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Implenia | Annual Report 2012

Implenia®

Annual Report 2012

Implenia develops and builds the Switzerland of tomorrow

Implenia is Switzerland's leading construction and construction services company. With its integrated business model and comprehensive portfolio of products and services, Implenia can manage a building project through its entire lifecycle and deliver work that is economical, integrated and customer-centric. The focus is on striking a sustainable balance between financial success and social and environmental responsibility.

Formed in 2006 from the merger between Zschokke and Batigroup, Implenia can look back on more than 140 years of history in the construction industry. Experience, know-how, size and financial strength allow Implenia to offer its services throughout Switzerland and, in selected disciplines, internationally. The entire group's capabilities and capacities can be made available for challenging real estate and infrastructure projects.

Implenia brings together the expertise of three divisions:

– Implenia Real Estate, as a full-service provider, covers all areas of a property's life-cycle, from project development through realisation and modernisation, to operational optimisation and promotion. Implenia is the market leader in Switzerland for general contracting.

– Implenia Infrastructure Construction offers the full range of building services, from classic road construction and civil works, through building construction, restoration and refurbishment, to civil engineering and foundation engineering. Here too, Implenia is the market leader in Switzerland.

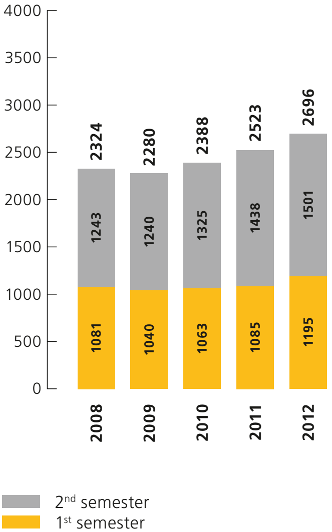
– Implenia Industrial Construction is a specialist in its home and international markets for underground infrastructure projects, as well as for demanding prime building projects outside Switzerland.

Implenia adjusted its organisational structure in February 2013. See from page 19 for more details.

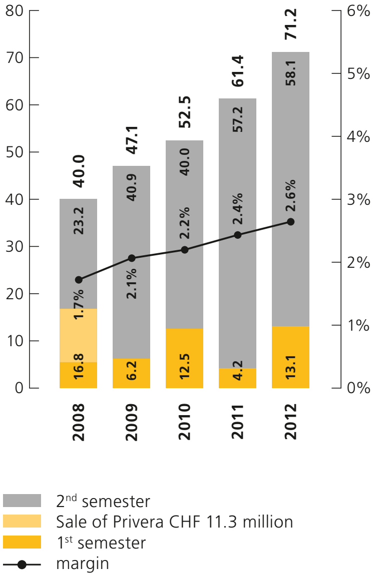
Implenia's head office is in Dietlikon near Zurich, and it has approximately 100 branches throughout Switzerland, as well as representative offices in Germany, Bahrain, Ivory Coast, France, Italy, Liechtenstein, Mali, Norway, Russia, Sweden and the United Arab Emirates. The Group employs more than 6,500 people and in 2012 generated a revenue of around CHF 2.7 billion. Implenia is listed on the SIX Swiss Exchange (IMPN, CH0023868554). For more information, please visit www.implenia.com.

KEY FIGURES

Consolidated revenue
(in CHF million)



Consolidated profit
(in CHF million)



Consolidated key figures

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Consolidated revenue	**2,695,752**	2,522,646	6.9%
EBIT divisions	**104,060**	93,529	11.3%
Miscellaneous/Holding	**344**	147	134.0%
Operating income	**104,404**	93,676	11.5%
Consolidated profit	**71,230**	61,351	16.1%
EBITDA	**146,083**	140,489	4.0%
Free cash flow	**115,824**	67,311	72,1%
Production output	**2,894,007**	2,776,666	4.2%
Order book	**3,101,010**	3,153,915	(1.7%)
Headcount (full time equivalents)	**6,404**	5,976	7.2%
Net cash position	**287,832**	193,459	48.8%
Equity	**599,386**	543,528	10.3%

Successful year with key accents set for the future

Implenia can look back on a successful year: its financial benchmarks significantly exceed the previous year's figures and are now at record levels. Better capacity utilisation, the rising proportion of higher margin activities, such as project development and foundation engineering, and the improved cost and risk structure all played a major part in this success. In Norway, Implenia established itself as a force to be reckoned with in infrastructure construction. Implenia published its first Sustainability Report in 2012, documenting its activities in this key strategic area. And by introducing a new structure on 5 February 2013, Implenia is setting accents for the future: greater power and agility are creating the foundations for unleashing the group's full potential.

Implenia highlights two key themes in its Focus reports:

- Implenia has had its own company and around 400 employees in Norway since July 2011. Norway, and in future the whole of Scandinavia, are important growth markets for Implenia. The magazine section provides an insight: Focus from page 34.

- Ultimately a building has to be built – on time, on budget and exactly to specification. The most important thing is that the customer is satisfied, and Implenia does everything possible to keep increasing customer satisfaction. A look at a successful project in Geneva shows what this means in practice: Focus from page 100.

Publication details

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The annual report is also published in German and French. The original German is the authoritative version.

2012

A year in pictures

Jan

17.

PRE-EMINENT /// Implenia wins the order to build Park Tower as total contractor. The tallest building in Zug will provide attractive residential and business accommodation in a central location from mid-2014.

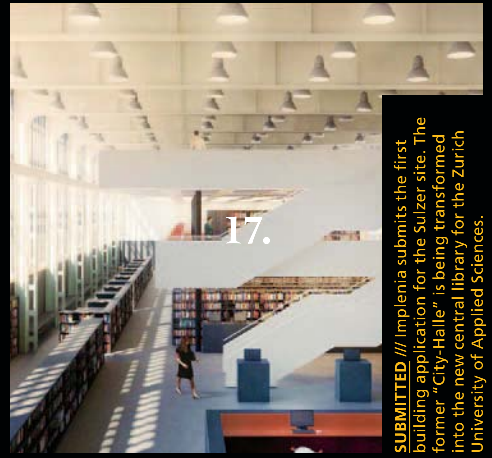
31.

PRIZEWINNING /// Implenia is awarded the Infra Prize for the project to lower the Lucerne Zentralbahn beneath the ground. The jury praised the innovative, environmentally friendly construction process and the open communication with the local population.

Feb

3.

EXEMPLARY /// Credit Suisse hires Implenia as total contractor to build "Neugruen" in Mellingen: Switzerland's largest residential development that meets the Minergie-A Eco standard.



17.

SUBMITTED /// Implenia submits the first building application for the Sulzer site. The former "City-Halle" is being converted into the new central library for the Zurich University of Applied Sciences.

22.

ACQUIRED /// Implenia's international strategy is given a further boost when the company wins the contract for the "E39" infrastructure project in Norway.

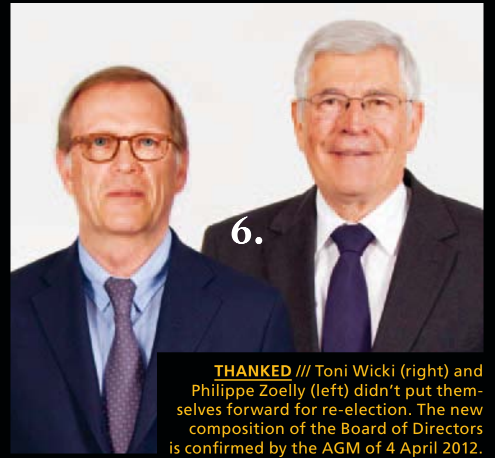
Mar

Increase in operating income since 2010.

+20.6%

6.

PLEASED /// Excellent EBITDA, operating result and consolidated profit for the 2011 financial year.



6.

THANKED /// Toni Wicki (right) and Philippe Zoelly (left) didn't put themselves forward for re-election. The new composition of the Board of Directors is confirmed by the AGM of 4 April 2012.

12.

ON TRACK /// Second major success since entering the Norwegian market in July 2011. Implenia wins the contract to improve rail infrastructure in Drammen.

20.

HOMELY /// Implenia is building the new student accommodation for Cité Universitaire in Geneva as general contractor.

30.

READY TO GO /// Accompanied by local councillors and the architects, CEO Anton Affentranger and René Zahnd, Head of Real Estate, lay the foundations for "Riedmühlepark", the biggest Minergie-P development in Zurich's Unterland region.

Apr

4.

APPROVED /// A successful 2011 financial year. AGM approves all proposals. Dividend increased to CHF 1.10 per share.

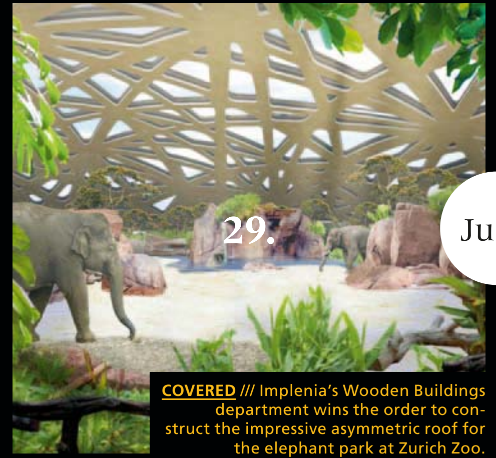
May

10.

SUCCESSFUL /// Implenia is pleased to win its largest order so far in Norway. The company is building the "Brokke Nord" hydroelectric plant in the south of the country for energy group Otra Kraft.

22.

CONSTRUCTIVE /// Implenia builds a new head office in Geneva for the world's third biggest tobacco company JTI.



29.

COVERED /// Implenia's Wooden Buildings department wins the order to construct the impressive asymmetric roof for the elephant park at Zurich Zoo.

June

4.

CONTINUED /// After carrying out the foundation engineering for Geneva University Hospital's new ward block, Implenia also gets the contract for the shell construction.

13.

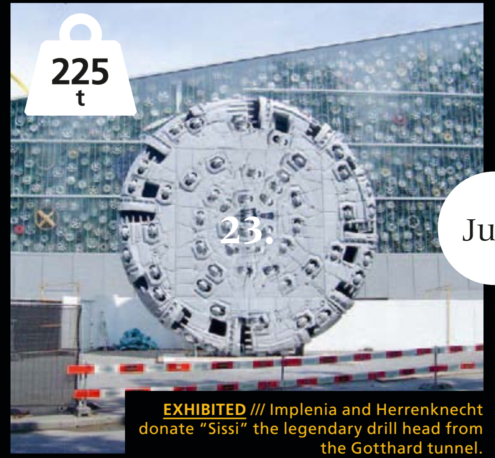
RAISED /// Implenia masters the challenge of raising the bridge at the Brüttisellen intersection by 12 cm in record time.

160

All Locher employees continue to be employed by Implenia

21.

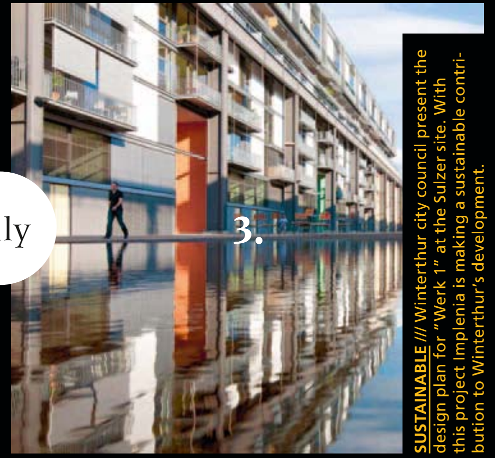
ENHANCED /// By acquiring Locher Group's construction business Implenia continues to expand its market presence and its expertise in infrastructure renovation.



23.

EXHIBITED /// Implenia and Herrenknecht donate "Sissi" the legendary drill head from the Gotthard tunnel.

July



3.

SUSTAINABLE /// Winterthur city council present the design plan for "Werk 1" at the Sulzer site. With this project Implenia is making a sustainable contribution to Winterthur's development.

schorenstadt

urban natürlich wohnen

24.

HONOURED /// "schorenstadt", Implenia's beacon project for the 2000-Watt Society, wins the Real Estate Award 2012.

Aug

6.

SPORTY /// Construction work begins on the first Minergie-certified sports complex in Switzerland, Sportpark Bergholz in Wil.

6.

CONNECTED /// Canton Berne's civil engineering department asks Implenia to build the "Eaux des Fontaines" viaduct for the "A16-Transjurane" motorway.

New loan term

5 years

22.

TRUSTWORTHY /// The CHF 500 million syndicated loan is successfully renewed on attractive terms.

RECOGNISED /// Canton Thurgau awards a Minergie plaque to the "Rosengarten" development in Arbon as a model for sustainable development.

24.

Improvement in operating results compared with the first half of 2011

+96.5%

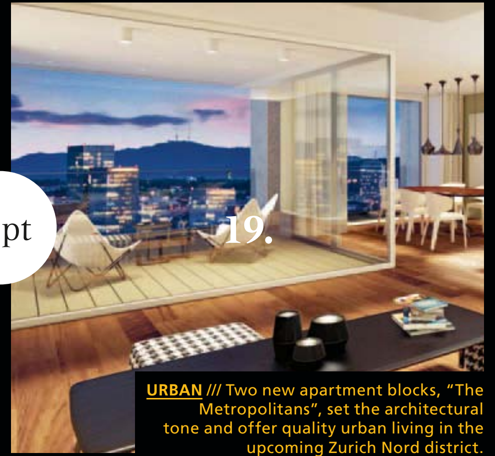
30.

EXCEEDED /// Successful first half of 2012. Half-year results significantly better than previous year's figures thanks to good performance from all divisions.

30.

TRANSPARENT /// Implenia's first Sustainability Report shows how the company is doing on sustainability as well as formulating clear goals for the future.

Sept



19.

URBAN /// Two new apartment blocks, "The Metropolitans", set the architectural tone and offer quality urban living in the upcoming Zurich Nord district.

SUPPORTING /// Implenia receives the European Bridges Award for building the "Acrobats" footbridge in Oslo.

20.

Nov

zero tolerance

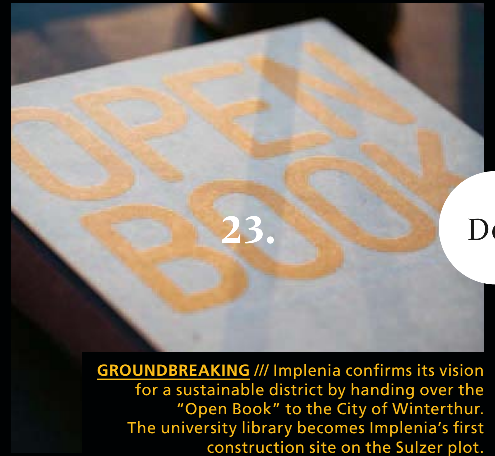
0

1.

RIGOROUS /// Implenia's branch in Zernez is also affected by the Competition Commission's investigation. Implenia cooperates with the anti-trust authorities and emphasises its commitment to free competition and zero tolerance.

6.

ENERGISED /// Implenia builds the new Galgenbucktunnel near Neuhausen, providing an additional boost for its Swiss tunnel construction business.



23.

GROUNDBREAKING /// Implenia confirms its vision for a sustainable district by handing over the "Open Book" to the City of Winterthur. The university library becomes Implenia's first construction site on the Sulzer plot.

Dec

10.

TARGETED /// Implenia reinforces activities in falsework construction and begins to offer the technology internationally too.

20.

FOCUSED /// Sale of investment properties in Winterthur with sale of properties in Neuhegi to Intershop successfully completed. Focus on development properties in line with strategy.

Annual Report 2012

Dear Shareholders

In 2012, Implenia achieved the best result in its history. The main financial benchmarks all reached record levels. EBIT exceeded the medium-term target of CHF 100 million a year earlier than expected, meaning that Implenia has improved its results every year since it was founded seven years ago. This is due to the work done by our first-class, dedicated employees and to the consistent implementation of our integrated business model.

We are creating value

Turnover went up by around 7% in the 2012 financial year. Of this increase, approximately 5% was due to Implenia Norge, which was acquired last year and posted significant growth. The business in Norway nearly doubled its turnover and made a positive contribution to the Group's result. We are very pleased to note that Implenia's margins increased even more sharply than its revenue. This can be attributed to better capacity utilisation, the rising proportion of higher margin activities, such as project development and foundation engineering, and the improved cost and risk structure.

The disproportionate rise in earnings, combined with efficient use of capital, allowed Implenia to create substantial value during the year under review. Return on invested capital (ROIC) rose again to 33.5% from previous year's 26.8%. The annual increase in economic profit doubled in comparison to 2011, with significant improvements in all three value drivers – costs, growth and capital.

Real Estate and Infrastructure Construction post record results

Real Estate achieved record results for both General Contracting and Project Development. The division's turnover and EBIT both increased. Order books were maintained at the same high level as in 2011.

Infrastructure Construction did amazingly well given the difficult weather conditions. The division achieved the best results in its history in 2012 and is thus back on the path to success. This pleasing result was driven mainly by improvements initiated at the end of 2011, and by the good capacity utilisation in Civil Engineering and Foundation Engineering.

Good business performance in Tunnelling Switzerland and in Norway

Industrial Construction achieved another good result, especially in tunnelling in Switzerland. Its results were burdened by start-up costs in the Middle East. Implenia Norge has evolved into a real success story: the unit almost doubled its order book and posted its first positive contribution to the bottom line in 2012.

Sustainability firmly established

Sustainability is crucial to our future. Our aim is to bring social and environmental responsibility into harmony with financial success. This approach is now firmly established in our group. Today we only develop projects that meet our strict sustainability criteria. Good examples are "schorenstadt", a 2000-Watt Society residential development in Basel that won the 2012 Real Estate Award, and the "Rosengarten" development in Arbon, which recently won the town's energy prize. We published our first Sustainability Report during the year under review in order to give a systematic, detailed and transparent account of our activities. The report was positively received by customers and employees.

Daring to shape our future

Implenia adopted a new organisational structure at the beginning of February 2013. Our new Business Units are split between functional sector businesses and geographical regional businesses. These Business Units focus on their core areas of expertise, but work closely together as one company. They are supported by Technical Support and the centralised group functions provided by the Corporate Center.

Implenia's new organisational structure is flat, clear and effective. It allows us to operate close to our markets and customers, which paves the way for us to reach our qualitative and quantitative targets. We have also put new people in positions of responsibility. The nine-person Group Executive Board (GEBO) has created room for new blood. In this way we are setting the accents for the future. Detailed information about the new structure and the GEBO is given from page 19.

Full order books and a positive outlook

Implenia began the new year with full order books. These orders on hand are equivalent to more than a year's turnover and ensure good visibility for the future course of business. The excellent level of incoming orders in Norway almost compensated for the decline in tunnel construction volumes in Switzerland. This, and the stable level of construction activity in Switzerland and Norway, make us confident about 2013. The new organisational focus creates the basis for Implenia to exploit market potential and achieve further top and bottom line growth. We have no doubt that we can continue to write Implenia's success story.

Higher dividend proposed again

Owing to the record results, the company's solid financial situation and the continuing positive outlook, the Board of Directors is recommending that the General Meeting of Implenia Ltd. on 27 March 2013 approve another dividend increase to CHF 1.40 per share, up from CHF 1.10 per share in the previous year. As in 2011, the payment will be made from the capital contribution reserves. Thus, it will not be subject to a deduction of withholding tax.

Thank you

Our employees once again achieved great things in 2012. We would like to thank them all on behalf of the Board of Directors and the Executive Committee. Thanks also to our customers for the trust they have placed in us, and to you, our valued shareholders, for your loyalty.

Markus Dennler
Chairman of the Board of Directors

Anton Affentranger
CEO

"Taking our winning spirit further"

Implenia achieved another record result in 2012. By reorganising and refocusing at the beginning of this year, the group has prepared the ground for operating with greater agility and power. CEO Anton Affentranger and CFO Beat Fellmann look back at 2012, assess future challenges and unveil their goals for 2013.

Implenia adopted a new organisational structure at the beginning of 2013. Why has the change been made at this particular time?

Anton Affentranger: Implenia's model is a successful one, as the figures and our position in the market show. There's no doubt we could have continued with the current structure. But at some point we would have reached our limits. We wanted to act from a position of strength, which is something we can do right now: Implenia has never been so well placed – financially –, in terms of market position, or in terms of its employees and management team. The motto of the project is: Daring to Shape our Future. We are currently in an excellent position to do precisely this.

What goals are you pursuing with the new structure?

Affentranger: In the years to come, life in Switzerland will be affected by fundamental changes, such as population growth and the "Energiewende" (the transition to renewable energies). We want to exploit the resulting opportunities – be it densification, modernisation of the existing building stock or renewal of infrastructure. At the same time we want to grow internationally. So we asked ourselves an important question: will our model continue to function successfully in future? The new structure is the answer to this.

Beat Fellmann: With the new structure we are increasing our agility and unleashing new strengths. In its previous form, Implenia was a super-tanker. This makes it hard to move into new territory. So we have converted it into a set of agile speed boats. We have also put new people in positions of responsibility.

"The motto of the project is: Daring to Shape our Future. We are currently in an excellent position to do precisely this."

Anton Affentranger

The new Business Units are either functional Sectors – Modernisation & Development, Buildings, Tunnelling & Civil Engineering – or geographical Regions – German-speaking Switzerland, French-speaking Switzerland and Norway. Is this a classic matrix structure?

Affentranger: No, because unlike in a matrix organisation, each Business Unit has its own separate P&L responsibility, its own customers, own markets and own products as well as services. The Sectors concentrate on supra-regional business, where critical mass and concentration of know-how are crucial. Meanwhile, closeness to the market plays a key role in regional business. The Regions are Implenia's "face" in each of the regional markets. There will be overlaps, of course. If we are working on a major tunnelling project in Canton Valais, for example, the French-speaking Switzerland Region will be supported by experts from the Tunnelling & Civil Engineering Sector. We have set clear rules for such interfaces.

Fellmann: A good organisational structure reflects a company's strategy. Our new structure meets this criterion. It also enriches our corporate culture. For example, French-speaking Switzerland, which delivers around 30 percent of our turnover, and Norway, with its great growth potential, are now represented directly at the most senior level of operational management.

Building construction is now repositioned within the Buildings Sector. You talk about a new model, but what does this look like exactly?

Affentranger: Implenia brings various skills to the table for major building construction projects: engineering, general contracting, timber construction and execution services. These skills used to be based in different units, which led to some interesting discussions, but sometimes also to conflicts. We have now bundled all our strengths into an integrated structure which means we can build more innovatively, efficiently and cost-effectively. In very concrete terms we can, for example, do all our calculations in one central calculation centre where all the specialists can work together on the best ideas, instead of at two separate locations – one for general contracting and one for building construction – as was previously the case. With this model we are completely redefining the way people think about and carry out building construction, and we believe it's a model that will win over the market. Precisely because building construction is becoming ever more complex, it will allow us to respond much more effectively to the needs of our customers.

Modernisation, a relatively new area, has been given greater weight in the new structure. What are your hopes here?

Fellmann: As the clear number one in the Swiss market, Implenia was de facto a specialist for new buildings. Modernisation of existing stock was hardly on the radar. But we believe there is a huge amount of growth potential in the conversions and renovations market. And we are convinced that Implenia can offer a package of services in this field that no competitor can match. Modernisation plays an important role in Implenia's strategy, and this is reflected in the structure.

Affentranger: The volume of construction in Switzerland comes to approximately CHF 50 billion per year. That's about one percent of the value of all existing buildings. Until now Implenia has been aiming for this one percent of the overall market. In future we want to break into the other 99 percent as well. Look at the Energiewende: the ambitious sustainability targets that have been set will only be met if the energy efficiency of existing buildings is significantly improved. There's a lot to do and we can contribute with our know-how. There's enormous growth potential right here in our home market for us to tap into.

Fellmann: And then there is the whole debate about overdevelopment, urban sprawl and planning in Switzerland. Switzerland will not be able to build so lavishly on green fields in future, so it will have to concentrate much more on converting and refurbishing the existing building stock. One of the places where Implenia is showing what this means in practice is at the old Sulzer site in Winterthur. We are dealing with all the relevant issues at this one site: densification, conversion, renovation, sustainability and energy efficiency – and all the know-how required comes from within our own organisation. In future we want to do what we are doing in Winterthur all over Switzerland.

Is the issue of modernisation limited to building construction, or is there also modernisation potential in infrastructure?

Fellmann: When we talk about modernisation we mean both: building construction and infrastructure construction – roads, railways, tunnels. A well-functioning infrastructure is one of our country's competitive advantages. In future, the public sector will invest not only in expansion, but also increasingly in maintaining the existing infrastructure. This is why last year Implenia strengthened its infrastructure modernisation activities, which will form part of the Tunnelling & Civil Engineering Sector, by acquiring Locher Bauunternehmer AG.

"French-speaking Switzerland, which delivers around 30 percent of our turnover, and Norway, with its great growth potential, are now represented directly at the most senior level of operational management. This enriches the organisation and our corporate culture."

Beat Fellmann

"We have a motivational vision and a clear strategy that we can now implement with no holds barred in the new organisation."

Anton Affentranger

A new central Technical Support function has been created. What is the rationale behind this?

Affentranger: Technical Support is Implenia's technical "conscience" and our engine for sustainability. The unit is deliberately located close to top management in the structure, and in the future it will drive forward innovation and deal with technical risks. By optimising processes and orchestrating centralised procurement it will also contribute to an improved cost structure throughout the group.

How have employees responded to the reorganisation?

Fellmann: There's been a positive response, and I detect a sense of people enjoying a fresh start. Employees know we are reorganising from a position of strength so we can "dare to build our future." New people have come into new roles, and new teams have been formed, which creates dynamism as well as new development opportunities.

Affentranger: Employees are really moving forward. One said to me: "I am glad you are finally spinning the wheel!" You certainly can't take such a positive reaction for granted, because every change means that people have to give up familiar things in order to gain new ones. And don't forget: we have eliminated a whole tier of management, leaving the organisation flatter and broader. This flatness means that top management is now closer to the market, while greater breadth means that more employees have a chance to move up to management roles. In short, I'm very proud of our employees and very confident that as a team we will seize the opportunities of the future and unleash our full potential.

Looking back at the 2012 financial year, what conclusions would you draw?

Fellmann: Records were broken at nearly every level in 2012. The financial benchmarks – turnover, earnings, cash flow – were all higher than the very good results achieved in 2011. As CFO, I'm naturally delighted to be able to present such figures. Implenia's employees and management team did a great job last year. These results are primarily their success.

What were the highlights?

Affentranger: It's very pleasing that all the divisions delivered excellent results. Implenia Real Estate posted record figures. Thanks to new projects in Winterthur, Greater Zurich and the Mittelland, our Project Development business is now more broad based in geographical terms. General Contracting has reinforced its leading position in the market. Infrastructure Construction is back on track – which is a fantastic achievement given how difficult conditions were during last year's cold February and December. Within Industrial Construction, tunnel building in Switzerland performed very well, and Implenia Norge had a very successful start with EBIT of 3 million francs and a near doubling of its order book.

Fellmann: The introduction of the new risk management system to General Contracting and the link-up to the new SAP enterprise software in the Real Estate Division marked a real milestone within the organisation. It allows us to take much better account of risk. And we managed to double the prior year's increase in economic profit, as well as scoring significant improvements in all three value drivers – costs, growth and capital.

Turning to Norway, what can we expect to see here over the next few years?

Fellmann: Norway has evolved into a real success story. And it keeps on getting better: the country is executing an ambitious programme to renew and expand its transport infrastructure, and with its National Transport Plan has already committed the financial resources to fund this for several years to come. We can use our experience from building the Gotthard tunnel here. Implenia is already a force to be reckoned with in the Norwegian construction sector, and we are very optimistic about the future. Implenia Norge will play a key role within the group.

By contrast, Implenia never seems to have got off the ground properly in the Middle East. Is this a fair assessment?

Affentranger: It's true that we are not where we want to be in the Middle East. We have finished a project in Abu Dhabi, and a second one in Bahrain is currently under construction. Both focus on microtunnelling, i.e. making small diameter tunnels for drainage systems, for example. The direction we are going in is the right one strategically, but it's a market that operates by different rules and we have had to learn some hard lessons. But we're confident that our commitment to the region will lead to success.

In 2012 Implenia published its first sustainability report. Where has the major progress been made in this area?

Affentranger: Implenia now has sustainability firmly fixed in its mindset. We are proving that with "schorenstadt", a beacon project for the 2000-Watt Society in Basel, and with the "Rosengarten" development in Arbon, which recently won us the town's energy prize. Nowadays we can safely say that all of our projects fulfil strict sustainability criteria. We also did a lot of work on employee development in 2012. We introduced a comprehensive programme for talent development, training and succession planning – our "Implenia Academy". That's also part of sustainability.

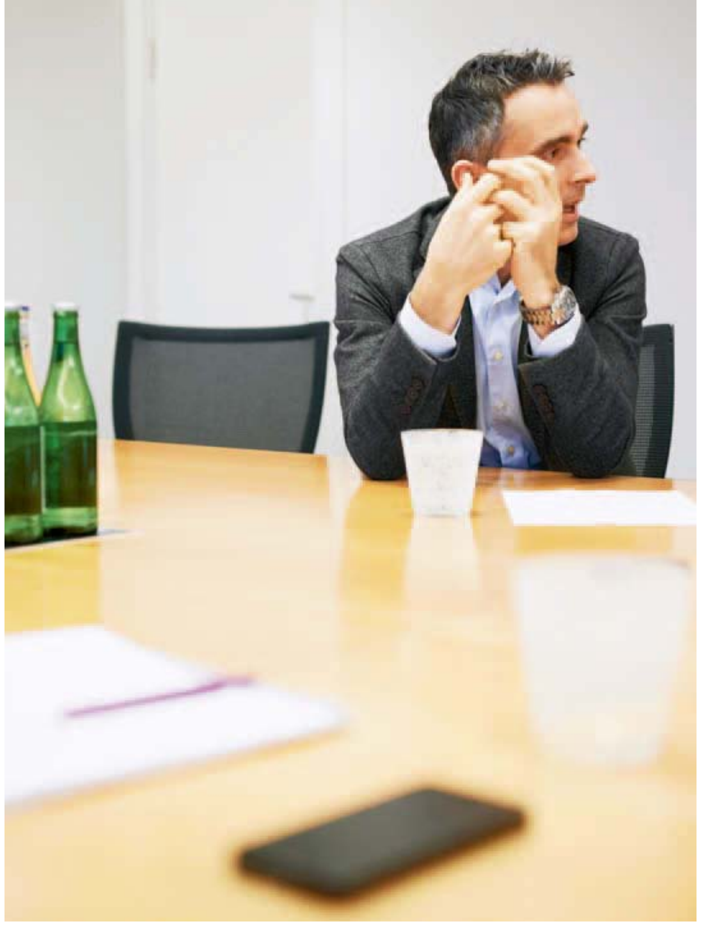
As at the end of the last financial year, Implenia was sitting on net cash of around 290 million francs. What are you doing with the money?

Affentranger: You need enough liquidity to give you room to manoeuvre as a business and to explore options. That was always our goal.

Fellmann: Implenia's future strategy also includes targeted non-organic growth. This requires financial flexibility. Of course we will only make acquisitions if this generates value. Buying volume for the sake of it would not be a good strategy for us.

What do you want to achieve in the medium term?

Affentranger: We have a motivational vision and a clear strategy that we can now implement with no holds barred in the new organisation. We want to press on with the targeted expansion of our modernisation business, and so respond to the growing demand for energy-efficient, sustainable building construction. In project development we are positioning ourselves at the pulse of the market and focusing on the relevant megatrends: immigration, densification, "Energiewende". In building construction we are constantly working on improving our cost and risk structure. We believe that our integrated business model is perfectly in line with market demand. It will allow us to tap into new markets including, for example, the fast growing market for health facilities and housing for the elderly. In Tunnelling & Civil Engineering we want to make more of our technical skills. We can do this through better integration of our civil engineering expertise for large and complex projects. At the same time we also want to offer our tunnelling & civil engineering services more internationally.



"Implenia's employees and management team did a great job last year. They can be proud of what they have achieved."

Beat Fellmann

"Implenia now has sustainability firmly fixed in its mindset. You can see it in our projects, all of which fulfil strict sustainability criteria."

Anton Affentranger

And what are you doing in the Regions?

Affentranger: In the Swiss regions the job is to optimise our position in the market, profitably move into areas of the market we don't already occupy, and increase our efficiency. In Norway we continue to pursue our vision of becoming the leading provider in the infrastructure sector in Scandinavia.

Where do Implenia's priorities lie this year?

Affentranger: Implenia wants to consolidate its position in all markets and to expand in a manner appropriate to the risks involved. In building construction, we want to execute current projects successfully while simultaneously winning new contracts. We also want to boost our modernisation business. In the infrastructure sector we need to fill up our pipeline in order to compensate for NEAT projects coming to an end. Implenia Norge needs to show that it can combine its volume of orders with good margins. And internally the priority is to establish the new organisational structure as quickly as possible. So there's lots to do in 2013.

What do you personally think are the most important targets for 2013?

Fellmann: We have come to the end of a phase during which we were very intently focused on internal matters. I now want us to take our drive and our confidence out into the market. I'd like our customers to say by the end of the year things were really happening at Implenia in 2013!

Affentranger: With our "Daring to Shape our Future" project, Implenia is entering a new era. I am looking forward to helping old and new colleagues on the Group Executive Board to grow together into a new management team. We had a real winning spirit in the old structure, and we want to take this into the new set-up. That is my personal target – and also my job as CEO.

Interview: Thomas Balmer

Setting the course for a successful future

Our environment, our society and our economy all face huge challenges, and so does Implenia. The company wants to tackle the challenges of the future and transform them into opportunities, which is why we are modifying our organisational structure. We want to unleash Implenia's concerted strengths, and dare to shape our future. After all, the future is where we can write the next chapter in our success story. It offers opportunities for us to grow. In order to exploit these we need clear organisational structures that give us greater flexibility and agility. This approach has to be built on motivated employees who are given attractive development opportunities, but it also requires closeness to customers and to the market. Implenia is actively shaping its future and introduced a new organisational structure on 5 February 2013.

Since Zschokke and Batigroup merged to create Implenia seven years ago, we have achieved fresh success each year. Our financial results have improved continuously and we have become ever more firmly anchored in the market. Our brand positioning is excellent. Implenia wants to use this position of strength to free up its potential and seize the opportunities of the future.

Implenia is taking the future into its own hands, setting the agenda, and pursuing clear-cut goals that are heavily focused on our customers. We are equipped for the challenges thrown up by the markets, and are breaking new ground in sustainability. We have also made ourselves attractive for current and future employees. The new and leaner organisational structure creates the conditions needed for all of this.

From success story to dream

We asked ourselves an important question. Exactly what form will the next chapter of our success story take? What changes do we have to make today to continue being successful in the future?

We have a dream

Implenia has a dream about its future. It is a dream of a financially healthy company enjoying long-term success. One that knows its markets and the needs of its customers, and that can cover these needs perfectly with its products and services and is therefore able to realise its full growth potential. The dream is of a highly effective Implenia, for whom a no-compromise service culture is second nature. We dream of an Implenia which is the "place to be" for current and potential employees because it gives them development opportunities they could find nowhere else, and because Implenia is a company in which employees can take great pride. As an international company solidly rooted in its home markets, Implenia sets benchmarks when it comes to sustainability. Thanks to its power of innovation, Implenia can seize opportunities arising from changes in the market.

A vision of more growth

Our vision is based on this dream and is something we are pursuing with passion.

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.

We want to grow by seizing the opportunities that arise from our markets, and by focusing consistently on our customers' requirements. We also have a flat, broad-based and clear management structure, and we offer plenty of development opportunities for all our employees. This is how we want to utilise our collective expertise and experience. We are in a position to make full use of our potential by reacting to market opportunities. We can do so, for instance, in the fast growing sector of modernisation, in health facility construction and project development, as well as in regions where we still have territory to conquer. We are also continuing to expand our international business.

Our values make us strong

On the way to making our vision a reality, our values determine what we think and do – and they make us strong.

We are reliable. Implenia keeps its promises, which makes it a reliable partner. **We demand and promote sustainability.** Implenia shows responsibility in the way it treats the environment, society and itself. **We have integrity.** Implenia conducts itself properly in accordance with laws, internal regulations and ethical standards. **We are aware of opportunities and risks.** Implenia is entrepreneurial in the way that it acts, i.e. it seizes opportunities and minimises risks. **We are transparent.** Implenia is honest and has nothing to hide. Its stakeholders can understand the reasons for its decisions. **We demand operational and financial excellence of ourselves.** Implenia strives to deliver top operational and financial performance. **We focus on solutions and customers.** Implenia puts its customers' requirements and added value first. **We are innovative.** Implenia constantly improves its range of services, responds quickly and never stops developing.

From vision to strategy

Everything derives from the vision: what Implenia is, what it creates and how it accomplishes what it does. To achieve its vision and its dream, Implenia energetically pursues its strategy.

Integrated solutions thanks to a "One Company" approach

As "One Company", Implenia bundles together all its areas of expertise to provide complete solutions from a single source. It takes care of a building throughout its entire life cycle. Its spectrum of services ranges from development to general contracting and execution. This combined expertise, spanning different Business Units, opens the way to unique results and sets us apart from the competition.

Consistently focused on customer and market needs

As our customers' preferred partner, Implenia wants to impress them and show them they made the right choice. Our focus is on the benefits we can give to our customers. That is why we look after them and their projects with experts who have a fundamental understanding of their needs and who can create added value for them. In us, our customers have a partner that is always there for them and who understands them. With this approach, Implenia can grow together with its customers and in its markets.

Partner of choice for employees

Everything that Implenia accomplishes grows from within. This is why the well-being and development of its employees are so important to Implenia. We offer them opportunities and create interesting jobs in which they can continually develop.

