

PubliGroupe

Financial Report 2010



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PubliGroupe

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Consolidated Financial Statements

Consolidated balance sheets as of 31 December

in millions of CHF

	Notes	2010	2009 Restated
Assets			
Cash and cash equivalents	(4)	102.6	58.0
Marketable and available-for-sale securities	(5)	15.3	65.8
Accounts receivable	(6)	243.0	301.2
Current tax asset		5.2	3.9
Accrued income and prepaid expenses	(7)	50.6	47.2
Assets held for sale	(34)	-	25.3
Current assets		416.7	501.4
Investment properties	(8)	51.8	52.7
Owner-occupied properties	(8)	23.8	30.3
Equipment	(8)	14.0	17.1
Intangible assets	(9)	58.9	61.2
Investments in associates	(10)	232.7	255.8
Financial assets	(11)	54.7	24.8
Deferred tax assets	(12)	8.3	7.6
Non-current assets		444.2	449.5
Total assets		860.9	950.9
Liabilities and equity			
Short-term debts	(13)	-	65.0
Accounts payable	(14)	193.8	200.1
Current tax liabilities		3.1	3.0
Accrued expenses and deferred income	(15)	92.8	94.3
Short-term provisions	(16)	8.2	10.5
Current liabilities		297.9	372.9
Long-term debts	(13)	96.6	103.2
Deferred tax liabilities	(12)	15.1	14.2
Long-term provisions	(16)	7.1	7.5
Non-current liabilities		118.8	124.9
Total liabilities		416.7	497.8
Share capital	(17)	2.5	2.5
Treasury shares		(52.6)	(53.2)
Reserves		460.9	463.5
Equity, shareholders of PubliGroupe Ltd		410.8	412.8
Non-controlling interests		33.4	40.3
Total equity		444.2	453.1
Total liabilities and equity		860.9	950.9

Consolidated income statements

in millions of CHF

	Notes	2010	2009 Restated
Revenue	(18)	1'474.2	1'609.1
Purchases	(19)	(1'056.6)	(1'175.2)
Sales reductions		(72.3)	(71.8)
Gross margin		345.3	362.1
Personnel expenses	(20)	(241.2)	(272.2)
General and administrative expenses	(21)	(80.3)	(91.7)
Other income and expenses	(22)	21.0	27.4
EBITDA		44.8	25.6
Depreciation and amortisation	(8),(9)	(26.1)	(29.1)
Impairment loss	(9)	(2.0)	(8.2)
Share in result of associates	(10)	15.9	8.8
Operating result (EBIT)		32.6	(2.9)
Financial income		27.8	8.8
Financial expenses		(3.9)	(12.1)
Financial result	(23)	23.9	(3.3)
Result before income tax		56.5	(6.2)
Income tax expense	(12)	(7.2)	(3.1)
Result		49.3	(9.3)
Result attributable to:			
- Non-controlling interests		6.7	11.0
- Shareholders of PubliGroupe Ltd		42.6	(20.3)
Earnings per share			
Basic earnings per share (in CHF)	(24)	18.03	(8.73)
Diluted earnings per share (in CHF)	(24)	18.03	(8.73)

Consolidated statements of comprehensive income

in millions of CHF

	2010	2009 Restated
Result	49.3	(9.3)
Translation differences	(31.6)	-
Net change in fair value of available-for-sale financial instruments	0.3	8.1
Net change in fair value of available-for-sale financial instruments transferred to profit or loss	(8.1)	-
Effective portion of changes in fair value of cash flow hedges	(0.9)	(0.6)
Share of changes in other comprehensive income of associates	(0.9)	-
Other comprehensive income *	(41.2)	7.5
Total comprehensive income	8.1	(1.8)
Total comprehensive income attributable to:		
- Non-controlling interests	6.6	11.1
- Shareholders of PubliGroupe Ltd	1.5	(12.9)

* There is no income tax relating to components of other comprehensive income. See note 12.

Consolidated 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 2009		2.5	(88.6)	5.3	(26.3)	-	-	538.4	431.3	79.3	510.6
Restatement								(4.6)	(4.6)	(4.1)	(8.7)
Restated balance as of 1 January 2009		2.5	(88.6)	5.3	(26.3)	-	-	533.8	426.7	75.2	501.9
Total comprehensive income	1)				(0.1)	8.1	(0.6)	(20.3)	(12.9)	11.1	(1.8)
Increase in additional paid-in capital				0.1					0.1		0.1
Share-based payments	2)		8.0					(6.3)	1.7		1.7
Dividends	2)		27.4					(30.2)	(2.8)		(2.8)
Disposal of subsidiaries involving changes in non-controlling interests									-	0.7	0.7
Dividends paid to non-controlling interests									-	(46.7)	(46.7)
Balance as of 31 December 2009		2.5	(53.2)	5.4	(26.4)	8.1	(0.6)	477.0	412.8	40.3	453.1
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
Total comprehensive income	3)				(31.5)	(7.8)	(0.9)	41.7	1.5	6.6	8.1
Increase in additional paid-in capital				0.1					0.1		0.1
Purchase of treasury shares	2)		(1.5)						(1.5)		(1.5)
Share-based payments	2)		2.1					(1.4)	0.7		0.7
Acquisition of subsidiaries involving changes in non-controlling interests	4)								-	0.9	0.9
Acquisition of non-controlling interests without a change in control	5)							(2.8)	(2.8)	(5.3)	(8.1)
Dividends paid to non-controlling interests									-	(9.1)	(9.1)
Balance as of 31 December 2010		2.5	(52.6)	5.5	(57.9)	0.3	(1.5)	514.5	410.8	33.4	444.2

1) The amounts of CHF -20.3 million, CHF -0.1 million, CHF 8.1 million and CHF -0.6 million represent the amounts of result, translation differences, net change in fair value of available-for-sale financial instruments and effective portion of changes in fair value of cash flow hedges presented in the statement of comprehensive income, net of non-controlling interests of CHF 11.0 million result and CHF 0.1 million translation differences.

2) See note 17.

3) The amounts of CHF -31.5 million, CHF -7.8 million and CHF -0.9 million represent the amounts of translation differences, net change in fair value of available-for-sale financial instruments and effective portion of changes in fair value of cash flow hedges presented in the statement of comprehensive income, net of non-controlling interests of CHF -0.1 million translation differences. The amount of CHF 41.7 million corresponds to the result of CHF 49.3 million, net of non-controlling interests of CHF 6.7 million result, plus CHF -0.9 million share of changes in the other comprehensive income of associates.

4) See note 28.

5) See note 33.

Consolidated cash flow statements

in millions of CHF

	Notes	2010	2009 Restated
Result		49.3	(9.3)
Adjustments for non-cash items	(25)	(14.1)	24.8
Dividends paid to non-controlling interests by Group companies	(26)	(9.1)	(46.7)
Dividends received	(27)	15.0	66.5
Interest received		1.4	1.6
Interest paid		(4.2)	(5.8)
Taxes paid		(8.3)	(14.5)
Use of provisions	(16)	(7.2)	(5.0)
Working capital changes		6.8	(5.3)
Cash flows from operating activities		29.6	6.3
Acquisitions of tangible assets	(8)	(3.6)	(8.9)
Disposals of tangible assets	(22)	24.1	17.5
Acquisitions of intangible assets	(9)	(14.3)	(15.8)
Disposals of marketable securities	(23)	4.4	0.2
Acquisitions of subsidiaries, net of cash acquired	(28)	(3.4)	(4.8)
Acquisitions of associates	(29)	(2.0)	(15.8)
Disposals of subsidiaries, net of cash disposed of	(30)	0.1	6.7
Disposals of associates	(22)	22.7	0.1
Investments in financial assets	(31)	(7.0)	(0.8)
Divestments of financial assets	(32)	76.6	14.5
Taxes paid	(22)	(0.6)	(0.6)
Cash flows from investing activities		97.0	(7.7)
Increase /(decrease) in bank debts	(13)	(65.0)	(120.0)
Increase in long-term debt	(13)	-	100.0
Decrease in long-term debt	(13)	(7.0)	-
Capital contribution from non-controlling interests		0.1	-
Purchase of treasury shares	(17)	(1.5)	-
Sale of treasury shares (Share-based payments)		0.2	0.6
Acquisition of non-controlling interests	(33)	(5.6)	-
Increase in additional paid-in capital		0.1	0.1
Dividend paid to shareholders of PubliGroupe Ltd	(17)	-	(2.8)
Cash flows from financing activities		(78.7)	(22.1)
Effect of exchange rates		(3.3)	0.1
Change in cash and cash equivalents		44.6	(23.4)
Cash and cash equivalents as of 1 January		58.0	81.4
Cash and cash equivalents as of 31 December		102.6	58.0

Notes to the Consolidated Financial Statements

Activity of the company

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 consolidated financial statements for the year ended 31 December 2010 include PubliGroupe and its subsidiaries (together “the Group”) as well as its interests in associates. The main subsidiaries and associates are listed at the end of the notes to the consolidated financial statements.

Consolidation and valuation principles

A) Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law on public limited companies.

The consolidated financial statements are presented in Swiss francs (CHF) and have been rounded to the nearest hundred thousand.

The consolidated financial statements 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 consolidated financial statements under IFRS 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. All estimates are based on the best information available to management on the current situation and the future activities of the Group. Nonetheless, results obtained in practice may differ from those estimated.

The most significant estimates concern:

Intangible assets and goodwill: an estimate of the fair value of assets acquired and liabilities assumed is made at the acquisition date. The Group measures goodwill as the aggregate of the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus, in the case of a business combination achieved in stages, the fair value of the previously held equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Intangible assets acquired generally have a finite useful life and are therefore amortised. Goodwill is not amortised but is subject to an annual impairment test. Impairment tests on goodwill require a number of assumptions to be made, which are based on medium and long-term estimates. These estimates are affected by both internal data (cash flows, growth rates) and external factors (discount rate). For the carrying amount, see note 9.

Deferred tax assets: deferred tax assets arise from deductible temporary differences and tax loss carryforwards where it is considered probable that the tax losses will be used. The estimate of whether the tax loss carryforwards can be used depends on the forecasts made by the taxable entity. If these forecasts prove to be incorrect, adjustments will have to be recognised in the income statement. For the carrying amount, see note 12.

Provisions: provisions are only recognised when an obligation to third parties resulting from past events is identified, probable and can be reliably estimated. The calculation of provisions is one of the items that rely most heavily on estimates. Nonetheless, actual results may differ from those estimated. For the carrying amount, see note 16.

B) New IFRSs

The accounting and valuation principles are the same as those applied to the consolidated financial statements as of 31 December 2009 except for the following:

As from 1 January 2010, PubliGroupe has applied IFRS 3 revised – Business Combinations. The scope of the standard has been enlarged. Business combinations are now accounted for by applying the acquisition method. The Group measures goodwill as the aggregate of the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree, plus in the case of a business combination achieved in stages, the fair value of the previously held equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain will be recognised immediately in profit or loss. All consideration transferred by the acquirer is recognised at fair value including contingent consideration. Any subsequent change to a contingent consideration liability is recognised in profit or loss. The non-controlling interests are measured at fair value or calculated based on the proportionate interest in the fair value of the net assets acquired on a transaction-by-transaction basis. Transaction costs, other than those associated with the issue of debt or equity securities, incurred in connection with business combinations are not included in the cost of the acquirer. The adoption of revised IFRS 3 impacted the accounting for and disclosure of the acquisition in April 2010 of Instanz AG für Kommunikation. See note 28.

As from 1 January 2010, PubliGroupe has applied IAS 27 revised – Consolidated and Separate Financial Statements prospectively. It deals with the accounting for changes in ownership interests in subsidiaries after control is obtained, the accounting for the loss of control of subsidiaries and the allocation of profit and loss to controlling and non-controlling interests in subsidiaries. With the application of IAS 27 revised, the term “minority interests” was changed to “non-controlling interests” for the purposes of the Group’s consolidated financial statements. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. The adoption of revised IAS 27 impacted the accounting for the acquisition in January 2010 of additional shares in MediaConnect S.A. and for the acquisition in October 2010 of additional shares in LTV Gelbe Seiten AG. See note 33.

The other new, revised or amended standards and interpretations that are effective for the 2010 reporting year were not applicable to the Group or did not have a significant impact on the consolidated financial statements.

The IASB has already published new or amended standards and interpretations which may have an impact on the future consolidated financial statements of PubliGroupe. These standards will become effective in 2011 or later:

IFRS 9 – Financial Instruments. The purpose of this standard is to replace IAS 39. This project is divided into three main phases which should be completed by the second quarter of 2011. The first phase, published in 2009, deals with the classification and measurement of financial assets. The classification of financial assets in four categories has been reduced to three. The standard requires that financial assets are classified according to the business model for managing these assets; a financial asset is measured at amortised cost if the objective to hold assets in order to collect cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding. The fair value option for reducing an “accounting mismatch” is retained. For investments in equity instruments, the option to irrevocably recognise fair value changes in other comprehensive income is retained; however, no amount recognised in other comprehensive income is later reclassified to profit or loss. In October 2010 requirements regarding the classification and measurement of financial liabilities as well as regarding derecognition of financial assets and financial liabilities were added to IFRS 9. Most of the requirements in IAS 39 are carried forward unchanged in the new standard. The impact on the consolidated financial statements should be limited. This standard will be applied retrospectively from 1 January 2013.

