 9,236 to TCHF 64,652.

#### 3 Share capital (continued)

Shareholders holding more than 3% of shares as at 31 December:

	According to share register		
	31.12.2009	31.12.2008	
	%	%	
Group Parmino Holding AG/Max Rössler	15.9%	12.4%	
Maag Rudolf	10.8%	_	
EGS Beteiligungen AG	10.0%	_	
Gruppe Ammann	8.4%	6.3%	
Implenia AG	8.2%	0.9%	
Gruppe Laxey	<3%	14.4%*	
Russian Land Ltd.		2.8%	

<sup>\*</sup> According to last disclosure notification as at 31 December 2008, Laxey Group held 34.0%.

#### Hidden reserves

	31.12.2009	31.12.2006
	CHF 1,000	CHF 1,000
Net release by virtue of Art. 663b SCO	<u> </u>	4,070

21 12 2000

21 12 2000

#### 5 Contingent liabilities

	31.12.2009	31.12.2008
	CHF 1,000	CHF 1,000
Guarantees and contingent liabilities	56,500	26,872
Security for joint liability regarding the levying of VAT for the Group	p.m	14,029

As part of a syndicated loan agreement signed on 12 August 2009, Implenia AG issued a guarantee in the amount of CHF 660 million in favour of the bank consortium for the liabilities of Group companies.

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 186-187

### **Notes to the Statutory Financial Statements**

#### 6 Risk assessment

Group-wide risk assessment, which facilitates the 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.

#### 7 Compensation paid to members of the Board of Directors and members of Group Management

#### 7.1 Remuneration paid to serving members of the governing bodies

The total of all remuneration paid to the members of the Board of Directors and the members of Group Management amounts to TCHF 8,548 (2008: TCHF 8,877), including shares assigned, leaving benefits, social security contributions and additional fees.

The total of all remuneration paid to serving members of Group Management (including the Executive Chairman of the Board) is shown in the table below.

#### **Group Management 2009**

Fixed	Variable	Social	Shares as	ssigned 1		
remunera- tion	remunera- tion	security expenses	Number	Value	Additional	Total
CHF 1,000	CHF 1,000	CHF 1,000		CHF 1,000	CHF 1,000	CHF 1,000
580	_	18	24,304	699	59	1,356
1,929	1,237	909	29,956	893		4,968
554	254	188	13,657	356		1,352
3,063	1,491	1,115	67,917	1,948	59	7,676
	CHF 1,000 580 1,929 554	remuneration tion  CHF 1,000 CHF 1,000  580 -  1,929 1,237  554 254	remuneration         remuneration         security expenses           CHF 1,000         CHF 1,000         CHF 1,000           580         —         18           1,929         1,237         909           554         254         188	remuneration         remuneration         security expenses         Number           CHF 1,000         C	remuneration         remuneration         security expenses         Number         Value           CHF 1,000         CHF 1,000 <td< td=""><td>remuneration         remuneration         security expenses         Number         Value         Additional           CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000           580         —         18         24,304         699         59           1,929         1,237         909         29,956         893         —           554         254         188         13,657         356         —</td></td<>	remuneration         remuneration         security expenses         Number         Value         Additional           CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000         CHF 1,000           580         —         18         24,304         699         59           1,929         1,237         909         29,956         893         —           554         254         188         13,657         356         —

#### **Group Management 2008**

	Fixed	Variable	Social	Shares as	ssigned 1		
	remunera- tion	remunera- tion	security expenses	Number	Value	Additional	Total
	CHF 1,000	CHF 1,000	CHF 1,000		CHF 1,000	CHF 1,000	CHF 1,000
Christian Bubb	517	439	251	28,326	863		2,070
Other members in office of the Group Management	1,822	952	828	31,661	965	_	4,567
Members of the Group							
Management who left in 2008	342	191	165	7,006	213		911
Total	2,681	1,582	1,244	66,993	2,041		7,548

<sup>1</sup> Implenia Ltd shares, security No 00238 6855, nominal value CHF 3.50 (2008: 4)

The variable part of the remuneration in cash and in shares is paid in 2010.