Innovative and sustainable for success in international markets

Implenia is increasingly establishing itself outside its home market of Switzerland. Its expertise in complex infrastructure projects strengthens its position in the international market.

We want to develop sustainable solutions for everything we tackle. This principle is an integral part of the Implenia strategy. We see the demand for sustainability as an opportunity that we must seize wholeheartedly. In doing so, we accept responsibility for the environment, for society and for ourselves.

For a strong financial performance

By consistently implementing our strategy, we can deliver a compelling long-term financial performance as a Group. We constantly add value by combining the three fundamental value drivers in our company – growth, cost efficiency and capital efficiency – in an approach focused on economic profit.

From strategy to new structure

The strategy of being close to customers and markets requires a broadly based organisational structure. A structure that helps us identify our customers' needs and market opportunities, react to them and offer the best possible solutions.

With all the prerequisites for top performance

The new organisational structure with which Implenia wants to implement its strategy is divided into Sector businesses and Regional businesses. These are supported by the Corporate Center as well as by the new Technical Support unit. This structure allows Implenia to implement its strategy in a highly effective way:

— The organisational structure is rigorously focused on markets and on our customers and their needs. We know what our customers need and provide the solutions they require. Each Sector and each Region is represented on the Group Executive Board.

— The organisation has clear-cut management structures and responsibilities. Interfaces and collaboration between the Sectors and Regions are precisely defined.

— The Business Units focus on their core areas of expertise, but they all cooperate, and work together as "One Company". And they set the agenda wherever possible for future business and growth opportunities.

— The new organisational structure is broad based and considerably flatter than before, helping to make processes more efficient. This frees up space for innovation and also gives employees scope for personal development within the company.

— Implenia encourages a corporate culture open to new and different ways of thinking. We look for creative solutions with potential for the future. This culture helps us respond more quickly to changing requirements, opportunities and risks.

— All these factors lay the groundwork for further growth and a strong financial performance by Implenia – in Switzerland and internationally. Our markets provide us with excellent opportunities. The trends we can exploit include: modernisation, health facility construction, housing for the elderly and urban densification.

At this point, we come full circle: vision, strategy and structure are organically merged into each other. Everything is mutually supportive and everything leads us to our goal: delivering top performance in our markets and for our customers.

Our new organisation

Implenia's new organisational structure is flat, clear and effective. With it, we are achieving the goals we set out in our vision and our strategy. We are operating close to our markets and customers, which paves the way for us to reach our qualitative and quantitative targets.

Implenia's new Business Units are either Sector businesses or Regional businesses. These are assisted by Technical Support and the central group functions pooled in the Corporate Center.

Sector business

The Sectors handle complex contracts in Switzerland and abroad from institutional and supra-regional customers. They also develop further expertise for projects in growth markets, e.g. for hospitals and housing for the elderly. Where necessary, they support the regions by providing expertise on risk analysis, calculations and project management. In highly complex Regional business, the Sectors may assume overall responsibility.

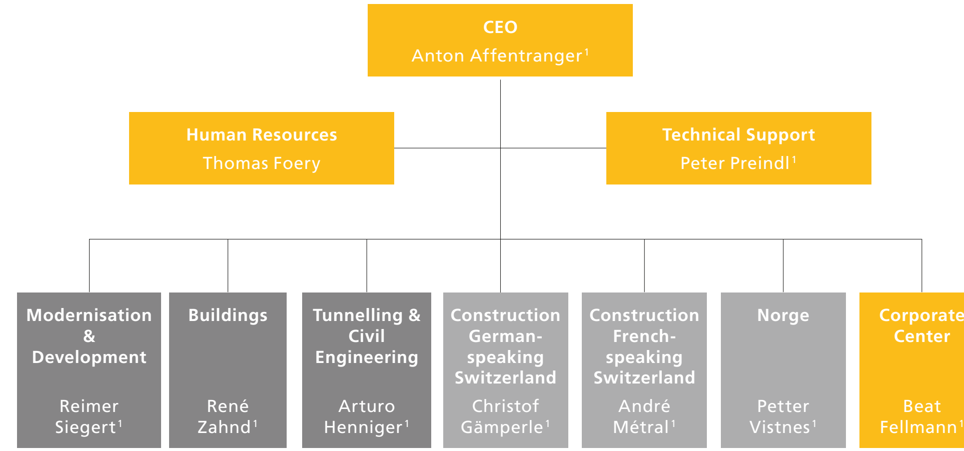
Regional business

The Regions are the face Implenia shows in the regional markets and to local customers. They carry out projects in road construction and civil engineering, in regional building and – only in Norway – infrastructure construction. When collaborating with the Sectors, the Regions manage projects where a strong local presence is important, helping the Sectors with acquisition and, if necessary, with execution.

Corporate Center and Technical Support

The Corporate Center continues to provide central services to support the operational entities. These services are Accounting, Business Development, Controlling, Financial Risk Management, Human Resources (reports directly to the CEO), IT, Investment Management, Investor Relations, Marketing/Communications, Legal Services, Reporting/Consolidation, Treasury and Insurance.

Technical Support is a new service entity that acts as our "technical conscience." It optimises processes, develops innovations and drives forward sustainability. Procurement Services is integrated into this entity as a Group-wide department charged with creating cost advantages.



Sector business
Regional business
Group functions

1 Member of the Group Executive Board (GEBO)

Group Executive Board replaces Executive Committee

The new nine-member Group Executive Board (GEBO) replaces the previous five-member Executive Committee. The GEBO consists of the CEO, the CFO/Head of Corporate Center and the Business Unit Heads as well as the Head of Technical Support. It operates under the concept of "One Company, One Goal, One Spirit". The GEBO defines the strategic goals. It watches over Group-wide junior executive planning and talent management. And it takes decisions on how operational excellence can be achieved within the Group.

Unleashing our potential

Implenia is also adjusting its legal structure. As from 1 March 2013 it is merging all previous operational units under a single umbrella called Implenia (Schweiz) AG, making the structure simpler, leaner and more uniform. "One Company, One Goal, One Spirit" is now also be a reality in legal terms.

"If you modernise a building, you take sustainability into account from the outset. In project development, we deliver services that provide intelligent solutions for issues such as urban densification or new uses for abandoned industrial sites."

Reimer Siegert, Business Unit Head of Modernisation & Development

Finger on the pulse of the market. For the Switzerland of tomorrow.

Implenia Modernisation & Development is a one-stop shop that brings together Implenia's entire expertise in the area of modernisation – from conceptual and strategic consultancy, to general contracting to actual execution of the project. Target customers are investors, operators and owners of real estate as well as institutional investors and large corporations. They benefit from a central clearing point for all their needs. At the same time, the Business Unit develops new real estate projects from the initial idea right through to the finished building. Sustainability is a focal point from the outset, e.g. in the development of urban sites for the 2000-Watt Society, the densification of town centres to make optimum use of valuable land resources, and in projects to find new forms of housing for an ageing society. Implenia wants to be a leading provider in Switzerland for modernisation and project development.

Key figures

	2012	2011	Δ
Order book (in CHF million)	**39**	50	(21.4%)
Production output (in CHF million)	**324**	315	2.8%
Headcount (FTE)	**341**	313	8.9%

"Our strengths pay off particularly in complex building projects. We add genuine value for our customers with our integrated range and service culture."

René Zahnd, Business Unit Head of Buildings

A new approach to building construction. Integrated, sustainable, customer-focused.

"We're changing the rules of the game." We are breaking new ground with the Implenia Buildings Business Unit. Creating a new model by offering our customers integrated services ranging from planning and coordination to the execution of complex buildings. This Business Unit brings together all the expertise from the group entities specialising in building construction. The Business Unit's clientele includes institutional investors and major corporations as well as supra-regional owners and operators of real estate. As a leading provider of integrated services in Switzerland, Implenia Buildings has opportunities outside the Swiss home market too. In the medium term, this Business Unit will also establish itself and its high quality services in targeted international markets.

Key figures

	2012	2011	Δ
Order book (in CHF million)	**1,833**	1,771	3.5%
Production output (in CHF million)	**1,370**	1,331	3.0%
Headcount (FTE)	**1,010**	960	5.2%

"What we build is truly fascinating and sometimes hidden away deep within the earth. We build projects for the future, durable projects that will continue to astound even later generations."

Arturo Henniger, Business Unit Head of Tunnelling & Civil Engineering

Concentrated engineering expertise. At the highest level.

Properly functioning infrastructure is what keeps our society moving – tunnels, bridges and power stations provide the foundations on which so much else is built. Implenia Tunnelling & Civil Engineering is the partner to turn to for complex, highly technical infrastructure projects. The customers of this Business Unit are national operators and owners of infrastructure as well as state-owned, partially state-owned and major private institutions. They all benefit from the advantages Implenia offers in terms of quality and processes, which – thanks to an unrivalled wealth of experience – are based on first-class expertise in project execution. Implenia Tunnelling & Civil Engineering is the market leader in Switzerland for underground and bridge construction, power station construction, foundation engineering and infrastructure refurbishment. The Business Unit will increasingly offer its skills and experience in strategically attractive international target markets too.

Key figures

	2012	2011	Δ
Order book (in CHF million)	**592**	812	(27.1%)
Production output (in CHF million)	**428**	456	(6.2%)
Headcount (FTE)	**1,100**	1,033	6.5%

"A different wind blows up here in Norway, literally. So it is all the more important to have a reliable infrastructure. This provides attractive opportunities for Implenia. Our goals are ambitious. We want to be the leading provider for complex infrastructure projects in Scandinavia."

Petter Vistnes, Business Unit Head of Implenia Norge

Complex infrastructure services for the far north.

Implenia Norge has made a name for itself by bringing its many skills to bear on major infrastructure projects in Norway. Its reputation is spreading with each project it executes. It is set to expand into other Scandinavian markets too in the near future. Customers are mainly national operators and owners of infrastructure, as well as state-owned, partially state-owned and major private institutions. Norway has opened up as an international market for Implenia, and it is now being continually expanded. Scandinavia offers opportunities for employees from Switzerland too. Their expertise and experience are in high demand here.

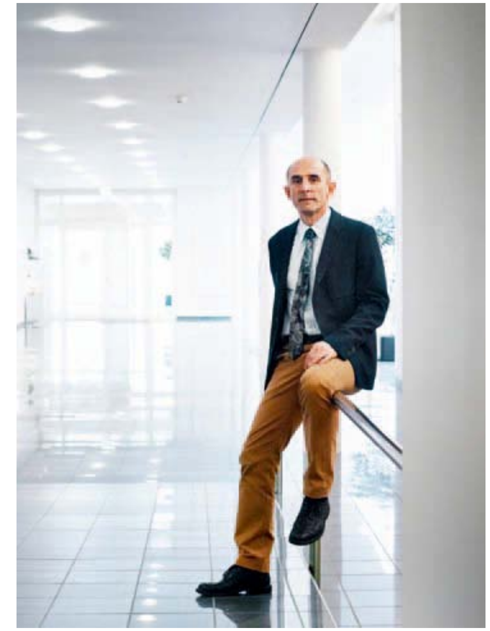
Key figures

	2012	2011	Δ
Order book (in CHF million)	**251**	127	98.4%
Production output (in CHF million)	**219**	81[1]	168.2%
Headcount (FTE)	**395**	260	51.9%

1 from 18.07.2011

"Implenia is not just a partner for large projects. We are also good at working on a smaller scale. Our local roots ensure closeness to customers. We help to shape all the places where people live and work, from municipal, cantonal and national roads to indoor pools to apartment blocks and commercial buildings."

Christof Gämperle, Business Unit Head of Construction German-speaking Switzerland



"We speak the language that local people speak. French-speaking Switzerland has its own unique market. This is where we build and where we grow as a company. We work directly for people who are closely tied to their towns and villages. We understand each other. And that is precisely why we can deliver quality."

André Métral, Business Unit Head of Construction French-speaking Switzerland

Deep roots in the Swiss market. First-class implementation.

Implenia Construction German-speaking Switzerland and Implenia Construction French-speaking Switzerland are the face of Implenia for local customers when it comes to road construction, civil engineering and regional building construction. The name says it all. The two Regional Business Units are extremely well established in their Swiss regions and have a deep knowledge of local conditions. Their clientele consists of municipalities and cantons, SMEs and private individuals.

Key figures[1]

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Order book (in CHF million)	**386**	395	(2.2%)
Production output (in CHF million)	**865**	861	0.4%
Headcount (FTE)	**2,824**	2,851	(0.9%)

1 Implenia Construction German-speaking Switzerland and Implenia Construction French-Speaking Switzerland

"Sustainable success depends not least on our figures being correct, our investments being worthwhile and our contracts being professionally negotiated. It also depends on convincing communications, IT that facilitates lean processes, effective risk control and an ability to tap into new market opportunities. We guarantee all these things."

Beat Fellmann, CFO and Head of Corporate Centre

Our internal service provider.

The Corporate Center pools together central functions within Implenia and is actively involved in implementing our corporate strategy. It supports the various Business Units by providing professional services. These internal needs are met with a transparent cost structure. The Corporate Center is committed to efficiency, effectiveness and a high degree of customer orientation, as well as state-of-the art services and compelling quality.

Key figures

Headcount (FTE)	**around 200**

"We continuously promote Implenia's effectiveness as its technical conscience and engine for sustainability. We do so by pooling the Group's technical expertise and sustainability skills and further developing them for our colleagues in the operational entities."

Peter Preindl, Head of Technical Support

Our technical conscience and our engine for sustainability.

Technical Support is Implenia's "technical conscience", guaranteeing that the expertise required to provide operational services is ready and waiting. To do this, the entity has forged close ties with the operational Business Units, acting as a shared facility that brings together the entire Group's know-how. Technical Support also ensures lean processes and promotes further technical progress as the driving force behind innovation and continuous improvement. It helps reduce technological risks and thereby reduce costs. With its efficient procurement services, Technical Support makes sure we can fully exploit synergies. The entity also acts as the driver for sustainability, a key strategic aspect. In this capacity, Technical Support develops such themes as energy efficiency and the 2000-Watt Society, sustainable construction materials, and sustainability assessments of Implenia's own projects using the GeNaB® assessment tool.

Key figures

Headcount (FTE)	**around 30**

Building cultural bridges

Implenia has had its own company and around 400 employees in Norway since July 2011. The country, and in future the whole of Scandinavia, are important growth markets for Implenia. The numerous infrastructure projects there also offer attractive employment and career opportunities for group employees.

"We are very happy to welcome any colleagues from Switzerland, because there are plenty of opportunities and lots of exciting projects up here."

Petter Vistnes, Business Unit Head of Implenia Norge

"I hope there's going to be a lively exchange of employees and know-how between our two countries," says Petter Vistnes, Head of the Implenia Norge Business Unit. In the 18 months or so since Implenia entered the Norwegian market with the acquisition of Betonmast Anlegg, the Swiss and Norwegian sides have got to know each other better, and have built the first cultural bridges.

Wealth, mountains and a small population: there are a whole host of similarities between Switzerland and Norway. The most obvious difference, however, is the size of the two countries. With an area of 385,199 square kilometres, Norway is more than nine times as big as Switzerland. If you could rotate the long thin country 180 degrees around Oslo, its northern tip would end up in Rome. And Norway has a lot to offer: clean, fresh air, seemingly endless mountain chains, picturesque fjords and bays along its 25,000 kilometre Atlantic Coast. And the people? "We are open, direct and perhaps a little less formal than the Swiss," Vistnes smiles.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Building up the right expertise

It's an ambitious goal: to be the leading provider for complex infrastructure construction projects in Scandinavia. To do this, Implenia Norge is continuously building up its expertise. Thanks to its very solid regional roots and the first-rate know-how of its local employees, the unit was able to expand its project portfolio significantly in 2012 – backed by the group's financial power and a brand that has already established a strong position for itself in the far north.

←
The Akrobaten Bridge in Oslo, designed by L2 Architekter, was built in 2010. This pedestrian/cycle bridge links the Grønland district with the up-and-coming Bjørvika district. Around 600 tonnes of steel were used in the construction work. The bridge, which hangs from four steel pillars, is 206 metres long. At the European Steel Construction Day & Annual Meeting 2012 in Lisbon the bridge was given the European Bridges Award by the European Convention for Constructional Steelwork (ECCS).

→
The Nordenga Bridge crosses the tracks at Oslo's main railway station, linking two districts in the Norwegian capital. It has lanes for motor vehicles, pedestrians and cyclists. The bridge is 250 metres long, 20 metres wide and 35 metres high at its highest point.

"We won and executed a large number of interesting projects last year and recruited around 190 new employees," is how Business Unit Head Petter Vistnes proudly summarises the experience so far. This didn't happen by accident: the Norwegian tunnel and infrastructure market is booming. Norway, blessed with large reserves of oil and natural gas, is currently updating and expanding its road and rail network. The government's "National Transport Plan" alone is scheduled to make substantial investments in transport infrastructure (rail and road) over the coming years. Implenia is participating in this activity.

Continuously developing expertise

Implenia Norge is well established in the region and its employees combine first-class expertise with many years of experience. As part of Implenia, the unit also has access to specific compe-

"We will benefit from Swiss expertise in specialist tunnelling applications."

Petter Vistnes, Business Unit Head of Implenia Norge

tences from all over the Group, including tunnelling: "We have been able to build up the services we offer in a targeted manner and so will be able to execute projects in future that involve tunnel drilling machines and microtunnelling," Vistnes explains. This gives Implenia a unique competitive advantage in Norway where tunnels have so far been made mainly by drill and blast.

Implenia Norge has also continued to build up its skills through acquisitions, strengthening its position as a full-service provider in the Norwegian tunnel construction market. In October 2012, for example, it acquired (in an asset deal) Tego, a company that operates in both the Norwegian and Swedish markets, specialising in membrane cladding of tunnels. Implenia Norge is given an extra boost by the Implenia Group's financial power – a key factor for major projects like the one won in May 2012 to build the "Brokke Nord" hydroelectric plant (see table). Vistnes explains: "We can now win and execute projects that a few years ago would have been too big for us."

> "The Implenia brand has a dynamism to it. It quickly became clear to us that we wanted to operate in the market under this brand."

Petter Vistnes, Business Unit Head of Implenia Norge

Implenia is a strong brand in Norway

Nowadays we can safely say that Implenia – as a company and a brand – has arrived in Norway. This is due in no small part to a very deliberate decision: at the time of the acquisitions the Norwegians had a choice – to keep the existing brand or to start operating on the market as Implenia. "Implenia has a dynamism to it. It quickly became clear to us that we wanted to be known in the market under the Implenia brand." And what does Vistnes think of this decision now? "We've never regretted it. In fact our success shows that we were right. And with every project we win and successfully complete we are expanding our list of references and further strengthening Implenia as a brand in the Norwegian market."

Implenia Norge has been commissioned by energy company Otra Kraft to build the "Brokke Nord" hydroelectric power plant, including water tunnels, dam, and power station, close to Bykle in southern Norway. Scheduled completion date is April 2014. This is the most significant order Implenia has won since it entered the Norwegian market in July 2011.

Brokke Nord hydroelectric plant

Height of dam wall	50 m
Rivers feeding the plant	6
Length of transfer tunnel	10.58 km
Diameter of transfer tunnel	20 m²
Intake shafts	6
Power generation	175 GWh
Capacity of pressure pipeline	15 m³/s
Size of contract	CHF 75 million


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New records set

Implenia once again significantly improved its performance in 2012. The financial benchmarks – turnover, EBITDA, operating result and consolidated profit – all reached record levels. All three divisions posted good results. Implenia Norge performed very dynamically and made a positive contribution to the bottom line. With the continued strength of the construction market and a full order book, Implenia can look forward to the future with confidence.

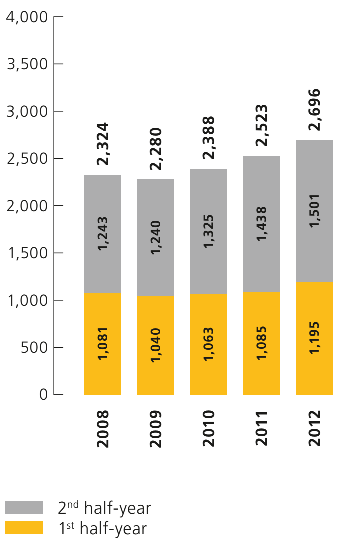
Robust construction activity in target markets

The construction market in Switzerland performed well again in 2012. The main construction trades saw another year-on-year increase in business volumes. This was due partly to the residential construction sector, which saw demand remain high thanks to low interest rates and net migration into Switzerland. The infrastructure construction market also grew during the year under review thanks to a stable stream of public sector contracts. Commercial construction put in a modest performance. As a result of the economic uncertainty triggered by the euro crisis, export-oriented companies in particular remained cautious about investing in building projects.

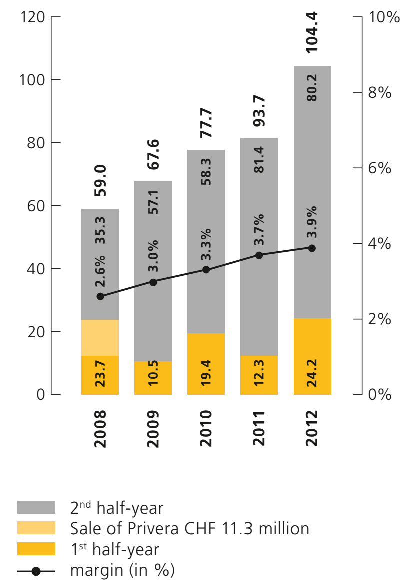
Although construction volume in Switzerland increased, prices came under pressure in individual segments, i.e. roads and civil works in certain regions, and tunnelling, where the number of contracts fell. The healthy level of construction activity also had an effect on the labour market. Employment figures reached a record high, and there is a shortage of skilled workers.

As in Switzerland, Norway benefited from a healthy economic environment during the year under review. The tunnel and infrastructure construction market in Norway, which is strategically important to Implenia, performed very well. This is reflected in the high number of tenders for infrastructure projects, especially in the East and North of the country.

Consolidated revenue
(in CHF million)



Operating income
(in CHF million)

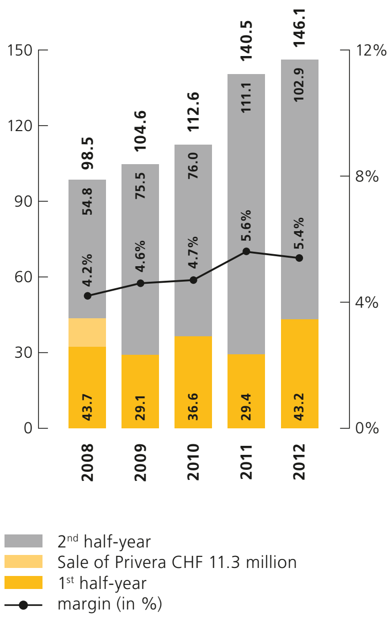


Consolidated key figures

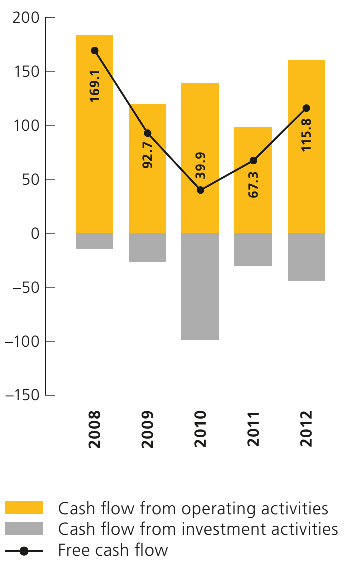
	2012 CHF 1,000	2011 CHF 1,000	Δ
Consolidated revenue	**2,695,752[1]**	2,522,646[2]	6.9%
EBIT divisions	**104,060**	93,529	11.3%
Operating income	**104,404**	93,676	11.5%
Consolidated profit	**71,230**	61,351	16.1%
EBITDA	**146,083**	140,489	4.0%
Free cash flow	**115,824**	67,311	72.1%
Production output	**2,894,007**	2,776,666	4.2%
Number of shares	**18,472,000**	18,472,000	–
Outstanding shares	**18,371,954**	18,292,994	0.4%

1 Of which Implenia Norge: CHF 209 million
2 Of which Implenia Norge: CHF 81 million

EBITDA
(in CHF million)



Free cash flow
(in CHF million)



Best results in the company's history

Implenia increased its consolidated revenue for the financial year 2012 by 6.9% to CHF 2,696 million (2011: CHF 2,523 million). Of this growth, 5.1% was due to Implenia Norge, which was consolidated for a full financial year for the first time. Production output was 4.2% higher than in the prior year. Implenia's three divisions, Real Estate, Infrastructure Construction and Industrial Construction, can all look back on a pleasing 2012. Business went very well in Switzerland, with earnings rising even faster than the organic growth in turnover. Implenia saw a leap in growth in Norway. Even after the amortisation of intangibles, which came to a significant amount for the last time in the period under review, Implenia Norge was able to make a positive contribution to Group results.

The divisions' EBIT passed the CHF 100 million mark at CHF 104.1 million (2011: CHF 93.5 million). Implenia thus reached its communicated medium-term earnings target one year earlier than planned. Consolidated profit also went up disproportionately, rising 16.1% to CHF 71.2 million (2011: CHF 61.4 million). Implenia's consolidated profit margin thus improved from 2.4% in the prior year to 2.6%. This higher margin is due to better capacity utilisation, the rising portion of higher margin activities, such as project development and foundation engineering, and the improved cost and risk structure. At CHF 146.1 million, EBITDA was even higher than the very good figure achieved in 2011 (CHF 140.5 million).

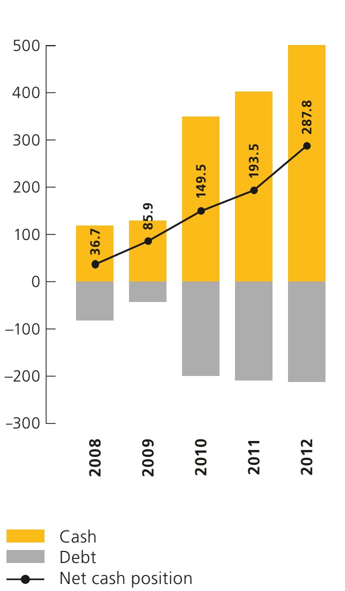
The order backlog at Group level stood at CHF 3,101 million at the end of the year, more or less matching the prior year's level. These orders are equivalent to more than a year's turnover and ensure that Implenia is clearly visible in the marketplace. Implenia has managed, in line with its strategic objectives, to nearly compensate for the decline in tunnel construction volumes in Switzerland with very good income orders in Norway.

Headcount (incl. temporary employees) went up 7.2% to 6,404 employees (FTE). This increase is due mainly to the unit in Norway and to the acquisition of Locher Bauunternehmer AG with approximately 160 employees.

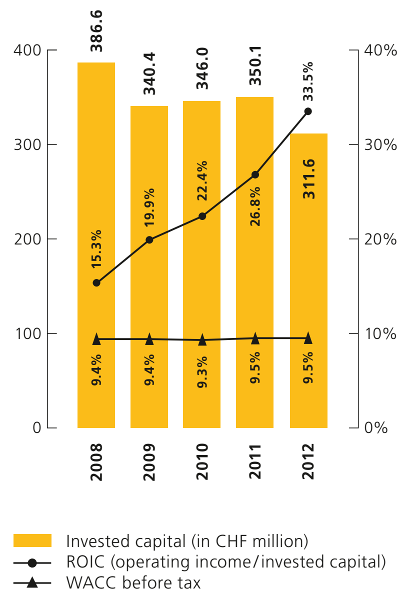
Key balance sheet figures

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Cash and cash equivalents	**500,727**	402,532	24.4%
Real estate transactions	**251,690**	247,047	1.9%
Other current assets	**820,676**	820,059	0.1%
Non-current assets	**435,961**	418,065	4.3%
Total assets	**2,009,054**	1,887,703	6.4%
Financial liabilities	**212,895**	209,073	1.8%
Other liabilities	**1,196,773**	1,135,102	5.4%
Equity	**599,386**	543,528	10.3%
Total equity and liabilities	**2,009,054**	1,887,703	6.4%
Net cash position	**287,832**	193,459	48.8%
Investments in real estate	**89,384**	76,459	16.9%
Investments in fixed assets	**40,288**	38,720	4.0%
Equity ratio	**29.8%**	28.8%	1.0%

Net cash position
(in CHF million)



Return on invested capital (ROIC)
(in %)



Invested capital

	2012	2011	Δ
	CHF 1,000	CHF 1,000	
Current assets excl. cash and cash equivalents	**1,072,366**	1,067,106	0.5%
Non-current assets	**435,961**	418,065	4.3%
Less debt capital (excl. financial liabilities)	**(1,196,773)**	(1,135,102)	(5.4%)
Total invested capital	**311,554**	350,069	(11.0%)

Operating income

	2012	2011	Δ
	CHF 1,000	CHF 1,000	
Total operating income	**104,404**	93,676	11.5%

High cash flow and a solid capital base

Free cash flow is at the healthy level of CHF 115.8 million, 72.1% higher than in the prior-year (2011: CHF 67.3 million). This significant increase is the product of a good business performance and of the strict management of liquidity and net working capital (NWC). Implenia was able to fund the land purchases made to consolidate and further diversify the project development portfolio (including "The Metropolitans" and "Wrighthouse" in Zurich, and "schorenstadt" in Basel) entirely from operating business. Investment property on the Sulzer site in Winterthur was sold in line with our strategy, freeing up considerable capital. As a consequence Implenia, despite the rise in turnover towards the end of the year, has a high net cash position of CHF 287.8 million (2011: CHF 193.5 million).

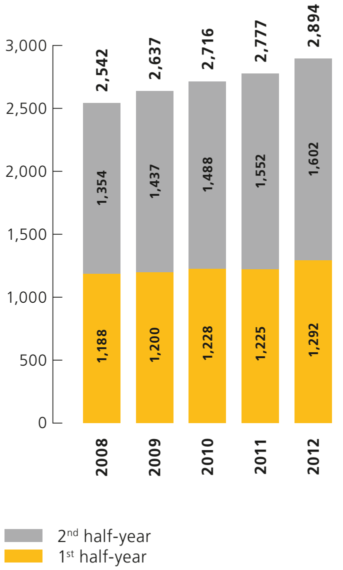
At the end of August 2012, Implenia was able to renew the CHF 500 million syndicated loan facility, which was coming to the end of its term, for another five years. The loan was made by a broad consortium of banks led by UBS together with Credit Suisse and Zürcher Kantonalbank. As well as funding the normal seasonal requirements, the facility also serves a guarantee function for building projects. The renewal proves how much confidence the banks have in Implenia's strong balance sheet, good market position and promising prospects.

The expansion of business volumes and investment in new projects led to an increase in total assets to CHF 2,009.1 million at the end of 2012 (2011: CHF 1,887.7 million). Nevertheless, Implenia was able to increase its equity ratio from 28.8% in the prior year to 29.8%. This gives the company a very solid equity base by industry standards.

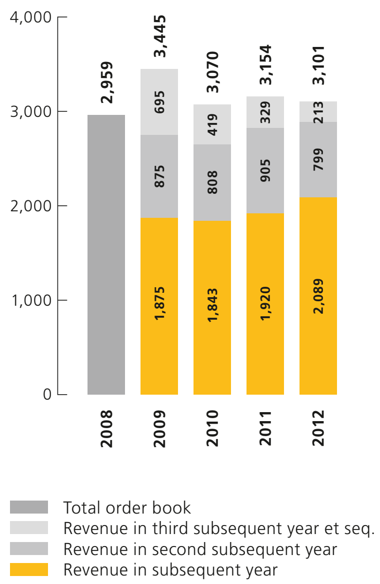
Increase in economic profit

During the year under review, Implenia significantly increased its return on invested capital (ROIC). This now stands at 33.5% compared to 26.8% in the previous year. Before tax, the average weighted cost of capital (WACC) of 9.5% was thus exceeded by 24%. This value creation is reflected in economic profit, a new measure introduced during the year under review. The increase in economic profit doubled compared with the prior year, with significant improvements in all three value drivers – costs, growth and capital.

Production output
(in CHF million)



Order book
(in CHF million)



Production output

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Real Estate	**1,447,331**	1,414,880	2.3%
Infrastructure Construction	**1,319,315**	1,288,224	2.4%
Tunnelling	**235,910**	274,871	(14.2%)
Implenia Norge	**218,466**	81,444	168.2%
Prime Buildings	**20,918**	19,759	5.9%
Various/elimination of intra-group services	**(347,933)**	(302,512)	(15.0%)
Total production output	**2,894,007**	2,776,666	4.2%

Optimistic outlook for 2013

Construction activity in Switzerland will probably remain healthy in 2013. This is certainly indicated by the residential construction sector, where there are plenty of new buildings being planned and a large backlog of orders. Good fundamentals, such as Switzerland's low interest rates, growing population and low non-occupancy rate, are keeping demand buoyant. Within residential construction, modernisation work is on the increase. Conversion and refurbishment applications are, for example, running higher than the long-term trend for Switzerland. Implenia is not affected much by the restrictions imposed by the second home initiative, because it is involved in very little building construction in tourist regions. Public sector demand for infrastructure construction should remain stable. The outlook is particularly positive for the "infrastructure improvement" sector because, as expected, the public sector plans to invest more in "infrastructure" as a locational advantage for Switzerland.

Infrastructure construction in Norway should continue to develop healthily. The "National Transport Plan 2010–2019", which involves government investment in transport infrastructure (rail and road) worth NOK 322 billion (around CHF 50 billion), is being implemented systematically. This should result in a high volume of tenders.

Against this background of lively construction activity and full order books, Implenia is looking to this year with confidence. With the new orientation announced at the start of February 2013, the company is focusing more closely on its customers and markets. This creates the basis for exploiting market potential and achieving top and bottom line growth in the medium and long term.

Key projects

"City Halle", Sulzerareal in Winterthur
With the conversion of City Halle, Implenia, commissioned by Zurich University of Applied Sciences (ZHAW), is creating the heart of the future "Education Mile" on the Sulzer site in Winterthur. ZHAW's main library will open in the listed industrial building in summer 2014. ZHAW is an ideal partner for the development of the site, while Implenia can use its project development, general contracting, modernisation and execution skills on the project to help create a sustainable, mixed-use, lively new part of town. (Picture)

Zwicky site, Dübendorf Implenia worked as a total contractor on the site of Zwicky & Co. AG's grand old silk twining plant in Dübendorf. In various phases it has helped turn the site into a new district with a wide variety of living and work space. The new housing development consists of six buildings with a total of 192 apartments and was handed over to new residents in summer 2012.

Murtenstrasse, Berne Implenia was responsible for building the Murtenstrasse development in west Berne: a new build project that has created 95 homes, student housing offering 75 residential units, plus two floors of shops and office space.

Real Estate Division

Real Estate did very well in 2012, with record results for both General Contracting and Project Development.

In the 2012 financial year the Real Estate Division increased its turnover by 2.3% to CHF 1,447.3 million. EBIT rose disproportionately, by 16.0% to CHF 52.2 million. Order volumes were maintained around the previous year's high level at CHF 1,647 million.

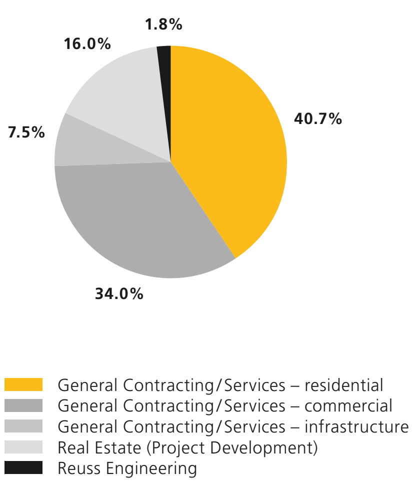
Excellent General Contracting

General Contracting achieved a very good result during the year under review. EBIT rose 4.7% to CHF 20.6 million, a new record high. Implenia was very successful in acquiring general and total contracting jobs. Its new orders included "Park Tower", which will be the tallest building in Central Switzerland; the "Neugrüen" development in Mellingen, Switzerland's largest Minergie-A-Eco-Standard development; the new hall of residence for the Cité Universitaire in Geneva; and the new global headquarters for the JTI Group in Geneva. General Contracting is increasingly executing orders placed by Implenia Project Development, and itself is generating more orders for Construction Production, which confirms how successful the integrated business model is.

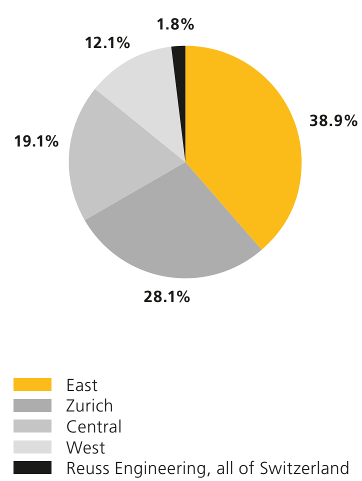
Key figures Real Estate

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Revenue	**1,447,332**	1,414,880	2.3%
EBIT General Contracting/Services	**20,587**	19,659	4.7%
EBIT Real Estate (Project Development)	**31,575**	25,297	24.8%
EBIT	**52,162**	44,956	16.0%
Order book	**1,646,954**	1,616,139	1.9%
Headcount (FTE)	**518**	482	7.5%

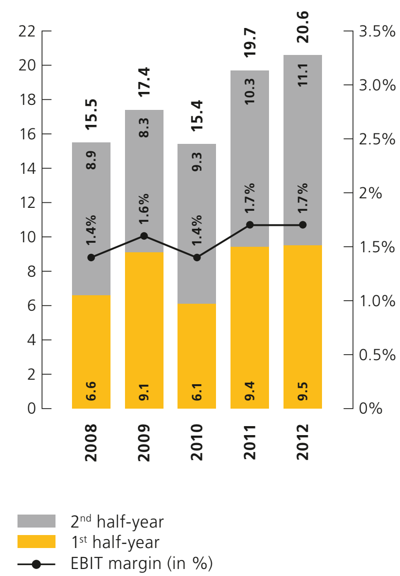
Production output 2012 by business segment



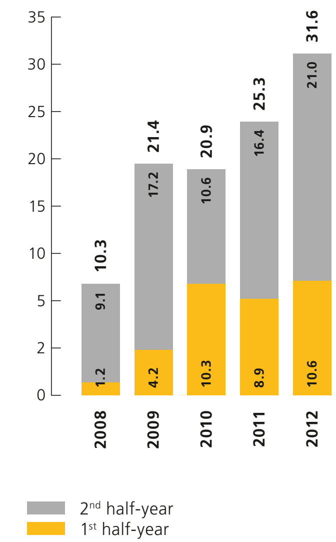
Production output 2012 by region



EBIT General Contracting/Services
(in CHF million)



EBIT Real Estate (Project Development)
(in CHF million)



Project Development posts record result

2012 was by far the most successful year for Project Development at Implenia. EBIT was up by almost a quarter on the prior year's good result at CHF 31.6 million. This puts earnings from Project Development above the published target figure of CHF 30 million for the first time.