IAS 24 revised – Related Parties Disclosures. The purpose of this revised version is to simplify the disclosures requirements for government-related entities and to clarify the definition of a related party. The impact on the consolidated financial statements cannot yet be determined with sufficient reliability. This standard will be applied retrospectively from 1 January 2011.

Annual Improvement Project (May 2010) – Several standards and one interpretation have been modified on various points; the changes are effective from 1 January 2011. The impact on the consolidated financial statements is dependent on whether transactions concerned are expected to be material to group operations which cannot yet be determined with sufficient reliability.

The following new or amended standards and interpretations that will be effective in the future are not applicable or are not expected to have a significant impact on the consolidated financial statements of PubliGroupe:

Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets, which requires specific disclosures for financial assets that are not derecognised in their entirety as well as for such that are derecognised in their entirety but where the entity retains continuing involvement. This amendment is applicable from 1 January 2012.

Amendments to IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues, which requires certain instruments that normally would be classified as liabilities to be classified as equity if and only if certain conditions are met. This amendment is applicable from 1 January 2011.

IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement, which addresses the accounting treatment for prepayments made when there is also a minimum funding requirement. This amendment is applicable from 1 January 2011.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, which provides accounting guidance on debt for equity swaps. This interpretation is applicable from 1 January 2011.

Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets – the amendments introduce a rebuttable presumption that an investment property is recovered entirely through sale. These amendments are applicable from 1 January 2012.

C) IAS 8: Accounting for Errors

Since the 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 2009 financial statements have been restated to exclude the fixed portion of the asset. In 2009, if this principle had been correctly applied, the consequences would have been as follows:

In the consolidated balance sheet:

- Accrued income and prepaid expenses: -CHF 33.5 million
- Intangible assets: +CHF 24.0 million
- Deferred tax assets: +CHF 0.4 million
- Deferred tax liabilities: -CHF 1.7 million
- Reserves: -CHF 4.0 million
- Non-controlling interests: -CHF 3.4 million

In the consolidated income statement:

- Personnel expenses: +CHF 17.7 million
- Depreciation and amortisation: -CHF 16.1 million
- Income tax expense: -CHF 0.3 million
- Result: +CHF 1.3 million
- Result attributable to non-controlling interests: +CHF 0.7 million
- Result attributable to shareholders of PubliGroupe Ltd: +CHF 0.6 million

Impact on basic and diluted earnings per share: +CHF 0.26

In the consolidated cash flow statement:

- Adjustments for non-cash items: +CHF 16.4 million
- Working capital changes: -CHF 2.7 million
- Cash flow from operating activities: +CHF 15.0 million
- Acquisitions of intangible assets: -CHF 15.0 million
- Cash flow from investing activities: -CHF 15.0 million

Impact on the segment: this error concerns only the segment "Search and Find" with the following consequences:

- Depreciation and amortisation: -CHF 16.1 million
- Operating result (EBIT): +CHF 1.6 million
- Income tax expense: -CHF 0.3 million
- Result: +CHF 1.3 million
- Result attributable to non-controlling interests: +CHF 0.7 million
- Result attributable to shareholders of PubliGroupe Ltd: +CHF 0.6 million

As a consequence, apart from primary financial statements, other schedules of the related notes have been restated. The impact on the restated total assets, total equity and result is not significant.

D) Basis of consolidation

All Group companies report as of the same balance sheet date using uniform accounting principles.

During 2010, the scope of consolidation was modified as follows:

Acquisition:

- 29 April 2010: acquisition of 75% interest in Instanz AG für Kommunikation. Since that point of time, the company is fully consolidated. See note 28.

Change in ownership percentages without change in control:

- 1 January 2010: increase from 67% to 100% interest in MediaConnect S.A. The company merged with pixedia S.A. in April 2010.
- 9 April 2010: decrease from 73% to 65% interest in PDM Media (India) Private Limited, Mumbai.
- 12 October 2010: increase from 95% to 100% interest in LTV Gelbe Seiten AG, which is owned by PubliDirect Holding AG. The Group's interest in the latter company being 51%, the Group's interest in LTV Gelbe Seiten AG changed from 48.45% to 51%. At the same time, LTV Gelbe Seiten AG merged with PubliDirect Holding AG which was then renamed in LTV Gelbe Seiten AG.

Disposal of associates:

- 8 February 2010: disposal of the entire 36.84% interest in the associate National Zeitung und Basler Nachrichten AG.
- 6 September 2010: disposal of the entire 41.38% interest in the associate Fantastic Zero GmbH.

Merger:

- 12 July 2010: Merger of DW-Holding GmbH, which owned the operational company Digital Window Ltd, London, with Zanox.de AG. The interest in DW-Holding GmbH was the same as the interest in Zanox.de AG, i.e. 47.5%.

During 2009, the consolidation scope was modified as follows:

Acquisition:

- 24 July 2009: In the purpose of buying the operational company Digital Window Ltd, London, PubliGroupe Ltd purchased 47.5% interest in DW-Holding GmbH for CHF 0.02 million in partnership with Axel Springer AG who purchased 52.5%. As of 5 October 2009, DW-Holding GmbH increased its equity in order to buy 50.1% interest in Digital Window Ltd. The total initial purchase price and the total capital increase that took place amounted to GBP 17.5 million. PubliGroupe's share in the increase of equity (47.5%) was CHF 14.8 million (GBP 8.3 million) and Axel Springer's share (52.5%) was GBP 9.2 million. In the purpose of permitting a later acquisition of the remaining 49.9% of the shares of Digital Window Ltd, a number of put and call options have been issued by the transaction parties. DW-Holding GmbH with its subsidiary Digital Window Ltd has been consolidated using the equity method as PubliGroupe only exercises a significant influence over this investment.

Changes in ownership percentages:

- 4 March 2009: increase from 40.75% to 41.05% interest in Fantastic Zero GmbH for EUR 0.1 million (CHF 0.1 million). A further increase in interest by 0.33% to 41.38% took place on 15 July 2009 for EUR 0.1 million (CHF 0.1 million). The company has still been consolidated using the equity method.
- 6 March 2009: PubliGroupe and Axel Springer, both partners in Zanox.de AG, have decided to give up the original plan of creating two entities that could be consolidated by each partner on a majority basis. As a result, the shareholding percentages in Zanox.de AG got adjusted to reflect the economic effects of the originally planned structure. PubliGroupe has increased its interests in Zanox.de AG by 7.5% to 47.5% (formerly 40.0%) for an amount of EUR 0.5 million (CHF 0.8 million). The company has still been consolidated using the equity method. In consequence, Axel Springer reduced its interest in Zanox.de AG to 52.5% (previously 60%).

Newly created company:

- 22 June 2009: creation of Publicitas China (HK) Advertising Ltd.

Disposal:

- 1 January 2009: disposal of 51% interest in Shanghai Publicitas City Media Advertising Co Ltd,
- 1 January 2009: disposal of 49% interest in Beijing Publicitas City Media Advertising Co Ltd,
- 20 January 2009: disposal of 100% interest in Stadtanzeiger AG,
- 27 March 2009: disposal of 35% interest in Aktiengesellschaft des Winterthurer Stadtanzeiger AG.

E) Consolidation principles

All intra-group balances in the accounts and intra-group transactions and unrealised gains and losses on transactions have been eliminated on consolidation. Unrealised gains and losses on transactions with associates have been eliminated in proportion to the Group's percentage share in the associate's equity.

Changes in the scope of consolidation (company acquisitions and disposals) are recognised from the date of the transfer of control or significant influence.

SUBSIDIARIES

All companies controlled by PubliGroupe are fully consolidated, irrespective of the share of equity held. Control is defined as the power to govern the financial and operating policies of a company.

Under full consolidation, assets, liabilities, income and expenses are recognised in their entirety and any non-controlling interests in the subsidiary's equity and result are indicated separately in the corresponding items of the consolidated balance sheet, the income statement and the statement of comprehensive income.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised.

ASSOCIATES

The equity method has been used to report all companies over which PubliGroupe exercises significant influence, but not control. Significant influence generally entails holding between 20% and 50% of voting rights and having one or more Group representatives on the Board.

In this case PubliGroupe's share of the net assets is recognised under "investments in associates" and its share in profit/loss under "share in result of associates" in the operating result (EBIT), due to the fact that the activities of these companies are complementary to those of PubliGroupe.

When PubliGroupe's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that PubliGroupe has incurred obligations or made payments on behalf of the associate.

In cases where significant influence already exists but control is not achieved in the acquisition of the additional interest, PubliGroupe applies the so called "partial step up approach", whereby goodwill is calculated on the incremental interest acquired as a residual after valuing the incremental share of identifiable net assets at fair value as per the date the additional interest is acquired. The cost of acquiring the additional interest is added to the carrying amount of the associate and goodwill arising on the purchase of additional interest is estimated using fair value at the date the additional interest is acquired. Negative goodwill is recognised immediately in the income statement.

Wherever the financial statements of associates have been prepared under different standards from those of the Group, they have been adjusted to comply with Group accounting principles.

In some cases, the financial statements of associates are estimates. The possible differences between the final figures and the estimates are recognised in the next reporting period.

Acquisitions and goodwill

ACQUISITIONS PRIOR 1 JANUARY 2004

Goodwill arising on acquisitions made before 1 January 2004, i.e. before the transition to the IFRS, was recognised in equity. This goodwill, in accordance with the exemption allowed under IFRS 1, has not been restated on transition to IFRS. As a result, it will not be recognised in the income statement when these companies are eventually sold.

ACQUISITIONS BETWEEN 1 JANUARY 2004 AND 1 JANUARY 2010

Acquired companies were consolidated from the effective date of acquisition, using the purchase method. Any difference between the acquisition cost and the Group's interest in the fair value of assets, liabilities and any identifiable contingent liabilities of the newly acquired company are recognised on the balance sheet as goodwill. Negative goodwill is recognised immediately in the income statement. After initial recognition, goodwill is stated at cost less any impairment loss.

ACQUISITIONS ON OR AFTER 1 JANUARY 2010

See section B).

Goodwill is tested for impairment at least once a year and more frequently if events or changed circumstances indicate that its carrying amount may have been impaired.

All goodwill is allocated, from its acquisition date, to cash-generating units.

Foreign currency

FOREIGN CURRENCY TRANSACTIONS

The functional currency of a group company is that of the economic environment in which it operates.

Transactions denominated in foreign currencies have been translated at the exchange rates applying when they took place. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rate in force at the balance sheet date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated at the exchange rate at the date values are determined. The resulting translation differences are recognised in the income statement.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

Balance sheet items in the accounts of foreign operations have been translated into Swiss francs (CHF), the reporting currency of PubliGroupe, at year-end rates. Income statement and cash flow items have been translated at the annual average exchange rate, which approximates the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income until the subsidiaries are divested.

Gains and losses due to the impact of exchange rate movements on loans considered to be net investments in foreign companies are recognised in equity. On disposal of a foreign operation, exchange differences recognised in equity are recognised in the income statement as part of the gain or loss on disposal. Gains and losses due to the impact of exchange rate movements on loans that do not qualify as net investments in foreign companies are recognised in the income statement.

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

Exchange rates		31.12.	31.12.	31.12.	31.12.
		2010	2009	2010	2009
		Average rates	Average rates	Closing date rates	Closing date rates
AUD	1	0.9529	0.8594	0.9528	0.9264
CAD	1	1.0043	0.9548	0.9381	0.9817
CNY	100	15.3560	15.8380	14.2000	15.0900
EUR	1	1.3698	1.5080	1.2512	1.4834
GBP	1	1.6016	1.6938	1.4516	1.6626
HKD	100	13.3640	13.9560	12.0377	13.2820
INR	1	0.0227	0.0223	0.0209	0.0221
SGD	1	0.7638	0.7452	0.7288	0.7348
USD	1	1.0384	1.0818	0.9357	1.0300

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including those that relate to transactions with any of the Group's other components. All operating segment's operating result are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As the Group's chief operating decision maker does review regularly neither assets and liabilities, nor capital expenditures at segment level, they are not presented in the segment reporting.

Segments results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire tangible and intangible assets other than goodwill.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and post office deposits and monetary investments with a maturity of less than three months from the date of acquisition.

Marketable securities

Most marketable securities held by the Group are listed and regularly traded. They have been designated as fair value through profit or loss so that the financial result will reflect their movements on the stock market. The changes in fair value are recognised in the income statement. These securities are not held for strategic reasons.

