

PubliGroupe

Condensed consolidated interim
financial statements for the period
ending 30 June 2011



Consolidated balance sheets

in millions of CHF

	Notes	as of 30 June 2011	as of 31 December 2010
Assets			
Cash and cash equivalents		77.5	102.6
Marketable and available-for-sale securities	(8)	15.7	15.3
Accounts receivable		203.7	243.0
Current tax assets		6.4	5.2
Accrued income and prepaid expenses		73.7	50.6
Assets held for sale	(9)	9.0	-
Current assets		386.0	416.7
Investment properties		47.8	51.8
Owner-occupied properties		18.1	23.8
Equipment		12.7	14.0
Intangible assets		52.3	58.9
Investments in associates	(10)	234.0	232.7
Financial assets	(11)	42.5	54.7
Deferred tax assets		8.9	8.3
Non-current assets		416.3	444.2
Total assets		802.3	860.9
Liabilities and equity			
Current debts	(12)	13.9	-
Accounts payable		161.5	193.8
Current tax liabilities		3.9	3.1
Accrued expenses and deferred income		87.0	92.8
Current provisions		6.0	8.2
Current liabilities		272.3	297.9
Non-current debts	(12)	81.6	96.6
Deferred tax liabilities		13.8	15.1
Non-current provisions		6.7	7.1
Non-current liabilities		102.1	118.8
Total liabilities		374.4	416.7
Share capital		2.5	2.5
Treasury shares	(18)	-49.6	-52.6
Reserves		448.2	460.9
Equity, shareholders of PubliGroupe Ltd		401.1	410.8
Non-controlling interests		26.8	33.4
Total equity		427.9	444.2
Total liabilities and equity		802.3	860.9

Consolidated interim income statements

in millions of CHF

	Notes	1st half year 2011	1st half year 2010 Restated
Revenue		637.5	714.1
Purchases		-469.0	-526.2
Sales reductions		-26.3	-34.5
Gross margin		142.2	153.4
Personnel expenses		-110.9	-121.3
General and administrative expenses		-35.9	-37.8
Other income and expenses	(13)	15.7	12.5
EBITDA		11.1	6.8
Depreciation and amortisation		-8.5	-9.4
Impairment loss	(14)	-6.6	-1.8
Share in result of associates	(15)	17.8	15.7
Operating result (EBIT)		13.8	11.3
Financial income	(16)	3.2	18.6
Financial expenses		-2.8	-2.2
Financial result		0.4	16.4
Result before income tax		14.2	27.7
Income tax expense	(17)	-	-1.3
Result		14.2	26.4
Result attributable to:			
- Non-controlling interests		-0.7	-0.2
- Shareholders of PubliGroupe Ltd		14.9	26.6

Earnings per share

Basic earnings per share (in CHF)	6.34	11.27
Diluted earnings per share (in CHF)	6.34	11.27

Consolidated interim statements of comprehensive income

in millions of CHF

	1st half year 2011	1st half year 2010 Restated
Result	14.2	26.4
Translation differences	-11.0	-17.0
Net change in fair value of available-for-sale financial instruments	0.3	-
Net change in fair value of available-for-sale financial instruments transferred to profit or loss	-0.3	-8.1
Effective portion of changes in fair value of cash flow hedges	-0.1	-1.0
Other comprehensive income *	-11.1	-26.1
Total comprehensive income	3.1	0.3
Total comprehensive income attributable to:		
- Non-controlling interests	-0.6	-0.2
- Shareholders of PubliGroupe Ltd	3.7	0.5

* There is no income tax relating to components of other comprehensive income.