In June Implenia received planning permission for the project "The Metropolitans" in Zurich Nord and began building work. A new city district is being created around the Leutschenbach area of northern Zurich. Implenia is building two apartment blocks in the middle of the development, offering unique properties across 19 storeys.

The development of the Sulzer site in Winterthur is progressing well. In February Implenia submitted its first planning application: the former "City Hall" is being transformed into the new central library for Zurich University of Applied Sciences. In December Implenia sold its investment properties in Winterthur-Neuhegi to real estate company Intershop. The package includes a 137,000 square metre plot of land in the industrial zone, as well as several offices and industrial buildings totalling 50,000 square metres. With this sale, Implenia has now disposed of all the non-strategic investment properties it acquired when it bought Sulzer Immobilien AG's property portfolio in 2010. Implenia has invested the equivalent of the sale receipts in its project development portfolio across Switzerland, thus maintaining the value of its land bank.

Real Estate highlights 2012

→ Record set: General Contracting and Project Development exceeded CHF 20 million and CHF 30 million EBIT respectively for the first time

→ Orders secured: Awarded the contracts for two major projects – JTI in Geneva and Park Tower in Zug

→ Continuous optimisation: Process and risk management

Key projects

Elephant enclosure, Zurich Zoo The Elefantenpark Holzbau consortium (Implenia, Brunner Erben Holzbau) is building the roof for the new elephant enclosure at Zurich Zoo. With its highly experienced specialist department devoted to wooden construction, Implenia is lead managing the consortium. Thanks to its cantilevered asymmetrical wooden roof, the elephant enclosure is an impressive sight. As a renewable raw material, wood is perfect for sustainable construction, particularly because of its low grey energy rating (energy required for production, transportation and processing). (Picture)

Hagneck hydroelectric plant Implenia is turning the historic but ageing Hagneck barrage into a modern hydroelectric power station. The modernised plant will produce 35% more power without any adverse effects on the environment. Maximum energy efficiency is thus being combined with modern environmental protection.

"Eaux des Fontaines" viaduct, Jura As part of the "A16-Transjurane" road project, Implenia is building a 544 metre long, up to 30 metre high twin bridge. Owing to unstable ground conditions, the build requires great experience and expertise as well as close cooperation between our specialists in bridge building, foundation engineering and civil works.

Infrastructure Construction Division

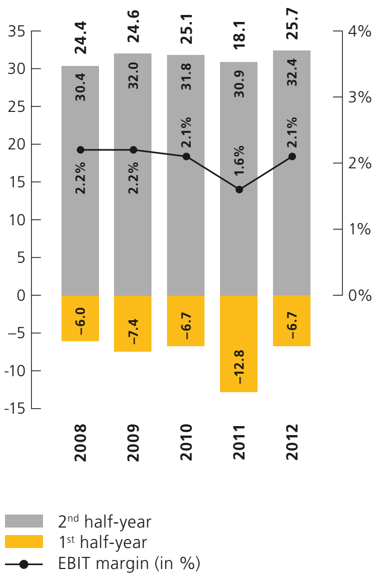
Infrastructure Construction is back on course, achieving a record result in 2012 – an excellent performance given the difficult weather conditions. This pleasing result was due in part to improvements initiated in the prior year and to good capacity utilisation in civil engineering and foundation engineering.

In 2012 the Infrastructure Construction division generated revenue of CHF 1,220.3 million, which is 6.3% more than in the previous year. This was a great achievement considering how cold February was and how early winter arrived. EBIT improved significantly, by 41.9% to a new record level of CHF 25.7 million, giving an EBIT margin of 2.1%. The improvements introduced after disappointing results for the first half of 2011 began to have the desired effect. These improvements included repositioning the Industrial Building Construction business in German-speaking Switzerland, better capacity utilisation in Foundation Engineering and centralising logistics. Order books, at CHF 751.3 million (1.0% up on 2011), are well filled.

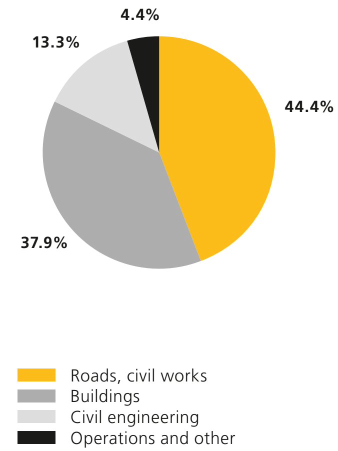
Key figures Infrastructure Construction

	2012	2011	Δ
	CHF 1,000	**CHF 1,000**	
Revenue	**1,220,325**	1,147,649	6.3%
EBIT	**25,683**	18,100	41.9%
Production output	**1,319,315**	1,288,224	2.4%
Order book	**751,295**	744,157	1.0%
Headcount (FTE)	**4,213**	4,138	1.8%

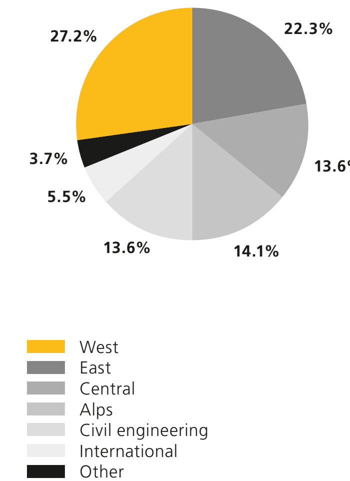
EBIT Infrastructure Construction
(in CHF million)



Production output 2012 by business segment



Production output 2012 by region



Acquisition strengthens Modernisation business

The high margin Civil Engineering and Foundation Engineering sectors had a very good year, delivering a significant improvement in results. Among other projects, Canton Berne's civil engineering department commissioned Implenia to build the "Eaux des Fontaines" viaduct for the "A16-Transjurane" motorway. Building Construction performed better than in the prior year, while the Roads business was at around the same level as in 2011.

In the middle of the year Implenia acquired Locher Bauunternehmer AG with its workforce of around 160 employees. The new unit brings skills in conversion, infrastructure refurbishment and hydrodynamics to the group. With this acquisition, Implenia has strengthened its market presence and expertise, especially in infrastructure improvement, thus taking another step in the targeted expansion of its modernisation business.

Infrastructure Construction highlights 2012

→ Back on course: Excellent performance considering the difficult weather conditions

→ Actions taken prove effective: Industrial building construction, centralised logistics and improved capacity utilisation

→ Well positioned: Modernisation of infrastructure boosted by Locher acquisition

Key projects

Galgenbuck Tunnel, Neuhausen Implenia is building the 1138 metre long Galgenbuck Tunnel. Winning the contract has given Implenia's tunnelling business a boost, and helps ensure that capacity freed up by completion of the NEAT tunnel construction jobs can still be utilised in Switzerland. The tunnel is vital to the smooth running of the Schaffhausen Süd motorway link, taking through traffic away from Neuhausen am Rheinfall. Implenia, as part of the Implenia-Walo Bertschinger consortium, is responsible for realising the project, which is worth around CHF 78 million. It includes boring, cladding and fitting out the tunnel, and also covers the associated construction work. (Picture)

"Gryllefjord" bridge, Senja island, Norway Implenia Norge has started on a new project: building the steel composite "Gryllefjord" bridge. The extreme weather conditions present a particular challenge for the project team as the construction site is periodically exposed to strong winds, high waves and large volumes of snow.

Stoos funicular railway, Morschach im Muotathal The Implenia-Vetsch consortium has been awarded the contract to build the new "Stoosbahn" at Morschach im Muotathal, the world's steepest funicular railway, with a gradient of 110%. The project includes three tunnels and three steel bridges. The project-specific soutions for the extreme conditions were a decisive factor in winning the job.

Industrial Construction Division

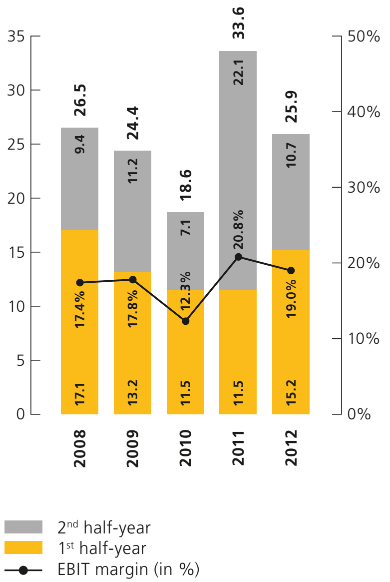
Industrial Construction achieved a pleasing result in 2012. Earnings from tunnel construction in Switzerland were once again very good. Implenia Norge has become a success story. Business in the Middle East burdened the result.

Key figures Industrial Construction

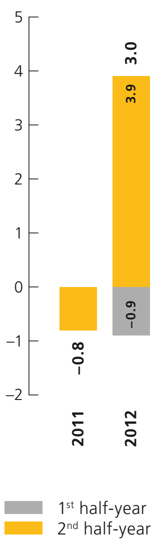
	2012	2011	Δ
	CHF 1,000	CHF 1,000	
Revenue (excl. Implenia Norge)	**157,563**	181,185	(13.0%)
Revenue Implenia Norge (2011: 18.7.–31.12.2011)	**218,466**	81,444	168.2%
Revenue	**376,029**	262,629	43.2%
EBIT Tunnelling (excl. Implenia Norge)	**25,916**	33,590	(22.8%)
EBIT Implenia Norge (2011: 18.7.–31.12.2011)	**3,003**[2]	(805)[1]	
EBIT Prime Buildings	**(2,704)**	(2,312)	(17.0%)
EBIT	**26,215**	30,473	(14.0%)
Production output (excl. Implenia Norge)	**256,828**	294,630	(12.8%)
Production output Implenia Norge (2011: 18.7.–31.12.2011)	**218,466**	81,444	168.2%
Production output	**475,294**	376,074	26.4%
Order book (incl. consortia, excl. Implenia Norge)	**451,715**	667,090	(32.3%)
Order book Implenia Norge	**251,046**	126,529	98.4%
Order book	**702,761**	793,619	(11.4%)
Headcount (FTE – excl. Implenia Norge)	**544**	573	(5.1%)
Headcount (FTE) Implenia Norge	**395**	260	51.9%
Headcount (FTE)	**939**	833	12.7%

1 After integration costs and amortisation of intangible assets of CHF 2.7 million
2 After amortisation of intangible assets of CHF 1.7 million

EBIT Tunnelling
(in CHF million)



EBIT Norge
(in CHF million)



The division's EBIT for 2012 amounted to CHF 26.2 million, compared to CHF 30.5 million in the prior year. Implenia Norge was consolidated for a whole year for the first time. In 2012, Implenia Norge posted positive earnings of CHF 3.0 million for the first time. This was despite amortisation charges on intangible assets, which came to a significant amount for the last time in the period under review (CHF 1.7 million).

The division's production output went up 26.4% to CHF 475.3 million. Business in Norway contributed CHF 218.5 million to the division's turnover, which is already more than half the total figure. The strategy of compensating for the declining tunnel construction market in Switzerland with infrastructure contracts in Norway is thus proving successful.

The order backlog stood at CHF 702.8 million at the end of the year, 11.4% lower than at the end of 2011. This is because of the fall in tunnel construction orders in Switzerland, which could not be fully offset by the numerous new contracts in Norway.

Outstanding result from Tunnelling Switzerland

Implenia achieved another excellent operating result from tunnelling work in Switzerland. The agreement concluded with the client ATG (AlpTransit Gotthard) in 2011 owing to the extended construction period for NEAT delivered another CHF 10 million contribution to earnings during the year under review. Implenia successfully completed various major projects, such as the Lungern bypass tunnel and the Weinberg Tunnel in Zurich, in 2012. New contracts won during the period under review in Switzerland include the Galgenbuck Tunnel near Neuhausen and various contracts associated with the Gotthard tunnel (Lot E). However, these new contracts were not enough to compensate for the decline in the volume of the Swiss tunnel construction market. Results for tunnelling were pulled back by start-up costs in the Middle East.

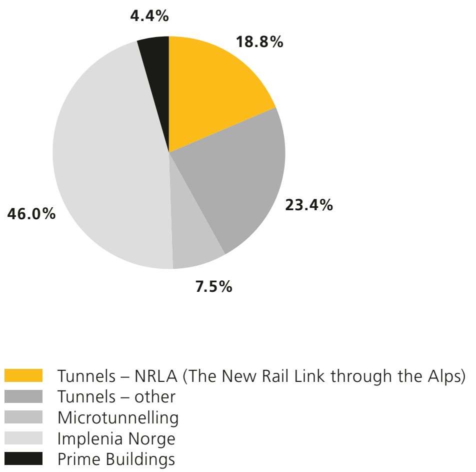
Prime Buildings repositioned

Implenia repositioned the Prime Buildings business area as from 1 January 2013. The unit was downsized and integrated organisationally into the Real Estate Division. All ongoing projects will be completed by the end of 2014. The negative result of CHF 2.7 million at end-2012 is disappointing.

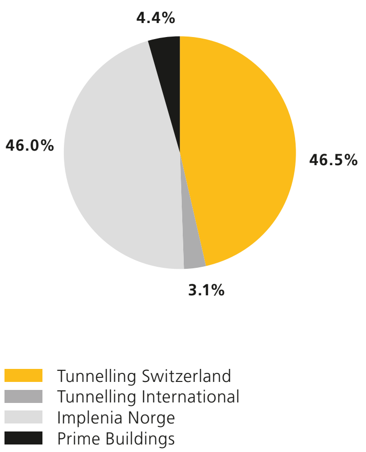
Industrial Construction highlights 2012

- → Outstanding result: Excellent performance from Tunnel Construction in Switzerland
- → Positive contribution to earnings: Norway evolves into a success story
- → Major new infrastructure contracts: Volume of orders nearly doubles in Norway

Production output 2012 by business segment



Production output 2012 by region



Implenia Norge gains further momentum

Business went extremely well for Implenia Norge in 2012. Sales and EBIT both increased significantly. Production output came to CHF 218.5 million (2011: CHF 81.4 million, only consolidated for half a year). Thanks to its strong local roots and local knowledge, Implenia Norge was able to almost double the size of its order book. Its parent company's resources (e.g. financial strength) helped a lot here. In 2012, Implenia won several major infrastructure contracts in Norway, including the extension of the E39 motorway along the country's west coast, the expansion of rail infrastructure in Drammen, and the CHF 75 million "Brokke Nord" hydroelectric project. Implenia Norge also increased its expertise in targeted areas in 2012 with the acquisition of concrete specialist Midtnorsk and tunnel cladding specialist Tego.

Corporate Center

With its central services, the Corporate Center continued to make an important contribution to greater efficiency in 2012, as well as providing support to operational units. At the Human Resources (HR) unit, the "Icademy" training and development platform was successfully launched. Renegotiation of Implenia's syndicated loan means that funding for the group is secured again for the long term. The publication of the first Sustainability Report in 2012 provides transparency and new momentum.

Consolidation process optimised, invoice receipt centralised

New consolidation software was introduced during the year under review, laying the foundation for an improved consolidation process. In order to increase the efficiency and quality of invoice processing, Implenia has also restructured the process for accounts payable. Invoice receipt has been centralised for the whole of Switzerland, and invoice labelling has been standardised. Alongside preparations for the new "IAS 19 revised" and "IFRS 11" accounting standards introduced on 1 January 2013, the year was dominated by the expansion of the planning process. Economic profit and cost-type planning were added as new elements, allowing new KPIs to be calculated as a basis for the operational unit's strategic direction.

"Icademy" and new "Iperform" process tool launched

The training and development concept was approved by the Executive Committee during the period under review. A new "Management Development" course was successfully started (see page 73 for more information). The "Iperform" system launched in 2012 supports various HR processes. For example, the target agreement and evaluation process was conducted using the new system during the period under review. The compulsory e-learning programme on cartel law and preventing corruption was also carried out on this platform. The tool will in future support other processes too, such as employee development, internal and external training and development, job applications and succession planning.

Syndicated loan successfully renewed

A central task for the Treasury department in 2012 was to renew the syndicated loan, which was due to expire. The CHF 500 million credit facility was successfully extended for another five years. The renewal, which was made on attractive terms, ensures the Group's long-term funding, and reflects the confidence that Switzerland's banks have in Implenia.

Legal Services: services portfolio expanded, standard contracts established

The service offering from the Legal department was expanded in 2012. To ensure that legal issues are considered in good time in operational areas, systematic training was carried out and standard contracts were drafted for things such as subcontracting work, procurement terms and supplier framework agreements. The new laws on wage dumping were also put into practice. Legal Services continued its standard practice of supporting all major tenders and negotiations, whether for project development work, total and general contracting jobs, acquisitions or property purchases and sales.

New round of insurance contracts completed

Implenia held its first "Insurance Day" in summer 2012. Around 40 representatives of the Swiss insurance industry were given information directly by the CEO and CFO. The event kicked off the process of awarding all the insurance contracts. This process was successfully completed in 2012. The Claims Management unit further expanded the SAP-based claims system, thus improving the overview of ongoing claims.

IT landscape updated

Implenia has rolled out an update for all Windows-based servers throughout Switzerland. The Norwegian unit and Locher Bauunternehmer AG, acquired in 2012, were fully integrated into Implenia's system landscape. A new concept was formulated for data archiving, and this is now being implemented. At the end of the year the Executive Committee decided to implement a new telephone solution across the group.

Integrated system for project and risk management

Implenia has introduced a new and integrated system for calculations, AVOR and process, project and risk management within General Contracting. Experienced and innovative experts developed a system that creates transparency at all levels, supports and simplifies communication and makes decision-making easier. This has facilitated proactive, prompt, risk-appropriate control at the management level and within operational areas. Work is now being done on making the system accessible and useful for other business areas.

Simone Brändli is Implenia's new brand ambassador

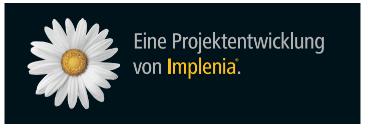
The "Impact" employee magazine was redesigned in 2012, and its content and structure were revamped. The first new edition, published in September 2012, met with a very good response from employees thanks to its fresh and attractive look as well as its journalistic content. Implenia added to its sponsorship activities during the period under review by supporting the "stralugano" 30 km run in Canton Ticino. In addition, the successful Swiss triathlete and 2011 "Ironman" winner Simone Brändli joined triathlete Ruedi Wild as a new brand ambassador. The Implenia Sustainability Report, which appeared for the first time in September 2012, is an attractive and easy-to-read reference work that documents Implenia's work on sustainability. It will be published every two years.

Brand management: greater visibility in project development

Implenia has a strong brand, which is very well known in the market. In its external and internal communications the company follows a one-brand strategy based on the principle of "One Company, One Goal, One Spirit". A comprehensive manual contains all the rules for using the brand in different applications, including business documents, signage at construction sites and communications of all types (advertisements, give-aways, vehicle livery, etc.). Consistent application across all types of communication does a lot to strengthen the brand.

The increasing importance of project development business for Implenia should also be reflected in the associations that customers, employees and other target groups make with the Implenia brand. To ensure this happens, Implenia drafted co-branding rules during the year under review and published these in a handbook. These easy-to-apply and flexible rules govern the use of the Group brand in conjunction with project development brands. The rules were applied for the first time in 2012 to various real estate brand applications, including "The Metropolitans" in Zurich and the Gerlisbrunnen project in Benglen.

Signage on construction sites is a very important vehicle for brand communication. In order to improve the consistency and strength of the brand at over 4000 sites in Switzerland, a situation review was successfully completed at the major locations. The results are currently being analysed. An action plan and new concepts will be devised for implementation in the current period.



Active brand management for a strong image
Since 2012, a quality seal has ensured the visibility of the Implenia brand on Implenia's own project development work.

Getting to know Implenia
Welcome to Implenia Implenia holds a regular Welcome Day at its head office in Dietlikon for new members of staff. Most of them have already been working at Implenia for a short while, but there is still a palpable sense of expectation. Which is understandable, because the day is all about getting to know Implenia: understanding the company and all it has to offer, finding out about Implenia's values and culture. Participants meet some of the management team, and start to make contacts around the company. Come in and join the team – Welcome to Implenia!

Working at Implenia: Development opportunities for everyone

Success is based on people who understand their job. Implenia has more than 6500 people like this around the world, originating from 70 different nations and all five continents. All of them work in an attractive environment, bringing their expertise and experience to bear on challenging tasks.

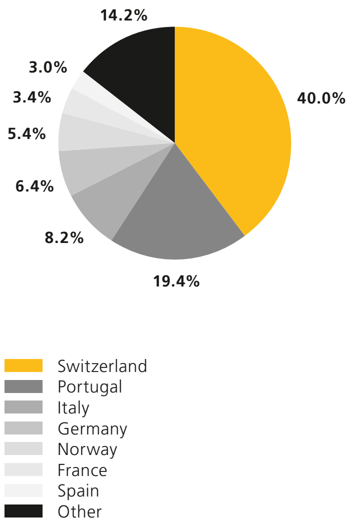
At the end of 2012, Implenia's headcount (full-time posts, including temporary posts) came to 6,404, which is 7.2% higher than the prior year.

The Real Estate Division increased its headcount in line with strategy (7.5%) in order to cope with the further expansion of its Project Development business during the year under review. The increase was also partly due to the acquisition of Locher Bauunternehmer AG, with its 160 employees, in the middle of the year. This acquisition led to a slight increase in headcount (1.7%) at the Infrastructure Construction Division too. Excluding the Norwegian unit and other countries, there was a 16.6% decrease in the Industrial Construction Division's headcount during the year under review owing to the decline in the volume of the Swiss tunnel construction market. Meanwhile, the workforce in Norway increased by more than 50%. In other international operations the number of employees also rose significantly (+29.8%).

Headcount (FTE)

Office and on-site staff	2012	2011
Real Estate	518	482
Infrastructure Construction	3,977	3,912
Industrial Construction (Switzerland)	462	554
Management	216	195
Total employees (FTE, Switzerland and neighbouring countries)	**5,173**	**5,143**
Implenia Norge	395	260
Other countries	318	245
Total employees (FTE, excl. temporary staff)	**5,886**	**5,648**
Temporary staff	518	328
Total employees (FTE)	**6,404**	**5,976**

Employees (FTE) by country of origin 2012
(in %)



Significantly lower fluctuation rates

Personnel fluctuations came to 8.1% (excluding seasonal fluctuations), which is much lower than the previous year (2011: 12.7%). The percentage of female employees stayed around the same level as the previous year at 8.4% (+0.4%).

Training and development as central success factors

Implenia is very serious about targeted training and development, and about recruiting new talent from within the company. True to our vision, we want to be the partner of choice not only for our customers, but also for our employees.

Implenia's employee development concept is based on the corporate strategy. The company runs a modular training and development programme for its staff, which is always being adapted and enhanced. Different training modules are available to suit each employee's particular area of work. Implenia also supports employees taking individual training courses outside the company. Development plans tailored to specific requirements ensure that employees have the necessary professional and personal skills. International career development opportunities are also available to employees across the Group.

Implenia Academy launched with management development programme

Implenia uses targeted management training to promote talented employees and provide the training they need to handle management roles. The Implenia Academy ("Icademy") was launched in 2012 with the "Winning the Future" course. This Management Development module was put together in collaboration with the Executive School of the University of St. Gallen. Over five modules the course delivers training on strategic management, financial management, human resources management, marketing/communication/sales and leadership. Senior managers from all divisions and regions completed the first course.

Investments have been made in technical training as well. For example, Implenia offered training and development courses in various specialist areas including construction techniques. Other main themes were language training, IT training, and sales and communications training. The career programme for construction cost planners, launched in conjunction with Lucerne University in 2011, was carried out successfully for the first time in 2012.

Target-focused management with MbO

Work on transparent appraisals and target-focused management was intensified during the year under review. In 2012 Implenia introduced an appraisal system based on Management by Objectives (MbO). Employees with management responsibility across the group were trained in MbO during the year under review. Direct line managers sit down with each of their employees to agree targets. In a subsequent meeting they assess whether these targets have been met or not. These meetings focus primarily on qualitative targets, and include career planning. Further training needs are identified, and the best way to meet them is discussed. For managers, target evaluation also flows into the calculation of the variable portion of their salaries.

Implenia in the top 100 employers again

Every year, graduates of 30 Swiss universities vote for the Universum Top 100 – the top 100 companies they would most like to work for. Within the engineering sector, Implenia did well again, coming in at 24th (2011: 13th). In the Trendence Engineering/IT-Barometer Schweiz, Implenia is now in 55th position. In the survey, more than 6700 students are asked to name their favourite employer.

UNIVERSUM TOP 100 IDEAL EMPLOYER 2012 STUDENT SURVEY

Targeted investment in apprentice training

People often first join Implenia as apprentices, and good, solid training for these young people is crucial. Implenia is currently training 182 apprentices in on-site jobs and 25 in office-based roles. The possible careers they are being introduced to vary widely and include those as construction machine mechanics, builders, foundation engineers, heating engineers, ventilation engineers, plumbing engineers, masons, mechanics, carpenters, road builders, railway builders and joiners. Implenia coordinates the different responsibilities taken by the apprentices' managers, by HR and by individual trainers, ensuring that apprentices are supported throughout their whole course. The aim is to identify and develop promising new talent early on. Most trainees will be given a job at the company after they have finished their course. By training its own young talent, Implenia is not only investing in its future, but is performing an important task for society as a whole.

The "construction" training course has been available to commercial apprentices since 2004. The new "building and living" training course was introduced in August 2012, enabling apprentices to experience the entire process, from planning right through to property management. Training managers have also been trained in the new requirements.

During the period under review new on-site apprentices in the building construction sector started off with an induction week. The programme was packed and included themes such as Implenia the company, techniques for working and learning and, as the centrepiece, health and safety at work. Because any accident at work is one too many (see page 76).

Implenia recognised for health promotion

Implenia was awarded the "Grand Prix Européen Santé et Entreprise 2012" specifically for its Über Alkohol im Unternehmen sprechen? ("talking about alcohol at work") project. Implenia's aim with the campaign is to break the taboo about talking about "alcohol at work" and educating people in the facts. Following a successful start in Western Switzerland, the project is being rolled out across the whole country. The prize was awarded in Brussels by the "Association européenne pour la promotion de la santé".

Reintegration and health promotion

Implenia believes that if employees have accidents or fall sick, the company must look after them properly. Employees on construction sites are, of course, the ones most at risk, which makes comprehensive preventative measures all the more important. It is impossible to prevent illness and accidents completely, and recuperation can be a complex process, but many of those affected are keen to get back to work as quickly as possible. Implenia helps them do this. The company's collaboration with "Prévention et Maintien de la Santé en Entreprise" (PMSE), a Geneva company specialising in managing illnesses, has proved very successful. PMSE brings great expertise and experience in managing recuperation and reintegrating the affected people back into the workplace.

In 2012 Implenia once again organised several targeted campaigns to promote health and safety in the workforce. The issues covered included lifting and carrying on construction sites, and ergonomic working for office-based staff. A health hotline was also set up. And as usual Implenia offered all employees a free flu jab.

Code of Conduct firmly established

Implenia has set out its fundamental values as a responsible company in its Code of Conduct. This covers three main areas: general rules of conduct, zero tolerance of corruption, and cartel law. There are also guidelines on how to behave with colleagues, suppliers, customers and the authorities. People want to work for a company that has a good reputation, and that stands by and lives up to its values. There is a zero tolerance policy towards breaking competition rules, illegal employment, contraventions of labour law, and consuming or trading alcohol on construction sites.

Internal communications: new launch of staff magazine, stronger dialogue

Implenia revamped its staff magazine "Impact" in 2012, with content and layout updated to create a modern magazine about life, work and projects at Implenia. Implenia attaches great importance to dialogue with employees, so it has further strengthened the opportunities to talk to each other within the company as part of the internal communications effort. This includes a comment function for internal communications about the half-year results, which employees can use for praise, criticism or other remarks. Dialogue is also encouraged by the electronic "letterbox" for communications addressed directly to the Group's top management, as well as by regular information events at various locations in Switzerland and Norway. The CEO regularly communicates directly with employees in his "CEO's letter".

Health and safety in focus

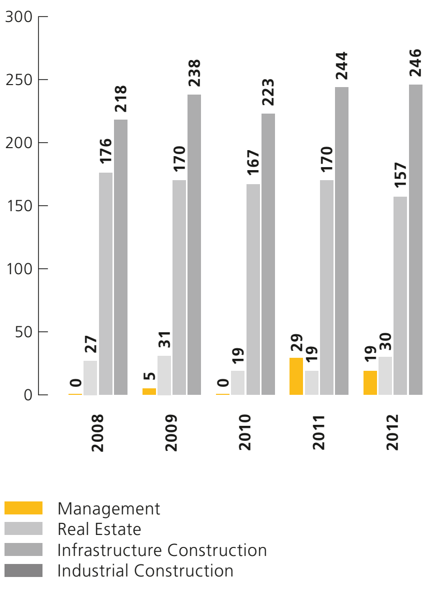
The risk of accidents is high on a construction site. This is made all too clear by the number of incidents recorded each year by Implenia. Concrete safety measures and constant awareness-raising among employees are, therefore, absolutely vital.

Occupational accidents (incidents per 1000 FTEs) fell slightly in 2012 (–6.9%), while non-occupational accidents (events per 1000 FTEs) stuck at the prior year's level. The number of days lost to occupational accidents fell 16% year-on-year in 2012 and are therefore much lower than the average for the last six years. The number of days lost due to non-occupational accidents has fallen continuously since 2008 and is now at its lowest point.

Awareness-raising and training to improve safety

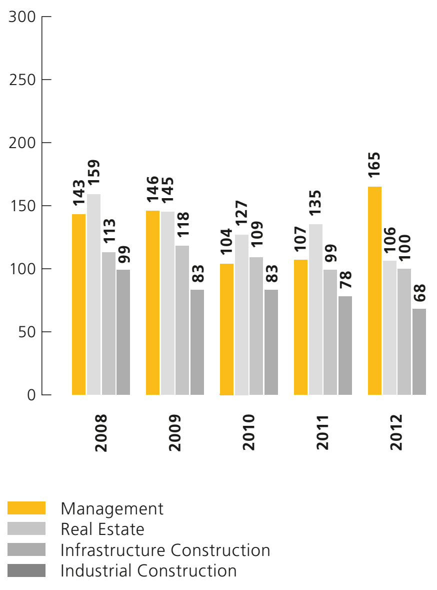
Preventing accidents at work is a top priority at Implenia, and in 2012 the company continued with efforts to reduce the accident figures still further. The declared goal is to reduce accidents at work to no more than 100 per 1000 full-time employees by 2015. This will mean reducing the current total by around a third. To do this, employee awareness is raised by various training schemes including Verantwortung auf der Baustelle ("responsibility on site") and Lebenswichtige Regeln ("life-saving rules"). These courses are designed to embed the principles of health and safety so they are always applied when construction sites are planned, and become a natural part of employees' day-to-day behaviour. The aim is to view occupational health and safety not as an isolated theme, but as an automatic element of project planning that needs to be systematically integrated into each individual operating procedure.

Occupational accidents*
(Incidents per 1000 full-time employees)



* Switzerland and neighbouring countries

Non-occupational accidents*
(Incidents per 1000 full-time employees)

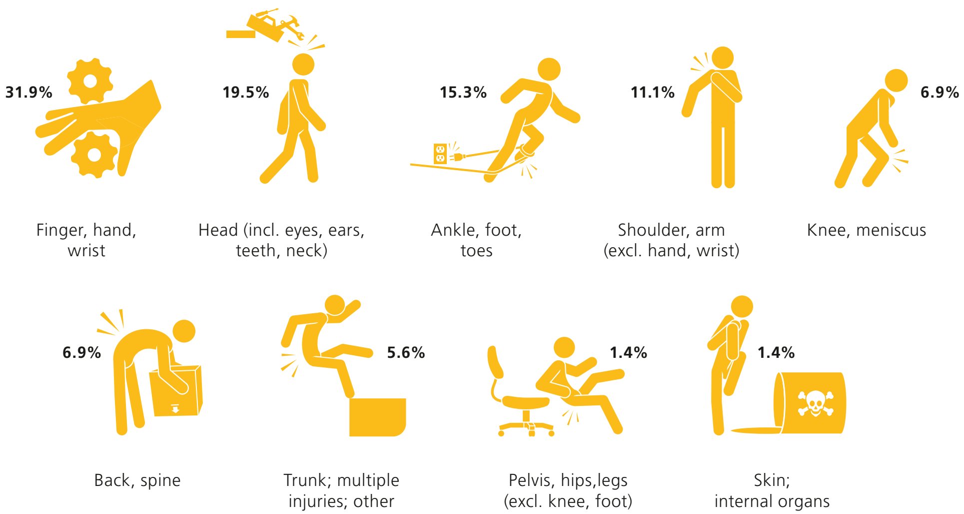


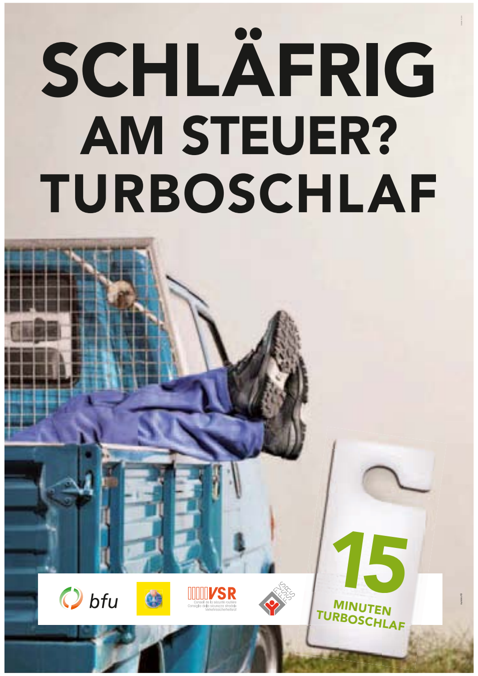
* Switzerland and neighbouring countries

Degree of implementation successfully audited

Alongside specific health and safety campaigns, training takes place at regular intervals each year as set out in the Integrated Management System (IMS). Some of this training is organised centrally and some is carried out decentrally in the individual regions or organisational units. The modules include a safety induction for new employees, a two-day management seminar with Suva for all new foremen, site managers and technical managers, a safety and accident-prevention course for site personnel, and an emergency response and first aid course. The health and safety measures' degree of implementation is continually reviewed internally and audited once a year by an external agency, the latest audit held in November 2012.

Breakdown of injuries by body part
(accidents in 2012)





Fewer accidents thanks to power naps
In 2012 Implenia participated in the "Turboschlaf" ("power nap") campaign run by the Swiss Council for Accident Prevention (bfu)

Suva pilot project: "fit for work" to prevent trips and falls

In 2012, trips and falls were once again the most frequent cause of accidents at Implenia: more than a third of all all accidents were due to someone falling or tripping. Regular awareness-raising measures and training for employees are, therefore, absolutely vital. This is why Implenia took part in the Fit bei der Arbeit ("fit for work") scheme in 2012 as part of Suva's stolpern.ch campaign. The star of the show was the footbag, a small cloth beanbag. This is used to practice static and dynamic balancing on one leg in order to improve balance and increase leg strength. The training takes place directly on the construction site in groups. Initial results suggest that the scheme could be very effective in preventing accidents. What is more, employees seem to really like the training: according to the end-of-session survey, 78% of participants want the scheme to continue.

Power naps reduce accidents

Tiredness is a factor in 10 to 20 percent of driving accidents. And falling asleep at the wheel is not the only danger. Sleepy drivers gauge speed inaccurately, lose concentration and react about as slowly as if they had drunk alcohol. These facts are what prompted Implenia to sign up to the "Turboschlaf" ("power nap") campaign in 2012, which encourages a very effective cure for sleepiness at the wheel. Studies show that a short nap is more effective than loud music or opening the window, and that it improves driving ability. The important thing is to take just a 15-minute nap (no more!) when you feel signs of tiredness.

Safe – from the start

Apprentices soon find out how seriously Implenia takes workplace safety. Accident prevention at work was one of the central themes in our week-long induction programmes. In addition, 18 new first aid officers were trained during the year under review, and 62 existing ones received further training. More than 100 first aid officers now work at Implenia.

Documented and published
The first Sustainability Report Building for the future means building sustainably. It's what the environment needs, what society demands and what business expects. For Implenia, sustainability is therefore a challenge to be addressed consistently and seriously. The company systematically documented and published its work in this area for the first time in its 2011 Sustainability Report. The very concrete examples featured in the report show that it is quite possible to build sustainably and still make money. Implenia intends to show how it does this by publishing a Sustainability Report every two years. The very latest progress is reported on the following pages.

Sustainably for the Switzerland of tomorrow

From a long-term view, Implenia is still at the start of its journey towards sustainability. But since the "Sustainable Implenia" initiative was launched in 2009, it has taken some major initial steps. It is in the middle of implementing strategies and projects, and it is ready to make active use of the opportunities that sustainability offers.