Accounts receivable

Receivables for deliveries of goods and services are stated at their amortised cost which generally corresponds to their nominal value less any impairment losses. Impairment losses are recognised on an individual basis, or on a portfolio basis, where there is objective evidence that impairment losses have been incurred. Collective impairment loss is measured either on the basis of past losses or using information provided by independent debt collectors. As long as an impairment loss remains merely probable, it is recorded in an allowance for doubtful receivables. Once it is realised, i.e. following bankruptcy, cessation of payments or lapse of time, the carrying amount of the asset concerned is reduced directly.

Prepaid expenses

This position includes payments made to the sales force in relation to products owned by third parties. They are not subscriber acquisition costs as they are encountered for the acquisition of contracts related to third parties products and thus costs incurred plus a margin will in the end be supported by product owners. Prepayment is derecognised when revenue related to this product is realised.

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than from continuing use. The asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Tangible assets

Tangible assets include investment and owner-occupied properties as well as other tangible assets. Investment properties consist of buildings and land (or parts of buildings and land) intended for leasing. Buildings or parts of buildings left vacant are treated as investment properties. The Group accounts for its investments properties in accordance with the cost model.

All tangible assets are stated at cost less accumulated depreciation and impairment losses. For all tangible assets, the component approach is applied. Each material component of a tangible asset is recognised separately at its acquisition cost and depreciated over its useful life, taking into account any residual value. Land is not depreciated.

Depreciation periods:

	Number of years
Land	not depreciated
Investment and owner-occupied buildings and parts of buildings	10 - 50
Fixtures	7 - 12
Furniture, office equipment, vehicles and computer equipment	3 - 5

The useful lives and residual values of tangible assets are reviewed at the end of each year.

Maintenance and repair costs are recognised directly as expenses in the income statement. Major renovations and improvements, however, are capitalised as parts of the building (investment or owner-occupied) and depreciated over their expected useful life when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Expenses for refurbishment of investment buildings are depreciated over their expected useful life or the remaining term of the lease, whichever is shorter.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of asset. The Group currently does not have any qualifying assets.

The fair value of investment property, indicated in the note on “tangible assets”, is based on its market return, as calculated by PubliGroupe’s real estate department. The rate of return applied is based on market terms and depends on each building’s location and condition.

Leases

Assets financed under leases, for which PubliGroupe assumes the risks and rewards from the property, are classified as finance leases. These are initially recognised on the balance sheet at the fair value of the assets leased or at the present value of minimum lease payments, whichever is the lower. Resulting financial obligations are recognised as a liability under financial debt. Lease payments are broken down into interest cost and debt repayments so as to arrive at a constant interest rate for the outstanding liability. Interest cost is recognised in the income statement. Assets are depreciated over the shorter of the term of the contract or the useful life of the asset estimated in compliance with normal Group practice for tangible assets. The assets are also tested for impairment when there is an impairment indicator.

Payments on operating leases are recognised as expenses on a straight-line basis over the entire life of the lease.

Intangible assets

Other than goodwill, the treatment of which is dealt with in paragraph “Acquisitions and goodwill” above, intangible assets mainly comprise software, customer lists, rights acquired from third parties and sales commissions paid.

Sales commissions paid recognised as intangible assets relate to the acquisition of three-year contracts and are depreciated when revenue is realised. These commissions are recognised as assets as they are incremental to the contracts acquisition (subscriber acquisition cost) and the customers have no cancellation right.

Intangible assets acquired in business combinations are recognised separately from goodwill if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated.

Expenditure on development activities is capitalised only if the product or process is technically and commercially feasible, the Group has sufficient resources to complete development and the probable economic future can be reliably demonstrated. In this respect, capitalisation applies only to expenditure incurred from the date such demonstration is made. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of the asset. The Group currently does not have any qualifying assets. PubliGroupe has capitalised some software developed in-house. Research costs are expensed as incurred.

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their expected useful life, i.e. between 3 and 15 years. The useful life and the amortisation method are both reviewed at the end of each year.

Other than goodwill, PubliGroupe has no intangible assets with an indefinite useful life.

Impairment of assets

At each balance sheet date, an assessment is carried out if there is reason to believe the recoverable amount of tangible assets, intangible assets (other than goodwill) and investments in associates may be lower than their carrying amount. Goodwill is tested annually for impairment, whether or not there is reason to believe it has declined in value.

The recoverable amount is the higher of the asset's fair value less costs to sell or its value in use. Value in use is obtained by discounting to present value the future estimated cash flows generated by the asset at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. When an asset generates no cash inflows that are largely independent from other assets, the value in use is calculated for the cash-generating unit to which the asset belongs. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss on goodwill cannot be reversed subsequently.

Available-for-sale securities

Available-for-sale securities include equity securities held by PubliGroupe for strategic reasons with the aim of maintaining a long-term investment (at least twelve months) in the company. These securities are initially measured at their fair value, including transaction costs. At each balance sheet date their fair value is determined and any change is recognised in other comprehensive income until the security is sold or its value is impaired. In this case, the amounts previously booked to other comprehensive income are recognised in the income statement. An impairment loss is recognised in the income statement if the fair value remains below the acquisition cost for more than twelve months or if there is a material diminution in value (more than 20% of the acquisition cost). Impairment losses on investments available-for-sale equity securities are not reversed through the income statement. All securities are recognised/derecognised on the date the Group commits to purchase/sell them.

The fair value of securities regularly traded on organized markets is taken as the market offer price at the balance sheet date. The fair value of securities with no actively traded market is determined using valuation techniques. These include comparison with recent transactions, reference to the current fair value of another substantially identical security or discounted cash flows.

Available-for-sale securities are presented with the financial assets. As from the date at which the management decides to sell an available-for-sale security, it is reclassified from financial assets to marketable and available-for-sale securities in current assets.

Financial assets

Financial assets presented as non-current assets in the balance sheet include:

- Available-for-sale securities (refer to section above)
- Loans to third parties
- Loans to associates
- Pension fund assets
- Derivative assets (refer to section on derivative financial instruments)

Loans are carried at amortised cost using the effective interest rate method. If there are objective reasons to believe that the value of a loan has been impaired, for instance if the borrower is in serious financial difficulties or fails to meet contractual scheduled payments, the difference between carrying amount and the present value of estimated future cash flows is recognised in the income statement.

Pension plan assets include the fair value of any uncommitted surpluses in employer's foundations and contribution reserves available in the pension funds.

Financial debt

Short-term debt comprises:

- Bank debt
- Current portion of long-term debt
- Current portion of finance leases

Long-term debt comprises:

- Long-term loans
- Contingent consideration
- Liabilities resulting from unexercised options (share option plan)
- Long-term portion of finance leases
- Other long-term debt
- Derivative liabilities (refer to section on derivative financial instruments)

The fair value of contingent consideration is measured using the risk-free interest rate for the currency in which the debt is denominated plus a risk premium.

Financial liabilities are recognised initially at fair value, less attributable transaction costs. They are subsequently stated at amortised cost using the effective interest rate method. They are derecognised as they expire.

Derivative financial instruments, including cash flow hedge accounting

The Group designates and documents certain derivatives as hedging instruments against variability in cash flows attributable to interest risk associated with some of its bank loan agreements. The effectiveness of such hedges is demonstrated at inception and verified at regular intervals, at least every six months, using prospective and retrospective testing.

Derivatives are recognised initially at fair value; attributable costs are expensed as incurred. Subsequently, derivatives are measured at fair value, and changes therein are accounted for as described below.

When a derivative is used to hedge of the variability in cash flows as described above, the portion of any change in fair value that is an effective hedge is recognised in other comprehensive income (hedging reserve) and any remaining ineffective portion is recognised in the financial result. The amount recognised in other comprehensive income is removed and included in the profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item.

The hedging relationship comes to an end when the criteria for hedge accounting are no longer met and when the hedging instrument expires or is sold, terminated, exercised, or the designation is revoked. The amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, then the amount recognised in other comprehensive income is recognised immediately in profit or loss.

If a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

Provisions

Provisions are recognised:

- when the Group has a present obligation (legal or constructive) as a result of a past event,
- when it is probable that resources will have to be used to settle the obligation, and
- when a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liabilities.

Provisions for restructuring plans or agreements and termination benefits are booked in the income statement for the year in which the projects were approved and announced by the Group, raising a valid expectation that they would be carried out. This includes plans for staff reductions, streamlining of services or the restructuring or abandonment of particular activities and early retirement plans. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract by the Group are lower than the unavoidable costs of meeting its obligations under the contracts. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract.

Treasury shares

Treasury shares are deducted from consolidated equity at their acquisition cost. Proceeds from their subsequent sale are recognised directly in equity.

Revenue and recognition of income

Revenue includes all proceeds from the sale of advertising and provision of related services after deducting contractual volume discounts or other agreed price reductions.

Proceeds from the sale of advertising space and related services are recognised as of publication date. Proceeds from the sale of computer software programs are recognised by the percentage of completion method. The percentage of completion is determined by the use of the method "survey of work performed".

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established.

Employee benefits

The employee benefit plans (retirement, invalidity or death) offered by Group companies comply with local laws in the countries concerned.

DEFINED BENEFIT PLANS

In Switzerland (around 73% of Group employees) nearly all companies are affiliated to the PubliGroupe pension plan. This is funded by a mix of employee and employer contributions and classified as a defined benefit plan under IAS 19. The net annual expenses of this plan are therefore based on the plan's actuarial value which is calculated by an independent actuary using the projected unit credit method. Any under-funding is recognised on the balance sheet as a liability. Where the calculation results in a benefit to the Group, the recognised asset is limited to the total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefits is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Actuarial gains and losses arise mainly from changes to actuarial assumptions or differences between the actuarial assumptions and what actually occurs. Actuarial gains and losses are recognised to the extent that they exceed 10 percent of the higher of the defined benefit obligation and the fair value of the plan assets (the corridor). The amount exceeding this corridor is amortised over the expected average working lives of the employees participating in the plan. Otherwise the actuarial gain or loss is not recognised.

DEFINED CONTRIBUTION PLANS

All companies that are not affiliated to the PubliGroupe pension plan have plans classified as defined contribution plans under IAS 19. Expenses under these plans are recognised in the income statement as they accrue. For instance, in the USA joining a pension plan is in principle voluntary with, in some cases, a contribution from the employer. These are pure savings schemes with no guaranteed return. In many European countries (including Germany and France) professional pension plans are an integral part of the state social security system.

OTHER EMPLOYEE BENEFITS

Various employee benefits (e.g. jubilee benefits or long-service awards on retirement) are also the subject of actuarial calculations by an independent actuary and are recognised in the balance sheet under provisions. Any actuarial gains or losses are, in this case, immediately recognised in the income statement.

EMPLOYER'S FOUNDATIONS

The Group has three employer's foundations. Part of the assets of these foundations is used exclusively to enhance retirement pensions. No statutory contributions are paid by either employer or employee, benefits being funded entirely from the foundation's assets and the return on these assets. Assets in the foundations are reported at fair value. Liabilities are calculated at their actuarial value by an independent actuary using the projected unit credit method.

Total assets net of all liabilities are recognised under "financial assets". These assets are used to provide extra benefits for employees (other than the retirement pensions). The return on these assets is recognised under the financial result and benefits paid out are recognised under personnel expenses.

Share-based payments (share and option plans)

SHARE-BASED PAYMENT PLAN OF PUBLIGROUPE LTD EMPLOYEES

The beneficiaries of the employee share-based payment plan are employees with at least one year service and a current employment contract. They do not benefit from any other share-based payment plan. The subscription price for each share is set at 70% of the share's average market price over the twenty days following the announcement of the previous year's results, but must be at least the nominal value plus 50%. The vesting period is 18 days. The number of shares awarded varies according to the employee's position in the company, up to a maximum of twenty shares per person. The shares are held in escrow for a period of three years. The shares to be awarded come from increases in share capital in accordance with a resolution approved at the general meeting of 30 May 2000, authorising the creation of conditional share capital.

The difference between the fair value of shares at grant date and the purchase price for each share is recognised as a personnel expense with a corresponding increase in equity.

SHARE-BASED PAYMENT PLAN OF PUBLIGROUPE LTD KEY MANAGEMENT

The current key management personnel share purchase plan replaced the previous option plan which ran between 1997 and 2001. Under the plan, key management personnel can reinvest part of their bonus in PubliGroupe shares on the same preferential terms as those set for the employee share-based payment plan. The accounting treatment is the same as that for the employee share-based payment plan of PubliGroupe Ltd.

OPTION PLAN

The option plan has now been superseded by the key management personnel share-based payment plan (see above). Five sets of options were granted between 1997 and 2001 of which one remains outstanding at year end. These options can be exercised during a six-year period following an initial four-year vesting period. Each option entitles the holder to acquire one PubliGroupe Ltd share at a fixed exercise price. Options are covered by treasury shares held by PubliGroupe. Employees can also take the difference between the exercise price and the market price at the time the option is exercised in cash (cash settlement). Options are carried at their fair value using the binomial model based on the terms and conditions set when they were granted. Liabilities resulting from unexercised options are recognised as long-term debt on the balance sheet at their fair value. Changes in this debt are recognised under personnel expenses.