Consolidated interim statements of changes in equity

in millions of CHF

	Footnotes	Share capital	Treasury shares	Additional paid-in capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings	Equity, shareholders of PubliGroupe Ltd	Non-controlling interests	Total equity
Balance as of 1 January 2010		2.5	-53.2	5.4	-26.4	8.1	-0.6	481.0	416.8	43.7	460.5
Restatement								-4.0	-4.0	-3.4	-7.4
Restated balance as of 1 January 2010		2.5	-53.2	5.4	-26.4	8.1	-0.6	477.0	412.8	40.3	453.1
Result								26.6	26.6	-0.2	26.4
Other comprehensive income					-17.0	-8.1	-1.0	-	-26.1	-	-26.1
Total comprehensive income		-	-	-	-17.0	-8.1	-1.0	26.6	0.5	-0.2	0.3
Increase in additional paid-in capital				0.1					0.1		0.1
Share-based payments 1)			2.1					-1.6	0.5		0.5
Dividends paid to non-controlling interests									-	-8.9	-8.9
Contributions by and distributions to owners		-	2.1	0.1	-	-	-	-1.6	0.6	-8.9	-8.3
Acquisition of subsidiaries involving changes in non-controlling interests 3)									-	0.9	0.9
Acquisition of non-controlling interests without a change in control									-	-0.2	-0.2
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	0.7	0.7
Total transactions with owners		-	2.1	0.1	-	-	-	-1.6	0.6	-8.2	-7.6
Balance as of 30 June 2010		2.5	-51.1	5.5	-43.4	-	-1.6	502.0	413.9	31.9	445.8
Balance as of 1 January 2011		2.5	-52.6	5.5	-57.9	0.3	-1.5	514.5	410.8	33.4	444.2
Result		-	-	-	-	-	-	14.9	14.9	-0.7	14.2
Other comprehensive income		-	-	-	-11.1	-	-0.1	-	-11.2	0.1	-11.1
Total comprehensive income		-	-	-	-11.1	-	-0.1	14.9	3.7	-0.6	3.1
Increase in additional paid-in capital				0.1					0.1		0.1
Sale of treasury shares 1)			1.6					-0.9	0.7		0.7
Purchase of treasury shares 1)			-1.1						-1.1		-1.1
Share-based payments 1)			2.5					-1.5	1.0		1.0
Dividends paid 2)								-14.1	-14.1		-14.1
Dividends paid to non-controlling interests									-	-6.0	-6.0
Contributions by and distributions to owners		-	3.0	0.1	-	-	-	-16.5	-13.4	-6.0	-19.4
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-
Total transactions with owners		-	3.0	0.1	-	-	-	-16.5	-13.4	-6.0	-19.4
Balance as of 30 June 2011		2.5	-49.6	5.6	-69.0	0.3	-1.6	512.9	401.1	26.8	427.9

1) See note 18.

2) See note 20.

3) See note 23.

Consolidated interim cash flow statements

	Notes	2011	2010 Restated
Result		14.2	26.4
Adjustments for non-cash items	(21)	-15.4	-26.4
Dividends paid to non-controlling interests by Group companies		-6.0	-8.9
Dividends received	(22)	9.9	9.0
Interest received		0.7	0.5
Interest paid		-1.7	-1.8
Taxes paid		-2.2	-6.5
Use of provisions		-2.3	-3.0
Working capital changes		-20.7	-12.8
Cash flows from operating activities		-23.5	-23.5
Acquisitions of tangible assets		-1.6	-1.2
Disposals of tangible assets	(13)	0.3	12.6
Acquisitions of intangible assets		-6.2	-8.1
Disposals of marketable securities		-	0.4
Acquisitions of subsidiaries, net of cash acquired	(23)	-1.7	-5.3
Disposals of subsidiaries, net of cash disposed of	(24)	11.7	-
Disposals of associates	(13)	0.4	21.7
Investments in financial assets		-1.0	-6.9
Divestments of financial assets	(25)	14.8	75.3
Cash flows from investing activities		16.7	88.5
Increase /(decrease) in bank debts	(12)	0.9	-45.0
Capital contribution from non-controlling interests		-	0.1
Purchase of treasury shares	(18)	-1.1	-
Sale of treasury shares	(18)	1.1	0.2
Acquisition of non-controlling interests	(19)	-2.6	-0.2
Increase in additional paid-in capital		0.1	0.1
Dividend paid to shareholders of PubliGroupe Ltd	(20)	-14.1	-
Cash flows from financing activities		-15.7	-44.8
Effect of exchange rates on cash and cash equivalents		-2.6	-0.3
Change in cash and cash equivalents		-25.1	19.9
Cash and cash equivalents as of 1 January		102.6	58.0
Cash and cash equivalents as of 30 June		77.5	77.9

Notes to the condensed consolidated interim financial statements

1. Reporting entity

PubliGroupe Ltd (PubliGroupe or “the Company”) is a public limited holding company (société anonyme) under Swiss law with its head office in Lausanne, Switzerland. PubliGroupe’s core activity is the sale of advertising space in Switzerland and abroad.

The condensed consolidated interim financial statements for the six months ended 30 June 2011 include PubliGroupe and its subsidiaries (together “the Group”) as well as its interests in associates.

2. Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting) as issued by the International Accounting Standards Board (IASB). They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

3. Basis of preparation

The condensed consolidated interim financial statements are presented in Swiss francs (CHF) and have been rounded to the nearest hundred thousand. They have been prepared on a historical cost basis except for certain financial instruments which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

Preparation of the condensed consolidated interim financial statements requires a number of judgements, estimates and assumptions to be made that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

The accounting principles and methods of computation are the same as those applied to the consolidated financial statements as of 31 December 2010. The new, revised or amended standards and interpretations that are effective for the 2011 reporting year were not applicable to the Group or did not have a significant impact on the condensed consolidated interim financial statements.

Accounting for errors

As described in the 2010 financial statements, since the first adoption of IFRSs, commissions paid to sales agents for the acquisition of three-year contracts with customers (subscriber acquisition cost) were recognised as prepaid expenses by the Group and charged to the income statement at publication date. Until 2006, the sales agents were fully paid on a variable commission basis. Since 2007, compensation includes also a fixed portion. However, only the variable part should be recognised and, in addition to that, as an intangible asset as per IAS 38 and not as prepaid expenses. Therefore, the variable part has been reclassified as intangible assets and June 2010 financial statements have been restated accordingly.

In the consolidated balance sheet:

- Accrued income and prepaid expenses: -CHF 37.2 million
- Intangible assets: +CHF 26.7 million
- Deferred tax assets: +CHF 0.4 million
- Deferred tax liabilities: -CHF 2.0 million
- Reserves: -CHF 4.4 million
- Non-controlling interests: -CHF 3.8 million

In the consolidated income statement:

- Personnel expenses: +CHF 2.8 million
- Depreciation and amortisation: -CHF 3.9 million
- Income tax expense: +CHF 0.2 million
- Result: -CHF 0.9 million
- Result attributable to non-controlling interests: -CHF 0.5 million
- Result attributable to shareholders of PubliGroupe Ltd: -CHF 0.4 million

Impact on basic and diluted earnings per share: -CHF 0.21

In the consolidated cash flow statement:

- Adjustments for non-cash items: +CHF 3.6 million
- Working capital changes: +CHF 4.1 million
- Cash flow from operating activities: +CHF 6.8 million
- Acquisitions of intangible assets: -CHF 6.8 million
- Cash flow from investing activities: -CHF 6.8 million

Impact on segment reporting: The restatement concerns only the segment Search & Find with the following consequences:

- Depreciation and amortisation: -CHF 3.9 million
- Operating result (EBIT): -CHF 1.1 million
- Income tax expense: +CHF 0.2 million
- Result: -CHF 0.9 million
- Result attributable to non-controlling interests: -CHF 0.5 million
- Result attributable to shareholders of PubliGroupe Ltd: -CHF 0.4 million

4. Scope of consolidation

As of 30 June 2011, the scope of consolidation was modified as follows:

Disposals:

- 14 June 2011: disposal of the entire 100% interest in Emphasis Video Entertainment Ltd. Since that point of time, the company is fully deconsolidated. See note 24.
- 17 June 2011: disposal of 14% of the 27% interest in the associate TicinOnline SA. Since that point of time, the company is fully deconsolidated. The remaining shares (13%) are recognised as marketable securities in the consolidated balance sheet.

Merger:

4 May 2011: web2com AG merged with Publimedia AG.

As of 30 June 2010, the scope of consolidation was modified as follows:

Acquisition:

- 29 April 2010: acquisition of 75% interest in Instanz AG für Kommunikation. Since that date, the company is fully consolidated. See also note 23.

Change in ownership percentages:

- 1 January 2010: increase from 67% to 100% interest in MediaConnect S.A. The company merged with pixedia S.A. in April 2010.

Disposal:

- 8 February 2010: disposal of the entire 37% interest in the associate National Zeitung und Basler Nachrichten AG.

5. Segment reporting

In 2011, the composition of the reportable segments changed due to the fact that Custom Publishing does no longer form an independent business segment. Some of its activities were integrated into Media Sales and others into Corporate and others. Furthermore, the company web2com AG was transferred from the segment Digital & Marketing Services to the segment Media Sales. The company then merged with Publimedia AG. In order to reflect these changes, the comparative period was restated. The major financial effects of these reclassifications in 2010 concerned revenue. The revenue of the segment Corporate and others and Media Sales increased respectively by CHF 9.5 million and CHF 2.7 million, whereas the revenue of Digital & Marketing Services decreased by CHF 3.8 million. The segment result of Digital & Marketing Services increased by CHF 0.6 million and the segment result of Corporate and others and Media Sales decreased respectively by CHF 1.0 million and CHF 0.6 million.

In 2010, the composition of the reportable segments was modified due to changes to the internal organisation:

- pixedia S.A. was transferred from the segment Corporate and others to the segment Media Sales.
- web2com AG was transferred from the segment Media Sales to the segment Digital & Marketing Services.