Right across Switzerland, sustainability continues to set the agenda. The Swiss Federal Office of Energy is launching its Standard Nachhaltiges Bauen Schweiz ("Standard for Sustainable Building in Switzerland"). Swiss Federal Railways and Armasuisse, the government's arms procurement agency, are drafting sustainability strategies, and there is increased demand from investors for investments in the sustainability field. Meanwhile, Implenia continues to help build the Switzerland of tomorrow. One thing is clear: as a major Swiss construction and construction services company, Implenia is required to meet the challenge of sustainability. And rightly so.

Sustainability: a challenge for the construction industry

The construction industry's figures are impressive: every year Switzerland invests an average of 55 billion francs in building around 1.5 million buildings, 70,000 km of roads and 5,000 km of rail tracks. To get all this done, the industry employs around 300,000 people. On the other hand, construction damages the environment: through greenhouse gas emissions (approx. 30% of Switzerland's total volume), energy consumption (approx. 40%) and waste (approx. 50%). As a leading construction company, Implenia shares the responsibility, which is precisely why its commitment to sustainability is an absolutely crucial strategic decision.

This willingness must be followed by action. Implenia launched its "Sustainable Implenia" initiative in 2009. It is a movement that increasingly encompasses the whole Group, from top management to workers on sites.

Sustainability makes waves

Sustainability is an integral part of the Implenia vision and strategy. Much has already been achieved since the “Sustainable Implenia” initiative was launched – here are some of the highlights.

2009 2010 2011 2012 2013 2014

Sustainability anchored in the vision
“Sustainability is our passion” – this key phrase puts sustainability at the heart of Implenia’s vision and strategy.

GeNaB® launched
Implenia developed the “Gesamtbewertung Nachhaltiges Bauen” (GeNaB® = total evaluation of sustainable construction) so that it had its own comprehensive tool for assessing the sustainability of construction projects.

Confirming the commitment to sustainability
In a series of workshops, members of Implenia’s management affirm their commitment to sustainability and to its implementation in their day-to-day work.

Beacon project for the 2000-Watt Society
Implenia starts work on the “schorenstadt” housing estate in Basel, the first construction project in Northeast Switzerland to be carried out in line with 2000-Watt Society criteria.

Economic, ecological driving with “Eco-Drive”
Implenia runs regular courses for its employees on how to drive construction machinery and cars efficiently. By the end of 2012 more than 500 Implenia employees had attended the courses.

A model of sustainable building
Implenia builds the “Neugrün” development in Mellingen for Credit Suisse. It is the largest residential development in Switzerland to meet the Minergie-P-Eco/A standard.

Training and development strengthened
Implenia introduces a first Management Development course.

Sustainability Report launched
In its first ever Sustainability Report, Implenia records its activities in black and white for the first time, creating greater transparency for shareholders.

Sustainability in and for Winterthur
With the “roy” apartment block in Neuhegi Implenia is constructing the first building to meet 2000-Watt Society standards. The development plan for the Sulzer site is progressing well

Rosengarten in Arbon wins sustainability award
After winning a Minergie plaque from Canton Thurgau earlier in the year, the 2012 Energy Prize from the City of Arbon becomes the second award won for the highly energy-efficient Rosengarten development in Arbon.

Expectations are increasing

The strategy is built on five main sustainability themes: sustainability of products and services; an attractive working environment; social commitment; respect for the environment and financial excellence. The activities defined for all five themes are now being put into practice. The sustainability report, published every two years, will provide information about the status of each activity.

Comprehensive evaluation of buildings

One example of concrete action is the GeNaB® building evaluation tool. Implenia developed GeNaB® on the basis of the “Nachhaltiges Bauen – Hochbau” (Sustainable Building Construction) documentation published by the Swiss Society of Engineers and Architects (SIA). Using 18 criteria, this tool facilitates a comprehensive sustainability evaluation, particularly in the early phases of a project.

Much work has already been done on sustainability in building construction, but the subject is just as important in civil engineering and infrastructure construction. Using its “Sustainable Building Construction” 112/1 paper as a model, SIA is working with experts on similar documentation for the civil engineering and infrastructure sector. Implenia is supporting this project and contributing technical expertise.

Sustainable products and services

Ultimately sustainable construction can be seen in the buildings themselves. In the materials chosen for construction, and in the way these are used. Sustainability has thus become an integral part of Implenia's core competence – though always with an eye to satisfying the customer (see page 86). Implenia gathers its construction partners round the table and exerts an influence as early as possible in the planning phase.

Advising customers early and comprehensively

Significant contact with customers is reported every month at Implenia. A continuously updated networking list tells the responsible managers about activities and the next steps being taken in current or potential projects. This is how Implenia remains in dialogue with its customers.

Pushing ahead with the initiation and realisation of sustainable construction projects

Building Construction

In one current project, the Swiss Federal Office of Energy is working with businesses to develop the Standard Nachhaltiges Bauen Schweiz ("Standard for Sustainable Building in Switzerland"). Implenia is contributing the know-how gained from developing GeNaB®, as well as its practical experience, to the steering committee. Activities by the government and the business sector reflect the great importance attached to the subject. The standard obliges construction partners to meet strict requirements with regard to the environment, society and the economy.

Civil engineering and infrastructure construction

The SIA is also developing a parallel project: following on from its SIA 112/1 "Sustainable Building Construction" recommendation, it is preparing recommendation 112/2 for sustainable civil engineering and infrastructure construction. Implenia is involved in this too. The list of criteria is being sent out for consultation in the autumn.

Park Tower, Zug
Implenia is building Canton Zug's tallest building, the 81 metre high Park Tower. The heating and air conditioning systems use deep groundwater and geothermal heat.

Migros commits to sustainable construction

In 2012 Migros integrated Implenia's GeNaB® standard (GeNaB = "Gesamtbewertung Nachhaltiges Bauen" = total evaluation of sustainable construction) into its system for auditing its buildings and construction projects. Implenia is helping Migros Genossenschaftsbund to develop GeNaB® for its own needs and roll it out. An important customer with a significant property portfolio is thus using the total evaluation system and promoting sustainable construction across the country.

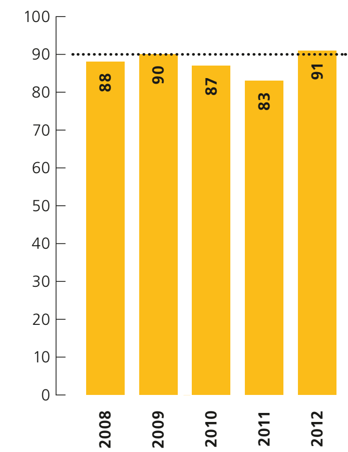
Define and implement criteria for suppliers

If it is to achieve its sustainability goals, Implenia needs its suppliers to cooperate, because a sustainable approach needs to be taken at every stage of every process. Implenia is currently evaluating possible ways of defining standards and integrating them into the tendering process.

Networking between divisions

Implenia is making better use of synergies within the Group. In 2012, for example, projects were acquired by and executed jointly by Implenia Real Estate and Infrastructure Construction. One of these projects, where the two divisions' concerted expertise was utilised was the "Neugrün" residential development in Mellingen.

Customer satisfaction at Implenia Real Estate (in %)



Implenia Real Estate's aim is to get at least 90% positive responses for customer satisfaction. It beat this target in 2012 with 91%.

actual (average)
target (min.)

Constantly increasing customer satisfaction

"Partner of Choice"

In its vision, Implenia states that it wants to be the "partner of choice" for its customers. The large proportion of repeat customers reflects how far we have come towards achieving this goal. For example, 42% of turnover from new general contracting projects in 2012 came from customers who had already worked with Implenia on previous occasions. But we have also significantly increased the proportion of new customers in this area. Implenia increased its construction volume for new projects with first-time general contracting customers by 13% to 47%.

Implenia Real Estate: 91% satisfied

The specific feedback we receive from customers is very telling. In the Real Estate division, customer satisfaction is systematically recorded after each project comes to an end. Customers are particularly positive about Implenia's ability to engage with customers' concerns, as well as about its employees' commitment and expertise. It is especially pleasing that customers clearly think we have got better at "remedying problems", where the rating has gone up 11 points to 76%. This shows that the initiative to optimise the end phase of projects, which was launched in 2011, is clearly having an effect. More work is being done in this area too.

Customer satisfaction at Implenia Real Estate

Customer satisfaction with Implenia Real Estate in 2012 ranged between 76% (remedying problems) and 86% (commitment and expertise of employees).

	2012[1]
Quality achieved	**Customer satisfaction in %**
Adherence to budget	**82%**
Adherence to schedule	**84%**
Sustainable and innovative solutions proposed	**84%**
Addressing customer's concerns	**78%**
Project management	**85%**
Commitment and skill of employees	**83%**
Remedying problems	**86%**
Proportion of customers giving positive overall	**76%**
assessment (++ or + rating)[2]	**91%**

1 Number of customers asked: 106
2 Respondents also give an overall rating of ++, +, +/–, – or ––. ++ and + ratings count towards this percentage.

Fit for Work
Suva, the Swiss accident prevention association, tested whether footbags (mini beanbags) could help prevent accidents on construction sites. One of the exercises is to keep a footbag balanced on one foot for 30 seconds. The result: improved ability to stand on one leg and better balance – which helps to reduce the risk of tripping, one of the most common causes of accidents.

Attractive working environment

Working at Implenia involves taking responsibility. All employees are required to make decisions and act accordingly as part of their jobs. This helps to integrate and motivate our people, so delegating responsibility is a key factor in the quality of our work.

Recruiting from within

Management Development began in 2012 for members of senior management - part of Implenia's strategy for generating top executives from within its own ranks (more information in the "Employees" chapter, from page 70).

Reducing the number of occupational accidents and the lost days they cause

Implenia is serious about preventing accidents. It uses information campaigns and practical exercises in an effort to sharply reduce the accident numbers (more information on page 76 of the "Employees" chapter).

How it's done
Examples from the saving resources campaign: Wash equipment and machinery in the designated areas (subject "waste water"). Switch off battery chargers after charging (subject "energy"). Wash equipment with grey water where possible (subject "drinking water"). Switch off your engine when queuing in traffic (subject "Eco-Drive").

Respect for the environment

Building changes the environment. But Implenia is committed to treating the environment with the greatest respect possible. Sensitising employees to the issue, logging resource consumption and using more efficient machinery all have an effect: reducing environmental impact and making work more efficient.

We measure what we can influence

Depending on the type of job and the phase of construction, it is not always possible to control all aspects of energy and resource consumption. Consequently, Implenia focuses on the areas that it really can influence. Measuring and data recording are focused on these areas. Initial assessments have already been carried out for production sites, workshops and premises, construction projects, consumption of office materials and company vehicles. This is providing a more transparent picture of how resources are used. However, work remains to be done before a comprehensive resource management system is in place.

Sensitising employees

Real sustainability only comes through concrete action. This is why it is so vital to sensitise employees to the issue. The environmental campaign flags up how resources can be saved in day-to-day work – and how successful this can be.

Sustainability made transparent
As part of its work on the development plan for the Sulzer site in Winterthur, Implenia handed over its "Open Book" to the city authorities. This was more than just a symbolic act: it commits Implenia to transparent reporting about its efforts in sustainable construction. The ultimate aim is a 2000-Watt Society

Social commitment and compliance

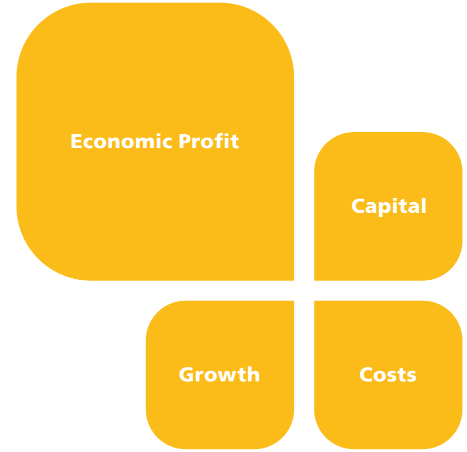
Implenia defines compliance as behaving correctly, which includes such qualities as reliability, sustainability and transparency. Building for Switzerland means taking responsibility for the country and its society. Implenia is committed to this on many levels.

Consolidating the Code of Conduct as part of corporate culture

Since 2009 Implenia's Code of Conduct has been the company's central guide to internal and external behaviour. New entrants are introduced to the code on their Welcome Day. And all employees have to sign a commitment to obeying the rules it contains. In 2012 office-based staff were able to improve their knowledge of the code through e-learning for the first time. The Code of Conduct also includes a hotline, which continued to be used during the year under review.

Create transparency about Implenia's sustainability activities

Committing to sustainability is one thing. The other is to prove you are actually acting sustainably. Implenia is transparent about its achievements in this area too, as can be seen, for example, in the "Open Book" for the Sulzer site, and the Sustainability Report published for the first time in 2012.



Economic Profit: measuring added value
Implenia aims to create sustainable value. Using the concept of "economic profit", which was introduced in 2011, Implenia is working towards the constant improvement of all three value drivers– capital, costs and growth.

Financial excellence

In 2012, Implenia laid the foundations for "value-oriented management". New targets are formulated on this basis, bringing together the interests of shareholders, creditors and management and thus encouraging a long-term increase in the value of the company.

Creating financial value

Genuine sustainability is not just based on environmental and social factors. Creating financial value is just as important. Even more so for a publicly listed company like Implenia. It has to be possible for capital to earn an appropriate return, and for corporate value to be increased, because this is the only way the company can guarantee to provide jobs in the long term.

Information for investors

Key information

Abbreviation	IMPN
Security number	2.386.855
ISIN code	CH0023868554

Share capital

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Share capital (in CHF 1,000)	**35,097**	35,097	51,721	64,652	73,888
Number of registered shares issued	**18,472,000**	18,472,000	18,472,000	18,472,000	18,472,000
Of which treasury shares	**100,046**	179,006	211,017	1,526,184	163,943
Number of outstanding registered shares	**18,371,954**	18,292,994	18,260,983	16,945,816	18,308,057
Par value of each registered share (in CHF)	**1.90**	1.90	2.80	3.50	4.00
Conditional capital (in CHF 1,000)	**17,548**	17,548	25,861	32,326	36,944

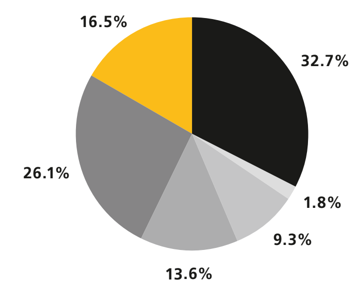
Key figures

	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Earnings per share (in CHF)	**3.77**	3.31	2.88	2.56	2.13
Price-earnings ratio	**10.3**	8.1	10.1	10.7	14.9
Equity per share (in CHF)	**31.9**	29.1	26.8	24.8	22.8
Gross dividend[1] (in CHF)	**1.40**	1.10	0.90	0.70	0.50
Dividend yield	**3.5%**	4.7%	2.8%	2.4%	1.7%
Dividend yield adjusted for tax effect[2]	**5.2%**	6.9%	4.2%	3.6%	2.6%
Distribution ratio	**36.3%**	33.1%	31.7%	27.5%	23.1%

1 Distributions for 2007 to 2010 took the form of a reduction in par value; 2011 and 2012: payment from capital contribution reserves.
2 calculated with a tax rate of 33%

Distribution of share capital by type of shareholder

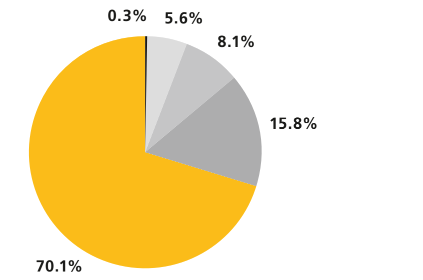
(shares with and without voting rights)



Legal entities
Pension funds
Investment funds/foundations
Banks/insurance companies
Private individuals
Unrecorded shares

Distribution of share capital by size of shareholder

(shares with and without voting rights/without unrecorded shares)



969 shareholders with 1–100 shares
2,136 shareholders with 101–1,000 shares
485 shareholders with 1,001–10,000 shares
80 shareholders with 10,001–100,000 shares
21 shareholders with 100,000 shares

Distribution policy

The aim is to distribute around a third of Group profit as dividends, though care is also taken to ensure dividends are as stable as possible.

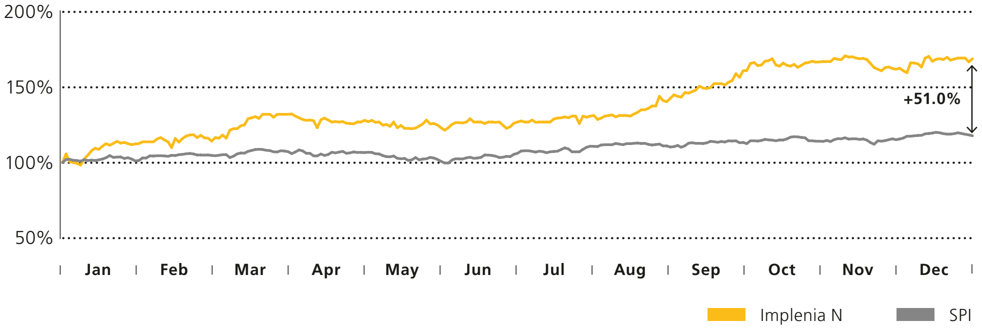
Shareholder structure

Shareholders owning more than 3% of share capital (as at 31 December 2012)

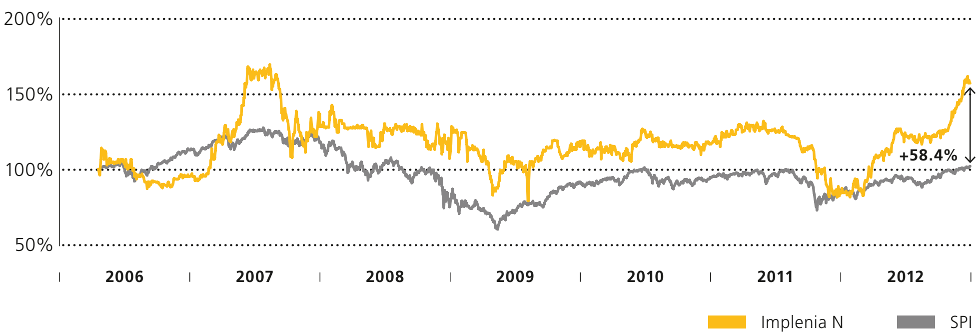
Name	**Number of shares**	**Percentage of share capital**
Parmino Holding AG/Max Rössler Group	3,019,000	16.34%
Rudolf Maag	1,925,000	10.42%
Ammann Group	1,556,438	8.43%
Chase Nominees Ltd.	1,345,697	7.29%
Cazenove Capital Management Ltd.	891,209	4.82%

Share performance

Performance in 2012
(incl. comparison with SPI)



Share performance 6 March 2006 (1st day of trading) until 31 December 2012
(incl. comparison with SPI)

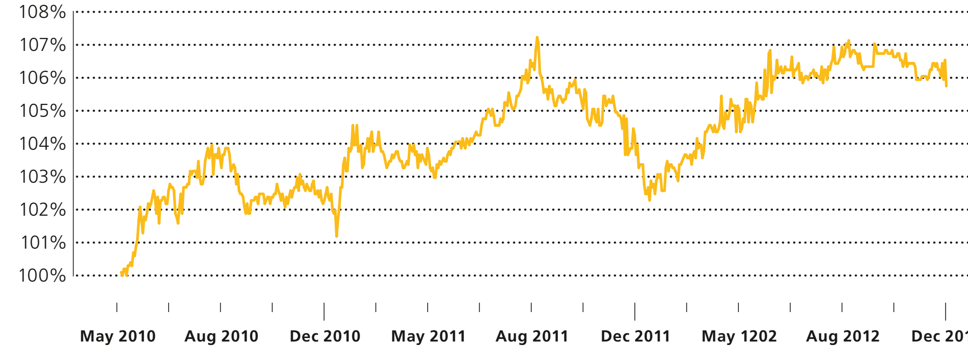


	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Year-high (in CHF per share)	**40.35**	32.50	32.00	30.10	34.60
Year-low (in CHF per share)	**23.25**	20.00	26.50	20.25	27.00
Price at 31.12 (in CHF per share)	**39.90**	23.65	31.95	29.00	29.00
Annual performance in %	**68.7%**	(26.0%)	10.2%	0.0%	(16.2%)
Average number of shares traded per day	**32,024**	16,990	19,487	10,809	11,688
Stock market capitalisation at 31.12. (in CHF 1,000)	**737,033**	436,863	590,180	535,688	535,688

1 Source: Bloomberg

Bond

Performance 12 May 2010 to 31 December 2012



Bonds

In April 2010, Implenia issued a bond for the first time (ISIN: CH0112193518). Worth CHF 200 million, it has a 3.125% coupon and six-year term (matures on 12 May 2016). UBS has confirmed its rating for the Implenia bond as “BBB-/stable”, and ZKB as “BBB/stable”.

Overview of key figures

Five-year Group overview

	2012	2011	2010	2009	2008
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Order book	**3,101,010**	3,153,915	3,070,314	3,445,184	2,958,904
Income statement					
Production output	**2,894,007**	2,776,666	2,716,205	2,637,277	2,541,911
Consolidated revenue	**2,695,752**	2,522,646	2,388,418	2,279,835	2,324,465
EBIT divisions	**104,060**	93,529	76,997	79,971	69,950
Miscellaneous/Holding	**344**	147	661	(12,328)	(10,947)
Operating income	**104,404**	93,676	77,658	67,643	59,003
Depreciation	**41,679**	46,813	34,894	36,960	39,525
EBITDA	**146,083**	140,489	112,552	104,603	98,528
Consolidated profit	**71,230**	61,351	52,458	47,055	39,983
Cash flow statement					
Cash flow from operating activities	**160,786**	102,449	138,516	119,138	183,600
Cash flow from investment activities	**(44,962)**	(35,138)	(98,596)	(26,484)	(14,484)
Cash flow from financing activities	**(18,558)**	(14,270)	181,872	(82,333)	(97,517)
Free cash flow	**115,824**	67,311	39,920	92,654	169,116
Investment activities					
Investments in real estate transactions	**89,384**	76,459	50,848	88,317	69,257
Real estate disposals	**(85,626)**	(29,946)	(108,681)	(103,104)	(67,961)
Investments in fixed assets	**40,288**	38,720	39,496	36,421	38,019

	2012	2011	2010	2009	2008
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Balance sheet					
Cash and cash equivalents	**500,727**	402,532	349,274	128,749	118,364
Real estate transactions	**251,690**	247,047	217,983	168,732	180,157
Other current assets	**820,676**	820,059	734,230	726,769	695,586
Non-current assets	**435,961**	418,065	375,516	357,544	366,709
Total assets	**2,009,054**	1,887,703	1,677,003	1,381,794	1,360,816
Financial liabilities	**212,895**	209,073	199,760	42,853	81,677
Other liabilities	**1,196,773**	1,135,102	981,759	912,601	855,901
Equity	**599,386**	543,528	495,484	426,340	423,238
Total equity and liabilities	**2,009,054**	1,887,703	1,677,003	1,381,794	1,360,816
Net cash position	**287,832**	193,459	149,514	85,896	36,687
Capital structure					
Equity ratio in %	**29.8**	28.8	29.5	30.9	31.1
Long-term liabilities in %	**14.9**	15.7	16.5	3.0	2.3
Short-term liabilities in %	**55.3**	55.5	54.0	66.1	66.6
Key figures					
EBITDA margin in %[1]	**5.4**	5.6	4.7	4.6	4.2
Operating income margin in %[1]	**3.9**	3.7	3.3	3.0	2.5
Return on Invested Capital (ROIC) in %	**33.5**	26.8	22.4	19.9	15.3

1 Basis: consolidated revenue IFRS

Headcount (FTE)[2]	**5,886**	5,648	5,424	5,350	5,439

2 Headcount incl. international, excl. temporary staff

Communications, contact and key dates

Communications

Implenia follows an open, transparent and timely information policy in the interests of its shareholders, investors and the general public. In its periodic and ad hoc reporting, Implenia is committed to equal treatment of all stakeholders in terms of timing and content.

Comprehensive information is available to all investors, journalists and interested members of the public at www.implenia.com under the "Investor Relations" link. All the latest investor presentations are available here too. By clicking through the "NewsService" link on the site, interested parties can subscribe to our ad hoc communications and order physical copies of our annual report, half-year report and sustainability report.

Contact

Beat Fellmann, CFO, is responsible for ongoing communication with shareholders, investors and analysts:

Tel +41 44 805 45 00 – Fax +41 44 805 45 01 – E-mail beat.fellmann@implenia.com

Key dates

2013 Annual General Meeting of Shareholders	27 March 2013
Ex-date	3 April 2013*
Payment date	8 April 2013*
Media and analysts' conference on the 2013 first-half results	29 August 2013
Media and analysts' conference on the 2013 full-year results	25 February 2014
2014 Annual General Meeting of Shareholders	25 March 2014

* Dates subject to AGM's approval of profit distribution.

Satisfied customers in focus

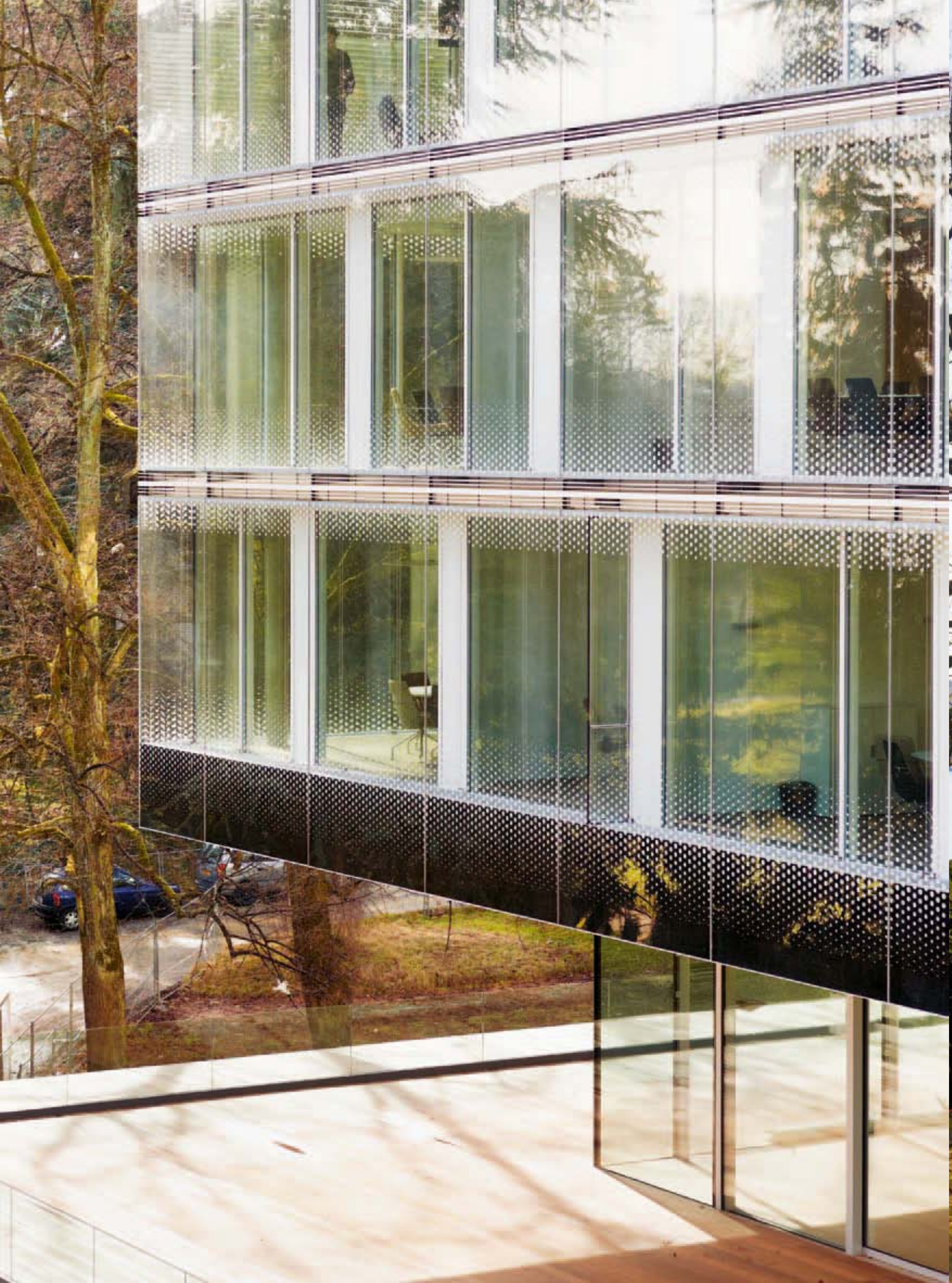
Only companies that understand their customers' needs and offer tailored services to meet them will secure long-term success. In the world of construction, which is dominated by technology, integrated management of customer relations is therefore becoming as essential as technical expertise.

> "Implenia focuses on customers and their needs."

Hansueli Dür, Head of Acquisition and Key Account Management

"Construction is a technical discipline. It is a world of engineers, architects, craftsmen and many other specialists," says Hansueli Dür, Head of Acquisition and Key Account Management at Implenia Real Estate. So it is hardly surprising, he thinks, that construction companies and general contractors are historically organisations that focus heavily on technical aspects: "I believe we can continue to improve in the area of customer focus and make our customers even more satisfied."

Knowing customers better, understanding their needs better – and always being able to see the project from their perspective: these are the aims defined for many of the initiatives and actions introduced by Implenia in recent times. In the Real Estate Division, for example, the position of regional account manager has been created, making account management in the regions and central key account management even more systematic. "It puts our eyes and ears much closer to existing and potential clients," explains Dür. The Real Estate Division, for example, has for several years assessed how satisfied customers are with every individual project, either through a personal discussion or a written survey. In the Infrastructure Construction Division at least one personal meeting is held each year with each customer to talk about how satisfied they are. "Another central point is that we learn about the needs of new customer groups – housing associations, for example – from the ground up." Dür is clearly showing us the way to the future.





1 STAR 1 Kebab

A fruitful and cooperative partnership

A general contractor needs to be reliable, to deliver the highest possible quality, and to keep to budgets and schedules, says François Reinhard. However, the Director of FIPOI, the Geneva-based "Foundation For Buildings for International Organisations", also believes that human skills, such as the project manager's experience, are decisive for client satisfaction. Implenia completed two major projects for the foundation in 2012 – to the satisfaction of all involved.

Around 25 international organisations are based in Geneva. The fact that Switzerland's second largest city, despite its high cost of living and tight property market, can compete on the global stage against other possible venues, is due in part to the targeted promotional work done by FIPOI. The governments of Switzerland and Canton Geneva established FIPOI in 1964. "We can make it easier, in various ways, for such organisations to settle in Geneva," explains Director François Reinhard. FIPOI can, for example, grant international institutions interest-free loans repayable over 50 years, with which they can buy, build or expand property. The foundation also has nine of its own properties that it rents out at slightly under the market rate.

Major projects completed

FIPOI completed two important projects with Implenia in 2012. As general contractor, Implenia finished work on the newly built HQ of the World Trade Organisation (WTO) under a very ambitious schedule in just two years. This is the biggest administrative building that complies with the Minergie-P standard in French-speaking Switzerland. The building is also connected to the Genève Lac Nation geothermic system. As total contractor for the "Immeuble Avenue de France 23" office building, Implenia was responsible for the entire planning and project management. This Minergie Label building was opened in March 2012. Several diplomatic missions have already moved into the

"Much depends on the skill and experience of the project manager."

François Reinhard, Director, Fondation des Immeubles pour les Organisations Internationales FIPOI

←
The World Trade Organization (WTO) has been based at the Centre William Rappard on the shores of Lake Geneva since 1995. A new annex has been added to provide room for another 350 workers. It also includes a space for cultural events, a restaurant and underground parking.

→
The new build on Avenue de France is FIPOI's ninth building. The distinctive building is located directly above the railway tracks. With 10,600 m² of usable space across nine floors, 400 workplaces are being created for permanent diplomatic missions and international organisations.

distinctive building, as has the International AIDS Society (IAS).

FIPOI Director Reinhard believes there are various reasons why the collaboration on these increasingly complex construction projects has been so successful: "Most important of all for me is the reliability, followed by the quality and the ability to stick to both budget and timetable." The construction company's skill at reacting to unforeseen developments is also crucial. "Every project throws up unwelcome surprises. A client-focused general contractor can efficiently address any problems and where possible still keep to the quoted price," Reinhard believes.

Dialogue of equals

FIPOI is happy to confirm that despite the logistical challenges, Implenia managed to complete both major projects on schedule and on budget. This would not have been possible if there had not been a dialogue of equals: "For the new build on the Avenue de France 23, the construction committee only met 20 times between work starting and the end of the project. For a build of that size, this is amazingly few meetings," Reinhard explains. The skill and experience of the project manager were vitally important here: "We already knew the project manager personally and had a good experience with him during the "Immeuble Avenue de France 23" project. That is one of the reasons we chose Implenia to build the Bâtiment OMC Extras Muros." The cooperation continues: Implenia is starting work on building the Campus Santé, the future head office of The Global Fund.

> "Communication with the construction professionals at FIOPI was excellent."

Yan Dysli, Project Manager, Implenia Entreprise Générale SA

What keeps the customer satisfied

A reliable general contractor
Work of a high quality
Keeping to the budget
Finishing the work on schedule
Open and honest communication
Transparent, accurate project descriptions
Competent and experienced project manager

Yan Dysli, Project Manager "Avenue de France 23" and "Bâtiment OMC Extras Muros – Rue de Lausanne 154"

Facts and figures: FIPOI building "Avenue de France 23"

Customer	FIPOI
Total contracting	Implenia Entreprise Générale SA
Architects	Group8
Usable space	10,600 m²
Number of workplaces	400
Storeys	9
Project costs (incl. underground parking)	CHF 50 million

Facts and figures: "Bâtiment OMC Extras Muros – Rue de Lausanne 154"

Customer	World Trade Organization (WTO)
General contracting	Implenia Entreprise Générale SA
Architects	Wittfoht Architekten
Usable space	13,400 m²
Number of workplaces	350
Storeys	7 (above ground incl. parking floors)
Project costs	CHF 50 million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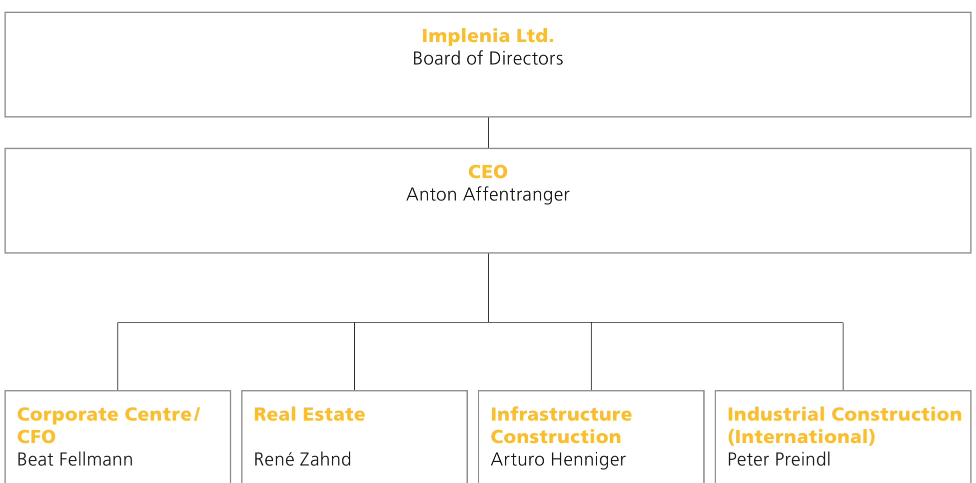
Café de Paris
CHEZ BOUBIER
1930


BMW
CD GE 30

Corporate Governance



Members of the Executive Committee: Anton Affentranger, Beat Fellmann, Arturo Henniger, Peter Preindl and René Zahnd

Preamble

As required by the SIX Swiss Exchange Directive on Information relating to Corporate Governance of 29 October 2008 (Directive Corporate Governance, DCG), this chapter describes those main principles of Implenia Group's organisation and structure that directly or indirectly affect the interests of shareholders and other stakeholders. Unless stated otherwise, information is correct as of the balance sheet date (31 December 2012).

The structuring and numbering of this chapter correspond to the scheme set out in the appendix to the above directive.

1. Group structure and shareholders

1.1 Group structure

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

1.1.1 Operational Group structure

On 31 December 2012, the Group's operational structure was as shown on page 128.

1.1.2 Listed companies within the Group

Implenia Ltd., registered office in Dietlikon (ZH), is a Swiss company that has been listed on the SIX Swiss Exchange (valor no. 2.386.855, ISIN code CH0023868554, abbreviation IMPN) since 6 March 2006. Its stock market capitalisation as at 31 December 2012 was CHF 737,032,800. Its consolidated holdings do not include any listed companies.

1.1.3 Unlisted companies within the Group

The unlisted companies within the Group, including their names, registered offices, share capital and the stake held by the Group, are listed on pages 232 and 233 of the notes to the financial report.

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 2012 are shown below.