SHARE-BASED COMPENSATION OF THE BOARD OF DIRECTORS

The variable portion of compensation for PubliGroupe's Board of Directors is settled in shares (equity settlement) valued at market price. Associated costs are recognised in the income statement under "general and administrative expenses".

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition or the construction of a qualifying asset are recognised as an expense for the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. The Group currently does not have any qualifying assets.

Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The following temporary differences are not accounted for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using local tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. Segment reporting

PubliGroupe is organized on a worldwide basis into five business segments. The business segments offering different types of services and products are active in various markets and reach different types of clients. They are managed separately because they require different types of marketing strategies.

The Chief Operating Decision Maker (CODM) as defined by IFRS 8 is represented by the Executive Committee of PubliGroupe Ltd. The CODM evaluates the segment performance based on the EBIT and the result attributable to the shareholders of the Group. The internal reporting is based on the same accounting principles as the ones described above in basis of presentation. The inter-segment revenues are made at market price.

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».

In order to reflect these changes, the comparative period has been restated. The major financial effects of these reclassifications in 2009 concerned total revenue. Revenue of “Corporate and others” and “Media Sales” decreased by respectively CHF 22.4 million and CHF 3.6 million and revenue of “Digital & Marketing Services” increased by CHF 7.2 million, thus reducing the inter-segment eliminations by CHF 18.8 million. The significant changes in “Corporate and others” and in eliminations are due to pixedia S.A. which works mainly for the segment “Media Sales”. Its revenue is now eliminated within the segment “Media Sales”. The effects on segment results are not material.

The reportable segments are the following:

“Search & Find” is active in Switzerland and France. It produces and sells instruments facilitating the search for persons, companies, products and services. The printed and interactive directories are the foundation of the Search & Find platform. This platform is supplemented by offers of additional services such as leisure, guides and classified.

“Media Sales” offers all media sales activities (print, electronic, digital & interactive media) in Switzerland and abroad. It is based on partnerships with the media established now for many years. All activities of Media Sales are deployed under the unique “Publicitas” brand.

“Custom Publishing” offers means of communication tailored to the needs of airlines (in-flight magazines, on board advertising, films, e-publishing) and also for brand and service companies (such as customer magazines for the finance, luxury goods, hotel and tourist industries).

“Digital & Marketing Services” brings together an international and interactive marketing services portfolio for advertising customers and agencies, including consultancy for the development and implementation of efficient communication and media strategies as well as online marketing platforms deploying access to a wide range of marketing channels. Furthermore, complex e-business solutions and web consulting projects form part of the portfolio.

“Corporate and Others” includes the Group general management costs, corporate support to develop new activities, real estate management and companies that fall outside the four other operating segments. The interests in publishing houses in Switzerland are also reported in this segment.

2010

in millions of CHF

	Search & Find	Media Sales	Custom Publishing	Digital & Marketing Services	Corporate and others	Eliminations	Total
Revenue from third parties	136.4	1'171.0	19.5	143.0	4.3	-	1'474.2
Inter-segment revenue	0.4	2.8	0.8	3.7	6.9	(14.6)	-
Total revenue	136.8	1'173.8	20.3	146.7	11.2	(14.6)	1'474.2
Gross margin	98.0	186.2	9.0	52.3	10.1	(10.3)	345.3
EBITDA	32.6	6.5	(2.1)	2.4	5.4	-	44.8
Depreciation and amortisation	(16.6)	(4.3)	(0.7)	(2.1)	(2.4)	-	(26.1)
Impairment loss	(0.2)	(1.8)	-	-	-	-	(2.0)
Share in result of associates	11.9	0.1	-	1.5	2.4	-	15.9
Operating result (EBIT)	27.7	0.5	(2.8)	1.8	5.4	-	32.6
Interest income	0.2	0.3	-	-	1.5	(0.7)	1.3
Interest expenses	(0.2)	(0.1)	-	(0.2)	(3.9)	0.7	(3.7)
Other financial results	-	0.1	-	1.6	24.6	-	26.3
Financial result	-	0.3	-	1.4	22.2	-	23.9
Result before income tax	27.7	0.8	(2.8)	3.2	27.6	-	56.5
Income tax expense	(5.2)	0.4	(0.1)	(0.6)	(1.7)	-	(7.2)
Result	22.5	1.2	(2.9)	2.6	25.9	-	49.3
Result attributable to:							
- Non-controlling interests	6.5	0.2	-	-	-	-	6.7
- Shareholders of PubliGroupe Ltd	16.0	1.0	(2.9)	2.6	25.9	-	42.6
Number of employees at the end of the period	532	1'289	84	385	59	-	2'349

2009 (restated)

in millions of CHF

	Search & Find	Media Sales	Custom Publishing	Digital & Marketing Services	Corporate and others	Eliminations	Total
Revenue from third parties	130.1	1'291.1	23.2	161.0	3.7	-	1'609.1
Inter-segment revenue	0.7	1.2	1.4	1.8	4.9	(10.0)	-
Total revenue	130.8	1'292.3	24.6	162.8	8.6	(10.0)	1'609.1
Gross margin	101.0	199.4	9.9	50.7	7.3	(6.2)	362.1
EBITDA	44.1	(22.8)	(2.3)	5.7 *	0.9	-	25.6
Depreciation and amortisation	(18.0)	(5.9)	(0.7)	(1.9)	(2.6)	-	(29.1)
Impairment loss	(5.5)	-	(2.7)	-	-	-	(8.2)
Share in result of associates	11.2	0.1	-	4.2	(6.7)	-	8.8
Operating result (EBIT)	31.8	(28.6)	(5.7)	8.0 *	(8.4)	-	(2.9)
Interest income	0.6	1.5	-	-	0.6	(1.0)	1.7
Interest expenses	(0.3)	(0.1)	-	(0.3)	(6.6)	1.0	(6.3)
Other financial results	-	(1.0)	0.1	-	2.2	-	1.3
Financial result	0.3	0.4	0.1	(0.3)	(3.8)	-	(3.3)
Result before income tax	32.1	(28.2)	(5.6)	7.7 *	(12.2)	-	(6.2)
Income tax expense	(6.6)	4.7	-	-	(1.2)	-	(3.1)
Result	25.5	(23.5)	(5.6)	7.7 *	(13.4)	-	(9.3)
Result attributable to:							
- Non-controlling interests	10.8	0.1	-	0.1	-	-	11.0
- Shareholders of PubliGroupe Ltd	14.7	(23.6)	(5.6)	7.6 *	(13.4)	-	(20.3)
Number of employees at the end of the period	590	1'509	100	339	80	-	2'618

* Including the negative goodwill of CHF 4.0 million arising on the increase of interest in Zanox.de AG (from 40.0% to 47.5%).

2. Geographic areas of operations

The Group is operating mainly in Switzerland; and to a minor extent in the rest of Europe and in some other areas (such as Hong Kong, India, Canada and USA). All products and services are provided in each of these geographical areas. Revenue is allocated to the different geographical areas based on where services are billed and assets based on their location. There is no country either in the Europe area or in the other areas which is significant enough to be disclosed of separately.

2010

in millions of CHF

	Switzerland	Europe (except Switzerland)	Other areas	Eliminations	Total
Revenue from third parties	1'147.9	228.4	97.9	-	1'474.2
Inter-segment revenue	16.7	1.7	3.0	(21.4)	-
Total revenue	1'164.6	230.1	100.9	(21.4)	1'474.2
Tangible assets	87.5	1.3	0.8	-	89.6
Intangible assets	40.7	14.9	3.3	-	58.9
Investments in associates	101.7	131.0	-	-	232.7
Total	229.9	147.2	4.1	-	381.2

2009 (restated)

in millions of CHF

	Switzerland	Europe (except Switzerland)	Other areas	Eliminations	Total
Revenue from third parties	1'265.8	256.1	87.2	-	1'609.1
Inter-segment revenue	18.4	3.3	2.0	(23.7)	-
Total revenue	1'284.2	259.4	89.2	(23.7)	1'609.1
Tangible assets	97.1	1.9	1.1	-	100.1
Intangible assets	37.3	20.1	3.8	-	61.2
Investments in associates	95.5	160.3	-	-	255.8
Total	229.9	182.3	4.9	-	417.1

3. Major customers

There is no single customer that represents more than 10% of the Group's total revenue.

4. Cash and cash equivalents

in millions of CHF

	2010	2009
Cash in CHF	64.1	21.0
Cash in EUR	15.9	16.1
Cash in GBP	1.0	1.1
Cash in USD	8.3	9.7
Cash in HKD	3.2	2.8
Cash in CNY	3.5	1.8
Cash in other foreign currencies	6.6	5.5
Total	102.6	58.0

The cash and cash equivalents are composed of bank current accounts of CHF 102.0 million (2009: CHF 55.3 million) and short-term deposits with a maturity of less than three months of CHF 0.6 million (2009: CHF 2.7 million).

There are no restrictions on availability of cash.

5. Marketable and available-for-sale securities

in millions of CHF

	2010	2009
Tamedia AG	14.2	11.1
Other securities	1.1	1.1
Marketable securities	15.3	12.2
Edipresse SA	-	53.6
Available-for-sale securities	-	53.6
Total	15.3	65.8

All marketable securities held are denominated in CHF. The increase in Tamedia AG securities is due to the rise in market price which offset the sale of 23% of the shares owned by PubliGroupe.

The decrease in Edipresse SA is due to the disposal of the securities (see note 23). In 2009, the increase in this position was due to the reclassification of Edipresse securities, which are traded in the Main Standard of SIX Swiss Exchange, to current assets.

6. Accounts receivable

in millions of CHF

	2010	2009
Third parties	230.8	252.2
Associates and other related parties	3.1	1.9
Trade receivables (gross)	233.9	254.1
Allowance for doubtful receivables	(7.2)	(8.1)
Trade receivables (net)	226.7	246.0
Other receivables	16.3	55.2
Total	243.0	301.2

Associates and other related parties comprise receivables from Swisscom Directories AG and Zanox.de AG.

The decrease in other receivables is due to the payment of the loan granted to an editor (CHF 38.4 million) which had been reclassified in 2009 as current assets.

6.1 Changes in the allowance for doubtful receivables

in millions of CHF

	2010	2009
Balance as of 1 January	(8.1)	(8.0)
Translation differences	0.3	-
Use	0.4	0.2
Increase	(1.2)	(2.7)
Release	1.4	2.4
Balance as of 31 December	(7.2)	(8.1)

6.2 Ageing of trade receivables

in millions of CHF

	2010		2009	
	Gross	Allowance	Gross	Allowance
Not past due	157.0	(1.3)	175.3	(1.8)
Past due less than 3 months	63.3	(2.7)	64.7	(2.4)
Past due between 3 and 6 months	6.2	(1.3)	7.0	(1.4)
Past due between 6 months and one year	4.2	(0.5)	3.6	(0.6)
Past due more than one year	3.2	(1.4)	3.5	(1.9)
Total	233.9	(7.2)	254.1	(8.1)

On the basis of past experience, the Group sees no need for further allowances for receivables that are not yet due or impaired. Internal rules state that limits to credit facilities should, in general, depend on information about the client concerned, obtained either from external agencies or from the company's own knowledge of the client and the market. No significant debtor has been individually impaired.

7. Accrued income and prepaid expenses

in millions of CHF

2010
2009
Restated

Accrued income	7.2	9.0
Prepaid expenses	43.4	38.2
Total	50.6	47.2

Prepaid expenses include payments of CHF 17.9 million (2009: CHF 15.1 million) made to the sales force in relation to the acquisition of contracts for third parties.

8. Changes in tangible assets

2010

in millions of CHF

	Investment properties	Owner-occupied properties	Fixtures	Furniture, office equipment, vehicles	Computer equipment	Total
Cost						
as of 1 January	72.5	46.3	14.0	12.6	14.6	160.0
Additions	-	0.4	0.9	0.8	1.5	3.6
Disposals	(0.1)	-	(0.5)	(3.2)	(3.0)	(6.8)
Transfers	7.4	(7.4)	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	0.1	0.1
Reclassification as assets held for sale	(6.8)	(2.5)	-	-	-	(9.3)
Translation differences	-	-	(0.2)	(0.3)	(0.4)	(0.9)
as of 31 December	73.0	36.8	14.2	9.9	12.8	146.7
Accumulated depreciation and impairment loss						
as of 1 January	(19.8)	(16.0)	(4.8)	(7.6)	(11.7)	(59.9)
Depreciation	(1.4)	(0.5)	(1.7)	(2.0)	(1.9)	(7.5)
Disposals	0.1	-	0.4	2.7	3.0	6.2
Transfers	(2.6)	2.6	-	-	-	-
Reclassification as assets held for sale	2.5	0.9	-	-	-	3.4
Translation differences	-	-	0.1	0.3	0.3	0.7
as of 31 December	(21.2)	(13.0)	(6.0)	(6.6)	(10.3)	(57.1)
Carrying amount as of 1 January	52.7	30.3	9.2	5.0	2.9	100.1
Carrying amount as of 31 December	51.8	23.8	8.2	3.3	2.5	89.6
Insured value						192.8

Supplementary information relating to investment properties

Fair value	96.7
Rent collected	6.1
Operating expenses of rented properties	(0.6)
Operating expenses of vacant properties	-

The main changes in 2010 relate to the reclassification of a property, both owner-occupied and investment, as asset held for sale as of 30 June 2010. As of 31 December 2010, this property has been sold (see note 34).