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 188-189

### **Notes to the Statutory Financial Statements**

#### 7.1 Remuneration paid to serving members of the governing bodies (continued)

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

#### Non-executive Board of Directors, 2009

		Social	Shares 1			
		security				
	Fees	contribu- tions	Number	Number	Additional	Total
	CHF 1,000	CHF 1,000	Trainibe.	CHF 1,000	CHF 1,000	CHF 1,000
Markus Dennler, Deputy	105	14	977	25	_	144
James Lionel Cohen, Member	88	12				100
Claudio Generali, Member	73	10	733	19		102
Ian Andrew Goldin, Member	84	12				96
Urs Häner, Member	57	8	733	19		84
Patrick Hünerwadel, Member	93	13			_	106
Toni Wicki, Member	107	15	733	19		141
Philippe Zoelly, Member	70	10	733	19		99
Total	677	94	3,909	101	_	872

#### Non-executive Board of Directors, 2008

		res 1	Shar	Social		
Total	Additional	Number	Number	security contribu- tions	Fees	
CHF 1,000	CHF 1,000	CHF 1,000	,	CHF 1,000	CHF 1,000	
459	228	50	1 462	22	159	Anton Affentranger, Chairman
151		25	731	15	111	Markus Dennler, Deputy
106				13	93	James Lionel Cohen, Member
103		19	549	10	74	Claudio Generali, Member
101			_	12	89	lan Andrew Goldin, Member
55				7	48	Urs Häner, Mitglied
113	4		_	13	96	Patrick Hünerwadel, Member
110		19	549	11	80	Toni Wicki, Member
132	22	19	549	11	80	Philippe Zoelly, Member
1,329	254	132	3,840	114	830	Total

<sup>1</sup> Implenia Ltd shares, security No 00238 6855, nominal value CHF 3.50 (2008: 4)

No severance payments were made during 2009 and 2008.

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

Remuneration of TCHF 1,352 was paid to former members of the governing bodies whose term of office came to an end in 2009.

#### 7.3 Assignment of shares during the year

The number of shares assigned in 2009 to members of Group Management, as well as to related persons, is 67,917 (2008: 66,993).

The number of shares assigned in 2009 to the non-executive members of the Board of Directors, as well as to related persons, is 3,909 (2008: 3,840).

#### 7.4 Share holding

As at 31 December 2009, the number of shares held by members of Group Management, as well as by related persons, is 213 021, which represents 1.15% of the share capital (2008: 122,015 or 0.66% excluding Executive Chairman of the Board Anton Affentranger). This figure includes any shares acquired in a private capacity.

#### **Members of Group Management**

	Number of shares, as at		where of shares blocked until		
	31.12.08	31.12.09	2010	2011	2011
Anton Affentranger	50,772	152,726	2,430	1,462	1,954
Christian Bubb	41,280	_		_	_
Hans-Peter Domanig, Head of Real Estate Division	26,346	_		_	_
Arturo Henniger, Head of Construction Infra Division	26,299	24,500	10,318	7,421	6,201
Luzi Reto Gruber, Head of Construction Tunnels and Total Construction Division	7,490	9,490		4,490	5,000
Peter Bodmer, Head of Global Solutions Division	20,600	23,972	10,308	7,092	6,572
Beat Fellmann, CFO		2,333			2,333
Total	172,787	213,021	23,056	20,465	22,060

As at 31 December 2009, the number of shares held by the non-executive members of the Board of Directors, as well as by related persons, is 18,625, which represents 0.10% of the share capital (2008: 64,148 or 0.35% including Mr Affentranger). This figure includes any shares acquired in a private capacity.

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 190-191

### **Notes to the Statutory Financial Statements**

#### **7.4** Share holding (continued)

Non-executive Board of Directors						
	Number of sl	Number of shares, as at		s blocked until		
	31.12.08	31.12.09	2010	2011	2012	
Markus Dennler, Deputy	2,455	3,432	1,624	731	977	
James Lionel Cohen, Member	1	1	_	_	_	
Claudio Generali, Member	2,716	3,449	967	549	733	
Ian Andrew Goldin, Member	1	1				
Urs Häner, Member	1	734			733	
Patrick Hünerwadel, Member		1,340				
Toni Wicki, Member	6,046	6,779	1,017	549	733	
Philippe Zoelly, Member	2,156	2,889	967	549	733	
Total	13,376	18,625	4,575	2,378	3,909	

#### 7.5 Options

Implenia Ltd. has no stock-option remuneration scheme.