1st half year 2011

in millions of CHF

	Search & Find	Media Sales	Digital & Marketing Services	Corporate and others	Eliminations	Total
Revenue from third parties	50.4	516.2	62.4	8.5	-	637.5
Inter-segment revenue	-	1.0	0.5	3.6	-5.1	-
Total revenue	50.4	517.2	62.9	12.1	-5.1	637.5
Gross margin	32.1	80.8	25.2	8.3	-4.2	142.2
EBITDA	1.5	0.4	0.2	9.0	-	11.1
Depreciation and amortisation	-4.4	-1.6	-1.1	-1.4	-	-8.5
Impairment loss	-	-5.1	-	-1.5	-	-6.6
Share in result of associates	10.1	0.1	4.9	2.7	-	17.8
Operating result (EBIT)	7.2	-6.2	4.0	8.8	-	13.8
Interest income	0.1	0.2	-	0.6	-0.3	0.6
Interest expenses	-0.1	-0.1	-0.1	-1.5	0.3	-1.5
Other financial results	-	-0.6	-	1.9	-	1.3
Financial result	-	-0.5	-0.1	1.0	-	0.4
Result before income tax	7.2	-6.7	3.9	9.8	-	14.2
Income tax expense	0.4	0.4	-0.1	-0.7	-	-
Result	7.6	-6.3	3.8	9.1	-	14.2
Result attributable to:						
- Non-controlling interests	-0.8	0.2	-0.1	-	-	-0.7
- Shareholders of PubliGroupe Ltd	8.4	-6.5	3.9	9.1	-	14.9
Number of employees at the end of the period	532	1'213	381	79	-	2'205

1st half year 2010 (restated)

in millions of CHF

	Search & Find	Media Sales	Digital & Marketing Services	Corporate and others	Eliminations	Total
Revenue from third parties	46.1	587.8	69.0	11.2	-	714.1
Inter-segment revenue	0.2	0.3	1.3	3.9	-5.7	-
Total revenue	46.3	588.1	70.3	15.1	-5.7	714.1
Gross margin	31.6	94.4	23.8	8.9	-5.3	153.4
EBITDA	2.8	-	0.9	3.1	-	6.8
Depreciation and amortisation	-4.9	-2.1	-0.9	-1.5	-	-9.4
Impairment loss	-	-1.8	-	-	-	-1.8
Share in result of associates	11.5	0.2	2.6	1.4	-	15.7
Operating result (EBIT)	9.4	-3.7	2.6	3.0	-	11.3
Interest income	-	0.3	-	0.6	-0.3	0.6
Interest expenses	-	-0.2	-0.1	-1.7	0.3	-1.7
Other financial results	-	-0.1	-	17.6	-	17.5
Financial result	-	-	-0.1	16.5	-	16.4
Result before income tax	9.4	-3.7	2.5	19.5	-	27.7
Income tax expense	0.3	-0.3	-0.1	-1.2	-	-1.3
Result	9.7	-4.0	2.4	18.3	-	26.4
Result attributable to:						
- Non-controlling interests	-0.5	0.3		-	-	-0.2
- Shareholders of PubliGroupe Ltd	10.2	-4.3	2.4	18.3	-	26.6
Number of employees at the end of the period	547	1'345	341	144	-	2'377

6. Translation of foreign currencies

The table below shows the main exchange rates used to translate balance sheet and income statement items to Swiss francs:

Exchange rates		1st half year 2011	1st half year 2010	30.06. 2011	31.12 2010
		Average rates	Average rates	Closing date rates	Closing date rates
AUD	1	0.9292	0.9627	0.8948	0.9528
CAD	1	0.9147	1.0424	0.8634	0.9381
CNY	100	13.6290	15.8930	12.9100	14.2000
EUR	1	1.2661	1.4238	1.2077	1.2512
GBP	1	1.4434	1.6498	1.3339	1.4516
HKD	100	11.4310	13.9430	10.7216	12.0377
INR	1	0.0198	0.0237	0.0187	0.0209
SGD	1	0.7114	0.7770	0.6793	0.7288
USD	1	0.8897	1.0838	0.8345	0.9357

7. Seasonality

The associate Swisscom Directories AG, included in the reportable segment Search & Find, is subject to strong seasonal effects; a significant portion of its earnings are generated in the first half of the year. The fully consolidated companies in the Search & Find segment also experience seasonal effects, though in this case earnings are stronger in the second half of the year.

Other segments have no notable seasonal cycles.