As of 31 December 2010 (as in 2009), there are no capital commitments for acquisition of property, plant and equipment.

2009

in millions of CHF

	Investment properties	Owner-occupied properties	Fixtures	Furniture, office equipment, vehicles	Computer equipment	Total
Cost						
as of 1 January	90.6	47.3	13.6	16.0	17.5	185.0
Additions	-	3.4	3.1	1.3	1.1	8.9
Disposals	(11.5)	(1.3)	(2.7)	(4.7)	(4.0)	(24.2)
Transfers	3.1	(3.1)	-	-	-	-
Reclassification as held for sale	(9.7)	-	-	-	-	(9.7)
as of 31 December	72.5	46.3	14.0	12.6	14.6	160.0
Accumulated depreciation and impairment loss						
as of 1 January	(24.7)	(15.7)	(5.2)	(9.2)	(12.5)	(67.3)
Depreciation	(1.4)	(0.6)	(1.5)	(2.4)	(3.2)	(9.1)
Disposals	3.4	-	1.9	4.0	4.0	13.3
Transfers	(0.3)	0.3	-	-	-	-
Reclassification as held for sale	3.2	-	-	-	-	3.2
as of 31 December	(19.8)	(16.0)	(4.8)	(7.6)	(11.7)	(59.9)
Carrying amount as of 1 January	65.9	31.6	8.4	6.8	5.0	117.7
Carrying amount as of 31 December	52.7	30.3	9.2	5.0	2.9	100.1
Insured value						219.1

Supplementary information relating to investment properties

Fair value	96.1
Rent collected	6.3
Operating expenses of rented properties	(0.6)
Operating expenses of vacant properties	-

The main changes in 2009 related, on the one hand, to the sale of an investment property (carrying amount of CHF 9.4 million) (see note 22) and, on the other hand, to the reclassification of another investment property (CHF 6.5 million) as asset held for sale (see also note 34), both in PubliGroupe Ltd.

9. Intangible assets

9.1 Changes in intangible assets

2010

in millions of CHF

	Goodwill	Intangible assets developed internally	Other intangible assets	Total
Cost				
as of 1 January	72.9	0.4	103.8	177.1
Additions	-	1.1	13.2	14.3
Disposals	(0.2)	-	(30.1)	(30.3)
Changes in the scope of consolidation	4.5	-	3.0	7.5
Translation differences	(3.7)	-	(1.9)	(5.6)
as of 31 December	73.5	1.5	88.0	163.0
Accumulated amortisation and impairment loss				
as of 1 January	(44.7)	-	(71.2)	(115.9)
Amortisation	-	(0.2)	(18.4)	(18.6)
Impairment loss	(2.0)	-	-	(2.0)
Disposals	-	-	30.1	30.1
Translation differences	1.4	-	0.9	2.3
as of 31 December	(45.3)	(0.2)	(58.6)	(104.1)
Carrying amount as of 1 January	28.2	0.4	32.6	61.2
Carrying amount as of 31 December	28.2	1.3	29.4	58.9

2009 (restated)

in millions of CHF

	Goodwill	Intangible assets developed internally	Other intangible assets	Total
Cost				
as of 1 January	73.9	-	117.0	190.9
Additions	-	0.4	15.8	16.2
Disposals	(1.2)	-	(29.1)	(30.3)
Translation differences	0.2	-	0.1	0.3
as of 31 December	72.9	0.4	103.8	177.1
Accumulated amortisation and impairment loss				
as of 1 January	(36.7)	-	(80.3)	(117.0)
Amortisation	-	-	(20.0)	(20.0)
Impairment loss	(8.2)	-	-	(8.2)
Disposals	0.2	-	29.1	29.3
as of 31 December	(44.7)	-	(71.2)	(115.9)
Carrying amount as of 1 January	37.2	-	36.7	73.9
Carrying amount as of 31 December	28.2	0.4	32.6	61.2

As of 31 December 2010, there are no capital commitments for acquisition of intangible assets (2009: nil).

In 2010, research and development costs of CHF 3.5 million (2009: CHF 8.3 million) were recognised as an expense.

9.2 Impairment test of goodwill

Goodwill is allocated to the following cash-generating units (CGUs):

in millions of CHF	Carrying amount of goodwill		Assumptions			
			Growth rate of revenue		Pre-tax discount rate	
	as of 31.12.2010	as of 31.12.2009	as of 31.12.2010	as of 31.12.2009	as of 31.12.2010	as of 31.12.2009
Publicitas Cinecom & Media AG	5.1	6.1	-33%	13%	15%	13%
Publicitas Radiotele AG	-	0.8	-	3%	-	14%
Mediascope Publicitas (India) Private Ltd	1.4	1.5	14%	7%	19%	20%
Publicitas APR Inc.	1.2	1.5	3%	8%	16%	16%
ATB-Bégécom SAS	-	0.2	-	15%	-	18%
SVBmedia Group B.V.	11.4	13.6	5%	8%	13%	13%
Denon Group	4.0	4.0	10%	4%	14%	14%
Instanz AG für Kommunikation	4.5	-	16%	N/A	13%	N/A
Other companies	0.6	0.5	-	-	-	-
Total	28.2	28.2				

Goodwill recognised in the balance sheet was subject to an annual impairment test in the final quarter of 2010. The recoverable amount of each cash-generating unit (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 the 2011 budget and on cash flow forecasts for 2012-2015 approved by the management. Growth assumptions are based on market expectations and on measures taken in accordance with Group strategy. Growth rates disclosed above are annual compound rates based on cash flow forecasts 2011-2015. Cash flow estimates beyond 2015 assume zero growth.

The result of these impairment tests was the following:

For ATB-Bégécom SAS and Publicitas Radiotele AG, the discounted forecast cash flows did not cover the carrying amount. Therefore, for the remaining carrying amount of goodwill of CHF 0.2 million for ATB-Bégécom SAS and of CHF 0.8 million for Publicitas Radiotele AG, an impairment loss had to be recognised. For Publicitas Radiotele AG, the impairment loss of CHF 0.8 million had already been recognised in the interim consolidated financial statements as of 30 June 2010.

As regards Publicitas Cinecom & Media AG, an impairment loss of CHF 1.0 million had to be recognised as of 30 June 2010 resulting from the impairment test updated in June 2010. According to the impairment test performed in November 2010 (as described above), the recoverable amount of the CGU is higher than its carrying amount. Therefore, no additional impairment loss had to be recognised. The negative growth rate of -33% indicated in the table above is due to the loss of a major contract as from 2011.

These impairment losses reflect the fact that sales envisaged at the time of the acquisitions are not achievable in the short-term.

As regards the other goodwill, the recoverable amounts of the CGUs are higher than their carrying amounts. As a result, no impairment loss recognition was necessary.

In 2009, the result of the impairment tests performed in the final quarter was the following:

For ATB-Bégécom SAS and Denon Group, the discounted forecast cash flows did not cover the carrying amount. Therefore, an impairment loss of CHF 5.5 million for ATB-Bégécom SAS and of CHF 2.7 million for Denon Group had to be recognised. For ATB-Bégécom SAS, an impairment loss of CHF 2.5 million had already been recognised in the interim consolidated financial statements as of 30 June 2009. An additional impairment loss of CHF 3.0 million was recognised due to the impairment test carried out in the final quarter of 2009.

As regards the other goodwill, the recoverable amounts of the CGUs were higher than their carrying amounts. As a result, no impairment loss recognition was necessary.

A change in the assumptions made for the calculation of the recoverable amount of the CGU as of the reporting date would have the following impact:

Sensitivity analysis	Change in growth rate of revenue in order for carrying amount to equal recoverable amount		Goodwill reserve (or impairment loss) with an increase of 1% of discount rate	
	as of 31.12.2010	as of 31.12.2009	as of 31.12.2010	as of 31.12.2009
in millions of CHF				
Publicitas Cinecom & Media AG	-2%	-3%	1.0	5.1
Publicitas Radiotele AG	-	-2%	-	1.1
Mediascope Publicitas (India) Private Ltd	-3%	-1%	1.6	0.2
Publicitas APR Inc.	0%	-2%	0.1	1.1
ATB-Bégécom SAS	-	2%	-	(3.3)
SVBmedia Group B.V.	-4%	-2%	8.8	4.7
Denon Group	-1%	1%	0.8	(3.0)
Instanzen AG für Kommunikation	-2%	N/A	1.5	N/A

The above analysis is to be considered after the impairment losses of CHF 2.0 million recognised as of 31 December 2010.

For all the CGUs, the change in growth rate that would lead the recoverable amounts of the CGU's to equal the carrying amount ranges between -0.4% and -4%. With an increase of the discount rate by 1%, the recoverable amounts of the CGUs would still exceed the carrying amount between CHF 0.1 million and CHF 8.8 million.

10. Investments in associates

in millions of CHF

2010 2009

Share of the associates' balance sheets

Assets	309.5	275.8
Liabilities	(176.6)	(139.1)
Equity	132.9	136.7
Goodwill	99.8	119.1

Investments in associates **232.7** **255.8**

Share in result of associates

Revenue	374.6	344.7
Result	15.9	8.8

PubliGroupe has investments of between 20% and 50% in a number of unlisted companies active in the sale of advertising space and media publishing in Switzerland and abroad. Transactions with associates are at market terms.

Publicitas S.A. has exclusive agreements with several associates or their subsidiaries (see section "Corporate and Others" in note 1) to sell their advertising space.

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 22),
- disposal of 41.38% interest in Fantastic Zero GmbH (see note 22),
- acquisition by the associate Digital Window Ltd of 100% interest in Perfilliate Ltd who is active on the British market under the brand name "Buy at" (see note 11),
- merger of Zanox.de AG with DW-Holding GmbH,
- dividend received CHF 14.2 million (see note 27).

In 2009, the changes in investments in associates were as follows:

- acquisition: 47.5% in DW-Holding GmbH (see note 29),
- increase in ownership: 7.5% in Zanox.de AG (see note 29),
- increase in ownership in Fantastic Zero GmbH (see note 29),
- disposals: Beijing Publicitas City Media Advertising Co. Ltd and Aktiengesellschaft des Winterthurer Stadtanzeiger,
- reclassification: National Zeitung und Basler Nachrichten AG was reclassified as Assets held for sale further to the decision of the Board of Directors to dispose of this associate (see note 34),
- dividend received: CHF 64.5 million (see note 27).

See also point D) Basis of consolidation.

As of 31 December 2010, the goodwill related to associates decreased by CHF 19.3 million mainly due to the exchange rate variation of the EUR (decrease of CHF 18.5 million). The disposal of Fantastic Zero GmbH decreased this position by CHF 0.8 million. As of 31 December 2009, the goodwill related to associates decreased by CHF 10.1 million further to the decrease of contingent consideration payable for the acquisition of Zanox.de AG.

11. Financial assets

in millions of CHF	2010	2009
Available-for-sale securities	12.9	10.4
Loans to third parties	28.4	4.0
Loans to associates	3.1	0.1
Allowance for doubtful loans	(1.1)	(1.1)
Uncommitted net assets of employer's foundations	10.9	10.9
Contribution reserves available in employee benefit plans	0.5	0.5
Total	54.7	24.8

The increase in 2010 in Available-for-sale securities is due to the acquisition in June of 7.5% interest in Rhône-Media S.A. See note 31. As of 31 December 2010, the purchase price equals the fair value. In 2009, the decrease of this position was due to the reclassification of Edipresse securities as current assets.

The available-for-sale securities also include Xiamen City Media Tongren Advertising Co. Ltd («City Media») securities for CHF 5.8 million (2009: CHF 5.9 million) and Xi'an Huashang Interactive Media Co. Ltd («Huashang») securities for CHF 4.1 million (2009: CHF 4.3 million). Those securities have been evaluated at the fair value using the discounted cash flow method. This method was considered as the most reliable one in the absence of quotation. The discounted cash flows are based on the five-year financial forecast provided by the company using a discount rate of 16.7% (2009: 18.7%) for both companies. For City Media, the average growth of the plan is 20.3% (2009: 16.8%). An increase of 1% of the discount rate would have an effect on the fair value of CHF 0.3 million (2009: CHF 0.3 million). For Huashang, the average growth of the plan is 13.1% (2009: 22.7%). An increase of 1% of the discount rate would have an effect on the fair value of CHF 0.2 million (2009: CHF 0.2 million). In 2010, the fair value of the securities of City Media increased by CHF 0.2 million and the securities of Hushang by CHF 0.1 million. However, this increase in fair values has been offset by the exchange rate decrease by CHF 0.4 million for City Media and CHF 0.2 million for Hushang.