As per last disclosure notification

Shareholder	Date of disclosure	Total number of shares	Percentage of share capital
Parmino Holding AG / Max Rössler group	23.11.2009	2,936,950	15.90%
Rudolf Maag	23.11.2009	2,000,000	10.83%
Ammann group[1]	02.01.2012	1,556,438	8.43%
Cazenove Capital Management Ltd.	09.04.2011	891,209	4.82%

As per Share Register on 31.12.2012

Shareholder	Total number of shares	Percentage of share capital	Shares with voting rights	Shares without voting rights
Gruppe Parmino Holding AG / Max Rössler	3,019,000	16.34%	3,019,000	
Rudolf Maag	1,925,000	10.42%	1,925,000	
Ammann group	1,556,438	8.43%	1,556,438	
Chase Nominees Ltd.	1,345,697	7.29%		1,345,697
Cazenove Capital Management Ltd.	no entry[2]			

1 According to the disclosure notice of 2 January 2012, the Ammann group includes Ammann Group Holding AG, Madisa AG, the pension funds of the Ammann companies, the Arthur und Emma Ammann Foundation, Katarina Ammann-Schellenberg, Ulrich Andreas Ammann, Katharina Schneider-Ammann and Christoph Ammann, with a holding of 1,556,438 shares (8.43%).

2 The shares concerned are not registered in the share register.

Between 1 January and 31 December 2012 Implenia Ltd. received the following disclosure notification 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	Shareholder	Total number of shares	Percentage of share capital
11.04.2012	Ernst Göhner Stiftung (via EGS Beteiligungen AG)	921 614	<3%

Since 1 January 2013 Implenia Ltd. has received the following disclosure notifications concerning shareholdings:

- 24 January 2013: Vontobel Fund Services Ltd. notified the holding of 555,664 shares or 3.01 percent of the share capital.
- 1 February 2013: Vontobel Fund Services Ltd. notified the holding of less than 3.00 percent of the share capital.

1.3 Cross-shareholdings

There are no cross shareholdings.

2. Capital structure

2.1 Capital

As of 31 December 2012, the share capital amounts to CHF 35,096,800 divided into 18,472,000 registered shares with a par value of CHF 1.90 each. The shares are fully paid up. Conditional capital amounts to CHF 17,548,400. There is no authorised capital.

2.2 Conditional and authorised capital in particular

Capital may be increased conditionally by a maximum of CHF 17,548,400 by issuing a maximum of 9,236,000 registered shares with a par value of CHF 1.90 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 conditional capital increases in 2012. Neither was there any authorised capital as of 31 December 2012.

2.3 Changes in capital over the last three years

	31.12.2012	31.12.2011	31.12.2010
	1000 CHF	1000 CHF	1000 CHF
Share capital[3]	**35 097**	35 097	51 721
Statutory reserves			
– general reserves	**16 185**	16 185	13 686
– reserves for own shares	**3 097**	4 460	6 292
– reserves from capital contributions	**39 102**	59 153	40 873
Voluntary reserves	–	–	20 780
Retained profit			
– profit carried forward	**158 571**	136 808	113 616
– profit for the year	**26 459**	20 400	21 359
Total shareholders' equity	**278 511**	272 103	268 327

3 The change in share capital between 31.12.2010 and 31.12.2011 is due to a reduction in par value.

2.4 Shares and participation certificates

As of 31 December 2012, the share capital is divided into 18,472,000 fully paid-up registered shares with a par value of CHF 1.90 each. Each share entitles the holder to one vote at the General Meeting of Shareholders 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 of the issuer's shares. According 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 recognition of this owner as a shareholder would or could prevent the company and/or its subsidiaries from providing the legally required evidence about the composition of its shareholder body and/or the beneficial owners of the shares. In connection with the project development and real estate business run through the corporation's subsidiaries, the corporation is specifically entitled to refuse to register persons abroad (pursuant to the Federal Law of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad, BewG), if such registration could raise any doubt about the Swiss control of the corporation and/or its subsidiaries.

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 Ltd." ("Registration Regulations"). The Registration Regulations are available at www.implenia.com, under "Investor Relations" – "Regulations").

The Registration Regulations state 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 regulations), (ii) total foreign-owned shares entered with voting rights in the Share Register (including the shares of the foreign shareholder concerned) do not account for more than 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 concerned does not exceed 10% of all shares entered with voting rights in the Share Register. Above these limits, foreign shareholders will only be registered if a decision by the competent authorities is presented 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 identity of 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 exceptions were granted during the year under review.

2.6.3 Admissibility of nominee registrations

According to point 4 of the Registration Regulations, nominees are persons who do not explicitly declare in their 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 can prove 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 entered in the share register as nominees with the right to vote if they undertake in writing to disclose the names, addresses and the number of shares of the persons for whose account they hold shares, or if they disclose this information immediately in writing on first request. The remaining provisions of the articles of association, in particular Articles 4, 11 and 13, apply by analogy to nominees. The Board of Directors is empowered to enter into agreements with nominees regarding their notification duties."

Pursuant to point 4 of the Registration Regulations, 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 total registered share capital entered in the Commercial Register, as long as 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, or if they disclose this information immediately in writing on first request. 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 shareholdings 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 "Investor relations" – "Application").

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 of Shareholders 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 was reduced in size during the year under review and now has five members. Chairman of the Board of Directors Markus Dennler, Vice Chairman of the Board Hans-Beat Gürtler and Patrick Hünerwadel were re-elected at the General Meeting of Shareholders on 4 April 2012. Toni Wicki and Philippe Zoelly did not put themselves forward for re-election.

None of the members of the Board of Directors has an operational management role in the company or any of its subsidiaries.

No member of the Board of Directors was part of Implenia Ltd.'s Executive Committee or part of the operational management team of any Group company in the three years before the period under review.

No member of the Board of Directors has any significant business relationships with the Implenia Group.


1


2


3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5

1 Markus Dennler
(born 1956, Swiss)
Markus Dennler has been Chairman of the Board of Directors of Implenia Ltd. since 1 October 2011, having previously served as Vice Chairman from March 2006. 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. He is also a member of the Board of Directors of Swissquote Holding AG and Chairman of the Board of Allianz Suisse; he is also a member of the Board of the British-Swiss Chamber of Commerce. After leaving the University of Zurich with a doctorate in law, he qualified to practice as an attorney. He joined Credit Suisse Group in 1986, and in 2000 became a member of the Executive Board of Credit Suisse Financial Services. At the beginning of 2005 Markus Dennler set up his own legal practice in Zurich.

2 Hans-Beat Gürtler
(born 1946, Swiss)
Hans-Beat Gürtler has been Vice Chairman of the Board of Directors since October 2011. He has been a Board member since April 2010. He is a Management Partner of Varuma, a private equity firm in Basel, as well as a member of the Board of Basilea Pharmaceutica AG in Basel, and a member and President of the Boards of Directors of several Swiss-based private companies, most of them start-ups and SMEs, primarily in the pharmaceuticals/biotech sector. Prior to joining Varuma, he held the position of Global CEO at Novartis Animal Health, where he was responsible for the worldwide business, including research, development, manufacturing and marketing of animal pharmaceuticals for pets and farm animals. Previously, Mr Gürtler held various increasingly senior management positions at Ciba-Geigy Ltd. As CEO of Mahissa, Ciba-Geigy's seeds business in Spain, he lived in Barcelona for several years. Hans-Beat Gürtler holds a commercial diploma.

3 Patrick Hünerwadel
(born 1959, Swiss)
Patrick Hünerwadel has been a member of the Board of Directors since March 2006. He is a partner at the Lenz & Staehelin law firm (since 1994) and he 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. He holds a degree and a doctorate in law from the University of St. Gallen. Patrick Hünerwadel qualified to practice in Zurich.

4 Moritz Leuenberger
(born 1946, Swiss)
Moritz Leuenberger has been a member of the Board of Directors since April 2011. Between 1972 and 1991, he ran his own legal practice in Zurich. From 1979 to 1995 he was a National Councillor, holding various posts including Chair of the Company Law Reform Commission and the Parliamentary Investigations Commission. Between 1991 and 1995 he was a member of Zurich's Cantonal Government and, among other functions, was Head of the Cantonal Interior and Justice Ministry. From 1995 to 2010 he sat on Switzerland's Federal Council and was Head of the Federal Department for the Environment, Transport, Energy and Communications. Under him, the Department was made into a ministry of sustainability, leading the way on reconciling infrastructure and environmental interests. He has been given many awards for this work, including an honorary doctorate from the University of Udine for innovative traffic policy using European Union Law. He headed the Swiss delegations to international climate and energy negotiations. In 2001 and 2006 he additionally performed the role as President of the Swiss Confederation. He has written many books including "Lüge, List und Leidenschaft. Ein Plädoyer für die Politik" (2007). Since leaving the Federal Council Moritz Leuenberger has, among other things, headed the Swiss Aviation Foundation.

5 Theophil H. Schlatter
(born 1951, Swiss)
Theophil H. Schlatter has been a member of the Board of Directors since April 2011. From 1997 until his retirement in March 2011 he was CFO and a member of the Executive Committee of Holcim Ltd. Before that he was CFO and Executive Committee member of Holcim (Schweiz AG), and from 1991 until 1995 was Head of Finance and a member of the Executive Committee of Sihl Zürcher Papierfabrik an der Sihl. He started his career at STG-Coopers & Lybrand AG as an auditor and then moved to Holcim Group Support AG's Corporate Controlling department. He is currently a Member of the Boards of Directors of Swisscom AG and Schweizerische Cement-Industrie-Aktiengesellschaft. He is Chairman of the Board of Directors of Pekam AG. Theophil H. Schlatter graduated with a degree in economics from the University of St. Gallen, and he is also a qualified auditor.

3.2 Other activities and 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 term of office of Board members is two years. This term commences on the date of their election and ends on the date of the Annual General Meeting of Shareholders at the end of their term of office, unless they resign or are dismissed before this. 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; when they reach this age limit, they must leave the Board at the next Annual General Meeting of Shareholders. 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 term of office are given in the following table:

Member of the Board of Directors	First elected	Re-elected	Term ends
Markus Dennler	20.12.2005	04.04.2012	AGM 2014
Hans-Beat Gürtler	14.04.2010	04.04.2012	AGM 2014
Patrick Hünerwadel	20.12.2005	04.04.2012	AGM 2014
Moritz Leuenberger	19.04.2011		AGM 2013
Theophil H. Schlatter	19.04.2011		AGM 2013

3.4 Internal organisation

3.4.1 Allocation of tasks within the Board of Directors

There is no formal distribution of responsibilities within the Board of Directors except for the Chairman's powers of authority as described here. In general, the tasks and powers of the Chairman are as defined in the law, the articles of association, Implenia Ltd.'s Organisational and Management Regulations (referred to hereinafter as "Implenia's OR")[4] and the Table of Responsibilities, plus any tasks and powers delegated by specific resolutions of the Board of Directors (Section 2.8a Para. 1 Implenia's OR).

The Chairman chairs meetings of the Board of Directors. He is authorised in emergencies to perform tasks independently, even if these are normally reserved to the Board of Directors, particularly 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 Chairman can also ask the CEO and other members of the Executive Committee for any information at any time. These people must also brief him on all important business. The Chairman ensures that the other members of the Board of Directors are briefed on significant developments in good time (Section 2.3b and 2.8b of Implenia's OR).

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 (Section 2.8c Implenia's OR).

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

The Board of Directors has formed four committees – the Audit Committee, the Nomination and Remuneration Committee, the Strategy Committee and the Sustainability Committee. These committees analyse the relevant areas and submit reports to the Board of Directors so it can prepare decisions or perform its monitoring function. The Chairs of the individual committees inform the Board of Directors about all major points and give recommendations for the decisions that have to be taken by the Board as a whole. The committees' responsibilities are set out in Implenia's OR and in the Table of Responsibilities appended to the OR, as well as in regulations issued by the Board of Directors.

4 As part of a general best practice review, Implenia's OR and all the company's regulations were redrafted and issued by the Board of Directors on 20 January 2012, when they entered into force. The main changes to Implenia's OR involved detailed rules about the Executive Committee, the function of the CEO/Head Corporate Centre, standardisation of the committees and the CEO's right of veto in the Executive Committee. Implenia's new OR (excluding Table of Responsibilities) can be seen at www.implenia.com under "Implenia" – "Organisational and Management Regulations".

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

Member of the Board of Directors	Audit Committee	Nominations and Remuneration Committee	Strategy Committee	Sustainability Committee
Markus Dennler		•	• (Chairman)	•
Hans-Beat Gürtler		• (Chairman)	•	
Patrick Hünerwadel	•			
Moritz Leuenberger			•	• (Chairman)
Theophil H. Schlatter	• (Chairman)			

The Audit Committee consists of at least two members of the Board of Directors. It handles all Board business relating to the monitoring and structuring of the accounting system, financial controlling (internal control system), financial planning and risk management. It coordinates and harmonises the work of internal and external auditors. It is responsible for regular communication with internal and external auditors. It formulates instructions for the internal and external audit bodies. It has the authority to order special audits (Section 3.2 Implenia's OR).

The Nomination and Remuneration Committee consists of at least two members of the Board of Directors. It prepares the Board of Directors' and Executive Committee's succession planning and helps the Board select suitable candidates for posts on the Board of Directors and Executive Committee. The Nomination and Remuneration Committee helps the Board of Directors and CEO decide on remuneration at the company's most senior levels, i.e. the Board of Directors and Executive Committee (Section 3.3 Implenia's OR).

The Strategy Committee consists of at least three members of the Board of Directors. It helps the Board and the Executive Committee determine corporate development and strategy. It also performs any other related tasks delegated to it by the Board of Directors (Section 3.4 Implenia's OR).

The Sustainability Committee consists of at least two members of the Board of Directors. It helps the Board and the Executive Committee to define the sustainability strategy and performs any other related tasks delegated to it by the Board of Directors (Section 3.5 Implenia's OR).

The members of the Audit Committee, the Nomination and Remuneration Committee, the Strategy Committee and the Sustainability Committee are appointed by the Board of Directors, which pays due regard to the expertise and independence required for the roles. The committees organise themselves. The Board issues regulations in response to committee proposals.

The committees are advisory bodies; decision-making power is reserved for the Board of Directors as a whole. The committees only have decision-making power when this is stipulated in the Table of Responsibilities or committee regulations, or by special resolution of the Board of Directors. The committees are authorised to carry out or commission investigations into all matters relating to their area of responsibility. They can bring in independent experts to help. The Board of Directors can appoint ad hoc committees for specific tasks and allocate powers of preparation, monitoring and/or decision-making to these committees (Section 3.1 Paras. 1 and 6 Implenia's OR). No ad hoc committees were formed during the year under review.

3.4.3 Work methods of the Board of Directors and its committees

The Board of Directors and its committees meet as often as business requires, but at least six times a year (Board of Directors), three times a year (Audit Committee), or twice a year (other committees). Meetings take place at the invitation of the relevant chairperson. Invitations are accompanied by an agenda and meeting documents. In addition, each member is entitled to request that a meeting be convened and can request that items are added to the agenda. Each meeting of the Board of Directors is chaired by the Chairman of the Board; the committee meetings are led by the respective committee chairs. Meetings are quorate if the majority of members are in attendance. Members who take part in the meeting via telephone or video conference shall be regarded as being present at the meeting. The Board of Directors and its committees pass resolutions and elect members by simple majority of the votes cast by attending members. Abstentions are not permitted. If votes are tied, the person chairing the meeting has the casting vote (in addition to his normal vote). The results of discussions and the resolutions made are minuted. The CEO, the CFO and, where required, further members of the Executive Committee take part in the meetings of the Board of Directors. The Board of Directors also holds regular meetings without the participation of the CEO, the CFO or members of the Executive Committee (Section 2.3f Implenia's OR).

The Chairman of the Board of Directors participates in committee meetings, with the exception of those of the Nomination and Remuneration Committee, as a standing guest if he is not already a member. The Audit Committee's meetings are generally also attended by the CEO, the CFO, the Head of Finance and Controlling (F+C), where necessary the Head of Internal Audit, and if required by the business at hand, one or more representatives of the external auditors and other persons selected by the chair. Meetings of the Nomination and Remuneration Committee are generally also attended by the CEO, the CFO and the Head of HR. Strategy Committee Meetings are generally attended by the CEO and CFO, and Subsidiary Committee meetings by the CEO. Guests of meetings of the Board of Directors and the committees have no voting rights (Section 3 of the Regulations of the Nomination and Remuneration, Audit, Strategy and Sustainability Committees).

Members of the Executive Committee do not attend meetings of the Nomination and Remuneration Committee or of the Board of Directors if their own performance is being assessed, or their remuneration is being discussed or decided.

During the year under review, the Board of Directors held 13 meetings convened by its Chairman, with three of these meetings taking the form of a telephone conference. The average length of its meetings was five hours. The average length of the telephone conferences was half an hour. The Executive Committee attended in the person of Anton Affentranger. The CFO attended at least part of all except two of the meetings that took place during the year under review.

The Audit Committee met three times during the year under review. The average duration of these meetings was five-and-a-half hours. The 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 held two meetings. The average duration of these meetings was one-and-a-half hours. The CEO attended some of the committee meetings. In addition, the CFO and the Head of Human Resources attended some of the meetings.

The Sustainability Committee did not meet during the year under review, but the Strategy committee held one meeting that lasted one-and-a-half hours. The CEO and CFO attended part of this committee meeting.

No external consultants took part in the meetings of the Board of Directors or its Committees during the year under review.

3.5 Definition of areas of responsibility

The Board of Directors has delegated the management of Implenia Ltd. and the uniform management of the Implenia Group to the CEO as follows to the extent that the law, the articles of association and Implenia's OR plus Table of Responsibilities do not stipulate otherwise, and provided in particular that responsibilities are not delegated to the Executive Committee or its individual members:

The CEO is responsible for operational management and for representing the Group to the extent that these duties are 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. Unless these are reserved for the Board of Directors, he is empowered to arrange or perform the duties and powers of authority assigned to him by Implenia's OR and Table of Responsibilities, and/or delegate these to qualified subordinate units if he instructs and monitors them accordingly. The CEO is supported in managing the business by the members of the Executive Committee, all of whom report directly to him. The CEO is responsible for reporting to the Chairman of the Board of Directors and to the Board of Directors (Section 4.1 et seq. Implenia's OR).

The Executive Committee consists of the CEO, the CFO and the Head of Divisions, as well as other members designated by the Board of Directors. The members of the Executive Committee are appointed and deselected by the Board of Directors. The Executive Committee has the powers of authority shown in the Table of Responsibilities, plus those individually allocated to it by the Board of Directors or CEO. It meets as often as business requires, but at least once a month. Within the Executive Committee, the CEO has the casting vote on certain matters as well as a right of veto as shown in the Table of Responsibilities. Essentially, the CEO has this right of veto over transactions with major financial implications or strategic importance. The members of the Executive Committee have full operational responsibility for managing their allocated business areas. They are responsible for the results achieved by their allocated areas and they report to the CEO (Section 4.3 Implenia's OR).

The CFO is responsible for all of the company's and Implenia Group's financial matters to the extent that these are not expressly assigned to other bodies or individuals. He is also responsible for managing the Corporate Centre, which provides services across the group for all subsidiaries (Section 4.4 Implenia's OR).

As well as the powers of authority reserved under Art. 716a of the Swiss Code of Obligations, the Board of Directors also decides on the following major areas of business as shown in the Table of Responsibilities: production/engineering planning construction (incl. GC/TC business) in Switzerland worth more than CHF 150 million (Implenia's share) and abroad worth more than CHF 75 million; consultancy, engineering and management contracts in Switzerland worth more than CHF 15 million (Implenia's share) and abroad worth more than CHF 15 million; selecting partners for collaboration on projects of all types (joint ventures and other forms) in Switzerland worth more than CHF 200 million and abroad worth more than CHF 100 million; unbudgeted property, plant and equipment worth more than CHF 15 million; acquisition and sale of investments (enterprise value) worth more than CHF 25 million; entering into or exiting long-term joint ventures or strategic partnerships (relationships extending beyond one project); principles of financial policy (amount of debt and financial indicators), funding (funding concept); procurement of debt capital (credit facilities, bonds, private placements and other capital market transactions, leasing, hire purchase) of more than CHF 50 million; granting loans to third parties of CHF 5 million or more; financial investments (basic policy and guidelines and long-term investments – more than three months) of more than CHF 15 million; issuing group sureties, guaranties, bid, performance and payment bonds, etc., other securities and assumptions of contingent liabilities outside normal business activity of more than CHF 5 million; and initiating legal proceedings or making settlements involving sums of more than CHF 15 million.

3.6 Information from and control over the Executive Committee

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

	Annual	Semi-annual	Quarterly	Monthly
MIS (Management Information System)				•
Financial statements (balance sheet, income statement, operating accounts, 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 the Executive Committee and the Board of Directors together with a quarterly updated commentary and an estimate for the year as a whole. The members of the Board of Directors cannot access the MIS directly.

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 in each division are assessed every half year by the responsible operational managers and consolidated by the Finance Department. The recorded risks are divided for the most part into “key projects”, “other projects”, “financial risks” and ”management risks”, and evaluated qualitatively (scale and likelihood) and quantitatively (worst/real/best case). The measures taken by the operational managers are then monitored by the F&C Department. The Head of F&C presents a commentary on and explanation of the risk management report directly to the Audit Committee.

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

The 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 well-known audit company to perform the internal audit function. The main focuses of the internal audit are set by the Audit Committee on the basis of the long-term audit plan. During the year under review the main focuses were investments, the cash-out advisory project and compliance. The project plan for internal audit activities is implemented in consultation with the CFO. The internal auditor prepared reports in line with the project plan and submitted these to the Audit Committee together with the necessary comments and recommendations. The internal auditor reports directly to each meeting of the Audit Committee. The internal auditor’s reports are given to the external auditors without qualification. There is regular communication between the internal and external auditors.

4. Executive Committee

As CEO, Anton Affentranger is responsible for the management of Implenia Ltd. and its subsidiaries. He heads the Executive Committee, which is divided into different divisional responsibilities, each with its own head.

During the year under review Peter Preindl took over as Head of the Industrial Construction Division on 1 January 2012.

4.1 Members of the Executive Committee

(see following pages)

René Zahnd, Peter Preindl, Anton Affentranger, Beat Fellmann, and Arturo Henniger (l. to r.)

Anton Affentranger

(born 1956, Swiss)

Anton Affentranger has been CEO of Implenia since October 2011. From March 2006 to September 2011 he was Chairman of the Board of Directors. Between 6 April 2009 and 31 August 2010 he was the Executive Member of the Board (as Chairman and CEO). He is also the founder and chairman of Affentranger Associates AG and various start-up companies. He 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 also 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. Anton Affentranger graduated from the University of Geneva with an economics degree. On 1 October 2011 he was appointed by the Board as the new CEO of Implenia. On the same date he stepped down from the Board of Directors and from the operational management of his private companies.

Beat Fellmann

(born 1964, Swiss)

Beat Fellmann has been Implenia's CFO and Head of Corporate Centre since October 2008. He 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 Beat Fellmann became deputy group CFO at Holcim and was also made responsible for group tax, as well as for the management company's IT, finance and controlling. Beat Fellmann is a member of the Board of Directors of Olmero Ltd.

Arturo Henniger

(born 1956, Swiss)

Arturo 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. He joined the Zschokke Group in 1988. As Head of Industrial Projects Arturo Henniger headed Zschokke Locher SA until its merger in 2005 with Zschokke Construction SA, at which point he took over the management of that company.

Peter Preindl

(born 1956, Austrian)

Peter Preindl has been a member of Implenia's Executive Committee since 1 October 2011 and has headed the Industrial Construction Division since 1 January 2012. After studying environmental and water management at the University of Vienna, Peter Preindl, who comes from Innsbruck, graduated in engineering in 1979 before taking his doctorate in Vienna in soil mechanics and foundation engineering. After working as a construction manager on tunnelling, water and foundation engineering projects, he took on management positions for various civil and foundation engineering companies before joining ALPINE Bau GmbH in Vienna as branch manager. He gradually took on more and more responsibility at the company, and in 2006 was appointed to the executive board. In 2009 Peter Preindl was appointed CEO of ALPINE Bau, leading its operational management in this capacity until spring 2011.

René Zahnd

(born 1966, Swiss)

René Zahnd has headed the Real Estate Division since 1 March 2010. In this capacity, he manages Implenia General Contractor Ltd., Implenia Development Ltd., Implenia Immobilien AG, Reuss Engineering AG and Tetrag Automation AG. He studied law and is qualified to practice as an attorney. He worked in a law practice and at Berner Kantonalbank, specialising in construction, planning and real estate law. His in-depth experience in the construction and real estate industry began when he became head of legal services at Losinger Construction AG. In 2004 he took over operational responsibility for project development in Losinger's central region. In 2007 he moved to Berne-based general contractor Marazzi, where he was responsible for project development in German-speaking Switzerland. From May 2009, René Zahnd was in charge of Implenia's project development, and in this role was a member of Implenia Real Estate's Executive Committee.

4.2 Other activities and interests

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

4.3 Management contracts

There are no management contracts with third parties.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and shareholding programmes

The compensation of serving members of the Board of Directors and members of the Executive Committee is determined every two years (members of the Board of Directors) or every year (members of the Executive Committee) by the Board of Directors in response to proposals from the Nomination and Remuneration Committee and after considering the market situation.

The compensation paid to the Board of Directors was assessed during the year under review and adjusted on the basis of benchmark analyses against other Swiss companies working in the construction and associated industries, such as Forbo Holding AG, Geberit AG and Sika AG. Compensation was decided for the subsequent two years, i.e. up until the Annual General Meeting of Shareholders in 2014. The size, basis, and components of the compensation are based on the Regulation on Compensating members of the Board of Directors of Implenia Ltd. The Board of Directors decides globally on its remuneration in line with the Table of Responsibilities and in response to the Nomination and Remuneration Committee's proposals.

The management system developed for members of the Executive Committee in 2010 was introduced during the year under review. Compensation for Members of the Executive Committee is reviewed by the Hay Group to check it is in line with the market, competitive and appropriate. This is done using a reference market of eight companies that have recruited from Switzerland's top executive market to fill similar roles. The emphasis is on companies from industrial sectors, or those providing services to industry, that are similar to Implenia Ltd. in size (number of employees, size of turnover) and business activity. With companies that are of a markedly different size to Implenia, comparability is achieved by using the Hay Group Chart-Profile Method, adjusted to compensate for potential distortions. The reference market consists of the following firms: ABB Ltd., Forbo Holding AG, Geberit International AG, Holcim Ltd., Kühne + Nagel International AG, Rieter Holding AG, Schindler Holding AG and Sika AG. The consultancy firm has no further mandates with Implenia.

As in previous years, the Board of Directors has decided to propose to the Annual General Meeting of Shareholders (27 March 2013) that it approve the Board's and Executive Committee's compensation with a consultative vote.

Board of Directors

Serving members of the Board of Directors receive fixed compensation. The members of the Board of Directors receive annual compensation for the services they perform. This covers the period between two Annual General Meetings of Shareholders. Based on the market analysis mentioned above, the amount of compensation for each function (Chairman, Vice Chairman, Chair of the Audit Committee, member) is set out in the above-mentioned regulation. Two thirds of the compensation paid to members of the Board of Directors is paid in cash and a third in the form of shares. The shares are blocked for a period of three years.

No severance compensation was paid to former Board members Toni Wicki and Philippe Zoelly when their mandate ended.

Executive Committee

The remuneration of members of the Executive Committee is paid in two parts, one in cash, and 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 (around 20% of overall remuneration). The part of shares is paid with a fixed number of shares (around 25% of overall remuneration at the time of appointment). The variable component of the cash remuneration is made up of two parts and depends on the attainment of personal, qualitative targets set by the Board of Directors in accordance with Management by Objectives (30%) and of financial targets (70%). These financial 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 the cash remuneration is paid if the targets are reached. Exceeding one or all of the targets leads to a disproportionate increase in the variable amount (up to a maximum of 200% of this component); conversely, failure to reach the target leads to a proportionate reduction (down to zero) of this variable component.

At the start of the year, the Board of Directors, in response to a proposal by the Nomination and Remuneration Committee, determines the fixed portion of the remuneration paid to the Executive Committee for the current year. The Nominations and Remuneration Committee drafts a proposal on the amount to be paid to each member of the Executive Committee, which is analysed and ratified by the Board of Directors. As well as the market situation, as mentioned above, function, performance, experience and effort are taken into account. Discretion is used in the weighting of these criteria.

The CEO's remuneration is based on the same principles as those used for the other members of the Executive Committee, apart from the (annual) share portion, which is distributed every half-year over three years and is linked to a forfeit clause. This clause states that if the employment contract is terminated, the claim to any shares not yet transferred is forfeited from the beginning of the notice period. Additional information on compensation pursuant to Art. $663b^{bis}$ SCO can be found in the notes to the financial statements on pages 242 – 247 of the financial report.

6. Shareholders' participation rights

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, or if they do not immediately disclose this information on first request (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 also reach agreements with nominees about their disclosure obligations (see section 2.6 above and www.implenia.com in the section "Investor Relations" – "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 of Shareholders 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 Paras. 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 of Shareholders makes its resolutions by the majorities stipulated by law. The articles of association do not stipulate any different majorities, except for the one needed for the removal or simplification of the restriction on the transferability of shares, which requires a resolution of the General Meeting of Shareholders 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 of Shareholders 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 of Shareholders.

6.4 Inclusion of items on the agenda

Shareholders who together represent shares with a par value of at least CHF 1,000,000 may request that an item appear on the agenda. Such requests must be received in writing by the company at least 45 days before the General Meeting of Shareholders.

6.5 Entry in the Share Register

Shareholders who are entered with voting rights in the Share Register at 12 noon on 1 March 2013 shall be sent an invitation to the General Meeting of Shareholders. Shareholders who are entered in the Share Register after this but before 15 March 2013, 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 15 March 2013 up to and including 27 March 2013. The cut-off date for acquiring the right to vote at the General Meeting of Shareholders is 14 March 2013, 5 p.m.

7. Takeover 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

No agreements relating to change of control have been made with the members of the Board of Directors, the members of the Executive Committee or other executives.

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 4 April 2012.

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 1,042,200.

8.3 Additional fees

Total additional fees for the current financial year come to CHF 503,191. These fees were paid for consultancy services rendered in relation to due diligence work (CHF 409,741) as well as for tax consulting (CHF 93,450).

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 three 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:

— Annual results: February/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)
— Annual General Meeting: March/April

For further information we refer interested parties to our press releases and our letters to shareholders, to the Swiss Official Gazette of Commerce, as well as to our website (www.implenia.com), where important information for investors is available under the links "Investor Relations" and "Media".

Investors can also register to receive important information by e-mail by following the "Media"-"News Service" link.

General information is available from the following contact address:

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Financial report

Consolidated income statements

	Notes	1.1.–31.12. 2012 CHF 1,000	1.1.–31.12. 2011 CHF 1,000
Consolidated revenue	5	**2,695,752**	2,522,646
Materials and subcontractors	6	**(1,685,530)**	(1,565,867)
Personnel expenses	7	**(703,410)**	(671,181)
Other operating expenses	9	**(166,198)**	(150,182)
Depreciation and amortisation		**(41,679)**	(46,813)
Income from associates		**5,469**	5,073
Operating income	**5**	**104,404**	93,676
Financial expenses	10	**(13,718)**	(15,827)
Financial income	10	**2,184**	3,805
Profit before tax		**92,870**	81,654
Tax	11	**(21,640)**	(20,303)
Consolidated profit		**71,230**	61,351
Attributable to:			
Shareholders of Implenia Ltd.		**69,087**	60,264
Non-controlling interests		**2,143**	1,087
Consolidated earnings per share (CHF)			
Basic earnings per share	30	**3.77**	3.31
Diluted earnings per share	30	**3.77**	3.31

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of comprehensive income

		1.1.–31.12. 2012 CHF 1,000	1.1.–31.12. 2011 CHF 1,000
Consolidated profit		**71,230**	61,351
Foreign exchange differences attributable to:			
Shareholders of Implenia Ltd.		**388**	(401)
Non-controlling interests		**154**	260
Fair value adjustments on financial instruments	23	**2,096**	144
Income tax on fair value adjustments on financial instruments		**(53)**	(31)
Other comprehensive income		**2,585**	(28)
Total comprehensive income		**73,815**	61,323
Attributable to:			
Shareholders of Implenia Ltd.		**71,518**	59,976
Non-controlling interests		**2,297**	1,347

The accompanying notes form part of the consolidated financial statements.

Consolidated balance sheets

ASSETS	Notes	31.12.2012 CHF 1,000	31.12.2011 CHF 1,000
Cash and cash equivalents	12	**500,727**	402,532
Marketable securities	13	**218**	516
Trade receivables	14	**455,965**	472,789
Work in progress	15	**242,437**	220,098
Joint ventures	16	**24,177**	33,552
Other receivables	17	**43,791**	45,285
Raw materials	18	**24,729**	23,398
Real estate transactions	19	**251,690**	247,047
Prepaid expenses and accrued income		**29,359**	24,421
Total current assets		**1,573,093**	1,469,638
Property, plant and equipment	20	**232,387**	225,365
Investment property	21	**16,417**	18,860
Investments in associates	22	**48,966**	47,169
Other financial assets	23	**11,629**	9,764
Pension assets	27	**33,677**	25,519
Intangible assets	24	**92,690**	90,674
Deferred tax assets	28	**195**	714
Total non-current assets		**435,961**	418,065
Total assets		**2,009,054**	1,887,703

EQUITY AND LIABILITIES	Notes	31.12.2012 CHF 1,000	31.12.2011 CHF 1,000
Financial liabilities	25	**4,511**	3,795
Trade payables		**219,878**	272,537
Work in progress	15	**658,569**	555,083
Joint ventures	16	**29,853**	49,341
Other liabilities		**59,905**	55,782
Tax liabilities		**40,791**	30,018
Prepaid income and accrued expenses		**91,490**	75,151
Provisions	26	**5,152**	5,892
Total current liabilities		**1,110,149**	1,047,599
Financial liabilities	25	**208,384**	205,278
Other liabilities		**6,953**	7,295
Deferred tax liabilities	28	**60,849**	57,742
Provisions	26	**23,333**	26,261
Total non-current liabilities		**299,519**	296,576
Share capital	29	**35,097**	35,097
Treasury shares	29	**(3,097)**	(4,460)
Reserves		**485,837**	441,974
Consolidated profit attributable to shareholders		**69,087**	60,264
Equity attributable to shareholders		**586,924**	532,875
Non-controlling interests		**12,462**	10,653
Total equity		**599,386**	543,528
Total equity and liabilities		**2,009,054**	1,887,703

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of changes in equity

	Share capital	Treasury shares	Reserves: Capital reserves	Reserves: Revaluation reserve	Reserves: Foreign exchange differences	Reserves: Retained earnings	**Total shareholders' equity**	Non-controlling interests	**Total equity**
	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 1.1.2012	35,097	(4,460)	131,511	5,763	(16,167)	381,131	**532,875**	10,653	**543,528**
Consolidated profit				–	–	69,087	**69,087**	2,143	**71,230**
Other comprehensive income				2,043	388	–	**2,431**	154	**2,585**
Total comprehensive income				2,043	388	69,087	**71,518**	2,297	**73,815**
Dividends	–	–	(20,052)	–	–	–	**(20,052)**	(428)	**(20,480)**
Change in treasury shares	–	1,363	1,414	–	–	(2,397)	**380**	–	**380**
Share-based payments	–	–	–	–	–	2,397	**2,397**	–	**2,397**
Change in non-controlling interests	–	–	–	–	–	(194)	**(194)**	(60)	**(254)**
Total other changes in equity	–	1,363	(18,638)	–	–	(194)	**(17,469)**	(488)	**(17,957)**
Total equity as at 31.12.2012	35,097	(3,097)	112,873	7,806	(15,779)	450,024	**586,924**	12,462	**599,386**
Equity as at 1.1.2011	51,722	(6,292)	132,813	5,650	(15,766)	320,867	488,994	6,490	495,484
Consolidated profit				–		60,264	60,264	1,087	61,351
Other comprehensive income				113	(401)	–	(288)	260	(28)
Total comprehensive income				113	(401)	60,264	59,976	1,347	61,323
Dividends	–	–	–	–	–	–	–	(383)	(383)
Par value repayment	(16,625)	232	–	–	–	–	(16,393)	–	(16,393)
Change in treasury shares	–	1,600	(1,302)	–	–	(1,788)	(1,490)	–	(1,490)
Share-based payments	–	–	–	–	–	1,788	1,788	–	1,788
Change in non-controlling interests	–	–	–	–	–	–	–	482	482
Change in scope of consolidation	–	–	–	–	–	–	–	2,717	2,717
Total other changes in equity	(16,625)	1,832	(1,302)	–	–	–	(16,095)	2,816	(13,279)
Total equity as at 31.12.2011	35,097	(4,460)	131,511	5,763	(16,167)	381,131	532,875	10,653	543,528

The accompanying notes form part of the consolidated financial statements.

Consolidated cash flow statements

	Notes	1.1.–31.12. 2012 CHF 1,000	1.1.–31.12. 2011 CHF 1,000
Consolidated profit		**71,230**	61,351
Tax	11	**21,640**	20,303
Financial result	10	**11,534**	12,022
Depreciation and amortisation		**41,679**	46,813
Result from sale of non-current assets		**(580)**	(1,796)
Income and distribution from associates		**(1,983)**	(1,222)
Change in provisions		**(4,017)**	(7,243)
Change in pension assets		**(9,943)**	(13,108)
Change in net working capital			
Change in trade and other receivables		**28,504**	(52,416)
Change in work in progress (net), raw materials		**81,980**	52,926
Change in real estate transactions		**(4,673)**	(47,029)
Change in trade payables and other liabilities		**(55,558)**	44,687
Change in accruals and joint ventures		**(7,014)**	886
Interest paid		**(7,594)**	(7,797)
Interest received		**1,245**	671
Tax paid		**(5,664)**	(6,599)
Cash flow from operating activities		**160,786**	102,449
Investments in property, plant and equipment		**(36,345)**	(38,720)
Disposals of property, plant and equipment		**3,740**	13,104
Investments in other financial investments and associates		**(1,606)**	(7,553)
Disposals of other financial investments and associates		**2,356**	11,242
Investments in intangible assets		**(4,488)**	(1,042)
Proceeds from sale of intangible assets		**1**	–
Acquisition of subsidiaries	2.3	**(4,023)**	(12,169)
Deferred purchase price payments		**(4,597)**	–
Cash flow from investing activities		**(44,962)**	(35,138)

	Notes	1.1.–31.12. 2012 CHF 1,000	1.1.–31.12. 2011 CHF 1,000
Increase of financial liabilities		**1,211**	2,157
Repayment of financial liabilities		**(1,813)**	(431)
Change in treasury shares		**2,770**	298
Dividends and par value repayment		**(20,052)**	(16,393)
Cash flow with non-controlling interests		**(674)**	99
Cash flow from financing activities		**(18,558)**	(14,270)
Foreign exchange differences on cash and cash equivalents		**929**	217
Change in cash and cash equivalents		**98,195**	53,258
Cash and cash equivalents at beginning of the period	12	**402,532**	349,274
Cash and cash equivalents at end of the period	**12**	**500,727**	402,532

The accompanying notes form part of the consolidated financial statements.