8. Marketable and available-for-sale securities

In 2011, this position includes the fair value of the remaining 13% interest in TicinOnline securities (see also note 4). There are no other significant variations in this position.

The decrease in this position as of 31 December 2010 was mainly due to the disposal of the Edipresse SA securities. The gain on this transaction is presented as "financial income" (see also note 16). The cash received on this transaction is presented as "divestment of financial assets" in the cash flow statement (see also note 25).

9. Assets held for sale

As of 30 June 2011, this position is made up of a single property (partially investment and partially owner occupied) that PubliGroupe will sell in the second semester of 2011. In the income statement, the revenue and expenses are still reported in the usual lines.

10. Investments in associates

In 2011, the changes in investments in associates were as follows:

- Dividend received CHF 9.4 million,
- Exchange difference loss CHF 6.9 million,
- Disposal of part of associate CHF 0.3 million,
- Share in results of associates CHF 17.8 million.

In 2010, the changes in investments in associates were as follows:

- Disposal of 36.84% interest in National Zeitung und Basler Nachrichten AG (see note 13),
- Disposal of 41.38% interest in Fantastic Zero GmbH,
- Acquisition by the associate Digital Window Ltd of 100% interest in Perfiliate Ltd who is active on the British market under the brand name "Buy at",
- Merger of DW-Holding GmbH with Zanox.de AG,
- Dividend received CHF 14.2 million,
- Share in results of associates CHF 15.7 million.

11. Financial assets

in millions of CHF	as of 30 June 2011	as of 31 December 2010
Available-for-sale securities	4.4	12.9
Loans to third parties	27.7	28.4
Loans to associates	-	3.1
Allowance for doubtful loans	-0.9	-1.1
Uncommitted net assets of employer's foundations	10.8	10.9
Contribution reserves available in employee benefit plans	0.5	0.5
Total	42.5	54.7

As of 30 June 2011, the decrease in the available-for-sale securities is mainly due to the disposal of the Xi'an Huashang Interactive Media Co. Ltd ("Huashang") securities for CHF 4.5 million and to the disposal of Xiamen City Media Tongren Advertising CO. Ltd (City Media) for CHF 6.3 million. These transactions generated a gain of respectively CHF 0.9 million and CHF 1.0 million. This decrease is partly offset by the acquisition of 5% interest in 4uGroup AG and by the increase in fair value of Rhône-Media S.A. The increase in available-for-sale securities as of 31 December 2010 was mainly due to the acquisition in June of 7.5% interest in Rhône-Media S.A.

As of 30 June 2011, the decrease in loans to third parties is due to reimbursements received. The increase as of 31 December 2010 was mainly due to the fact that the consideration received in exchange of the disposal of the Edipresse SA securities was partly cash (CHF 35.4 million) and partly in the form of a loan of CHF 26.0 million with a maturity of three years and an interest rate of 3%. See also note 25.

The decrease in loans to associates is due to the reimbursement of the loan to Digital Window Ltd. The increase in the loans to associates as of 31 December 2010 was due to a loan granted to Digital Window Ltd (GBP 2.1 million, CHF 3.5 million) with a maturity date in June 2012 and an interest rate of 8.5%. The loan was granted in relation to the acquisition of 100% interest in Perfilliate Ltd by Digital Window Ltd. (see also note 25).

12. Debts

As of 30 June 2011, the decrease in non-current debt and the increase in current debt are due to the reclassification of a portion of the debt as current further to the planned sale of a pledged property presented as asset held for sale (see note 9). In 2010, the current debts had been fully reimbursed.

In 2010, the decrease in non-current debts resulted mainly from the sale of a pledged property.

13. Other income and expenses

in millions of CHF	1st half year 2011	1st half year 2010
Income from investment properties	2.8	3.1
Gain on disposal of tangible assets	0.1	5.9
Gain on disposal of subsidiaries and associates	12.5	3.1
Various income	0.4	0.4
Other income	15.8	12.5
Various expenses	-0.1	-
Other expenses	-0.1	-
Total net	15.7	12.5

The gain on disposal of subsidiaries and associates is made up of the gain on the sale of Emphasis Video Entertainment Ltd (CHF 12.1 million, see also note 24) and the gain on the sale of the associate TicinOnline SA.

As of 30 June 2010, the gain on disposal of tangible assets was mainly due to the sale of an investment property presented as "asset held for sale" as of 31 December 2009. The gain on disposal of subsidiaries and associates represented the gain of CHF 3.1 million realised on the disposal of 37% interest in National Zeitung und Basler Nachrichten AG presented as "asset held for sale" as of 31 December 2009.