The increase in loans to third parties is mainly due the fact that the consideration received in exchange of the disposal of the Edipresse SA securities was partly cash and partly in the form of a loan with a maturity in June 2013. This loan is secured by Edipresse shares. In 2009, the decrease in this position was due to the reclassification as other receivables of a loan granted to an editor (CHF 38.4 million). This loan was repaid during the first half of 2010. See also note 6. Loans to third parties have due dates ranging from one to five years (2009: from one to six years). All the loans are denominated in Swiss francs. The interest rates are between 2.4% and 3.8% (2009: between 2.4% and 5%).

The increase in loans to associates is 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 Perfiliate Ltd by Digital Window Ltd. In 2009, this position decreased due to the reimbursement of CHF 11.1 million.

The position of uncommitted net assets of employer's foundations did not significantly change in 2010. In 2009, the decrease of CHF 1.2 million was mainly due to the use of the employer's foundations to finance a portion of the termination benefits (CHF 2.6 million) offset by the increase of the market value of the assets (CHF 1.4 million).

Changes in the allowance for doubtful loans

in millions of CHF	2010	2009
Balance as of 1 January	(1.1)	(2.1)
Translation differences	-	-
Use	-	1.0
Balance as of 31 December	(1.1)	(1.1)

12. Income tax expense

12.1 Deferred taxes

in millions of CHF	2010	2009 Restated
Deferred tax assets relating to temporary differences and tax loss carryforwards		
Tax loss carryforwards	5.8	4.8
Current assets	1.1	1.4
Non-current assets	0.1	0.1
Current liabilities	0.6	0.8
Non-current liabilities	1.7	2.0
Total	9.3	9.1
Deferred tax liabilities relating to temporary differences		
Current assets	(5.3)	(4.2)
Non-current assets	(7.5)	(7.9)
Accounts payable	(2.0)	(2.1)
Accrued expenses and deferred income	(0.8)	(0.9)
Long-term provisions	(0.5)	(0.6)
Total	(16.1)	(15.7)
Deferred taxes, net	(6.8)	(6.6)
Thereof recognised in the balance sheet as deferred tax assets	8.3	7.6
Thereof recognised in the balance sheet as deferred tax liabilities	(15.1)	(14.2)
Deferred taxes, net	(6.8)	(6.6)

Comparative figures 2009 have been restated according to IAS 8 (see section C). The effect of this restatement was a net reduction of CHF 2.1 million. This resulted from an increase of the deferred tax assets on current assets by CHF 0.9 million, an increase of the deferred tax liabilities on non-current assets by CHF 5.3 million and a decrease of the deferred tax liabilities on current assets by CHF 6.5 million.

Deferred tax assets and liabilities are netted in any legal entity where a legally enforceable netting right applies. The figures for deferred tax assets or liabilities, after set off, are presented in the consolidated balance sheet in accordance with the table above.

Transactions recognised in other comprehensive income did not give rise to deferred taxes. These transactions basically comprised adjustments to the fair value of available-for-sale securities and cash flow hedges held by the parent company, which has a special tax status as a holding company.

Deferred taxes are not calculated for temporary differences relating to subsidiaries and associates as they will not reverse in the foreseeable future. These differences amount to CHF 437.1 million as of 31 December 2010 (2009: CHF 441.4 million). Deductible temporary differences, for which no deferred tax asset has been recognised, are CHF 17.8 million (2009: CHF 26.9 million).

12.2 Tax loss carryforwards

in millions of CHF

2010

	within one year	within two to five years	after more than five years	Total
Of which expiring :				
Unrecognised tax loss carryforwards:				
Tax rates below 10%	-	8.1	0.6	8.7
Tax rates between 10 and 20%	-	8.9	8.9	17.8
Tax rates between 20 and 30%	4.3	36.1	14.1	54.5
Tax rates between 30 and 40%	-	0.6	85.0	85.6
Total of unrecognised tax loss carryforwards	4.3	53.7	108.6	166.6
Total of recognised tax loss carryforwards	2.0	4.3	19.7	26.0
Total of tax loss carryforwards	6.3	58.0	128.3	192.6

2009

	within one year	within two to five years	after more than five years	Total
Of which expiring :				
Unrecognised tax loss carryforwards:				
Tax rates below 10%	-	-	8.0	8.0
Tax rates between 10 and 20%	0.3	6.3	8.2	14.8
Tax rates between 20 and 30%	2.0	42.4	15.3	59.7
Tax rates between 30 and 40%	-	0.1	90.7	90.8
Total of unrecognised tax loss carryforwards	2.3	48.8	122.2	173.3
Total of recognised tax loss carryforwards	-	2.8	18.9	21.7
Total of tax loss carryforwards	2.3	51.6	141.1	195.0

Unrecognised tax loss carryforwards include in particular CHF 77.5 million (2009: CHF 83.6 million) arising from companies in the USA and CHF 39.0 million (2009: CHF 40.7 million) from companies that recognised impairment losses. No deferred tax assets attributable to these tax loss carryforwards were recognised as it is not probable that future taxable profit will be available within the next years.

The increase in the recognised tax loss carryforwards relates to companies for which budget 2011 and three-year plans show future taxable profits.

The decrease in the total of tax loss carryforwards in 2010 comes mainly from the currency translation of losses in USD and EUR and from the use against profits that were higher than the new losses incurred by some of the companies of the Group.

12.3 Income tax expense

in millions of CHF

	2010	2009 Restated
Current tax expense - current year	(7.7)	(9.8)
Current tax expense - previous years	0.1	(0.1)
Deferred tax expense - tax loss carryforwards	1.0	3.6
Deferred tax expense - temporary differences	(0.6)	3.2
Total	(7.2)	(3.1)

12.4 Reconciliation of the income tax expense

in millions of CHF

	2010	2009 Restated
Result before income tax and share in result of associates	40.6	(15.0)
Weighted average income tax rate	20.1%	34.5%
Expected income tax (expense)/income	(8.2)	5.2
Net change in unrecognised tax losses	(1.6)	3.3
Net change in unrecognised temporary differences	(1.6)	4.3
Change in tax rates	(0.1)	(1.0)
Additional taxes on income	(1.0)	(0.8)
Other deductible expense	-	3.8
Non taxable income	5.9	(16.6)
Non deductible expenses	(0.6)	(1.0)
Adjustments relating to previous years' current taxes	0.1	(0.1)
Other	(0.1)	(0.2)
Effective income tax expense	(7.2)	(3.1)
Effective income tax expense in % of the result before income tax and associates	17.6%	-20.8%

The weighted average income tax rate is calculated by using the tax rates of each company of the Group. Therefore, the change in the proportional contribution of each company to Group result may influence significantly the weighted average income tax rate. This was particularly the case in 2009: the increase from 15.3% to 34.5% came from the weight of the loss-making subsidiaries with high tax rates. In 2010, due to the improvement of the results of the companies, the difference between the theoretical rate of 20.1% and the tax rates applied is less significant.

As regards the effective income tax rate of 17.6%, the difference with the theoretical tax rate comes mainly from the non taxable income in PubliGroupe Ltd which benefits from a holding tax ruling. In 2009, the effective rate of -20.8% was due to the negative non taxable income (tax-free dividends received by PubliGroupe Ltd). This particular situation was generated by the tax loss carryforwards used against statutory profits that resulted from group dividends and thus eliminated in the consolidated result before income tax.

13. Debts

in millions of CHF

	2010	2009
Short-term debts		
Bank debt	-	65.0
Total	-	65.0
Long-term debts		
Long-term loans	93.0	100.0
Interest rate swap liability	1.5	0.6
Contingent consideration	2.1	2.6
Total	96.6	103.2

In 2010, the short term debts have been fully reimbursed. In 2009, bank debt took the form of fixed-term renewable advances through fixed term investments bank facilities. They were classified as current liabilities due to the existence of an acceleration clause. See note 44.4.

The decrease by CHF 7.0 million in long-term loans is due to the sale of a pledged property. The long-term loan is made up of confirmed revolving credit lines of CHF 110.0 million of which CHF 93.0 million are used and recognised as a long-term loan. The fixed term of the revolving credit line of CHF 93.0 million is 23 July 2014 and the interest rate is variable. This loan is recognised as non-current as PubliGroupe can, at its own discretion, immediately re-draw for a period of maximum twelve months. As of 31 December 2010, CHF 43.0 million (2009: CHF 50.0 million) have been drawn for a fixed period of five months (2009: one year) and the interest rate for this period is 2.03% (2009: 2.57%). As in 2009, the second part of CHF 50.0 million has been drawn for a period of three months (i.e. until 31 January 2011). The interest rate for this portion is 1.97% (2009: 2.07%).

In 2009, the decrease in short-term bank debt was offset by the increase in long-term bank loans. Indeed, in the second semester of 2009, the previous year unconfirmed operational bank facilities had been replaced.

In order to hedge the floating interest rate on CHF 50.0 million bank loan, PubliGroupe entered in an interest rate swap contract. The interest rate swap liability of CHF 1.5 million (2009: CHF 0.6 million) represents the negative fair value of the hedged interest rate on the CHF 50.0 million bank loans. The duration of the swap is from 30 July 2009 to 23 July 2014. The floating leg of the swap is Libor three months i.e. as of 31 December 2010: 0.17% (2009: 0.26%). The fixed leg of the swap is 1.64% (2009: 1.64%). The swap is regarded as fully effective, thus the changes in the fair value are recognised in other comprehensive income. The fair value has been calculated by the bank and represents the replacement theoretical value. See note 44.4.

The contingent consideration of CHF 2.1 million (2009: 2.6 million) has been discounted at a rate between 1.2% and 1.7% (2009: 1.8% to 2.0%) and is due between 2011 and 2012 (2009: 2011 to 2012). The contingent consideration relates mainly to the acquisition of Instanz AG für Kommunikation (see note 28) and SVBmedia Group B.V. (2009: Publicitas APR Inc. and SVBmedia Group B.V.).

14. Accounts payable

in millions of CHF	2010	2009
Trade payables	139.7	142.7
Associates and other related parties	14.1	15.3
Other payables	40.0	42.1
Total	193.8	200.1

Associates and other related parties mainly consist of payables to the following companies: SNP Société Neuchâteloise de Presse S.A., FPH Freie Presse Holding AG, Swisscom Directories AG and local.ch AG.

15. Accrued expenses and deferred income

in millions of CHF	2010	2009
Accrued expenses	64.3	48.1
Deferred income	28.5	46.2
Total	92.8	94.3

16. Provisions

in millions of CHF	Provisions for employee benefits	Provision for termination benefits	Provision for onerous contracts	Provisions for litigation	Other provisions	Total
Balance as of 1 January 2010	8.4	6.2	2.0	0.9	0.5	18.0
Translation differences	(0.2)	(0.2)	-	-	(0.1)	(0.5)
Increase	1.5	3.4	0.8	2.5	0.3	8.5
Use	(2.1)	(3.7)	(1.1)	-	(0.3)	(7.2)
Release	(0.2)	(1.5)	(0.9)	(0.7)	(0.1)	(3.4)
Changes in the scope of consolidation	-	-	-	(0.1)	-	(0.1)
Balance as of 31 December 2010	7.4	4.2	0.8	2.6	0.3	15.3
whereof short-term	0.8	4.1	0.6	2.6	0.1	8.2
whereof long-term	6.6	0.1	0.2	-	0.2	7.1
Balance as of 31 December 2010	7.4	4.2	0.8	2.6	0.3	15.3

Recognition of post-employment benefits is largely composed of contractual liabilities for jubilee benefits for Swiss employees. Maturity of these benefits was calculated based on the staff turnover rate.

Jubilee benefits falling due in one year or less are recognised in short-term provisions. The remainder is included under long-term provisions as their maturity is unknown and depends heavily on employee turnover.

Provisions for termination benefits consist mainly of dismissal expenses in Switzerland and in Europe and of the cost of early retirement in Switzerland.

Provisions for onerous contracts are in relation to maintenance expenses of an abandoned software and early cancellation of premises in Switzerland. The provisions will be used within one to two years.

Provisions for litigation are essentially composed of legal fees incurred in Switzerland. The increase of CHF 2.5 million is due to the provision for the dispute with COMCO. See note 41.

Other provisions are the result of contractual commitments to renovate leased premises. The provisions will be used within one to three years.

17. Share capital

in units	31.12.2010	Change 2010/2009	31.12.2009	Change 2009/2008	31.12.2008
Total shares	2'504'224	1'076 1)	2'503'148	2'889	2'500'259
Treasury shares	(153'000)	(9'505) 2)	(143'495)	95'255	(238'750)
Total outstanding shares	2'351'224	(8'429)	2'359'653	98'144	2'261'509

in millions of CHF	2010	Change 2010/2009	2009	Change 2009/2008	2008
Share capital	2.5	-	2.5	-	2.5
Treasury shares (at nominal value)	(0.2)	(0.1)	(0.1)	0.1	(0.2)
Outstanding share capital	2.3	(0.1)	2.4	0.1	2.3

All shares, except those relating to conditional capital, are registered, authorized, issued and fully paid up and have a nominal value of CHF 1.-. Regarding conditional capital, see also the notes to the financial statements of PubliGroupe Ltd.