Notes to the consolidated financial statements of Implenia

1 General information

Implenia Ltd. is a Swiss public limited company incorporated in Dietlikon, Zurich. The shares of Implenia Ltd. 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 versions are non-binding translations.

Implenia's business activities are described in Notes 2.4.

The consolidated report as at 31 December 2012 was approved by the Board of Directors of Implenia Ltd. on 25 February 2012, for submission to the General Meeting. In accordance with Art. 698 of the Swiss Code of Obligations (SCO), the General Meeting must approve the consolidated financial statements. The consolidated financial statements are audited by the statutory auditor PricewaterhouseCoopers AG, Zurich.

Unless otherwise stated, the figures in the annual report are given in thousands of Swiss francs.

2 Summary of significant accounting policies

The consolidated financial statements of Implenia have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). 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.

2.1 Changes in accounting policies

With the exception of the following standards, revisions and interpretations of standards that were applied for the first time as of the financial year beginning 1 January 2012, the accounting principles applied in the 2012 consolidated annual financial statements are identical to those published and described in the 2011 annual report.

- Annual Improvements 2011
- IFRS 7 Financial Instruments: Disclosures (Amendment)

The application of the new and revised standards and interpretations had no impact on the presented consolidated annual financial statements.

The International Accounting Standard Board (IASB) has published the following new standards as well as amendments and interpretations of standards. Application of these standards is not mandatory in the 2012 financial year. It has been decided not to apply the standards prematurely.

- Annual Improvements 2012
- IAS 1 Presentation of Financial Statements (Amendment)
- IAS 19 Employee Benefits (Amendment)
- IAS 27 Consolidated and Separate Financial Statements (Revised)
- IAS 28 Investments in Associates (Revised)
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The amendment to IAS 19, which is effective from 1 January 2013, is relevant to Implenia. Actuarial gains and losses will now be recognised in other comprehensive income in the period in which they occur. The corridor method, which is applied today and described in Note 2.8, will no longer be permitted. Current service costs and net interest will be recognised in the income statement. Net interest is calculated based on the discounted net defined benefit liability (asset) and replaces the expected return on plan assets and the interest cost on the defined benefit obligation. On first-time adoption, the existing unrecognised actuarial gains and losses will be recognised as pension asset or obligation directly in equity and excluded from profit or loss. As consequence, Implenia expects as per 1 January 2013 a net reduction in equity of CHF 72.4 million (after tax CHF 56.6 million). If Implenia had adopted the IAS 19 revised earlier, the profit before tax for the 2012 financial year would have been increased by approximately CHF 3 million and the other comprehensive income for the 2012 financial year would have been increased by approximately CHF 70 million.

Notes to the consolidated financial statements of Implenia

The new IFRS 11 standard (Joint Arrangements) applicable from 1 January 2013 is also relevant for Implenia. According to IFRS 11, joint arrangements must be classified either as joint operations or joint ventures. In the case of joint operations, assets, liabilities, revenues and expenses are to be recognised in relation to the interest in the consolidated financial statements. The criteria of joint operations apply to individual consortia of Implenia so that following the introduction of the new standard these consortia are no longer accounted for using the equity method. For the affected consortia, the attributable assets, liabilities, revenues and expenses are recognised directly in the consolidated financial statements. Due to the application of IFRS 11 Impenia expects an increase in total assets of CHF 62 million and in revenues of CHF 60 million. The new standard will not have any impact on the result.

2.2 Principles of consolidation

The consolidated financial statements of Implenia include the financial statements of Swiss-domiciled Implenia Ltd. and its subsidiaries as of 31 December 2012. Subsidiaries are companies directly or indirectly controlled by Implenia Ltd. 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 directly or indirectly controls more than 50% of the company's voting rights or potential voting rights that can be exercised at any given time. Companies acquired during the year under review are included in the consolidated accounts from the date on which the Group obtains control over their operating activities, and all companies sold during the year under review are included up to the date on which control passes to the buyer. Receivables, liabilities, transactions and unrealised gains between Group entities are completely eliminated from the consolidated accounts. Changes in ownership interests in subsidiaries that do not result in a change in control are recognised as a transaction in equity.

Business combinations in which the Group assumes control over another company are accounted for using the purchase method. The purchase price is calculated as the sum of the fair values of the assets transferred to the seller and the liabilities incurred or assumed at the time of the transaction. IFRS requires agreed adjustments in acquisition-related costs dependent on future events to be recognised in the purchase price and any interests already held in an acquired business to be remeasured at fair value and recognised in the income statement. Transaction costs are recognised as expenses in the period in which they are incurred. Identifiable assets, liabilities and contingent liabilities acquired are recognised in the balance sheet at their acquisition-date fair value, irrespective of the size of the minority interests. Acquisition costs exceeding the Group's share of the fair value of the identifiable net assets are recognised as goodwill.

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

2.3 Material changes in the scope of consolidation

The following material acquisitions were made in 2012.

Acquisition of Locher Bauunternehmer AG, Zurich (CH):
On 4 July 2012 Implenia acquired 100% of the shares of Locher Bauunternehmer AG. Locher Bauunternehmer AG is specialised in the fields of conversion, civil works refurbishment and hydrodynamics. The acquisition is in line with Implenia's strategy to strengthen market presence and know-how in the area of refurbishment of infrastructure facilities. Locher Bauunternehmer AG and its subsidiary are fully consolidated as from the acquisition date.

CHF 4.0 million of the purchase price of CHF 5.9 million was paid on the date of acquisition. Based on the provisional purchase price allocation, the identifiable net assets amount to CHF 5.5 million (of which CHF 1.0 million are cash and cash equivalents). The goodwill from the transaction amounts to CHF 0.4 million, and reflects the non-capitalisable assets acquired such as the assembled workforce. No material transaction costs have occurred.

Locher Bauunternehmer AG generated a net income for the year 2012 (from 1 January until the merger with Implenia Bau AG as at 30 September 2012) of CHF –2.1 million and revenue of CHF 20.0 million. For the period of 4 July to 30 September 2012, the net income of the Locher Bauunternehmer AG stood at CHF –0.3 million and revenue at CHF 8.6 million.

The Locher Bauunternehmer AG has been assigned to the Infrastructure Construction segment.

Acquisition of Midtnorsk Betongsprøyting AS, Orkanger (Norway):
On 12 July 2012 Implenia acquired 100% of the shares of Midtnorsk Betongsprøyting AS. Midtnorsk Betongsprøyting AS is specialist in shotcreting, rock protection and injection. For Implenia the acquisition represents a targeted enhancement of its service portfolio in Norway. Midtnorsk Betongsprøyting AS is fully consolidated as from the acquisition date.

CHF 1.4 million of the purchase price of CHF 2.9 million was paid on the date of acquisition. Based on the provisional purchase price allocation, the identifiable net assets amount to CHF 2.6 million (of which CHF 1.3 million are cash and cash equivalents). The goodwill from the transaction amounts to CHF 0.3 million, and reflects the non-capitalisable assets acquired such as the expanded service range and the assembled workforce. No material transaction costs have occurred.

Notes to the consolidated financial statements of Implenia

Midtnorsk Betongsprøyting AS generated a net income for the year 2012 of CHF 0.3 million and revenue of CHF 3.3 million. For the period of 12 July to 31 December 2012, the net income of Midtnorsk Betongsprøyting AS stood at CHF 0.2 million and revenue at CHF 1.7 million.

Midtnorsk Betongsprøyting AS has been assigned to the Norway segment.

In 2011, the following acquisitions were made.

Acquisition of Betonmast Anlegg AS, Oslo (Norway):
With effect from 18 July 2011, Implenia acquired 80.79% of the outstanding shares of Betonmast Anlegg AS. Betonmast Anlegg AS and its subsidiaries are specialists in tunnel and infrastructure construction in Norway. In line with the Group's strategy, this acquisition strengthens Implenia's position in the international tunnel construction business and generates sustainable growth in foreign markets. Betonmast Anlegg AS has been fully consolidated since the date of acquisition.

CHF 19.8 million of the purchase price of CHF 26.4 million was paid on the date of acquisition. Depending on the returns generated by contractually agreed projects, the original purchase price might be reduced. In addition, an earn-out clause has been defined on the basis of order intake for the years 2011, 2012 and 2013, which will result in future performance-related purchase price outflows. The additional payments could range from a minimum of CHF 0 to a maximum of CHF 8.4 million. The present value of the maximum commitment of CHF 6.6 million has been recognised in other non-current liabilities, with interest accruing until the earn-out payment date. Based on the business plan of the Betonmast Anlegg Group, no purchase price reduction is expected and the maximum earn-out payment is likely. In 2012 a first earn-out payment of CHF 4.6 million was made.

Based on the final purchase price allocation, the identifiable net assets amount to CHF 10.7 million (of which CHF 7.7 million are cash and cash equivalents). The goodwill from the transaction amounts to CHF 15.7 million, and reflects the non-capitalisable assets acquired such as market entry, customer relations in the public sector and the assembled workforce. Transaction costs amount to CHF 0.3 million.

The Betonmast Anlegg Group generated a net income for the year 2011 of CHF –0.5 million and consolidated revenue of CHF 121.4 million. For the period of 18 July to 31 December 2011, the net income of the Betonmast Anlegg Group stood at CHF –0.9 million and consolidated revenue at CHF 75.7 million. Both net income figures include CHF 2.7 million for the amortisation of acquired intangible assets.

The Betonmast Anlegg Group has been assigned to the Norway segment.

The following statement of identifiable net assets acquired reflects the acquisitions of Locher Bauunternehmer AG and of Midtnorsk Betongsprøyting AS for 2012, and the acquisitions of the Norwegian Betonmast Anlegg Group for 2011.

	2012 **CHF 1,000**	2011 CHF 1,000
Cash and cash equivalents	**2,778**	7,678
Trade receivables	**8,284**	31,006
Other current assets	**4,731**	1,590
Property, plant and equipment	**4,521**	11,308
Intangible assets	**–**	5,270
Other non-current assets	**532**	121
Trade payables	**(3,186)**	(10,148)
Work in progress, liabilities	**–**	(11,738)
Current and non-current provisions	**(358)**	(332)
Other current liabilities	**(6,119)**	(11,599)
Other non-current liabilities	**(1,785)**	(9,731)
Fair value identifiable net assets	**9,398**	13,425
Non-controlling interests	**–**	(2,717)
Fair value net assets acquired – share Implenia	**9,398**	10,708
Goodwill	**755**	15,748
Purchase price consideration	**10,153**	26,456
Deferred payment	**(3,352)**	(6,609)
Purchase price paid	**6,801**	19,847
Cash and cash equivalents acquired	**(2,778)**	(7,678)
Net cash outflow	**4,023**	12,169

Notes to the consolidated financial statements of Implenia

2.4 Segment reporting

The Group's segments are defined on the basis of the organisational units for which the Group's Board of Directors receives reports. Significant Group companies and the segments to which they are assigned are listed in Note 37. The Group comprises the following segments:

2.4.1 Real Estate
The Real Estate segment comprises General Contracting / Services and Project Development. As a full service provider, the Real Estate segment covers all stages of the real estate lifecycle from development and realisation, right through to operational optimisation and promotion.

2.4.1.1 General Contracting / Services
This segment includes activities such as coordinating, engineering and planning real estate projects, carrying out building work as a general and total contractor, and overseeing technical facility management.

2.4.1.2 Project Development
This segment comprises activities such as designing and preparing real estate projects. It transforms visions and ideas into long-term real estate projects and provides additional services in the area of property management.

2.4.2 Infrastructure Construction
This segment is active in all areas of traditional construction. These include road building and foundation projects, infrastructure facilities and civil engineering, concrete restoration, bridge and avalanche protection construction, foundation construction, building projects (new and renovations), and gravel processing and surfacing works.

2.4.3 Industrial Construction

2.4.3.1 Tunnelling
This segment is primarily concerned with realising complex construction projects in Switzerland and abroad as a builder and total contractor. Among the services provided are microtunnelling, underground engineering, gallery construction for power plants, and railway technology.

2.4.3.2 Norway
The new segment comprises tunnelling, road building and civil engineering of all Norwegian-domiciled entities which were acquired from July 2011.

2.4.3.3 Prime Buildings
This segment is responsible for consultative and project construction management on sophisticated real estate projects abroad.

2.4.4 Miscellaneous / Holding
This area contains any costs of Implenia that cannot be allocated to a segment. These include Group companies with no activities, holding company overheads, the material investment properties, deferred taxes recognised at Group level and pension assets or obligations.

The segments each have their own management structures and internal reporting systems and are therefore classed and reported as separate operating segments. Certain headquarter functions are disclosed under Miscellaneous / Holding. These include procurement, financing & controlling, human resources, IT, investment management, treasury, marketing / communication, legal services and insurance.

2.4.5 Notes on the segment reporting
Transfer pricing between the operating segments is based on the arm's-length principle. The reported operating assets and liabilities of the segments comprise all assets and liabilities, including liabilities such as provisions, which can be allocated to the reporting segments. Assets and liabilities not allocated to the segments mainly comprise pension assets and liabilities less eliminations.

The Board of Directors exercises the role of chief operating decision maker as defined in IFRS 8. The Board regularly receives internal reports in order to assess the performance of the Group and review the allocation of resources within the Group. The chief operating decision maker receives segment information in the same level of detail as that presented in the segment reporting.

2.5 Related parties

These comprise 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 (key management personnel), 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 the Executive Committee 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 member 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 the Executive Committee of Implenia.

Notes to the consolidated financial statements of Implenia

2.6 Foreign currencies

The consolidated financial statements of Implenia are denominated in Swiss francs (CHF). The functional currencies of the Group companies abroad are the respective local currencies. In the subsidiaries, foreign currency transactions are measured at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. All foreign exchange differences are recognised in the income statements of the respective companies.

Income, expenses and cash flows of the consolidated companies are translated to CHF at the average rate for the reporting period. Balance sheet items are translated at the closing rate. Exchange differences relating to equity positions and non-current intra-group financing transactions in connection with net investments in foreign subsidiaries are recognised directly within the exchange differences in other comprehensive income. These cumulative amounts of currency gains and losses recognised in equity are reclassified to the income statement upon loss of control.

2.7 Revenue

Consolidated revenue includes all income from the different activities of Implenia. In General Contracting and Construction Works, 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 performed that is actually performed in the financial year. Future expected losses from contracts are taken into consideration when measuring the value of contracts and provided for immediately. Price overruns, additional services and share of profit are recognised in proportion to the stage of completion. For joint ventures contracts, only the service actually performed by the company in the joint venture and its share of the profits of the joint venture are recognised as revenue. Revenue under "Services" 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 whether an agreement for the construction of real estate falls within the scope of IAS 11 Construction Contracts or of IAS 18 Revenue and, therefore, when revenues from 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 buyer is able to specify the major elements prior to the start of construction work and/or amend the major elements after construction work has started (irrespective of whether the buyer exercises that ability). If the purchaser has this ability, IAS 11 must be applied, otherwise IAS 18 has to be applied.

For the Project Development segment, revenue includes income from the sale of real estate and total contracting work, as well as temporary rental income (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 title is transferred, which is normally upon entry in the official land register. Reductions in income, such as rebates or discounts directly related to the services charged, are deducted from revenue.

2.8 Pension plans

Pension arrangements are shown as defined contribution plans if the Group pays fixed contributions to a separate fund or external financial institution and has no legal or constructive obligations to make any further contributions. All other pension arrangements are treated as defined benefit plans, even if the Group's potential obligations are small or the probability of occurrence is low. Consequently, most Group pension arrangements are classified as defined benefit plans, since the corresponding legal or constructive obligations apply in Switzerland.

Pension liabilities under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. They correspond to the present value of future expected payments arising from current and past periods of service. The plan assets are recognised at fair value. Unvested past service costs arising from changes in the pension plans, including any amounts in relation to employees in retirement, are recognised immediately in the income statement.

The effect of changes in actuarial assumptions and experience adjustments on 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.

The amount recognised in the balance sheet as pension assets equals the deficit of the underfunded defined benefit plans adjusted for unrecognised actuarial gains and losses.

Notes to the consolidated financial statements of Implenia

2.9 Share-based payments / Employee participation program

The payments under share-based compensation are reported as personnel expenses. Costs in relation to shares that are not distributed until the following year are recognised fully in the year in which service is rendered. All the employees benefit from an employee share participation scheme as defined in the regulations. Under this plan, employees are able to acquire a set number of Implenia Ltd. shares, normally in the amount of one-half of the gross monthly salary, at a preferential rate, twice a year in accordance with the regulations. The arrangements of the employee participation program are agreed periodically by the Board of Directors.

2.10 Tax

Income taxes are recognised in the same period 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 timing of the reversal of the difference can be controlled and it is probable that this will not take place in the foreseeable future. In addition, where no provision has been made for distributions of profits, withholding taxes and other taxes on potential later distributions are not recognised as 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 apply at the time of taxation, are recognised under non-current assets and non-current liabilities. Changes in deferred tax assets and deferred tax liabilities are recognised in the income statement or in the statement of comprehensive income if they relate to items that are recognised in the statement of comprehensive income. Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that these can be offset against future taxable profits.

Several Swiss cantons levy a separate tax on the sale of land and real estate from business assets that is usually deductible from the ordinary cantonal taxes on profits. The taxable gains on the sale of property are calculated in accordance with the applicable cantonal laws. The applicable tax rate on the sale of property is dependent on the length of ownership and the size of the taxable gain on the sale of the property. The immovable property gains tax is calculated as at the date of sale.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks, Swiss Post and other financial institutions. Positions are recognised as cash only if they are readily convertible to known amounts of cash, if they are not subject to a significant risk of change in value and if they have an original maturity of no more than three months. This definition of cash and cash equivalents is also applied for the purpose of the consolidated cash flow statements.

2.12 Trade receivables

Trade receivables are recognised at fair value, that is, at the amounts invoiced less allowances for estimated shortfalls in receipts, e.g. due to 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.

2.13 Work in progress

Customer contracts relating to construction sites are accounted for using the percentage-of-completion method. The percentage of completion is ascertained on the basis of the work completed under the respective contracts. After offsetting prepayments by customers, the customer contracts are 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 will probably be recoverable, while the contract costs incurred are also recognised as an expense 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 recognised immediately as an expense.

2.14 Joint ventures

Joint ventures are established to implement short-term projects with other construction companies. Work is assumed when a joint agreement has been concluded with the contractual partners. Joint ventures are organised as simple partnerships; the partnership agreements govern the relationships between the members.

Notes to the consolidated financial statements of Implenia

Joint ventures are recognised using the equity method (in accordance with IAS 28 Investments in Associates) permitted under IAS 31 (Interests in Joint Ventures). Joint ventures are initially recognised at cost. Thereafter, the carrying amount increases or decreases in line with Implenia's share of the profit or loss of the joint venture. Liquidity contributions and disbursements increase or reduce the carrying amount of the interests in joint ventures. The resulting asset or liability is recognised in the balance sheet.

The receivables and payables of Implenia in respect of the joint ventures are disclosed separately in the corresponding receivables and payables items. Income from joint ventures is reported within operating income since their operating activities are for the purpose of executing customer contracts.

2.15 Investments in associates

Associates are companies over which Implenia exercises significant influence but does not have control. As a rule, these are companies in which Implenia holds a stake of between 20% and 50%. These companies are accounted for using the equity method and are reported separately in the consolidated balance sheet. The equity participation is calculated on the basis of the statutory financial statements as at the closing date of the consolidated financial statements. If no statutory financial statements are available as at the closing date of the consolidated financial statements, measurement is on the basis of the last available statutory financial statements, 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.

On acquisition of an investment in an associate, goodwill may arise. Goodwill is the excess of the acquisition costs over the Group's share of the fair value of the identifiable net assets acquired. This goodwill forms part of the carrying amount of investments in associates.

The long-term joint ventures for the operation of facilities producing concrete and asphalt in which Implenia has interests of 20% and above are recognised and measured separately from the other joint ventures, which are also measured as associates in accordance with IAS 28 Investments in Associates.

Income from associates is reported within operating income since their operating activities are for the purpose of executing customer contracts.

2.16 Raw materials

Raw materials are measured at cost. The valuation of inventory and charges to material costs are stated 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. Inventories at a market price below the costs recognised by Implenia are written down if the finished product no longer covers the costs. If it is foreseeable that written-down inventories can be used again, the write-downs are reversed by increasing the value of the inventory to the lower of net realisable value or historical cost. Unsellable inventories are written off in full.

2.17 Real estate transactions

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

These properties are measured separately. Each property is measured at the lower of cost, including work by the company, or the net sale value. Costs includes financing costs paid to third parties until the construction is ready for use.

Write-downs arising from impairments determined on the basis of the above measurement principles are charged directly to this item. 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. Those properties under joint control and ownership are recognised as real estate transactions on a proportional basis.

Notes to the consolidated financial statements of Implenia

2.18 Property, plant and equipment

Property, plant and equipment is measured at cost and depreciated over its estimated useful life on a straight line basis, with the expense charged to the income statement:
– Property 25–50 years
– Plant 15–20 years
– Machinery and vehicles 6–15 years
– Furniture 5–10 years
– IT 3–5 years
– Investment property 25–50 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. The value of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may be impaired.

2.18.1 Investment property

Land and property held for the purposes of generating rental income or whose intended use has not yet been defined are recognised separately as investment property in accordance with IAS 40. All land is classified as investment property if no intention to develop or sell the land has been indicated. Recognition and measurement are carried out in accordance with the cost model (IAS 16). Investment property is recognised at cost and (in the case of real estate) depreciated on a straight line basis. If the present value of future net cash inflows is lower than the carrying amounts, the asset is written down to the lower recoverable value in accordance with IAS 36. The fair value of this real estate is shown separately, and is determined in accordance with recognised methods, for example, by using the current market price of comparable real estate as a basis or by applying the discounted cash flow method.

2.18.2 Finance leases

Leased property, plant and equipment for which Implenia bears substantially all the risks and rewards associated with ownership are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments at the inception of the lease and depreciated over the shorter of the lease term or the estimated useful life.

2.18.3 Operating leases

Leases are classified as operating leases if a substantial 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 term of the lease, with the expense charged to the income statement.

2.19 Intangible assets

2.19.1 Goodwill

Business combinations are accounted for using the purchase method as described under Note 2.2.

Goodwill is the excess of the costs of acquisition over the interest of the Group in the fair value of the net assets acquired. The non-controlling interests are recognised in proportion to their share of the fair value of the net assets acquired. Goodwill is not amortised, but is tested for impairment at each balance sheet date instead.

When testing goodwill for impairment, the realisable value is computed on the basis of the cash generating unit to which the goodwill is allocated. Realisable value is the higher of fair value less cost to sell and value in use. If the carrying amount exceeds the realisable value, the difference is recorded as an impairment. The estimates of future discounted cash flows, the corresponding discount rates and the growth 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 determined using discounting methodology.

2.19.2 Other intangible assets

Additions of licences, software, IT development costs, brands and customer relationships are recognised at cost. Intangible assets are amortised on a straight line basis over their economic life from the initial date on which the Group can use them. The estimated economic life of intangible assets is regularly reviewed. All identifiable intangible assets (such as brands and customer relationships) acquired in the course of a business combination are initially recognised at fair value.

Other intangible assets are measured at cost and amortised over their estimated useful life on a straight line basis, with the expense charged to the income statement:
– Licences and software 3–5 years
– Brands 3–5 years
– Customer list 10–15 years

Notes to the consolidated financial statements of Implenia

2.20 Financial assets

Financial assets are categorised as follows: “at fair value through profit or loss”, “available for sale”, “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. “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 a fixed maturity that Implenia has the positive 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”.

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 transaction date. After initial recognition, financial assets “at fair value through profit or loss” are measured at their fair value and all changes in fair value are reported in financial income or expense in the period to which they relate. After initial recognition, “held to maturity” financial assets and “loans and receivables” are measured at amortised cost using the effective interest method. After initial recognition, “available for sale” financial assets are stated at fair value and all unrealised changes are recognised in other comprehensive income, with the exception of interest which is calculated on the basis of the effective interest method, and foreign exchange fluctuations. In the event of the sale, impairment or disposal of “available for sale” financial assets, cumulative gains or losses recognised in equity since the date of acquisition are reported in financial income or expense for the current reporting period.

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 income statement. 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.

The value of financial assets measured at amortised costs or at cost must be reviewed in the case of an indication of impairment. An impairment trigger exists, for example, if the fair value of the assets deteriorates to the extent that it must be assumed that this decrease is permanent.

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 of users to understand transactions, other events or 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 granted by the company. In the course of its ordinary business activities, the Implenia Group also conducts transactions that do not in themselves generate revenue but are incidental to the main revenue-generating activities. The results of such transactions are to be presented, if such presentation reflects the substance of the transaction or event, by netting any income with the related expenses arising from the same transaction:

a) gains and 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 and losses arising from a group of similar transactions, for example, foreign exchange gains or losses or gains and losses arising on financial instruments “at fair value through profit or loss” are reported on a net basis. However, these gains or losses are reported separately if they are material.

2.21 Financial liabilities

Financial liabilities are initially recognised at cost and then at amortised cost. Any difference between the net proceeds received and the net amount repayable at maturity is amortised over the term of the instrument and charged to financial income or expense.

Transaction costs paid to capital providers (generally banks) are amortised over the term of the underlying financial instrument using the amortised cost method.

2.22 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 occurrence cannot be assessed on the balance sheet date 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 present value of the expected expenditure is recognised.

2.23 Equity

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

Treasury shares represent shares of Implenia Ltd. that have been reacquired on the market. They are deducted from equity.

The revaluation reserve contains CHF 2.9 million arising from the merger between Zschokke and Batigroup.

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 share of the foreign exchange differences will be recycled through the income statement.

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

Non-controlling interests represent the interests held by third-party shareholders in the equity (including profit for the year) of subsidiaries.

Dividends and par value repayments are reported in the consolidated financial statements in the periods in which they were agreed by the General Meeting of Shareholders.

Notes to the consolidated financial statements of Implenia

3 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 quarter 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 the Executive Committee, the Audit Committee and the Board of Directors.

3.1 Financial risk management

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 monitored centrally 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 business activities. 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 activities. 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 (2011: none).

The main risks for the Group resulting from financial instruments are credit risk, liquidity risk and market risk.

3.2 Credit risk

The credit risk consists mainly of the risk of default on trade receivables and cash and cash equivalents.

3.2.1 Trade receivables

Agreements with customers generally stipulate payment terms of between 30 and 90 days. The creditworthiness of customers is verified prior to any contract being signed. Revenue is generated mainly through transactions with public-sector bodies and high-quality debtors (banks, insurance companies, pension funds, etc.). As a rule, no collateral is 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 tradesmen and building contractors). Notice of payments outstanding is given as part of a standardised reminder procedure. Regular reports are made monitoring the progress of receivables, particularly those that are overdue. Irrecoverable debts are negligible in relation to Group revenue.

The three largest counterparty exposures under trade receivables amount to CHF 74.1 million (2011: CHF 69.2 million). This is equivalent to 16.3% of the carrying amount of all trade receivables (2011: 14.6%).

3.2.2 Cash and cash equivalents and other financial assets

The credit risk relating to cash and cash equivalents and other financial assets resides in the non-payment of receivables due to debtor insolvency. Debtors are subject to regular creditworthiness 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 (S&P A-) or a state guarantee. A number of Swiss cantonal banks continue to enjoy what is known as a state guarantee. This means that in the event of the bank's insolvency, the canton (the state) – as owner of the bank – guarantees all outstanding liabilities remaining after all the assets have been realised. Creditors therefore have complete security. This rule does not apply to subordinated bonds or participation capital (a specific component of equity). Because of the state guarantee, disclosure by class of financial asset is irrelevant as the credit balances are backed either by the bank's own funds or, on a secondary basis, by the state. In the case of these exposures, the exposure per counterparty is limited to a maximum amount. Creditworthiness is monitored regularly using market-based information (e.g. CDS spreads), and appropriate measures are taken if necessary.

The three largest counterparty exposures under cash and cash equivalents amount to CHF 288 million (2011: CHF 240 million). This is equivalent to 57.4% of the carrying amount of the total cash and cash equivalents (2011: 59.7%).

The maximum credit risk corresponds to the amount of individual receivables in the event of default.

Age structure of customer accounts receivable: see Note 14.

Notes to the consolidated financial statements of Implenia

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

	Rating[2]	Balance
		CHF 1,000
As at 31.12.2012		
Counterparty[1]		
Trade receivables		
Public sector and its operations	n.a.	38,041
Public sector and its operations	n.a.	24,909
Other	n.a.	11,147
Cash and other financial assets		
Financial institution	AAA	144,284
Financial institution	AAA	83,270
Financial institution	A+	59,997
As at 31.12.2011		
Counterparty[1]		
Trade receivables		
Public sector and its operations	n.a.	31,365
Financial institution	A	23,061
Public sector and its operations	n.a.	14,743
Cash and other financial assets		
Financial institution	AAA	134,458
Financial institution	A	56,968
Financial institution	AA+	49,033

1 Counterparties are broken down by the following classifications:
- Financial institutions (banks, insurance companies, pension funds)
- Public sector and its operations
- Other

2 Moody's/Standard & Poor's rating

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 its planned funding requirements. As at 31 December 2012, the Group had cash and cash equivalents of CHF 500.7 million (2011: CHF 402.5 million) and unused credit lines of CHF 174.7 million (2011: CHF 174.9 million). The Group seeks to maintain appropriate minimum liquidity (consisting of cash and cash equivalents and confirmed unused credit lines).

	Short-term		Long-term	
	0–3 mths	4–12 mths	2–5 years	over 5 years
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
As at 31.12.2012				
Trade payables and other liabilities	(267,582)	(12,201)	(7,495)	–
Financial liabilities	(1,682)	(3,328)	(9,458)	(1,028)
Bond issue	–	(6,250)	(218,750)	–
As at 31.12.2011				
Trade payables and other liabilities	(325,908)	(2,411)	–	–
Financial liabilities	(1,835)	(2,368)	(6,899)	(825)
Bond issue	–	(6,250)	(225,000)	–

Notes to the consolidated financial statements of Implenia

3.4 Market risk / interest rate risk

The Group has very few non-current interest-bearing assets. Consequently, the Group's interest rate risk results from the structure and volume of its financing. Because the Group has financed its operations with a fixed-rate bond issue and reduced its bank funding accordingly, the risk associated with changes in interest rates is minimal; the risk of fluctuations in fair value is negligible. Interest rate increases generally have no negative impact on consolidated profit. Debt is always taken on in the functional currency of the financed entity and is therefore mainly in CHF.

The maturity structure of the interest-bearing financial instruments as at 31 December 2012 is as follows:

	up to 1 year	2–5 years	over 5 years	Total
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Variable rate				
Cash and cash equivalents	500,727	–	–	**500,727**
Loans and other financial assets	–	4,605	2,836	**7,441**
Financial liabilities	(4,036)	(8,403)	–	**(12,439)**
Total	496,691	(3,798)	2,836	**495,729**
Fixed rate				
Loans and other financial assets	–	50	5,104	**5,154**
Financial liabilities	(299)	(202,934)	–	**(203,233)**
Total	(299)	(202,884)	5,104	**(198,079)**
Overall total	496,392	(206,682)	7,940	**297,650**

Maturity structure as at 31 December 2011:

	up to 1 year	2–5 years	over 5 years	Total
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Variable rate				
Cash and cash equivalents	402,532	–	–	**402,532**
Loans and other financial assets	–	382	–	**382**
Financial liabilities	(3,004)	(5,866)	(797)	**(9,667)**
Total	399,528	(5,484)	(797)	**393,247**
Fixed rate				
Loans and other financial assets	55	40	1,791	**1,886**
Financial liabilities	(791)	(198,615)	–	**(199,406)**
Total	(736)	(198,575)	1,791	**(197,520)**
Overall total	398,792	(204,059)	994	**195,727**

The table below shows the effect of interest rate variations on Implenia's pre-tax profit (EBT). It is assumed that the interest rate variation affects the entire financial year.

	2012	2011
Change in interest rates in percentage points	**+/– 0.5**	+/– 0.5
Sensitivity / change profit before tax in CHF 1,000	**+/– 1,356**	+/– 957

Notes to the consolidated financial statements of Implenia

3.5 Market risk / currency and other risks

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

Currency risks arise at Implenia Group from the Group's international orientation, from investments in foreign subsidiaries or from the setting up of foreign operations (translation risk). There are also currency risks from future business transactions or assets and liabilities recognised in the balance sheet in currencies other than the functional currency of the company in question. Implenia Group is mainly exposed to risks from the euro, US dollar and Norwegian krone.

Based on the assumption that the euro had been 10% stronger against the Swiss franc on 31 December 2012, consolidated profit would have been CHF 0.4 million lower (2011: CHF 0.4 million lower) and equity CHF 5.3 million higher (2011: CHF 5.7 million higher). The same sensitivity analysis for the Norwegian krone would have resulted in higher consolidated profit of CHF 0.2 million (2011: CHF 0.1 million higher) and higher equity of CHF 2.4 million (2011: CHF 3.2 million higher).

As the Group only holds a small amount of securities, the price risk is not significant.

3.6 Defaults on financial liabilities and breaches of covenants

There were no defaults on financial liabilities during the financial year (2011: none). The financial covenants stipulated in financing agreements were kept (2011: kept).

3.7 Policy regarding capital structure and indebtedness

The Group targets an equity ratio of around 30%. As at the reporting date, the equity ratio was 29.8% (2011: 28.7%).

The aim is for current assets to be financed through current debt. Non-current assets should be financed through non-current liabilities and equity. Ordinary capital expenditures are to be financed through ongoing cash flows where possible.

Economic capital matches the value carried in the consolidated balance sheet.

The syndicated loan has various financial covenants attached to it. Financial position and performance are monitored monthly. The latest actual figures, and projections and budgets are used to monitor compliance with the financial covenants.

3.8 Fair value estimates

	Classification (level) as per IAS 39[1]	Carrying amounts		Fair values	
		31.12.2012	31.12.2011	**31.12.2012**	31.12.2011
		CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Financial assets					
Cash and cash equivalents	LaR	**500,727**	402,532	**500,727**	402,532
Marketable securities	AfS (level 2)	**218**	516	**218**	516
Trade receivables	LaR	**455,965**	472,789	**455,965**	472,789
Other receivables	LaR	**43,791**	45,285	**43,791**	45,285
Unlisted participation	AfS (level 3)	**9,218**	7,185	**9,218**	7,185
Loans and other financial assets	LaR	**2,411**	2,579	**2,411**	2,579
Total		**1,012,330**	930,886	**1,012,330**	930,886
Financial liabilities					
Current financial liabilities	OFL	**4,511**	3,795	**4,511**	3,795
Trade payables	OFL	**219,878**	272,537	**219,878**	272,537
Other current liabilities	OFL	**59,905**	55,782	**59,905**	55,782
Non-current financial liabilities	OFL	**208,384**	205,278	**223,006**	213,350
Other non-current liabilities	OFL	**6,953**	7,295	**6,953**	7,295
Total		**499,631**	544,687	**514,253**	552,759

1 Classifications as per IAS 39:
– LaR: Loans and receivables
– AfS: Available for sale (measured at fair value according to the following hierarchy)
– OFL: Other financial liabilities

Notes to the consolidated financial statements of Implenia

Fair value hierarchy:

Level 1 – The inputs used are unadjusted listed prices on active markets for identical assets and liabilities as at the reporting date.

Level 2 – The inputs used (with the exception of the listed prices mentioned in level 1) for the asset or liability are either directly or indirectly observable. These inputs are mainly derived from or confirmed by observable market data using correlations or by other means on the reporting date and for the expected term of the instruments. Generally, the assets found in this category are time deposits, currency and interest rate derivatives and certain investment funds. Currency and interest rate derivatives are measured using observable market data. The liabilities in this category are generally currency derivatives and equity options.

Level 3 – The inputs are not observable. They reflect the Group's best estimate of the criteria that market participants would use to determine the price of the asset or liability on the reporting date. Allowance is made for the inherent risks in the valuation procedure and the model inputs. Assets in this category are generally securities not traded on active markets. These are valued using discounted cash flow methodology.

Losses related to receivables and liabilities in the amount of CHF 1.2 million (2011: CHF 0.2 million) were recorded in the income statement. Gains of CHF 0.1 million (2011: CHF 0.5 million) relating to available-for-sale financial instruments were recognised in the income statement.

A gain of CHF 2.1 million (2011: CHF 0.1 million) arising from an adjustment in the fair value of long-term investments is recognised in comprehensive income. No further purchases were made during the year.

The Group had no held-to-maturity financial instruments during the year (2011: none).

4 Key management decisions and estimates

4.1 Management decisions used when applying accounting policies

4.1.1 Revenue recognition

The nature of the Group's business is such that many sales transactions have a complex structure. Sales agreements may comprise many elements which occur at different times. Revenue is only recognised when, in the opinion of management, the significant risks and rewards concerned have been transferred to the buyer, the Group is no longer involved in managing further business activities or no longer exercises de facto control over the goods sold, and the 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 the contractual conditions have been met.