14. Impairment test of goodwill

PubliGroupe analysed whether there were any indicators (internal or external) that goodwill might be impaired since 31 December 2010.

Two cash-generating units (CGUs), i.e. Mediascope Publicitas (India) Private Ltd and SVBmedia Group B.V. have not been tested for impairment because there were no indicators of impairment and they are still profitable. In addition, the impairment tests 2010 showed that the recoverable amounts of the CGUs were above their carrying amounts. As regards Publicitas Cinecom & Media AG, due to the decision not to continue the last TV contract with joiz at the end of June 2011, the CGU has no more revenue stream thus the remaining goodwill of CHF 5.1 million had to be completely amortised.

Following the performance below expectations in the first half year the CGUs of Instanz AG für Kommunikation, Denon Group and Publicitas APR Inc. have been tested for impairment. The recoverable amount of each CGU was determined based on its value in use calculated by the discounted cash flow (DCF) method. The figures for future cash flows are based on an updated version of cash flow forecasts for 2011-2015 which was approved by the management. Growth assumptions are based on our expectations of market growth and on measures taken in accordance with Group strategy. Growth rates disclosed below for end of June 2011 are annual compound rates based on cash flow forecasts 2011-2015. Cash flows beyond 2015 assume zero growth.

The assumptions were as follows:

in millions of CHF

	Assumptions *					
	Carrying amount of goodwill		Growth rate of revenue		Pre-tax discount rate	
	as of 30.06.2011	as of 31.12.2010	as of 30.06.2011	as of 31.12.2010	as of 30.06.2011	as of 31.12.2010
Publicitas Cinecom & Media AG	-	5.1	N/A	-33%	N/A	15%
Publicitas APR Inc.	1.1	1.2	6%	3%	15%	16%
Denon Group	2.5	4.0	10%	10%	16%	14%
Instanz AG für Kommunikation	4.5	4.5	20%	16%	13%	13%

* The CGUs with assumptions marked as not applicable (N/A) have not been tested for impairment as of 30 June 2011.

For Publicitas APR Inc. and Instanz AG für Kommunikation, the forecasted discounted cash flows were higher than the carrying amount. As a result, no impairment loss had to be recognised for those companies. However, for Denon Group, as the forecasted discounted cash flows could not cover the carrying amount, an impairment loss of CHF 1.5 million had to be recognised. This impairment loss reflects the fact that the sale forecasts envisaged at the time of the acquisition are not achievable in the short term.

A reasonably possible change in the assumptions made for the calculation of the recoverable amount of the CGU as of 30 June 2011 (before the impairment losses of the period) would have the following effects:

- For Publicitas APR Inc. and Instanz AG für Kommunikation, a decline in compound annual growth rate by 1% would lead the recoverable amounts of the CGUs to equal the carrying amounts. With an increase of the discount rate by 1%, the recoverable amounts of the CGUs would still exceed the carrying amount with respectively CHF 0.5 million and CHF 0.1 million.
- In the case of Denon Group, an increase by 1% of the growth rate would allow the recoverable amount to equal the carrying amount and no impairment loss would be recognised. In the case of an increase of the discount rate by 1%, the impairment loss would be CHF 1.8 million (instead of CHF 1.5 million recognised in the condensed consolidated interim financial statements). Any negative development with regard to underlying assumptions could lead to a further impairment loss on Denon goodwill.

As of 30 June 2010, four cash-generating units (CGUs) were tested for impairment. For ATB-Bégécom SAS and Denon Group, the forecasted discounted cash flows were higher than the carrying amount. As a result, no impairment loss had to be recognised for those companies. However, for Publicitas Cinecom & Media AG and Publicitas Radiotele AG, as the forecasted discounted cash flows could not cover the carrying amount, impairment losses of respectively CHF 1.0 million and CHF 0.8 million had to be recognised. These impairment losses reflected the fact that the sale forecasts envisaged at the time of the acquisition were not achievable in the short term.

15. Share in result of associates

As of 30 June 2011, the increase in this position is mainly due to the increasing profit encountered by the zanox group and the press associates.

As of 30 June 2010, the increase in this position was due to the fact that the press associates incurring losses as of 30 June 2009 made profits or were disposed of. It was also due to the increasing profit encountered by Zanox.de AG and Digital Window Ltd.

16. Financial income

As of 30 June 2011, the financial income is mainly due to the gain (CHF 1.9 million) realised on the disposal of Hushang securities and City Media securities (see also note 11).

As of 30 June 2010 the increase in financial income was mainly due to the gain (CHF 15.9 million) realised on the disposal of the Edipresse SA securities (see also note 8).