- 1) The increase in the share capital by 1'076 shares (2009: 2'889 shares) results from the exercise of subscription rights granted by the Board of Directors to employees of Group companies.
- 2) The increase by 9'505 in treasury shares (2009: decrease by 95'255 treasury shares) is mainly due to:
 - the acquisition of 15'197 shares (2009: nil) for an average acquisition price of CHF 98 per share;
 - the sale of 2'311 shares (2009: 14'888 shares) to management personnel (carrying amount of CHF 0.9 million; 2009: CHF 5.6 million) and
 - the handover of 2'174 shares to the directors (carrying amount of CHF 0.8 million; 2009: 6'540 shares with a carrying amount of CHF 2.4 million) and of 1'194 shares to the general manager (carrying amount of CHF 0.4 million; 2009: nil).

In 2009, 73'797 treasury shares were distributed as dividend, thus reducing the treasury shares in equity by CHF 27.4 million; due to broken lots and Swiss withholding tax, CHF 2.8 million had to be paid in cash.

In 2010, no options were exercised (2009: nil). See note 36.

18. Revenue

in millions of CHF	2010	2009
Revenue from third parties	1'460.7	1'592.0
Revenue from associates	13.5	17.1
Total	1'474.2	1'609.1

In 2010 and in 2009, sales to associates arose from transactions with Swisscom Directories AG, local.ch AG and Südostschweiz Publicitas AG.

19. Purchases

in millions of CHF	2010	2009
Purchases from third parties	(911.8)	(1'038.0)
Purchases from associates	(144.8)	(137.2)
Total	(1'056.6)	(1'175.2)

In 2010 and in 2009, purchases from associates were mainly from local.ch AG, SNP Société Neuchâteloise de Presse SA, Südostschweiz Presse und Print AG and FPH Freie Presse Holding AG.

20. Personnel expenses

in millions of CHF

	2010	2009 Restated
Salary and remuneration	(197.4)	(216.4)
Social charges	(35.5)	(42.5)
Other personnel expenses	(8.3)	(13.3)
Total	(241.2)	(272.2)

Social charges include expenses for defined contribution plans of CHF 0.5 million (2009: CHF 0.6 million) as well as expenses for defined benefit plans of CHF 19.7 million (2009: CHF 19.5 million) (see note 35). Other personnel expenses include CHF 0.1 million (2009: CHF 0.7 million) in relation to share-based payment plans (see note 36) and CHF 0.2 million (2009: nil) related to share-based compensation of the Executive Committee (see note 43).

Employees

in full-time equivalents

	2010	2009
Average number of employees	2'392	2'793
Number of employees at the end of the period	2'349	2'618

21. General and administrative expenses

in millions of CHF

	2010	2009
General operating expenses	(57.1)	(68.0)
Rent and occupancy expenses	(20.6)	(21.1)
Bad debt expenses	(2.6)	(2.6)
Total	(80.3)	(91.7)

General operating expenses include an amount of CHF 0.3 million (2009: CHF 0.4 million) in relation to share-based compensation to the Board of Directors (see note 43).

22. Other income and expenses

in millions of CHF

	2010	2009
Income from investment properties	6.1	7.0
Gain on disposal of tangible assets	11.6	6.5
Gain on disposal of subsidiaries and associates	3.5	7.6
Various income	0.4	7.5
Other income	21.6	28.6
Loss on disposal of tangible assets	(0.4)	(0.2)
Loss on disposal of subsidiaries and associates	(0.2)	(0.1)
Various expenses	-	(0.9)
Other expenses	(0.6)	(1.2)
Total net	21.0	27.4

The gain on disposal of tangible assets arose mainly from the disposal of two properties (2009: disposal of one property) presented as Assets held for sale as of 31 December 2009 and as of 30 June 2010. See also note 34. It includes also the reimbursement of a provision on the sale of an investment property in 2009. This disposal generated a gain of CHF 11.0 million (2009: CHF 6.3 million). The cash received from this transaction, CHF 23.4 million (2009: CHF 15.8 million), has been presented under «Disposals of tangible assets» in the consolidated cash flow statement. Taxes of CHF 0.6 million (2009: CHF 0.6 million) were paid on this gain and have been presented under «Taxes paid» in the cash flows from investing activities.

The gain on disposal of subsidiaries and associates arose mainly from the disposals of 36.84% interest in the associate National Zeitung und Basler Nachrichten AG (CHF 3.0 million) and of 41.38% interest in the associate Fantastic Zero GmbH (CHF 0.5 million). The cash received from these transactions (CHF 22.7 million) has been presented as «Disposals of associates» in the consolidated cash flow statement. In 2009, the gain on disposal of subsidiaries and associates arose mainly from the disposal of Stadtanzeiger AG (CHF 7.4 million). The cash received from this transaction (CHF 8.0 million) was presented as «Disposals of subsidiaries, net of cash disposed of» in the consolidated cash flow statement.

In 2009, the various income was made up of the negative goodwill of CHF 4.0 million arising on the acquisition of 7.5% additional interest in Zanox.de AG and on the partial waive of contingent consideration (CHF 3.5 million) to be paid for the acquisition of Publicitas Cinecom AG.

23. Financial result

in millions of CHF	2010	2009
Result on loans and receivables	1.4	1.8
Result on marketable securities	7.7	4.2
Result on available-for-sale securities	17.0	(3.4)
Result on uncommitted net assets of employer's foundations	-	1.4
Changes in fair value of contingent consideration	1.6	-
Interest expenses	(3.7)	(6.3)
Net currency exchange differences	(0.1)	(1.0)
Total	23.9	(3.3)

The result on marketable securities is made up mainly of a gain on the market value of the securities of CHF 5.8 million (2009: CHF 3.9 million and of CHF 1.7 million realised on the disposal of marketable securities (2009: nil). The cash received from these transactions (CHF 4.4 million) has been presented as "disposals of marketable securities» in the consolidated cash flow statement. This position includes also dividends received for CHF 0.2 million (2009: CHF 0.5 million).

The result on available-for-sale securities includes mainly the gain on disposal of Edipresse securities of CHF 15.9 million (see note 5). In 2009, this result included an impairment loss on Edipresse securities of CHF 4.8 million.

The changes in fair value of contingent consideration relate to the decrease in the contingent consideration payable (CHF 1.6 million) in relation to the acquisition of Instanz AG für Kommunikation. See note 28.

24. Earnings per share

	2010	2009
Basic earnings per share		Restated
Result attributable to shareholders of PubliGroupe Ltd (in millions of CHF)	42.6	(20.3)
Weighted average number of shares outstanding	2'362'608	2'325'282
Basic earnings per share (in CHF)	18.03	(8.73)
Diluted earnings per share		
Result attributable to shareholders of PubliGroupe Ltd (in millions of CHF)	42.6	(20.3)
Weighted average number of shares outstanding	2'362'608	2'325'282
Adjustment for dilutive exercisable options	-	-
Weighted average number of shares outstanding for the diluted earnings per share	2'362'608	2'325'282
Diluted earnings per share (in CHF)	18.03	(8.73)

The 20'776 shares relating to conditional capital (2009: 21'852) have not been taken into account for the calculation of diluted earnings per share because they were not dilutive in the periods under review.

25. Adjustments for non-cash items

in millions of CHF

	Notes	2010	2009 Restated
Share in result of associates	(10)	(15.9)	(8.8)
Increase in provisions	(16)	8.5	9.7
Release of provisions	(16)	(3.4)	(1.8)
Share-based payments	(20),(21)	0.6	1.1
Loss on disposal of tangible assets	(22)	0.4	0.2
Loss on disposal of subsidiaries and associates	(22)	0.2	0.1
Gain on disposal of tangible assets	(22)	(11.6)	(6.5)
Gain on disposal of subsidiaries and associates	(22)	(3.5)	(7.6)
Depreciation and amortisation	(8),(9)	26.1	29.1
Impairment loss	(9)	2.0	8.2
Financial result, excluding realised exchange differences		(24.3)	2.9
Income tax expense	(12)	7.2	3.1
Other non-cash expenses		(0.4)	2.6
Other non-cash income		-	(7.5)
Total adjustments for non-cash items		(14.1)	24.8

26. Dividends paid to non-controlling interests by Group companies

This item is made up mainly of the CHF 7.9 million dividend (2009: CHF 41.5 million) paid by PubliDirect Holding AG to Swisscom AG.

27. Dividends received

Dividends received consist principally of CHF 14.2 million (2009: CHF 64.5 million) received from associates including CHF 7.8 million from Swisscom Directories AG (2009: CHF 54.6 million) and CHF 5.7 million from Zanox.de AG (2009: CHF 7.9 million), plus CHF 0.8 million (2009: CHF 2.0 million) received on marketable securities and available-for-sale securities.

28. Acquisitions of subsidiaries, net of cash acquired

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

in millions of CHF	2010	2009
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	(0.4)	4.8
Total cash outflows on acquisitions of subsidiaries	(3.4)	4.8

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 do 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 consist of trade receivables of CHF 0.8 million and of other receivables of CHF 0.2 million. The fair value equals the carrying amount.

Transaction costs for CHF 0.1 million were expensed as «general and administrative expenses» in the consolidated income statement. They relate to external legal fees and due diligence costs.

In the eight months to 31 December 2010, Instanz AG für Kommunikation contributed to the Group revenue for CHF 3.2 million and to the result attributable to the shareholders of PubliGroupe Ltd for minus CHF 0.3 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 represent CHF 0.9 million at the acquisition date. They have been measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

GOODWILL

The goodwill is 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 is expected to be deductible for income tax purposes.

CONSIDERATION TRANSFERRED

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

CONTINGENT CONSIDERATION AT ACQUISITION DATE

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

- CHF 2.0 million are based on quantitative performance indicators. The management estimates that this target will be fully reached. The discounted contingent consideration represents CHF 1.9 million with a discount rate of 1.2%.
- CHF 2.5 million are based on EBIT targets and earn-out table. If the average EBIT of 2010 and 2011 equals CHF 2.0 million, then the full amount is due. As the management considers that the average EBIT can only reach CHF 1.6 million, the consideration represents CHF 1.2 million (same amount with discount rate of 1.2%).

In addition, a performance discount will reduce the two consideration components described above if the objectives of average growth of gross profit and size of the biggest client are not met. The management considers that there will not be any performance discount.

CHANGE IN CONTINGENT CONSIDERATION

As of 31 December 2010, contingent consideration was changed due to the fact that targets were not met. The management estimates that target based on EBIT will not be met, thus reducing this part of the contingent consideration to nil. The target based on quantitative performance indicators is estimated to be reachable at 80%. The discounted contingent consideration represents CHF 1.6 million with a discount rate of 1.2%. The decrease in contingent consideration has been presented as "financial income" (CHF 1.6 million). See note 23.

In 2009, the cash outflows on acquisitions of subsidiaries represented payments of contingent liabilities relating to previous year acquisitions, mainly for the purchase of Publicitas Cinecom AG for CHF 3.5 million, Publicitas Radiotele AG for CHF 0.8 million and Publicitas APR Inc for CHF 0.3 million (CAD 0.3 million).

29. Acquisitions of associates

In 2010, the position relates to the payment of contingent consideration of Zanox.de AG. In 2009, the position related mainly to the indirect acquisition of Digital Window Ltd for CHF 14.8 million (GBP 8.3 million) which was owned by DW-Holding GmbH. The holding company belonged to PubliGroupe Ltd for 47.5% and to Axel Springer AG for 52.5%. It also included the payment for the increase of 7.5% interest in Zanox.de AG for CHF 0.8 million (EUR 0.5 million) and the payment for increase in capital and in interest in Fantastic Zero GmbH for CHF 0.2 million (EUR 0.1 million).

30. Disposals of subsidiaries, net of cash disposed of

in millions of CHF	2010	2009
Current assets	0.2	2.6
Current liabilities	0.1	(2.5)
Net assets disposed of	0.3	0.1
Attributable to non-controlling interests	-	0.7
Profit/(loss) from disposals	(0.2)	7.5
Consideration received	0.1	8.3
Cash and cash equivalents disposed of	(0.2)	(1.4)
Consideration receivable	0.2	(0.2)
Total cash inflows on disposals of subsidiaries	0.1	6.7

Disposals of subsidiaries represent the liquidation of dormant companies. In 2009, the cash inflows represented mainly the cash received from the disposal of Stadtanzeiger AG (CHF 8.0 million) less the cash of the company sold (see also note 22 and point D) Basis of consolidation).

31. Investments in financial assets

The investments in financial assets represent loans granted to associates (CHF 3.9 million) and the acquisition of 7.5% interest in Rhône-Media S.A. (CHF 2.9 million). In 2009, the investments in financial assets were made up of loans granted to a third party and to an associate.