4.1.2 Fully consolidated companies, associates and joint ventures

The Group performs transactions which give rise to the right to control or significantly influence the operating activities or the company. Such transactions include the acquisition of all or part of the share capital of other companies, the purchase of certain assets and the assumption of certain liabilities or contingent liabilities. In all such cases, management makes an assessment as to whether the Group has control or significant influence over the company's operations. On the basis of this assessment, the company is either fully consolidated or consolidated as an associate. Such assessment takes into consideration the underlying economic substance of the transaction, and not solely the contractual terms.

4.1.3 Leasing

In the case of leasing agreements, Implenia takes on the role of lessee. The treatment of leasing transactions in the consolidated financial statements is primarily dependent on whether the lease is classified as an operating lease or a finance lease. In making this assessment, management looks at both the type and the legal form of the lease and comes to a decision on whether substantially all the risks and rewards of the leased asset are transferred to the lessee. Agreements that do not take the legal form of a lease but nevertheless confer the right to use an asset are also an integral part of such assessments.

Notes to the consolidated financial statements of Implenia

4.2 Key assumptions and sources of estimation uncertainty

When preparing the consolidated financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related disclosures. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These are used as the basis for measuring those assets and liabilities whose carrying amounts are not readily apparent from other sources. Actual values may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Changes to estimates may be necessary if the circumstances on which they were based have changed or new information or additional insights have become available. Such changes are recognised in the reporting period in which the estimate was revised.

The key assumptions about the future and the key sources of estimation uncertainty which may require material adjustments to the carrying amounts of assets and liabilities within the next twelve months are listed below.

4.2.1 Property, plant and equipment, intangible assets

The Group has property, plant and equipment with a carrying value of CHF 232.4 million (2011: CHF 225.4 million), goodwill with a carrying amount of CHF 87.2 million (2011: CHF 85.7 million) and other intangibles with a carrying amount of CHF 6.2 million (2011: CHF 5.0 million). Goodwill and intangible assets with unlimited useful life are reviewed annually for impairment. To decide whether any impairment exists, estimates are made of future cash flows expected to arise from the use of these assets and their eventual disposal. Actual cash flows 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 equipment, technical obsolescence or lower-than-forecast sales may result in shortened useful life or impairment. Changes in the discount rates, gross margins and growth rates used may also result in impairments.

4.2.2 Pension plans

Group employees are members of employee benefit schemes which are treated as defined benefit plans under IAS 19. The calculation of the recognised assets and liabilities from these plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and increases in employee benefits. In addition, The Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.

Implenia's assumptions may differ substantially from actual results owing to changes in market conditions and the economic environment, higher or lower withdrawal rates, longer or shorter lifespans among members and other estimated factors. These differences may affect the values of the assets and liabilities from employee benefit schemes recognised in the balance sheet in future reporting periods.

Notes to the consolidated financial statements of Implenia

5 Segment reporting

Segment reporting as submitted to the Board of Directors as at 31 December 2012:

	Real Estate			Industrial Construction					
	General Contracting/ Services	Project Development	Infrastructure Construction	Tunnelling	Norway	Prime Buildings	**Total of divisions**	Miscellaneous/ Holding[1]	**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**
Segment revenue	1,217,131	230,201	1,220,325	136,645	218,466	20,918	**3,043,686**	60,965	**3,104,651**
Intragroup revenue	(116,994)	(18,627)	(199,242)	(4,808)	(9,450)	(332)	**(349,453)**	(59,446)	**(408,899)**
External revenues	1,100,137	211,574	1,021,083	131,837	209,016	20,586	**2,694,233**	1,519	**2,695,752**
of which services	1,100,137	90,742	1,001,720	131,462	209,016	20,586	**2,553,663**	1,474	**2,555,137**
of which goods	–	120,832	19,363	375	–	–	**140,570**	45	**140,615**
Operating income	20,587	31,575	25,683	25,916	3,003	(2,704)	**104,060**	344	**104,404**
Investments in property, plant and equipment and intangible assets	2,256	–	21,952	3,529	10,281	1	**38,019**	2,814	**40,833**
Total assets	631,000	411,491	879,800	216,526	121,037	13,333	**2,273,187**	(264,133)	**2,009,054**
Total liabilities	542,455	198,508	690,089	97,812	98,488	41,440	**1,668,792**	(259,124)	**1,409,668**
Total equity	88,545	212,983	189,711	118,714	22,549	(28,107)	**604,395**	(5,009)	**599,386**
Total equity and liabilities	631,000	411,491	879,800	216,526	121,037	13,333	**2,273,187**	(264,133)	**2,009,054**

1 including eliminations

Notes to the consolidated financial statements of Implenia

Segment reporting as submitted to the Board of Directors as at 31 December 2011:

	Real Estate			Industrial Construction					
	General Contracting/ Services	Project Development	Infrastructure Construction	Tunnelling	Norway	Prime Buildings	**Total of divisions**	Miscellaneous/ Holding	**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**
Segment revenue	1,187,663	227,217	1,147,649	161,426	81,444	19,759	**2,825,158**	61,266	**2,886,424**
Intragroup revenue	(98,429)	(15,759)	(183,082)	(2,383)	(5,794)	(890)	**(306,337)**	(57,441)	**(363,778)**
External revenues	1,089,234	211,458	964,567	159,043	75,650	18,869	**2,518,821**	3,825	**2,522,646**
of which services	1,089,206	93,479	946,152	158,951	75,650	18,869	**2,382,307**	3,825	**2,386,132**
of which goods	28	117,979	18,415	92	–	–	**136,514**	–	**136,514**
Operating income	19,659	25,297	18,100	33,590	(805)	(2,312)	**93,529**	147	**93,676**
Investments in property, plant and equipment and intangible assets	923	106	30,623	1,180	4,419	90	**37,341**	2,421	**39,762**
Total assets	483,949	330,678	752,681	188,142	77,142	12,505	**1,845,097**	42,606	**1,887,703**
Total liabilities	493,213	107,420	539,862	81,390	45,383	35,079	**1,302,347**	41,828	**1,344,175**
Total equity	(9,264)	223,258	212,819	106,752	31,759	(22,574)	**542,750**	778	**543,528**
Total equity and liabilities	483,949	330,678	752,681	188,142	77,142	12,505	**1,845,097**	42,606	**1,887,703**

Notes to the consolidated financial statements of Implenia

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Reconciliation of total segment assets to total assets	**2,009,054**	1,887,703
Deviation	**–**	–
Total assets	**2,009,054**	1,887,703
Reconciliation of total segment liabilities to total liabilities	**1,409,668**	(1,344,175)
Deviation	**–**	–
Total liabilities	**1,409,668**	(1,344,175)
Reconciliation of operating income to consolidated profit		
Operating income	**104,404**	93,676
Financial expenses	**(13,718)**	(15,827)
Financial income	**2,184**	3,805
Profit before tax	**92,870**	81,654
Tax	**(21,640)**	(20,303)
Consolidated profit	**71,230**	61,351
Operating income from Miscellaneous / Holding includes:		
Amortisation of intangible assets	**(1,283)**	(2,818)
Income from defined benefit pension plans	**9,943**	12,862
Depreciations of investment property	**(1,205)**	(5,428)
Other expenses net	**(7,111)**	(4,469)
Total operating income Miscellaneous / Holding	**344**	147

Implenia Ltd. is domiciled in Switzerland. Revenues from third parties in Switzerland amounted to CHF 2,381 million (2011: CHF 2,368 million). Revenues generated abroad came to CHF 315 million (2011: CHF 155 million). Non-current assets located in Switzerland (excluding financial assets and deferred tax assets) as at 31 December 2012 stood at CHF 280 million (2011: CHF 283 million). Non-current assets located abroad (excluding financial assets and deferred tax assets) stood at CHF 62 million (2011: CHF 52 million).

6 Materials and sub-contractors

	2012	2011
	CHF 1,000	CHF 1,000
Material expenses	**404,617**	317,572
External services	**1,280,913**	1,248,295
Total	**1,685,530**	1,565,867

7 Personnel expenses

	2012	2011
	CHF 1,000	CHF 1,000
Wages, salaries and fees	**508,265**	486,722
Social security contributions	**64,694**	64,881
Pension expenses	**26,106**	22,210
Expenses for the foundation for flexible retirement	**11,059**	11,304
Temporary staff	**62,244**	60,628
Other personnel expenses	**31,042**	25,436
Total	**703,410**	671,181

Notes to the consolidated financial statements of Implenia

8 Share participation schemes

8.1 Staff scheme

Based on the revised regulation on staff profit sharing dated 15 February 2012, in each calendar year qualifying persons may subscribe for Implenia Ltd. shares normally in the amount of one-half of the gross monthly salary. In the 2012 financial year, the employees of Implenia Norway could subscribe for shares for the first time. The annual subscription right may be divided between the March and September purchase periods. For the March 2012 purchase period, the difference between the market price of CHF 27.28 per share on average and the preferential price of CHF 19.10 per share was charged to the income statement, and for the September 2012 purchase period, the difference between the market price of CHF 31.86 per share on average and the preferential price of CHF 22.30 per share was charged to the income statement.

		2012	2011
Number of shares subscribed	Number	**68,273**	49,023
Amount recognised in the income statement	CHF 1,000	**595**	342

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. The members of the Executive Committee are excluded from the staff scheme.

8.2 Share-based compensation for the Executive Committee

The members of the Executive Committee receive part of their compensation in the form of a fixed number of shares of Implenia Ltd. The amount is expensed entirely in the current financial year. The amount charged to the Group is calculated on the basis of the fair value of the shares at the time of allocation. The Group may either buy shares on the market or draw from its own stock of shares.

In 2012, the shares were allocated at an average price of CHF 31.02 per share (2011: CHF 24.05 per share).

		2012	2011
Shares definitely allocated	Number	**45,032**	54,331
Amount recognised in the income statement	CHF 1,000	**1,397**	1,307

8.3 Shares for members of the Board of Directors

The members of the Board of Directors receive a portion of their remuneration in the form of shares. The cost is calculated and reported in the same way as for shares allocated to the Executive Committee.

		2012	2011
Shares definitely allocated[1]	Number	**16,533**	4,868
Amount recognised in the income statement[1]	CHF 1,000	**405**	139

1 In 2012, there are the entitlements of shares for the year 2011 and 2012 due to a change in the accounting practices.

Notes to the consolidated financial statements of Implenia

9 Other operating expenses

	2012	2011
	CHF 1,000	CHF 1,000
Rental expenses	**49,770**	44,570
Infrastructure expenses	**23,199**	19,422
Maintenance and repairs	**35,800**	35,048
Insurance	**3,972**	3,107
Administration and consultants	**19,594**	14,511
Office and communication expenses	**17,374**	19,065
Taxes and fees	**5,920**	5,267
Marketing, advertising and other administration expenses	**10,569**	9,192
Total	**166,198**	150,182

10 Financial expenses and income

	2012	2011
	CHF 1,000	CHF 1,000
Financial expenses		
Interest expenses	**1,990**	1,920
Interest on bond issue	**6,650**	6,637
Bank charges	**472**	604
Fixed costs of financial guarantees	**1,128**	1,298
Other financial expenses	**2,979**	2,713
Currency losses	**499**	2,655
Total	**13,718**	15,827
Financial income		
Interest income	**1,318**	671
Income from financial investments	**593**	531
Other financial income	**92**	96
Currency gains	**181**	2,507
Total	**2,184**	3,805
Financial result	**(11,534)**	(12,022)

Notes to the consolidated financial statements of Implenia

11 Tax

	2012	2011
	CHF 1,000	CHF 1,000
Profit before tax		
Switzerland	**90,386**	85,708
Abroad	**2,484**	(4,054)
Total profit before tax	**92,870**	81,654
Current and deferred tax		
Switzerland	**15,714**	10,376
Abroad	**1,894**	2,102
Total current tax	**17,608**	12,478
Switzerland	**3,705**	8,704
Abroad	**327**	(879)
Total deferred tax	**4,032**	7,825
Total tax	**21,640**	20,303

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:

	2012	2011
	%	%
Expected tax rate	**22.1%**	22.7%
Effect of non-taxable items	**(0.6%)**	0.2%
Effect of non-deductible items	**0.5%**	0.3%
Effect of non-capitalised tax losses arising during the year	**0.8%**	3.2%
Effect of changes in the applicable tax rates	**(0.1%)**	(0.6%)
Effect of the use of non-capitalised tax loss carryforwards	**(0.2%)**	(0.6%)
Prior years’ taxes	**(0.2%)**	0.7%
Income components with different tax rates	**0.7%**	(0.6%)
Other effects	**0.3%**	(0.4%)
Effective tax rate	**23.3%**	24.9%

The change in the expected tax rate relates mainly to the changed composition of the profits of the Group companies in the respective Swiss cantons and foreign countries.

Notes to the consolidated financial statements of Implenia

12 Cash and cash equivalents

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Cash	**395**	358
Bank and post office accounts	**500,332**	402,174
Total	**500,727**	402,532

13 Marketable securities

Marketable securities consist of bills of exchange receivable in the amount of TCHF 217 (2011: TCHF 516).

14 Trade receivables

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Third parties	**395,240**	413,526
Joint ventures	**37,773**	39,734
Associates	**4,017**	3,280
Related parties	**28**	62
Guarantee retentions	**28,483**	28,145
Allowance for doubtful receivables	**(9,576)**	(11,958)
Total	**455,965**	472,789
of which pledged	**–**	6,272

Allowance is made for receivables that are in arrears in the form of individual and collective value adjustments, calculated on the basis of current experience. Past experience has shown that this risk can be regarded as minor. Valuation allowances are only disclosed separately for trade receivables. For all other financial instruments, value adjustments are directly offset.

Allowance for doubtful receivables:

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
As at 1.1.	**11,958**	12,579
Increase	**193**	4,217
Used	**(63)**	(738)
Reversed	**(2,496)**	(4,066)
Foreign exchange differences	**(16)**	(33)
Total	**9,576**	11,958

In 2006/2007 Implenia built the Letzigrund Stadium in record time, so that it could be approved and used for Euro 2008. In view of the very tight construction schedule, the City of Zurich called for 1,392 changes and amendments to be made to the planning specifications. More than half of these were implemented in the final 12 months of the stadium's construction. This generated significant additional costs which were thoroughly documented and accounted for. From early 2006 onwards, Implenia brought the financial impact to the attention of the city authorities at regular intervals. This impact eventually totalled CHF 22.9 million.

Implenia's final bill was for CHF 119.5 million. The City of Zurich has so far paid CHF 96.6 million, so that a consideration in the amount of CHF 22.9 million is now outstanding. After numerous attempts by Implenia to reach an amicable settlement in the dispute over payment of these additional costs were rejected by the city authorities, Implenia has now taken legal action to obtain full payment of the amount owing of CHF 22.9 million.

Notes to the consolidated financial statements of Implenia

			Overdue			
	Total 31.12.2012	Not due	1–30 days	31–60 days	61–90 days	>90 days
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Third parties	**395,240**	237,597	38,404	12,627	5,771	100,841
Joint ventures	**37,773**	19,458	5,832	3,358	1,406	7,719
Associates	**4,017**	1,596	1,138	425	–	858
Related parties	**28**	28	–	–	–	–
Sub-total	**437,058**	258,679	45,374	16,410	7,177	109,418
Guarantee retentions	**28,483**					
Allowance for doubtful receivables	**(9,576)**					
Total	**455,965**					

			Overdue			
	Total 31.12.2011	Not due	1–30 days	31–60 days	61–90 days	>90 days
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Third parties	**413,526**	249,496	37,757	12,032	8,023	106,218
Joint ventures	**39,734**	20,778	4,789	2,818	1,376	9,972
Associates	**3,280**	2,039	122	–	–	1,119
Related parties	**62**	62	–	–	–	–
Sub-total	**456,602**	272,375	42,668	14,850	9,399	117,310
Guarantee retentions	**28,145**					
Allowance for doubtful receivables	**(11,958)**					
Total	**472,789**					

As at 31 December 2012, total overdue receivables amounted to CHF 178.4 million (2011: CHF 184.2 million). With regard to the trade receivables that were neither impaired nor in arrears, there were no indications at the balance sheet date that the customers would not be able to meet their financial obligations.

As in the previous year, no guarantees were held at the balance sheet date.

Notes to the consolidated financial statements of Implenia

15 Work in progress

Work in progress includes accruals for work that has been carried out but not yet invoiced, including on-site inventories, 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.

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Work in progress, assets	**242,437**	220,098
Work in progress, liabilities	**(658,569)**	(555,083)
Work in progress, net	**(416,132)**	(334,985)

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Work in progress, assets (services provided but not yet invoiced)	**315,595**	282,731
Work in progress, liabilities (services invoiced but not yet provided)	**(339,270)**	(279,932)
Valuation adjustment on contract costs	**(8,379)**	(10,449)
Contract costs in relation to future services by suppliers and subcontractors	**54,544**	54,716
Contract costs in relation to past services by suppliers and subcontractors	**(438,622)**	(382,051)
Work in progress, net	**(416,132)**	(334,985)

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Contract revenues since start of project	**11,344,440**	9,674,201
Contract revenues recognised in the period	**2,293,684**	2,056,673
Advance payments received	**99,555**	71,849
Guarantee retentions	**28,483**	28,145

16 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 through the income statement. Liquidity contributions and disbursements increase or reduce the carrying amount respectively without being taken through the income statement. The resulting asset or liability is recognised in the balance sheet.

	Net asset 2012	Net asset 2011	**Net liability 2012**	Net liability 2011
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
As at 1.1.	**33,552**	23,770	**49,341**	44,218
Change	**(9,375)**	9,782	**(19,488)**	5,123
Total	**24,177**	33,552	**29,853**	49,341

Net amount receivable from (payable to) joint ventures:

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Joint ventures, assets	**24,177**	33,552
Joint ventures, liabilities	**(29,853)**	(49,341)
Services invoiced to joint ventures but not yet received	**37,773**	39,734
Services invoiced by joint ventures but not yet paid	**(1,290)**	(4,933)
Total	**30,807**	19,012

Notes to the consolidated financial statements of Implenia

Implenia's share in the assets and liabilities (the balance sheet shows assets and liabilities of joint ventures as at the reporting date), revenue (Implenia's share of revenues) and expenses of joint ventures is as follows:

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Total assets	**523,652**	369,681
Total liabilities	**(489,820)**	(376,299)
Net assets	**33,832**	(6,618)

	2012	2011
	CHF 1,000	**CHF 1,000**
Net revenue	**394,582**	466,440
Expenses	**(346,790)**	(435,818)
Income from joint ventures	**47,792**	30,622

The income from joint ventures of CHF 47.8 million (2011: CHF 30.6 million) includes the results reported in the individual balance sheets of the joint ventures of CHF 37.6 million (2011: CHF 17.6 million) and the internal valuations of CHF 10.2 million (2011: 13.0 million).

Services invoiced to joint ventures which have been recognised in the revenue of Implenia are disclosed in Note 33.

The partners in joint ventures are jointly and severally liable for any debts of the joint ventures of CHF 128.1 million (20111: CHF 150.9 million) unless otherwise agreed.

Major joint ventures in term of Implenia's share of revenues:

	31.12.2012	31.12.2011
	Participation Implenia	**Participation Implenia**
ARGE Transco Gottardo Sedrun	**40.0%**	40.0%
ARGE Tunnel Weinberg ATW	**45.0%**	45.0%
Consorzio TAT Tunnel Alp Transit Ticino	**25.0%**	25.0%
Groupement Marti-Implenia (Nant de Drance, Emosson)	**50.0%**	50.0%

17 Other receivables

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Withholding tax	**474**	1,009
Other taxes and duties	**2,557**	2,218
Social funds	**4,779**	5,198
WIR cheques	**9,519**	12,868
Receivables from utilised guarantees	**18,677**	18,677
Other receivables	**7,785**	5,315
Total	**43,791**	45,285

The City of Zurich has called in the guarantee provided when carrying out the Letzigrund stadium project, obliging Implenia to make a payment of CHF 12 million, which is shown under 'Receivables from utilised guarantees'. Implenia has taken legal action to obtain full payment of the utilised guarantees.

18 Raw materials

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Raw materials	**24,729**	23,398
Value adjustment	**–**	–
Total	**24,729**	23,398
of which pledged	**–**	–

In 2012, the cost of raw materials taken to income in the consolidated financial statements amounted to CHF 347 million (2011: CHF 252 million). The value adjustment for the current year is CHF 0 (2011: CHF 0). No value adjustments were reversed (2011: none).

Notes to the consolidated financial statements of Implenia

19 Real estate transactions

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Acquisition costs as at 1.1.	**262,929**	234,735
Additions	**89,384**	76,459
Disposals	**(85,626)**	(29,946)
Reclassifications	**–**	(17,751)
Foreign exchange differences	**(29)**	(568)
Cumulative acquisition costs	**266,658**	262,929
Cumulative value adjustments as at 1.1.	**(15,882)**	(16,752)
Additions	**(813)**	(886)
Disposals	**1,727**	516
Reclassifications	**–**	1,209
Foreign exchange differences	**–**	31
Cumulative value adjustments	**(14,968)**	(15,882)
Net carrying amount	**251,690**	247,047
of which pledged	**–**	10,949
of which capitalised borrowing costs	**–**	–

	2012	2011
	CHF 1,000	CHF 1,000
The gain on sale of real estate during the period is as follows:		
Sale proceeds	**115,853**	59,997
Carrying amount of assets sold	**(83,899)**	(29,430)
Gain on real estate[1]	**31,954**	30,567

1 excluding other expenses and income of the Project Development segment

20 Property, plant and equipment

	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	**Total**
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2012					
Acquisition costs as at 1.1.2012	124,437	43,096	254,215	6,737	**428,485**
Additions	405	606	30,016	9,261	**40,288**
Disposals	(1,740)	–	(18,892)	–	**(20,632)**
Reclassifications	2,409	3,167	1,976	(7,552)	**–**
Change in scope of consolidation	–	–	4,521	–	**4,521**
Foreign exchange differences	(20)	(142)	474	58	**370**
Cumulative acquisition costs as at 31.12.2012	125,491	46,727	272,310	8,504	**453,032**
Cumulative amortisations as at 1.1.2012	(42,627)	(29,687)	(130,806)	–	**(203,120)**
Additions	(4,079)	(2,666)	(29,598)	–	**(36,343)**
Disposals	1,740	–	16,848	–	**18,588**
Foreign exchange differences	18	115	97	–	**230**
Cumulative depreciations as at 31.12.2012	(44,948)	(32,238)	(143,459)	–	**(220,645)**
Net carrying amount as at 31.12.2012	80,543	14,489	128,851	8,504	**232,387**
of which finance leases	–	–	12,379	–	**12,379**
of which pledged	4,745	–	13,521	–	**18,266**
of which capitalised borrowing costs	–	–	–	–	**–**

Notes to the consolidated financial statements of Implenia

	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
31.12.2011					
Acquisition costs as at 1.1.2011	112,912	56,054	243,250	2,101	**414,317**
Additions	5,092	819	28,724	4,085	**38,720**
Disposals	(138)	(7,363)	(28,660)	(45)	**(36,206)**
Reclassifications	6,420	(6,420)	–	–	**–**
Change in scope of consolidation	188	34	10,517	569	**11,308**
Foreign exchange differences	(37)	(28)	384	27	**346**
Cumulative acquisition costs as at 31.12.2011	124,437	43,096	254,215	6,737	**428,485**
Cumulative amortisations as at 1.1.2011	(35,573)	(31,668)	(126,023)	–	**(193,264)**
Additions	(3,780)	(2,987)	(28,007)	–	**(34,774)**
Disposals	65	1,587	23,172	–	**24,824**
Reclassifications	(3,351)	3,351	–	–	**–**
Foreign exchange differences	12	30	52	–	**94**
Cumulative depreciations as at 31.12.2011	(42,627)	(29,687)	(130,806)	–	**(203,120)**
Net carrying amount as at 31.12.2011	81,810	13,409	123,409	6,737	**225,365**
of which finance leases	–	–	10,488	–	**10,488**
of which pledged	45,534	–	–	–	**45,534**
of which capitalised borrowing costs	–	–	–	–	**–**

Leasing agreements where the Group is lessee

Finance leases:

	Future minimum lease payment		Net present value of minimum lease payment	
	31.12.2012	31.12.2011	**31.12.2012**	31.12.2011
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Less than 1 year	**4,241**	3,157	**3,742**	2,749
Between 2 and 5 years	**9,324**	6,412	**8,695**	5,866
Over 5 years	**–**	692	**–**	664
Total	**13,565**	10,261	**12,437**	9,279

The increase is due to the Betonmast Anlegg Group, which has entered into numerous long-term agreements for the rental of construction machinery.

Operating leases:

	Future minimum lease payment	
	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Less than 1 year	**25,771**	25,829
Between 2 and 5 years	**57,562**	58,575
Over 5 years	**10,902**	15,716
Total	**94,235**	100,120

The subsidiaries have entered into numerous operating leases, mainly for the short-term rental of construction machinery. The total expense for operating leases was TCHF 49,770 (2011: TCHF 49,456).

Notes to the consolidated financial statements of Implenia

21 Investment property

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Acquisition costs as at 1.1.	**33,385**	15,634
Additions	**45**	–
Disposals	**(1,116)**	–
Reclassifications	**–**	17,751
Foreign exchange differences	**(137)**	–
Cumulative acquisition costs	**32,177**	33,385
Cumulative depreciations as at 1.1.	**(14,525)**	(7,902)
Additions	**(1,283)**	(5,486)
Disposals	**–**	–
Reclassifications	**–**	(1,209)
Foreign exchange differences	**48**	72
Cumulative depreciations	**(15,760)**	(14,525)
Net carrying amount	**16,417**	18,860
of which pledged	**–**	2,277

The changes in 2011 are mainly due to a reclassification and revaluation of a property in France, which is no longer held for the purposes of development or sale.

"Investment property" includes agricultural land with a net carrying amount of CHF 4.3 million (2011: CHF 5.4 million). The market value of investment property corresponds to the carrying amount.

22 Investments in associates

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
As at 1.1.	**47,169**	42,675
Additions	**1,423**	5,351
Disposals	**(1,606)**	(2,030)
Share of results	**5,469**	5,037
Dividends received	**(3,486)**	(3,851)
Foreign exchange differences	**(3)**	(13)
Total	**48,966**	47,169
of which pledged	**–**	–

If the Group's associates do not already apply IFRS, their results are converted to IFRS. Since no current financial data were available at the time of the preparation of Implenia's consolidated financial statements, the net profit of such associates and the corresponding share belonging to Implenia are based on management estimates. Differences between the actual results and these estimates will be recognised in the 2013 consolidated financial statements.

Notes to the consolidated financial statements of Implenia

Since no reviewed data is available at present for the 2012 financial year, figures are based on the prior year and adjusted in line with expectations for business performance in the current year.

Financial information as at	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Assets	**395,508**	374,732
Liabilities	**(238,937)**	(223,397)
Net assets	**156,571**	151,335
Revenue	**270,766**	251,561
Expenses	**(246,483)**	(224,912)
Net profit	**24,283**	26,649

The figures shown are the total balance sheet and income statement positions, not merely Implenia's share in these positions.

The five most important associates (in terms of carrying amount) during the current financial year are:
- MOAG Baustoffe Holding AG, Mörschwil
- Reproad AG, Bremgarten
- Catram AG, Chur
- Argobit AG, Schafisheim
- Kieswerk Oldis AG, Haldenstein

The five most important associates (in terms of carrying amount) during the previous year were:
- MOAG Baustoffe Holding AG, Mörschwil
- Reproad AG, Bremgarten
- Catram AG, Chur
- Argobit AG, Schafisheim
- Kieswerk Oldis AG, Haldenstein

A full list of associates can be found in Note 38.

23 Other financial assets

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
As at 1.1.	**9,764**	16,712
Additions	**107**	2,032
Disposals	**(336)**	(9,124)
Fair value adjustment	**2,096**	144
Foreign exchange differences	**(2)**	–
Total	**11,629**	9,764
Breakdown		
Unlisted participations	**9,218**	7,185
Loans	**2,392**	2,557
Other financial assets	**19**	22
Total	**11,629**	9,764
of which pledged	**–**	534

Notes to the consolidated financial statements of Implenia

24 Intangible assets

	Licences and software/IT	Brands	Customer list and order book	Goodwill	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
31.12.2012					
Acquisition costs as at 1.1.2012	8,543	2,881	18,804	85,697	**115,925**
Additions	4,488	–	–	–	**4,488**
Disposals	(10)	–	–	–	**(10)**
Change in scope of consolidation	–	–	–	755	**755**
Foreign exchange differences	–	–	242	730	**972**
Cumulative acquisition costs as at 31.12.2012	13,021	2,881	19,046	87,182	**122,130**
Cumulative amortisations as at 1.1.2012	(7,657)	(2,881)	(14,713)	–	**(25,251)**
Additions	(1,073)	–	(2,980)	–	**(4,053)**
Disposals	9	–	–	–	**9**
Foreign exchange differences	–	–	(145)	–	**(145)**
Cumulative amortisations as at 31.12.2012	(8,721)	(2,881)	(17,838)	–	**(29,440)**
Net carrying amount as at 31.12.2012	4,300	–	1,208	87,182	**92,690**
of which pledged	–	–	–	–	**–**
of which with unlimited useful life	–	–	–	87,182	**87,182**
Residual life (years)	5	–	1	n.a.	**–**

	Licences and software/IT	Brands	Customer list and order book	Goodwill	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
31.12.2011					
Acquisition costs as at 1.1.2011	7,501	2,881	13,290	69,193	**92,865**
Additions	1,042	–	–	–	**1,042**
Disposals	–	–	–	–	**–**
Change in scope of consolidation	–	–	5,270	15,748	**21,018**
Foreign exchange differences	–	–	244	756	**1,000**
Cumulative acquisition costs as at 31.12.2011	8,543	2,881	18,804	85,697	**115,925**
Cumulative amortisations as at 1.1.2011	(7,352)	(2,681)	(9,509)	–	**(19,542)**
Additions	(305)	(200)	(5,162)	–	**(5,667)**
Disposals	–	–	–	–	**–**
Foreign exchange differences	–	–	(42)	–	**(42)**
Cumulative amortisations as at 31.12.2011	(7,657)	(2,881)	(14,713)	–	**(25,251)**
Net carrying amount as at 31.12.2011	886	–	4,091	85,697	**90,674**
of which pledged	–	–	–	–	**–**
of which with unlimited useful life	–	–	–	85,697	**85,697**
Residual life (years)	3	–	1	n.a.	**–**

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.

Notes to the consolidated financial statements of Implenia

The recoverable amount 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 2013 budget and the projected cash flows derived from the 2013–2015 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:

	31.12.2012	Change	31.12.2011
	CHF 1,000	CHF 1,000	CHF 1,000
Implenia Bau AG – Infrastructure Construction	**13,267**	432	12,835
Implenia Bau AG – Tunnelling	**15,596**	–	15,596
Implenia Generalunternehmung AG	**30,467**	–	30,467
Implenia AS – Norway	**17,557**	1,053	16,504
Reuss Engineering AG	**10,295**	–	10,295
Total	**87,182**	1,485	85,697

Assumptions for the calculation of value in use:

	Implenia Bau AG				
	Infrastructure Construction	Tunnelling	Implenia GU AG	Implenia AS Norway	Reuss Eng. AG
	%	%	%	%	%
Gross margin	6.2%	11.8%	4.6%	9.7%	15.3%
Discount rate, pre-tax	7.5%	9.4%	9.4%	12.1%	9.4%
Post-business plan growth rate	1.0%	1.0%	1.0%	2.5%	0.5%

Management has defined the budgeted gross margin based on historical trends and expectations of future market development. The weighted average growth rates are in line with those for the construction industry in Switzerland. Discount rates are pre-tax and reflect the specific risks faced by the segments concerned.

In addition, the goodwill positions were verified by sensitivity analysis. The book values of the goodwill positions are also covered in case of lower growth.

The impairment tests for goodwill did not lead to any need for impairment.

25 Current and non-current financial liabilities

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
As at 1.1.	**209,073**	199,760
Additions	**5,199**	2,544
Disposals	**(1,813)**	(431)
Change in scope of consolidation	**–**	6,869
Foreign exchange differences	**436**	331
Total	**212,895**	209,073
Breakdown		
Bond issue	**198,528**	198,128
Liabilities to banks and other financial institutions	**470**	796
Finance lease liabilities	**12,437**	9,279
Other financial liabilities	**1,460**	870
Total	**212,895**	209,073
Maturity		
Less than 1 year	**4,511**	3,795
Between 2 and 5 years	**207,356**	204,481
Over 5 years	**1,028**	797
Total	**212,895**	209,073

As at 31 December 2012, Implenia had a cash limit of CHF 150 million and guarantee limit of CHF 350 million due to the newly negotiated syndicated loan agreement dated 22 August 2012, which runs until 30 June 2017. After expiration of the bond issue (May 2016) Implenia has the right to increase the cash limit by CHF 100 million to the detriment of the guarantee limit.

In addition, Implenia has bilateral loan agreements with several banks in the amount of CHF 39.0 million (2011: CHF 35.9 million).

Non-current financial liabilities (between 1 and 5 years) include the bond issue for CHF 200 million placed on 12 May 2010. The bond pays interest of 3.125%, has a term of six years and matures on 12 May 2016. The bond was placed at an issue price of 100.269% and is traded on the SIX Swiss Exchange (security number 11219351). The effective interest rate for calculating amortised cost is 3.356%.

Notes to the consolidated financial statements of Implenia

26 Current and non-current provisions

	Service guarantees	Litigation	Restoration and remediation	Others	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
31.12.2012					
As at 1.1.2012	3,827	4,226	22,679	1,421	**32,153**
Increase	123	–	111	533	**767**
Used	(200)	–	(3,119)	(24)	**(3,343)**
Reversed	(39)	(200)	(1,158)	(45)	**(1,442)**
Change in scope of consolidation	296	–	–	62	**358**
Foreign exchange differences	16	–	–	(24)	**(8)**
Total as at 31.12.2012	4,023	4,026	18,513	1,923	**28,485**
of which current	–	–	5,152	–	**5,152**
31.12.2011					
As at 1.1.2011	3,564	5,608	27,455	2,474	39,101
Increase	52	–	30	133	215
Used	–	(1,132)	(531)	(1,094)	(2,757)
Reversed	(130)	(250)	(4,275)	(46)	(4,701)
Change in scope of consolidation	332	–	–	–	332
Foreign exchange differences	9	–	–	(46)	(37)
Total as at 31.12.2011	3,827	4,226	22,679	1,421	32,153
of which current	–	–	5,892	–	5,892

Service guarantees concern completed projects. Related costs tend to be payable within two to five years.

The provisions for litigation mainly relate to inactive companies.

The provisions for restoration and remediation primarily relate to future restoration costs of real estate and primarily gravel pits after they have been fully exploited. Provisions for restoration and remediation were reduced by CHF 4.3 million in 2011 due to planned projects, and recognised in the income statement.

27 Pension plans

Implenia Vorsorge

The largest pension plan (according to IFRS a defined benefit plan) is in Switzerland. The plan is financed by contributions from both the employer and employees. The plan takes the form of an independent foundation.

The Foundation Board aligned the benefit plans on 19 September 2012 and merged the existing three plans of the technical sales staff into a new plan.

On 12 October 2011, the foundation board decided to gradually reduce the conversion rate at the age of 65 from 6.8% to 5.65%. The gradual reduction commences from 1 February 2012 and lasts for 4 years. This plan amendment has been taken into account as of 31 December 2011 as mentioned below.

The reduction in the defined benefit obligation arising from the immediate reduction of the conversion rate as at 1 February 2012 amounts to TCHF 35,395. This reduction is split into TCHF 18,090 representing negative past service cost and TCHF 17,305 representing a gain on plan curtailment. This split has been calculated on the basis of average past service years (10.1 years) and average expected future years of service (9.7 years). The transitional regulation on the gradual reduction results in an additional obligation of TCHF 5,160. As this regulation will only affect the retirements of the next 4 years, for which the benefits have already been accrued, the additional obligation has been deducted from the past service cost, resulting in a net past service gain of TCHF 12,930. The gain on plan curtailment in the amount of TCHF 17,305 has been offset against the unrecognised actuarial losses.

Detailed information about the defined benefit plans is shown below.

Notes to the consolidated financial statements of Implenia

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Pension assets recognised in the balance sheet		
As at 1.1.	**25,519**	12,411
Pension expenses (income)	**(25,869)**	(21,957)
Employer contributions	**35,812**	35,065
Change in scope of consolidation	**(1,785)**	–
Total	**33,677**	25,519
of which asset	**35,477**	25,519
of which liability	**(1,800)**	–

	2012	2011
	CHF 1,000	**CHF 1,000**
Expenses recognised in the income statement		
Current service cost	**26,517**	25,192
Past service cost / (gain)	**(8,387)**	(12,930)
Amortisation of unrecognised actuarial gains and losses	**4,282**	9,437
Expected return on plan assets	**(27,915)**	(39,308)
Interest cost	**31,372**	39,566
Total	**25,869**	21,957

The actual return on plan assets in 2012 was CHF 123.9 million (2011: CHF 8.1 million).

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Funded status / recognition in balance sheet		
Market value of plan assets	**1,240,294**	1,117,151
Defined benefit obligations	**(1,301,198)**	(1,259,129)
Surplus / (underfunding)	**(60,904)**	(141,978)
Unrecognised actuarial losses / (gains)	**94,581**	167,497
Pension assets recognised in the balance sheet	**33,677**	25,519

Detailed information on the assets of the pension plan and the defined benefit obligations is shown below.