#### 7.6 Additional fees and remuneration

The amount of additional fees and remuneration invoiced in 2009 by members of the Board of Directors or Group Management, or related persons, is TCHF 59 (2008: TCHF 254). This sum is made up of: TCHF 59 (2008: TCHF 227) for Anton Affentranger for consultancy services relating to special mandates before he became CEO.

#### 7.7 Loans to officers and governing bodies

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

#### 7.8 Highest total remuneration

For the identity of the member of Group Management with the highest overall remuneration, please refer to the tables in section 7.1.

### **Subsidiaries**

#### **Subsidiaries**

	Cl			
Name	Share- holding	Registered office	Currency	Capital
Bâtiments industriels du Haut-Rhin Sàrl (Bâtirhin)	100.0%	Mulhouse (F)	EUR	195,000
Gebr. Ulmer GmbH	100.0%	Bruchsal (D)	EUR	25,565
Gravière de La Claie-aux-moines S.A.	66.7%	Savigny	CHF	1,500,000
Gust. Stumpf Verwaltungs GmbH & Co KG	100.0%	Bruchsal (D)	EUR	511,292
Implenia (Ticino) Ltd.	100.0%	Lugano	CHF	150,000
Implenia Bau AG	100.0%	Geneva	CHF	40,000,000
Implenia General Contractor Ltd.	100.0%	Basel	CHF	20,000,000
Implenia Development Ltd.	100.0%	Dietlikon	CHF	30,000,000
Implenia Global Solutions Ltd.	100.0%	Dietlikon	CHF	100,000
Implenia Immobilien AG	100.0%	Dietlikon	CHF	30,600,000
Implenia Investment Management Ltd.	100.0%	Dietlikon	CHF	100,000
Implenia Management Ltd.	100.0%	Dietlikon	CHF	500,000
Implenia Österreich GmbH	100.0%	Vienna (A)	EUR	35,000
Reprojet AG	100.0%	Zurich	CHF	100,000
Reuss Engineering Ltd.	100.0%	Dietlikon	CHF	100,000
SAPA, Société Anonyme de Produits Asphaltiques	75.0%	Satigny	CHF	500,000
Sisag Ltd.	100.0%	Abidjan (CI)	XOF	492,000,000
Swiss Overseas Engineering Company	100.0%	Geneva	CHF	200,000
Tetrag Automation Ltd.	100.0%	Dietlikon	CHF	100,000
Trachsel AG	100.0%	Heimberg	CHF	100,000
Zschokke France SA	100.0%	Lyon (F)	EUR	914,694
Zschokke Holding Deutschland GmbH	100.0%	Berlin (D)	EUR	3,067,751
		-		

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 192-193

## **Proposal of the Board of Directors regarding the appropriation of available earnings**

### Proposal of the Board of Directors regarding the appropriation of available earnings

	2009
	CHF 1,000
Balance carried forward	60,465
Profit for the year	20,553
Profit and loss account	81,018
To be carried forward	81,018

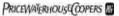
The Board of Directors proposes to the General Meeting of 14 April 2010 that there be a partial refund of CHF 0.70 per share. The share capital will be reduced by TCHF 12,930 to TCHF 51,722. The articles of association will be amended accordingly. The partial refund will be made on 6 July 2010 to shareholders entered in the register on 2 July 2010. This refund is subject neither to the deduction of withholding tax nor to income tax for natural persons liable for tax in Switzerland.

### **Development of share price** (as quoted on the SIX Swiss Exchange)

	2009	2008
	CHF	CHF
Share high/low:	30.45/20.15	37.00/25.15
Price as at 31 December:	29.00	29.00

STATUTORY FINANCIAL STATEMENTS OF IMPLENIA LTD 194-195

### Report of the statutory auditor on the financial statements



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

As statutory auditor, we have audited the financial statements of Implenia AG, which comprise the balance sheet, income statement and notes (pages 182 to 192), for the year ended 31 December 2009.

#### 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 association. 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 31 December 2009 comply with Swiss law and the company's articles of association.

#### 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 SCO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 SCO 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 association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Willy Wenger Jörn Sievers Audit expert Audit expert

Auditor in charge

Zurich, 8 March 2010



For details on individual locations, visit www.implenia.com

#### **Contact**

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#### **Contact for media**

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### **Key dates**

Half-year results conference 2010 31 August 2010