17. Income tax expense

The income tax expense for the period from 1 January to 30 June is based on the best estimate of the tax rate that will be applied to the full-year result. As of 30 June 2011, there is no income tax expense due to the fact that a large portion of the result is either attributable to associates or realised in non-taxable entities.

18. Treasury shares

As part of the share based payment plan of PubliGroupe key management, 4'328 shares (2010: 2'311 shares) were sold for CHF 0.3 million (2010: CHF 0.2 million) during the first half of 2011. Thus the treasury shares in the equity were reduced by CHF 1.4 million (2010: CHF 0.9 million). Personnel expenses of CHF 0.3 million (2010: CHF 0.1 million) were recognised in the income statement.

During this period 3'454 treasury shares (2010: 2'174) were handed over to the directors, thus reducing the treasury shares in equity by CHF 1.1 million (2010: CHF 0.8 million). General and administrative expenses of CHF 0.2 million (2010: CHF 0.1 million) had to be recognised in the income statement. As of 30 June 2010, one member of the Executive Committee received 1'194 treasury shares for a carrying amount in equity of CHF 0.4 million with an impact on personnel expenses of CHF 0.1 million.

As of 30 June 2011, 10'544 treasury shares were bought for CHF 1.1 million (2010: nil) and 5'000 treasury shares with a carrying amount CHF 1.6 million were sold for CHF 0.7 million (2010: nil).

In 2011 as in 2010 no options were exercised. As of 31 May 2011, the remaining options granted in 2001 arrived at the end of the exercise period and were expired. As of 30 June 2011, there is no more option plan.

19. Acquisition of non-controlling interest

The position represents the withholding tax paid in 2011 in relation to the acquisition in 2010 of 5% interest in LTV Gelbe Seiten AG.

20. Dividend

The Company's Annual General Meeting held on 3 May 2011 decided to distribute a dividend of CHF 6.– per share representing an amount of CHF 14.1 million (2010: no dividend distributed).

21. Adjustments for non-cash items

	Notes	2011	2010 Restated
Share in result of associates	(15)	-17.8	-15.7
Increase in provisions		0.4	3.5
Release of provisions		-0.2	-1.4
Share-based payments	(18)	0.7	0.4
Gain on disposal of tangible assets	(13)	-0.1	-5.9
Gain on disposal of subsidiaries and associates	(13)	-12.5	-3.1
Depreciation and amortisation		8.5	9.4
Impairment loss	(14)	6.6	1.8
Financial result, excluding realised exchange differences		-1.1	-16.7
Income tax expense		-	1.3
Other non-cash expenses		0.1	-
Total adjustments for non-cash items		(15.4)	(26.4)

22. Dividends received

This position is made up of dividends received from associates for CHF 9.4 million (30 June 2010: CHF 8.4 million) and of dividends received on marketable securities and available-for-sale securities for CHF 0.5 million (30 June 2010: CHF 0.6 million).

23. Acquisitions of subsidiaries, net of cash acquired

The fair value of net assets at the acquisition date is the following:

in millions of CHF	1st half year 2011	1st half year 2010
Accounts receivable	-	-1.0
Other current assets	-	-1.0
Property, plant & equipment	-	-0.1
Intangible assets	-	-3.0
Accounts payable	-	0.5
Deferred tax liabilities	-	0.6
Other liabilities	-	0.3
Net assets	-	-3.7
Attributable to non-controlling interests	-	0.9
Net assets acquired	-	-2.8
Goodwill	-	-4.5
Consideration transferred	-	-7.3
Cash and cash equivalents acquired	-	0.7
Consideration payable	-	3.6
Cash outflows on acquisitions of subsidiaries in the current period	-	-3.0
Payments from previous year acquisitions	-1.7	-2.3
Total cash outflows on acquisitions of subsidiaries	-1.7	-5.3

As of 30 June 2011, the cash out concerned payments made in relation to previous years acquisitions.

Change in contingent consideration in 2011

As of June 2011 contingent consideration of CHF 0.3 million for Instanz AG für Kommunikation and CHF 1.4 million in relation to acquisitions before 2010 were paid. The contingent consideration was also modified by the discount effect and was reclassified as current liabilities.

Acquisition in 2010

As of 29 April 2010, PubliGroupe obtained control in Instanz AG für Kommunikation, a company pioneer in «Online Performance Marketing», by acquiring 75% of the shares and voting interest in the company. This acquisition will enable the Digital & Marketing Services segment to broaden its offering in performance-based business models.