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Market value of plan assets		
As at 1.1.	**1,117,151**	1,138,224
Expected return on plan assets	**27,915**	39,308
Actuarial gains / (losses)	**95,941**	(31,206)
Employer contributions	**35,812**	35,065
Employee contributions	**30,659**	29,990
Benefits deposited / (paid)	**(81,571)**	(94,230)
Change in scope of consolidation	**14,387**	–
Total	**1,240,294**	1,117,151

	31.12.2012	31.12.2011
	%	**%**
Breakdown of plan assets		
Real estate	**17.4%**	17.9%
Swiss equities	**11.7%**	11.0%
Foreign equities	**17.3%**	16.4%
Swiss bonds	**30.5%**	33.3%
Foreign bonds	**19.5%**	17.2%
Cash and cash equivalents	**3.6%**	4.2%

The plan assets include debt instruments of CHF 5.0 million (2011: CHF 3.9 million) of Implenia Ltd., but no equity instruments (2011: none). Furthermore, the pension fund assets include real estate used by Implenia worth CHF 31.5 million (2011: CHF 25.0 million).

Notes to the consolidated financial statements of Implenia

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Defined benefit obligations		
As at 1.1.	**1,259,129**	1,346,324
Current service cost	**26,517**	25,192
Past service cost/(gain)	**(8,387)**	(12,930)
Plan curtailment	**–**	(17,305)
Interest cost	**31,372**	39,566
Employee contributions	**30,659**	29,990
Actuarial losses/(gains)	**27,307**	(57,478)
Benefits deposited/(paid)	**(81,571)**	(94,230)
Change in scope of consolidation	**16,172**	–
Total	**1,301,198**	1,259,129

The estimated employer contributions for 2013 amount to CHF 37.8 million (2012: CHF 35.3 million).

	31.12.2012	31.12.2011
Actuarial assumptions		
Discount rate	**2.00%**	2.50%
Expected return on plan assets	**2.50%**	3.50%
Expected salary increase	**1.25%**	1.25%
Inflation	**1.25%**	1.25%
Future pension increase	**0.00%**	0.00%
Mortality table	**BVG 2010**	BVG 2010

	2012	2011	2010	2009	2008
Multi-year figures	CHFm	CHFm	CHFm	CHFm	CHFm
Market value of plan assets	**1,240**	1,117	1,138	1,150	1,013
Defined benefit obligations	**(1,301)**	(1,259)	(1,346)	(1,327)	(1,214)
Surplus/(underfunding)	**(61)**	(142)	(208)	(177)	(200)
Experience adjustments to plan assets	**96**	(31)	(18)	97	(213)
Experience adjustments to plan liabilities	**11**	110	8	(34)	42

The Foundation for Flexible Retirement (FAR)

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 date of early retirement 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 and SYNA trade 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, FAR is treated as a multi-employer defined contribution scheme.

FAR prepares its accounts in accordance with Swiss pension legislation. On this basis, as at 30 June 2012, FAR had a funding ratio of 120.8% (June 2011: 119.4%). Implenia does not anticipate any payment obligations beyond the contributions initially planned. In 2012, Implenia paid FAR contributions totalling CHF 11.1 million (2011: CHF 11.3 million).

Notes to the consolidated financial statements of Implenia

28 Deferred tax assets and liabilities

	Receivables and work in progress	Raw materials and real estate transactions	Property, plant and equipment	Intangible assets	Pension assets	Provisions	Other items	Tax loss carryforwards	**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**
31.12.2012									
Deferred tax assets as at 1.1.2012	–	–	7	–	–	–	–	707	**714**
Deferred tax liabilities as at 1.1.2012	(13,148)	(9,404)	(5,354)	(199)	(6,235)	(13,811)	(9,591)	–	**(57,742)**
Net deferred tax as at 1.1.2012	(13,148)	(9,404)	(5,347)	(199)	(6,235)	(13,811)	(9,591)	707	**(57,028)**
Credited/(debited) to the income statement	(4,430)	(45)	(303)	792	(2,176)	(526)	745	1,911	**(4,032)**
Credited/(debited) directly to equity	–	–	–	–	–	–	(53)	–	**(53)**
Change in scope of consolidation	49	–	(158)	–	375	(56)	–	321	**532**
Reclassifications	1,931	(1,735)	(440)	(798)	652	(60)	744	(294)	**–**
Foreign exchange differences	–	–	8	(13)	–	5	(178)	105	**(73)**
Net deferred tax as at 31.12.2012	(15,598)	(11,184)	(6,240)	(218)	(7,384)	(14,448)	(8,333)	2,750	**(60,654)**
Deferred tax assets as at 31.12.2012	–	–	–	–	–	–	–	195	**195**
Deferred tax liabilities as at 31.12.2012	(15,598)	(11,184)	(6,240)	(218)	(7,384)	(14,448)	(8,333)	2,555	**(60,849)**

	Receivables and work in progress	Raw materials and real estate transactions	Property, plant and equipment	Intangible assets	Pension assets	Provisions	Other items	Tax loss carryforwards	**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**
31.12.2011									
Deferred tax assets as at 1.1.2011	–	–	–	–	–	–	–	1,610	**1,610**
Deferred tax liabilities as at 1.1.2011	(10,765)	(10,982)	(5,430)	(737)	(2,643)	(10,101)	(7,292)	–	**(47,950)**
Net deferred tax as at 1.1.2011	(10,765)	(10,982)	(5,430)	(737)	(2,643)	(10,101)	(7,292)	1,610	**(46,340)**
Credited/(debited) to the income statement	(799)	1,567	(66)	538	(3,592)	(3,729)	(656)	(1,088)	**(7,825)**
Credited/(debited) directly to equity	–	–	–	–	–	–	(31)	–	**(31)**
Change in scope of consolidation	(1,519)	11	143	–	–	19	(1,549)	121	**(2,774)**
Foreign exchange differences	(65)	–	6	–	–	–	(63)	64	**(58)**
Net deferred tax as at 31.12.2011	(13,148)	(9,404)	(5,347)	(199)	(6,235)	(13,811)	(9,591)	707	**(57,028)**
Deferred tax assets as at 31.12.2011	–	–	7	–	–	–	–	707	**714**
Deferred tax liabilities as at 31.12.2011	(13,148)	(9,404)	(5,354)	(199)	(6,235)	(13,811)	(9,591)	–	**(57,742)**

Notes to the consolidated financial statements of Implenia

Permanent differences for which no deferred taxes have been recognised:

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Investments	**227,651**	207,177
Goodwill	**87,182**	85,697

Unused tax loss carryforwards by maturity:

	Not capitalised	Capitalised	**Total**	Not capitalised	Capitalised	Total
			31.12.2012			31.12.2011
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
1 year	–	–	**–**	–	–	–
2 years	–	–	**–**	–	–	–
3 years	–	–	**–**	–	–	–
4 years	–	–	**–**	–	–	–
5 years	–	–	**–**	–	–	–
More than 5 years	99,545	10,090	**109,635**	107,737	3,435	111,172
Total	99,545	10,090	**109,635**	107,737	3,435	111,172

Tax loss carryforwards are capitalised when it is likely that taxable profits will be earned in future. The non-capitalised tax loss carryforwards mainly affect subsidiaries outside Switzerland which no longer carry out any operational activities.

29 Equity

29.1 Changes in share capital

The 2012 General Meeting approved a tax-exempt distribution of reserves from capital contributions of CHF 1.10 per share, resulting in a total payment of CHF 20.1 million (2011: par value repayment of CHF 0.90). The capital available for the distribution of reserves from capital contributions is equal to the reserves from capital contributions of Implenia Ltd., Dietlikon. The distribution of reserves from capital contributions made was determined in accordance with the provisions of the Swiss Code of Obligations.

29.2 Sale and use of treasury shares

In total, 354,104 shares with a carrying amount of CHF 9.7 million (2011: 398,812 shares with a carrying amount of CHF 11.5 million) were sold or used for profit sharing schemes during the course of 2012. The resulting gain of CHF 1.4 million (2011: loss CHF 1.3 million) was taken directly to capital reserves.

29.3 Outstanding shares

	31.12.2010	Changes 2011	**31.12.2011**	Changes 2012	**31.12.2012**
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**
Total shares of Implenia Ltd.	18,472,000	–	18,472,000	–	**18,472,000**
Unreserved treasury shares	211,017	(32,011)	179,006	(78,960)	**100,046**
Total shares outstanding	18,260,983	32,011	18,292,994	78,960	**18,371,954**

All shares are subscribed and fully paid up. As at 31 December 2012, all shares have voting rights and qualify for dividends, with the exception of 100,046 treasury shares (2011: 179,006 treasury shares).

Notes to the consolidated financial statements of Implenia

	31.12.2010	Changes 2011	**31.12.2011**	Changes 2012	**31.12.2012**
	Par value of shares CHF 1,000	**Par value of shares CHF 1,000**	**Par value of shares CHF 1,000**	**Par value of shares CHF 1,000**	**Par value of shares CHF 1,000**
Share capital	51,722	(16,625)	35,097	–	**35,097**
Treasury shares	(591)	251	(340)	150	**(190)**
Total share capital outstanding	51,131	(16,374)	34,757	150	**34,907**

As at 31 December 2012, the par value of a share amounted to CHF 1.90 (31.12.2011: CHF 1.90).

30 Earnings per share

	31.12.2012	31.12.2011
Data for calculating earnings per share:		
Consolidated profit attributable to shareholders of Implenia Ltd. in CHF 1,000	**69,087**	60,264
Number of shares outstanding	**18,371,954**	18,292,994
Weighted average number of shares outstanding	**18,304,502**	18,233,119
Basic earnings per share	**CHF 3.77**	CHF 3.31
Diluted earnings per share	**CHF 3.77**	CHF 3.31

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

31 Distribution of reserves from capital contributions

A tax-exempt distribution of reserves from capital contributions of CHF 1.10 per share was made for the 2011 financial year. The Board of Directors will propose a tax-exempt distribution of reserves from capital contributions of CHF 1.40 per share for the 2012 financial year to the General Meeting to be held on 27 March 2013. The balance sheet presented as at 31 December 2012 does not reflect the proposed distribution for 2012.

32 Contingent liabilities

	31.12.2012	31.12.2011
	CHFm	**CHFm**
As at 1.1.	**175.2**	216.8
Change	**(17.2)**	(41.6)
Total	**158.0**	175.2

Implenia's contingent liabilities relate primarily to outstanding guarantees (tender guarantees, warranties and performance bonds) for ongoing projects for own account, projects in joint ventures and tax disputes/litigation.

Implenia Bau AG, along with many other construction companies in the regional market for road building and civil engineering in the canton of Grisons, is currently involved in an investigation launched in 2012 by the Federal Competition Commission (see press release dated 1 November 2012). Implenia is cooperating with the Competition Commission's investigation, which has not yet been completed. Management is of the opinion that it was not possible to make a reliable estimate of the outcome or the size of any penalty at the time the financial statements were drawn up. No provision was therefore made.

Contractual commitments for capital expenditure

	31.12.2012	31.12.2011
	CHFm	**CHFm**
Real estate transactions	**25.4**	46.8
Property, plant and equipment	**1.9**	3.9
Total	**27.3**	50.7

Notes to the consolidated financial statements of Implenia

33 Related party disclosures

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

	31.12.2012	31.12.2011
	%	**%**
Parmino Holding AG	**16.3%**	16.3%
Maag Rudolf	**10.4%**	10.8%
Ammann Group	**8.4%**	8.4%
Chase Nominees Ltd.	**7.3%**	4.7%
EGS Beteiligungen AG	**<3.0%**	4.5%

The following transactions took place between the Group and associates/joint ventures/staff pension plans and other related parties:

	2012	2011
	CHF 1,000	**CHF 1,000**
Sales to related parties		
Joint ventures	**203,809**	224,662
Associates	**17,276**	23,531
Other related parties[1]	**948**	293
Purchases from related parties		
Joint ventures	**17,386**	20,668
Associates	**39,683**	39,021
Other related parties	**8,519**	1,268

	31.12.2012	31.12.2011
	CHF 1,000	**CHF 1,000**
Receivables from related parties		
Joint ventures	**37,773**	39,734
Associates	**4,017**	3,280
Other related parties	**28**	62
Payables to related parties		
Joint ventures	**1,290**	4,933
Associates	**5,607**	9,818
Other related parties	**221**	9

1 Two members of the Executive Committee have bought condos from Implenia at market values.

Notes to the consolidated financial statements of Implenia

Key management personnel

Members of the Board of Directors of Implenia Ltd. receive annual compensation for their activities, and additional compensation for serving on board committees. The Group pays social security contributions on the above compensation.

Members of the Executive Committee of Implenia Ltd. receive compensation comprising a fixed annual salary, variable compensation and reimbursement of expenses. The Group pays social security contributions on the above compensation and pension fund contributions.

In 2011, a compensation of TCHF 2,810 was paid to former members of the Executive Committee.

The following table shows the recognised expenses for the compensation to the key management (further details see Corporate Governance point 5.1).

	2012	2011
	CHF 1,000	**CHF 1,000**
Short-term benefits	**6,141**	6,191
Post-employment benefits	**422**	589
Payments on termination of employment	**–**	216
Share-based payments	**1,802**	1,328
Total	**8,365**	8,324

34 Free cash flow

Implenia defines free cash flow as cash flow from operating activities, less acquisitions or disposals of non-current assets. The following table provides an overview of free cash flow:

	1.1.–31.12. 2012	1.1.–31.12. 2011
	CHF 1,000	**CHF 1,000**
Free cash flow		
Cash flow from operating activities	**160,786**	102,449
Investments in non-current assets	**(42,439)**	(47,315)
Disposal of non-current assets	**6,097**	24,346
Free cash flow before acquisition of subsidiaries	**124,444**	79,480
Acquisition of subsidiaries and deferred purchase price payments	**(8,620)**	(12,169)
Free cash flow after acquisition of subsidiaries	**115,824**	67,311

Free cash flow is not a financial indicator defined under IFRS and should not be interpreted as such. Free cash flow is not equivalent to cash flow from operating activities as defined under IFRS.

35 Events after the balance sheet date

The Board of Directors of Implenia Ltd. approved these consolidated financial statements on 25 February 2013. On the same date, the Board of Directors proposed a tax-exempt distribution of reserves from capital contributions of CHF 1.40 per share, which will be submitted to the General Meeting to be held on 27 March 2013 for approval. If the resolution is approved, the total amount of the distribution will be CHF 25.9 million.

On 5 February 2013 Implenia informed of its new organisational alignment as well as the legal restructuring.

36 Foreign exchange rates

		Average rate		Closing rate	
		2012	2011	**31.12.2012**	31.12.2011
European Union	1 EUR	**CHF 1.21**	CHF 1.23	**CHF 1.21**	CHF 1.22
Ivory Coast/Mali	100 XOF	**CHF 0.19**	CHF 0.19	**CHF 0.18**	CHF 0.19
Norway	100 NOK	**CHF 16.13**	CHF 15.43	**CHF 16.37**	CHF 15.68
Sweden	100 SEK	**CHF 13.86**	CHF 13.68	**CHF 14.06**	CHF 13.64
United Arab Emirates	100 AED	**CHF 25.54**	CHF 24.16	**CHF 24.88**	CHF 25.59
USA	1 USD	**CHF 0.94**	CHF 0.89	**CHF 0.91**	CHF 0.94

Notes to the consolidated financial statements of Implenia

37 Significant fully consolidated companies

Name	Share-holding	Registered office	Country	Currency	Capital	Segment	Held by
Développements transfrontaliers SA	100%	Lyon	F	EUR	14,663,800	Miscellaneous/Holding	Implenia Development AG
Gravière de La Claie-aux-Moines S.A.	66.67%	Savigny	CH	CHF	1,500,000	Infrastructure Construction	Implenia Ltd.
Implenia AS	79.78%	Oslo	N	NOK	4,095,432	Norway	Implenia Bau AG
Implenia (Tessin) AG	100%	Bioggio	CH	CHF	150,000	Infrastructure Construction	Implenia Ltd.
Implenia Bau AG	100%	Geneva	CH	CHF	40,000,000	Infrastructure Construction + Tunnelling	Implenia Ltd.
Implenia Bau GmbH	100%	Rümmingen	D	EUR	2,556,459	Infrastructure Construction	Implenia Holding GmbH
Implenia Cyprus Ltd.	100%	Nicosia	CY	EUR	3,001	Prime Buildings	Implenia Ltd.
Implenia Development AG	100%	Dietlikon	CH	CHF	30,000,000	Project Development	Implenia Ltd.
Implenia Generalunternehmung AG	100%	Basel	CH	CHF	20,000,000	General Contracting/Services	Implenia Ltd.
Implenia Global Solutions AG	100%	Dietlikon	CH	CHF	100,000	Prime Buildings	Implenia Ltd.
Implenia Holding GmbH	100%	Rümmingen	D	EUR	3,067,751	Infrastructure Construction	Implenia Immobilien AG
Implenia Immobilien AG	100%	Dietlikon	CH	CHF	30,600,000	Project Development	Implenia Ltd.
Implenia Italia S.p.A.	100%	Basiliano	I	EUR	250,000	Prime Buildings	Implenia Bau AG
Implenia Management AG	100%	Dietlikon	CH	CHF	500,000	Miscellaneous/Holding	Implenia Ltd.
Implenia Miljøsanering AS	100%	Oslo	N	NOK	3,144,000	Norway	Implenia AS
Implenia Österreich GmbH	100%	Vienna	A	EUR	35,000	Tunnelling	Implenia Ltd.
Norbridge AS	51%	Stjørdal	N	NOK	3,000,000	Norway	Implenia AS
Reprojet AG	100%	Zurich	CH	CHF	100,000	Infrastructure Construction	Implenia Ltd.
Reuss Engineering AG	100%	Dietlikon	CH	CHF	100,000	General Contracting/Services	Implenia Ltd.
Russian Land Implenia Ltd.	100%	Moscow	RU	RUB	70,000,000	Prime Buildings	Russian Land Implenia Holding Ltd.
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CH	CHF	500,000	Infrastructure Construction	Implenia Ltd.
Sisag AG	100%	Abidjan	CI	XOF	492,000,000	Infrastructure Construction	Implenia Ltd.
Socarco Bénin Sàrl	100%	Cotonou	BJ	XOF	1,000,000	Infrastructure Construction	SISAG
Socarco Burkina Sàrl	100%	Ouagadougou	BF	XOF	10,000,000	Infrastructure Construction	SISAG
Socarco Mali Sàrl	100%	Bamako	RMM	XOF	100,000,000	Infrastructure Construction	SISAG
Tetrag Automation AG	100%	Dietlikon	CH	CHF	100,000	General Contracting/Services	Implenia Ltd.
Trachsel AG	100%	Heimberg	CH	CHF	100,000	Infrastructure Construction	Implenia Ltd.
Tunnelteknikk AS	100%	Eidsnes	N	NOK	2,800,000	Norway	Implenia AS
Zschokke Construction Sàrl	100%	Lyon	F	EUR	76,225	Infrastructure Construction	Zschokke France SA
Zschokke France SA	100%	Lyon	F	EUR	914,694	Miscellaneous/Holding	Implenia Ltd.

Notes to the consolidated financial statements of Implenia

38 Significant associates

Name	Shareholding	Registered office	Country	Currency	Capital
ARGE Deponie Schwanental	37.0%	Eglisau	CH	CHF	–
Argo Mineral AG	50.0%	Aarau	CH	CHF	300,000
Argobit AG	40.0%	Schafisheim	CH	CHF	1,200,000
Asfatop AG	50.0%	Unterengstringen	CH	CHF	1,000,000
Associés Poste Enrobage en Commun (APEC) SA	20.0%	Hauterive	CH	CHF	300,000
Bawag, Belagsaufbereitungsanlage Wimmis AG	24.0%	Wimmis	CH	CHF	100,000
Belagswerk Rinau AG	25.0%	Kaiseraugst	CH	CHF	1,000,000
Bewo Belagswerk Oberwallis (sp)	25.0%	Niedergesteln	CH	CHF	1,500,000
Bioasfa SA	50.0%	Bioggio	CH	CHF	900,000
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 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	CH	CHF	450,000
Holcim Bétondrance SA	46.0%	Martigny	CH	CHF	300,000
Kieswerk Oldis AG	26.4%	Haldenstein	CH	CHF	1,200,000
Léchire S.A.	33.0%	Fribourg	CH	CHF	100,000
Microlog SPA	50.0%	San Giorgio	I	EUR	500,000
MIFAG Mischgutwerk Frauenfeld AG	10.0%	Frauenfeld	CH	CHF	600,000
Miphalt AG	27.5%	Niederbipp	CH	CHF	1,000,000
MOAG Baustoffe Holding AG	14.3%	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	CH	CHF	500,000
Pro Quarta (sp)	42.0%	Alvaneu	CH	CHF	500,000
Remora AG	18.3%	St. Gallen	CH	CHF	300,000
Reproad AG	33.3%	Bremgarten	CH	CHF	1,500,000
Sebal Lyss AG	22.0%	Lyss	CH	CHF	500,000
Seval – Société d'Enrobage du Valais central (sp)	83.0%	Vétroz	CH	CHF	–
SFR Société Fribourgeoise de Recyclage SA	21.0%	Hauterive	CH	CHF	1,200,000
Siseg SA	21.1%	Geneva	CH	CHF	500,000
Société Coopérative Les Terrasses	45.1%	Versoix	CH	CHF	775,500
Société d'exploitation du Mégastore d'Archamps – SEMA (sp)	30.0%	Archamps	F	EUR	37,000
Société Romande de Recyclage – SRREC (EG)	37.5%	Satigny	CH	CHF	–
Tapidrance (sp)	60.0%	Martigny	CH	CHF	1,000,000
Urner Belagszentrum (UBZ) (sp)	50.0%	Flüelen	CH	CHF	1,000,000
Valbéton (sp)	50.6%	Sion	CH	CHF	100,000
Valver (sp)	27.9%	Martigny	CH	CHF	1,729,936
Wohnpark an der Kander GmbH	40.0%	Rümmingen	D	EUR	204,517
wsb AG	50.0%	Rafz	CH	CHF	500,000

(sp) simple partnership

(sp) simple partnership

Associates are recognised according to the equity method (see Note 2.15). Although the stakes held in Seval, Tapidrance and Valbéton are higher than 50%, these companies are accounted for as associates and the equity method is applied as Implenia does not have control over these companies. The composition of the executive boards of the companies named does not allow Implenia to control these companies. By contrast, some companies in which Implenia holds a stake of less than 20% are recognised as associates as Implenia exercises significant influence over them.

Report of the statutory auditor on the consolidated financial statements

pwc

Report of the statutory auditor to the Annual General Meeting of Implenia Ltd., Dietlikon

As statutory auditor, we have audited the consolidated financial statements of Implenia Ltd., which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and notes (pages 144 to 235) for the year ended 31 December 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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, 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 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Willy Wenger	Diego J. Alvarez
Audit expert	Audit expert
Auditor in charge	

Zurich, 25 February 2013

Income statements

	1.1.–31.12. 2012 CHF 1,000	1.1.–31.12. 2011 CHF 1,000
INCOME		
Income from investments	**31,053**	25,453
Income from sale of investments	**1,244**	1,367
Release of value adjustments and provisions	**–**	3,013
Financial income	**9,120**	17,841
Other income	**2,655**	2,123
Total	**44,072**	49,797
EXPENSES		
Administration expenses	**5,726**	5,877
Increase of value adjustments and provisions	**601**	–
Financial expenses	**11,151**	23,310
Taxes	**135**	210
Profit for the year	**26,459**	20,400
Total	**44,072**	49,797

Balance sheets

	Notes	31.12.2012 CHF 1,000	31.12.2011 CHF 1,000
ASSETS			
Cash and cash equivalents		**182,480**	179,356
Treasury shares	1	**3,097**	4,460
Receivables from Group companies		**296,498**	215,921
Other receivables		**1,631**	1,740
Prepaid expenses and accrued income		**3,810**	3,600
Total current assets		**487,516**	405,077
Investments in Group companies	2	**265,512**	265,512
Investments in associates and other investments	2	**1,555**	1,555
Total non-current assets		**267,067**	267,067
Total assets		**754,583**	672,144
EQUITY AND LIABILITIES			
Payables to Group companies		**256,032**	188,971
Trade payables		**38**	195
Other liabilities		**14,062**	5,194
Prepaid income and accrued expenses		**5,940**	5,681
Total current liabilities		**276,072**	200,041
Bond issue	7	**200,000**	200,000
Total non-current liabilities		**200,000**	200,000
Share capital	3	**35,097**	35,097
Statutory reserves			
– General reserves		**16,185**	16,185
– Reserves for treasury shares		**3,097**	4,460
– Reserves from capital contributions	4	**39,102**	59,153
Retained earnings			
– Profit carried forward		**158,571**	136,808
– Profit for the year		**26,459**	20,400
Total equity		**278,511**	272,103
Total equity and liabilities		**754,583**	672,144

Notes to the Statutory Financial Statements

1 Treasury shares (Implenia Ltd.)

	2012	2012	2011
	Number	CHF 1,000	CHF 1,000
As at 1.1	**179,006**	**4,460**	6,292
Purchase	**275,144**	**8,311**	9,891
Sale and use for employees and Board of Directors	**(354,104)**	**(9,674)**	(11,491)
Par value repayment	**–**	**–**	(232)
As at 31.12	**100,046**	**3,097**	4,460

2 Investments

	2012	2011
	CHF 1,000	CHF 1,000
Group companies (see Note 10)	**265,512**	265,512
Associates and other investments	**1,555**	1,555

3 Share capital

The articles of association provide for a conditional capital increase in the maximum amount of CHF 17,548,400 (9,236,000 fully paid-up registered shares at CHF 1.90 each). To date, there have been no circumstances requiring the conversion of conditional capital.

The General Meeting of 19 April 2011 approved a partial repayment of CHF 0.90 of the par value of each share. The share capital was reduced by CHF 16.6 million to CHF 35.1 million.

Shareholders holding more than 3% of the share capital as at 31 December:

	According to share register	
	31.12.2012	31.12.2011
	%	%
Parmino Holding AG	**16.3%**	16.3%
Maag Rudolf	**10.4%**	10.8%
Ammann Group	**8.4%**	8.4%
Chase Nominees Ltd.	**7.3%**	4.7%
EGS Beteiligungen AG	**<3.0%**	4.5%

4 Reserves from capital contributions

With a view to a possible distribution, the "Reserves from capital contributions" item is now disclosed separately as part of the statutory reserves. Confirmation of such was issued by the tax authorities on 25 January 2012. Under the capital contribution principle in effect since 1 January 2011, distributions from these reserves are for individuals in principle exempt from Swiss income and withholding tax.

5 Hidden reserves

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Net release pursuant to Art. 663b CO	**–**	3,013

6 Contingent liabilities

	31.12.2012	31.12.2011
	CHF 1,000	CHF 1,000
Guarantees and contingent liabilities	**29,842**	24,346
Security for joint liability regarding the levying of VAT for the Group	**p.m.**	p.m.

As part of a syndicated loan agreement signed on 22 August 2012, Implenia Ltd. issued a guarantee in the amount of CHF 550 million in favour of the bank consortium for the liabilities of Group companies.

Notes to the Statutory Financial Statements

7 Bond issue

On 12 May 2010, Implenia Ltd., Dietlikon issued a bond in the amount of CHF 200 milion. The bond pays interest of 3.125%, has a term of six years and matures on 12 May 2016. The bond was placed at an issue price of 100.269% and is traded on the SIX Swiss Exchange (security number 11219351).

8 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 the Executive Committee, the Audit Committee and the Board of Directors.

9 Compensation paid to members of the Board of Directors and members of the Executive Committee

9.1 Remuneration paid to serving members of governing bodies

Total remuneration paid to members of the Board of Directors and the Executive Committee in 2012 amounted to TCHF 7,807 (2011: TCHF 8,324), including shares assigned, severance payments, social security contributions and additional fees. For further details on the content and method of determining the compensation for serving members of governing bodies see Corporate Governance point 5.1.

Total remuneration paid to serving members of the Executive Committee is shown in the table below.

Executive Committee 2012

	Fixed remuneration	One-time remuneration	Variable remuneration	Shares definitely allocated[1]		Social security expenses	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**Number**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Anton Affentranger	900	–	470	10,492[2]	294	306	**1,970**
Other members of the Executive Committee in office	1,641	200	896	34,540	1,103	724	**4,564**
Total	2,541	200	1,366	45,032	1,397	1,030	**6,534**

1 Implenia Ltd. shares, security number 2386855, nominal value CHF 1.90
2 including 2,159 shares from 2011 (Board of Directors mandate)

Executive Committee 2011

	Fixed remuneration	One-time remuneration	Variable remuneration	Shares definitely allocated[1]		Social security expenses	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**Number**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Beat Fellmann	500	–	175	3,500	83	193	**951**
Other members of the Executive Committee in office	1,407	–	504	23,331	552	562	**3,025**
Former members of the Executive Committee							
– Hanspeter Fässler	680	100	125	27,500	672	315	**1,892**
– Peter Bodmer	557	–	161	–	–	200	**918**
Total	3,144	100	965	54,331	1,307	1,270	**6,786**

1 Implenia Ltd. shares, security number 2386855, nominal value CHF 1.90

Hanspeter Fässler was CEO of Implenia from 1 January 2011 to 30 September 2011. As at 31 December 2011, Hanspeter Fässler has left Implenia. As part of his severance package, Hanspeter Fässler will receive salary payments of TCHF 216, including social security contributions, which are included in the above amounts.

For the period from 1 January 2011 to 30 September 2011, Anton Affentranger was the Non-executive Chairman of the Board of Directors. On 1 October 2011, he became CEO of Implenia and retired from the Board of Directors on the same date.

The variable component of remuneration is paid out in cash or shares in the following year.

Notes to the Statutory Financial Statements

Total remuneration paid to Non-executive members of the Board of Directors is as follows:

Non-executive Board of Directors, 2012

	Basic fees	Attendance fees and one-time fees	Shares definitely allocated[1]		Social security expenses	**Total**
	CHF 1,000	**CHF 1,000**	**Number**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Markus Dennler, Chairman	215	20	5,282	130	43	**408**
Hans-Beat Gürtler, Vice-Chairman	110	15	2,911	71	18	**214**
Patrick Hünerwadel, Member	88	15	1,080	27	17	**147**
Moritz Leuenberger, Member	85	10	2,137	52	13	**160**
Theophil Schlatter, Member	100	15	2,469	61	22	**198**
Toni Wicki, Member (until 4.4.2012)	25	15	1,327	32	6	**78**
Philippe Zoelly, Member (until 4.4.2012)	15	15	1,327	32	6	**68**
Total	638	105	16,533	405	125	**1,273**

1 Implenia Ltd. shares, security number 2386855, nominal value CHF 1.90. In 2012, there are the entitlements of shares for the year 2011 and 2012 due to a change in the accounting practices.

Non-executive Board of Directors, 2011

	Basic fees	Attendance fees and one-time fees	Shares definitely allocated[1]		Social security expenses	**Total**
	CHF 1,000	**CHF 1,000**	**Number**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Anton Affentranger, Chairman (until 30.09.2011)	135	80	1,834	52	32	**299**
Markus Dennler, Chairman	120	90	917	26	30	**266**
Hans-Beat Gürtler, Vice-Chairman	70	85	688	20	22	**197**
Patrick Hünerwadel, Member	90	60	–	–	21	**171**
Moritz Leuenberger, Member (since 01.04.2011)	55	70	–	–	17	**142**
Theophil Schlatter, Member (since 01.04.2011)	45	45	–	–	12	**102**
Toni Wicki, Member	100	60	741	21	23	**204**
Philippe Zoelly, Member	60	60	688	20	17	**157**
Total	675	550	4,868	139	174	**1,538**

1 Implenia Ltd. shares, security number 2386855, nominal value CHF 1.90

No severance payments were made during 2012 and 2011.

9.2 Remuneration paid to former members of governing bodies

In 2011, remuneration of TCHF 2,810 was paid to former members of governing bodies whose term of office has ended.

Notes to the Statutory Financial Statements

9.3 Assignment of shares during the year

The number of shares assigned in 2012 to members of the Executive Committee and related persons was 45,032 (2011: 54,331).

The number of shares assigned in 2012 to non-executive members of the Board of Directors and related persons was 16,533 (2011: 4,868).

9.4 Shareholdings

As at 31 December 2012, the number of shares held by members of the Executive Committee and related persons was 281,809, which represents 1.5% of the share capital (2011: 267,441 or 1.4%). This figure includes any shares acquired in a private capacity.

Members of the Executive Committee

	Number of shares, as at		Shares blocked until		
	31.12.2012	31.12.2011	2013	2014	2015
Anton Affentranger, CEO	**224,422**	216,013	34,853	1,834	8,409
Beat Fellmann, CFO	**25,100**	17,600	8,267	7,000	7,500
Peter Preindl, Head of Industrial Construction Division	**1,880**	–	–	–	1,880
Arturo Henniger, Head of Infrastructure Construction Division	**22,407**	29,828	8,605	7,601	6,201
René Zahnd, Head of Real Estate Division	**8,000**	4,000	1,000	3,000	4,000
Total	**281,809**	267,441	52,725	19,435	27,990

As at 31 December 2012, the number of shares held by non-executive members of the Board of Directors and related persons was 33,431, which represents 0.2% of the share capital (2011: 20,817 or 0.1%). This figure includes any shares acquired in a private capacity.

Non-executive Board of Directors

	Number of shares, as at		Shares blocked until		
	31.12.2012	31.12.2011	2013	2014	2015
Markus Dennler, Chairman	**10,483**	5,201	852	917	5,282
Hans-Beat Gürtler, Vice-Chairman	**3,599**	688	–	688	2,911
Patrick Hünerwadel, Member	**2,420**	1,340	–	–	1,080
Moritz Leuenberger, Member	**3,137**	–	–	–	2,137
Theophil Schlatter, Member	**3,469**	1,000	–	–	2,469
Members of the Board of Directors who left					
– Toni Wicki, Member	**7,420**	8,372	852	741	1,327
– Philippe Zoelly, Member	**2,903**	4,216	639	688	1,327
Total	**33,431**	20,817	2,343	3,034	16,533

9.5 Options

Implenia Ltd. has no stock-option remuneration scheme.

9.6 Additional fees and remuneration

The sum of additional fees and remuneration invoiced in the 2012 financial year by members of the Board of Directors or the Executive Committee and related persons was CHF 0 (2011: CHF 0).

9.7 Loans to directors and officers

No loans have been granted to any members of the Board of Directors or any members of the Executive Committee or related persons.

9.8 Highest total remuneration

The member of the Executive Committee with the highest overall remuneration is disclosed in the tables in Note 9.1.

Notes to the Statutory Financial Statements

10 Significant shareholdings

Name	Shareholding	Registered office	Currency	Capital
Gebr. Ulmer GmbH	100%	Bruchsal (D)	EUR	25,565
Gravière de La Claie-aux-Moines S.A.	66.67%	Savigny	CHF	1,500,000
Gust. Stumpf Verwaltungs GmbH & Co KG	100%	Bruchsal (D)	EUR	511,292
Implenia (Tessin) AG	100%	Bioggio	CHF	150,000
Implenia Bau AG	100%	Geneva	CHF	40,000,000
Implenia Cyprus Ltd.	100%	Nicosia (CY)	EUR	3,001
Implenia Development AG	100%	Dietlikon	CHF	30,000,000
Implenia Generalunternehmung AG	100%	Basel	CHF	20,000,000
Implenia Global Solutions AG	100%	Dietlikon	CHF	100,000
Implenia Immobilien AG	100%	Dietlikon	CHF	30,600,000
Implenia Management AG	100%	Dietlikon	CHF	500,000
Implenia Österreich GmbH	100%	Vienna (A)	EUR	35,000
Reprojet AG	100%	Zurich	CHF	100,000
Reuss Engineering AG	100%	Dietlikon	CHF	100,000
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CHF	500,000
Sisag AG	100%	Abidjan (CI)	XOF	492,000,000
Swiss Overseas Engineering Company	100%	Geneva	CHF	200,000
Tetrag Automation AG	100%	Dietlikon	CHF	100,000
Trachsel AG	100%	Heimberg	CHF	100,000
Zschokke France SA	100%	Lyon (F)	EUR	914,694
Zschokke Holding Deutschland GmbH	100%	Berlin (D)	EUR	3,067,751

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

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

	2012
	CHF 1,000
Profit carried forward	**158,571**
Profit for the year	**26,459**
Dissolution from reserves from capital contributions	**25,721**
	210,751

The Board of Directors proposes to the General Meeting the following appropriation of available earnings and reserves:

Distribution of a dividend of	**25,721**
To be carried forward	**185,030**
	210,751

Total distribution of dividend	**25,721**
Of which from reserves from capital contributions	**(25,721)**
Of which from other reserves and available earnings	**–**

The Board of Directors will propose a tax-exempt distribution of CHF 1.40 per share from the reserves from capital contributions to the General Meeting of 27 March 2013. As of December 2012, the assumed dividend amounted to approximately CHF 25.7 million. The total dividend amount results from multiplying the dividend per share amount with the number of shares outstanding entitled to dividend payment at the dividend record date (5 April 2013). Until the dividend record date, this number of shares can change.

Report of the statutory auditor on the financial statements

Report of the statutory auditor to the Annual General Meeting of Implenia Ltd., Dietlikon

As statutory auditor, we have audited the financial statements of Implenia Ltd., which comprise the balance sheet, income statement and notes (pages 238 to 249), for the year ended 31 December 2012.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 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 incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Willy Wenger	Diego J. Alvarez
Audit expert	Audit expert
Auditor in charge	

Zurich, 25 February 2013

Contacts

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Key dates

Media and analysts' conference on the 2013 half-year result – **29 August 2013**
Media and analysts' conference on the 2013 annual result – **25 February 2014**

Furthermore, Implenia has representative offices in Bahrain, Ivory Coast, France, Italy, Liechtenstein, Mali, Russia, Sweden and the United Arab Emirates. For details on individual locations, visit www.implenia.com