The carrying amount of assets and liabilities determined according to IFRSs just before the acquisition took place did not differ materially from the fair values shown above, except for intangible assets not previously recognised (CHF 3.0 million, see below), deferred tax liabilities related to the intangible assets recognised (CHF 0.6 million) and goodwill (CHF 4.5 million).

The acquired receivables consisted of trade receivables of CHF 0.8 million and of other receivables of CHF 0.2 million. The fair value equalled the carrying amount.

Transaction costs for CHF 0.1 million were expensed as “general and administrative expenses” in the consolidated interim income statement. They related to external legal fees and due diligence costs.

In the two months to 30 June 2010, Instanz AG für Kommunikation contributed to the Group revenue for CHF 0.5 million and to the result attributable to the shareholders of PubliGroupe Ltd for CHF -0.1 million. If this acquisition had taken place on 1 January 2010 and assuming that the fair value adjustments would have been the same as at the acquisition date, the management estimates that Group revenue would have been CHF 1.7 million higher and that the result attributable to the shareholders of PubliGroupe Ltd would have remained the same.

Non-controlling interests

The non-controlling interests represented CHF 0.9 million at the acquisition date. They were measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Goodwill

The goodwill was attributable mainly to the skills and technical talent of Instanz's workforce and to the synergies expected to be achieved from integrating the company into the segment Digital & Marketing Services. Customer relationship and technology were recognised separately from goodwill as intangible assets (see above). None of the goodwill recognised was expected to be deductible for income tax purposes.

Consideration transferred

The total consideration transferred was CHF 7.3 million. It was made up of cash payments of CHF 4.2 million on which CHF 3.7 million were paid at the acquisition date and CHF 0.5 million were deferred until thirty days after the auditor's report of the company had been issued. The consideration transferred included discounted contingent consideration of CHF 3.1 million.

Contingent consideration

PubliGroupe had agreed to pay the selling shareholders additional consideration up to a maximum of CHF 4.5 million. This contingent consideration consisted of two components:

- CHF 2.0 million were based on quantitative performance indicators. The management estimated that this target would be fully reached. The discounted contingent consideration represented CHF 1.9 million with a discount rate of 1.2%.
- CHF 2.5 million were based on EBIT targets and earn-out table. If the average EBIT of 2010 and 2011 equalled CHF 2.0 million, then the full amount would be due. As the management considered that the average EBIT could only reach CHF 1.6 million, the consideration represented CHF 1.2 million (same amount with discount rate of 1.2%).
- In addition, a performance discount would reduce the two consideration components described above if the objectives of average growth of gross profit and size of the biggest client were not met. The management considered that there would not be any performance discount.

Change in contingent consideration

As of 31 December 2010, contingent consideration was changed as the management estimated that the target based on EBIT would not be met, thus reducing this part of the contingent consideration to nil. The target based on quantitative performance indicators was estimated to be reachable at 80%. The discounted contingent consideration represented CHF 1.6 million with a discount rate of 1.2%. The decrease in contingent consideration was presented as "financial income" (CHF 1.6 million).

24. Disposals of subsidiaries, net of cash disposed of

	2011	2010
Current assets	3.2	-
Current liabilities	-2.4	-
Net assets disposed of	0.8	-
Effect of reclassification of translation differences to profit and loss	-0.5	-
Profit/(loss) from disposals	12.1	-
Consideration received	12.4	-
Cash and cash equivalents disposed of	-0.7	-
Total cash inflows on disposals of subsidiaries	11.7	-

As of 14 June 2011 Emphasis Video Entertainment Ltd was disposed of. The accumulated translation differences were recycled in the financial result.

As of 30 June 2010, there was no disposal of subsidiary.

25. Divestments of financial assets

As of 30 June 2011, this position is made up of the consideration received in relation to the disposal of Huashang and City Media securities (CHF 10.8 million) and to reimbursements of loans to third parties and associates (CHF 4.0 million). See also note 11.

As of 30 June 2010, this position was made up of the reimbursement of loans to third parties of CHF 39.7 million. It included also the partial payment for the disposal of Edipresse SA securities of CHF 35.4 million. The deferred payment of CHF 26.0 million was presented as a loan in the condensed consolidated interim financial statements (see also note 11).

26. Contingent liabilities and contingent assets

There have been no changes in contingent liabilities or contingent assets since 31 December 2010.

27. Events subsequent to the balance sheet date

As of 29 July 2011, the property disclosed as asset for sale has been sold.

28. Authorization of issue of the condensed consolidated interim financial statements

The PubliGroupe condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 25 August 2011.

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