32. Divestments of financial assets

This position is made up of the reimbursement of loans from third parties for CHF 40.4 million (2009: CHF 3.4 million) and from associates for CHF 0.2 million (2009: CHF 11.1 million). It also includes the partial payment for the disposal of Edipresse securities of CHF 35.4 million (2009: nil). The amount deferred is presented as a loan in the consolidated balance sheet.

33. Acquisition of non-controlling interests

This position of the consolidated cash flow statement represents essentially the acquisition of 5% interest (CHF 8.0 million) in LTV Gelbe Seiten AG, less withholding tax paid in 2011 (CHF 2.6 million).

The amount of CHF 2.8 million presented in the consolidated statement of changes in equity also relates mainly to this acquisition. Due to the indirect control through PubliDirect Holding AG, the Group's interest in LTV Gelbe Seiten AG changed from 48.45% to 51%. The following table summarises the effect of this change on LTV Gelbe Seiten AG's ownership interest.

in millions of CHF	2010
Ownership interest in LTV Gelbe Seiten AG as of 1 January	32.2
Dividend paid	(8.2)
Effect of increase in ownership interest	(2.7)
Share of comprehensive income	7.0
Ownership interest in LTV Gelbe Seiten AG as of 31 December	28.3

34. Assets and liabilities held for sale

in millions of CHF	2010	2009
Current assets	-	0.1
Investment properties	-	6.5
Investments in associates	-	18.7
Assets held for sale	-	25.3
Liabilities held for sale	-	-
Net assets held for sale	-	25.3
Shareholders of PubliGroupe Ltd	-	25.3
Non-controlling interests	-	-
Net assets held for sale	-	25.3

In 2009, the assets held for sale were made up of two elements:

- As of 30 June 2009, the management decided to dispose of two investment properties owned by PubliGroupe Ltd. The disposal project had been entrusted to estate agencies in order to realise the disposals by the end of 2010. One investment property was already disposed of in 2009 (see also notes 8 and 22). The other investment property (carrying amount of CHF 6.5 million) was presented as Assets held for sale in the balance sheet. In the income statement, the revenue and expenses were still reported on the usual lines. In the segment reporting, these assets were presented in "Corporate & Others". This investment property was sold in June 2010. See also note 22.
- On 17 December 2009, the Board of Directors decided to dispose of the 36.84% interest in National Zeitung und Basler Nachrichten AG. As a consequence, the carrying amount of CHF 18.7 million was presented as Assets held for sale in the balance sheet. In the income statement, the result was reported as Share of result of associates. In the segment reporting, it was presented in «Corporate & Others». On 8 February 2010, this associate has been disposed of (see note 22).

As of 30 June 2010, an investment and owner-occupied property of PubliGroupe was presented as asset held for sale further to the management's contractual agreement to sell it in the last quarter of 2010. See note 22. In the income statement, the revenue and expenses related to this property are reported in the usual lines.

35. Pension plans

in millions of CHF

35.1 Defined benefit plans	2010	2009
Fair value of plan assets	724.1	733.8
Present value of funded obligations	(681.6)	(685.7)
Financial surplus	42.5	48.1
Asset not recognised in the balance sheet	(42.5)	(48.1)
Amount recognised in the balance sheet	-	-

35.2 Expense recognised in the income statement	2010	2009
Current service cost	(21.9)	(23.1)
Interest cost	(21.4)	(23.2)
Expected return on plan assets	27.1	27.6
Employee contributions	11.4	13.6
Actuarial gain / (loss)	(20.5)	27.3
Changes in the asset not recognised in the balance sheet	5.6	(41.7)
Expense recognised in the income statement (as personnel expenses)	(19.7)	(19.5)

The Group expects to have to pay contributions of CHF 15.9 million in 2011.

35.3 Changes in the fair value of plan assets	2010	2009
Plan assets as of 1 January	733.8	699.5
Expected return on plan assets	27.1	27.6
Employee contributions	11.4	13.6
Employer contributions	19.7	19.5
Benefit payments	(68.2)	(53.2)
Actuarial gain / (loss)	0.3	26.8
Fair value of plan assets as of 31 December	724.1	733.8

35.4 Changes in the present value of funded obligations	2010	2009
Obligations as of 1 January	(685.7)	(693.1)
Current service cost, net of employee contributions	(10.5)	(9.5)
Employee contributions	(11.4)	(13.6)
Interest cost	(21.4)	(23.2)
Benefit payments	68.2	53.2
Actuarial gain / (loss)	(20.8)	0.5
Obligations as of 31 December	(681.6)	(685.7)

35.5 Experience adjustments	2010	2009	2008	2007	2006
Fair value of plan assets as of 31 December	724.1	733.8	699.5	819.9	834.2
Actual return on plan assets	27.4	54.4	(102.4)	(12.0)	48.3
in % of plan assets	3.8%	7.4%	-14.6%	-1.5%	5.8%
Difference between the actual and the expected return on plan assets	0.3	26.8	(135.0)	(44.7)	17.5
in % of plan assets	0.0%	3.7%	-19.3%	-5.5%	2.1%
Obligations as of 31 December	(681.6)	(685.7)	(693.1)	(713.6)	(704.0)
Experience gain / (loss) on plan obligations	(20.8)	0.5	17.7	7.2	(11.7)
in % of plan obligations	-3.1%	0.1%	2.6%	1.0%	-1.7%
Total actuarial gain / (loss) from experience adjustments	(20.5)	27.3	(117.3)	(37.5)	5.8
in % of plan assets	-2.8%	3.7%	-16.8%	-4.6%	0.7%

35.6 Actuarial assumptions	2010	2009
Discount rate	2.8%	3.3%
Salary increase	1.0%	1.0%
Rate of return on plan assets	3.8%	4.0%
Increase in pension payments	0.0%	0.0%
Fluctuation rate	13.7%	13.8%

The expected long-term rate of return on assets is 3.8% (2009: 4%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments, and is determined with actuarial advisors.

35.7 Asset allocation of investments	2010	2009
Securities	27%	32%
Bonds	38%	48%
Real estate	22%	14%
Cash and other	13%	6%
Total	100%	100%

35.8 Defined contribution plans

The expense for defined contribution plans as of 31 December 2010 was CHF 0.5 million (2009: CHF 0.6 million).

36. Share and option plans

36.1 Shares

	Number of acquired shares		Corresponding personnel expenses	
	2010	2009	2010	2009
PubliGroupe employee preferred stock purchase plan	1'076	2'889	-	(0.1)
PubliGroupe management preferred stock purchase plan	2'311	14'888	(0.1)	(0.6)
thereof acquired by the Executive Committee	1'443	9'543	-	(0.4)

Weighted average fair values of shares granted amounted to CHF 105.64 (2009: CHF 79.18).

36.2 Options

	2000	2001	Total
Grant year			
Vesting period	4 years	4 years	
Beginning of the exercise period	1.12.04	31.5.05	
End of the exercise period	30.11.10	31.5.11	
Exercise price in CHF	730	676	
Number of options as of 1 January 2010	7'550	5'450	13'000
Exercised in 2010	-	-	-
Cancelled in 2010	(7'550)	-	(7'550)
Number of options as of 31 December 2010	-	5'450	5'450
thereof number of options held by the Executive Committee	-	900	900

Changes in the fair value of options are recognised under personnel expenses. In 2010, there were no fair value changes (as in 2009).

37. Leases

in millions of CHF

	2010			2009		
	Rental expenses	Operating leases	Finance leases	Rental expenses	Operating leases	Finance leases
within one year	11.5	1.3	-	13.2	1.5	-
within two to five years	25.2	1.8	-	30.2	2.2	-
after more than five years	6.1	-	-	7.9	-	-
Liabilities from leases	42.8	3.1	-	51.3	3.7	-
Lease interests	-	-	-	-	-	-
Total liabilities	42.8	3.1	-	51.3	3.7	-

The operating and rental lease expenses recognised in the income statement for 2010 were CHF 15.3 million (2009: CHF 16.4 million).

38. Guarantees and indemnity liabilities to third parties

As of the balance sheet date, guarantees to third parties amounted to CHF 1.7 million (2009: CHF 1.9 million). These guarantees were granted in the course of the Group's normal activities.

39. Subordination of loans

As of 31 December 2010, loans subordinated to third parties and associates were nil (2009: nil).

40. Pledged assets

As of 31 December 2010, the long-term loan of CHF 93.0 million (2009: CHF 100.0 million) is secured by bearer mortgage notes on investment and owner-occupied properties (CHF 112.7 million, 2009: CHF 120.0 million) and by a pledged property bank account (CHF 1.6 million, 2009 CHF 1.1 million). Furthermore, PubliGroupe has assigned to the bank the receivables and the rights from the tenants of the properties, its receivable and rights from the fire insurance and its receivables and rights from the disposal of the pledged properties.

As of 31 December 2010, the short-term bank debt has been reimbursed and therefore there are no longer any pledged assets to guarantee the debt. As of 31 December 2009, the short-term bank debt of CHF 65.0 million was secured by the pledge of marketable securities (CHF 11.1 million), available-for-sale securities (CHF 53.6 million), the current portion of a loan receivable (CHF 38.4 million) and by a bearer mortgage note on an investment property (CHF 2.0 million).

41. Contingent liabilities

The Swiss competition authorities, COMCO, opened enquiry proceedings against PubliGroupe in November 2002. The investigation related to the terms set by Media Sales Switzerland for commissions on business conferred upon it by professional agencies for titles managed under exclusive cooperation agreements. The aim of the investigation was to decide whether the directives in force until 31 December 2005 represented an abuse of dominant position. An amicable agreement negotiated with the COMCO secretariat led to the introduction of new directives, which have been in force since 1 January 2006.

On 5 March 2007, COMCO ratified this agreement and also imposed a penalty of CHF 2.5 million for abuse of dominant position. PubliGroupe considered this penalty to be unjustified and appealed to a Federal administrative court (the first instance appeal court), arguing notably that the directives ruled uncompetitive had twice, in 1997 and 1998, been found to be legal by the COMCO secretariat. Based on legal advice, PubliGroupe concluded that a penalty was unlikely to be upheld on appeal and the management considered that there was no need to recognise any provisions as of 31 December 2009.

However, as of 30 April 2010, the Federal administrative court (the first instance appeal court) confirmed the decision of Swiss competition authorities, COMCO, to impose a penalty of CHF 2.5 million to PubliGroupe for abuse of dominant position. PubliGroupe appealed to Federal court and recognised a provision of CHF 2.5 million in the consolidated financial statements as of 31 December 2010. See note 16.

42. Transactions with related parties

Details of the main shareholders are disclosed in the notes to the financial statements of PubliGroupe Ltd.

The assets and liabilities items owed by or to associates and other related parties, as well as purchases and sales, are disclosed separately in the respective notes for these items. All commercial transactions with related parties took place on market terms. During the periods under review, no unusual transactions occurred with the main shareholders or with other related parties, including the pension foundations.

43. Key management personnel compensation

in millions of CHF	2010	2009
Short-term employee benefits	(7.1)	(5.5)
Post-employment benefits	(0.5)	(0.4)
Other long-term benefits	(0.1)	-
Termination benefits	(0.6)	-
Share-based payments	(0.5)	(0.7)
Total	(8.8)	(6.6)
thereof related to the Board of Directors of PubliGroupe	(1.3)	(1.3)
thereof related to the Executive Committee of PubliGroupe	(7.5)	(5.3)
Total	(8.8)	(6.6)

Compensation for key management personnel includes gross remuneration plus social security contributions paid by the employer. In accordance with the Group's accounting principles, the company's share price was taken into account in valuing the benefits of the key management personnel share-based payments. In 2010, compensations were paid to eleven directors (2009: eleven directors) and to ten members of the Executive Committee (2009: nine members). See also the information disclosed according to the Swiss regulations regarding transparency in the financial statements of PubliGroupe Ltd.

Reconciliation with the disclosures in the notes of PubliGroupe Ltd

in millions of CHF	2010	2009
Remuneration for members of the Board of Directors	(1.3)	(1.2)
Remuneration for members of the Executive Committee	(7.6)	(5.5)
Total as per Swiss regulations	(8.9)	(6.7)
Difference between effective and accrued share-based payments	0.1	0.1
Total as per IFRS	(8.8)	(6.6)

44. Risk management

The Board of Directors has overall responsibility for organising and supervising risk management.

The Audit Committee monitors management's approach to risk management in compliance with Group principles and procedures and verifies that risk is managed appropriately in light of the current risks faced by the Group.

Based on a risk identification carried out periodically, the Group's essential risks are assessed in respect of likelihood and impact and documented in a risk report.

The management has the responsibility to monitor and supervise the substantial risks. The risk analysis is reviewed by the Board of Directors at least on a yearly basis.

For risks related to accounting principles and financial reporting a risk analysis was carried out. Controls in line with the Internal Control System have been defined and measures resulting from this have been implemented in order to minimize the risks related to financial reporting.

44.1 Categories of financial instruments

The Group has the following categories of financial instruments:

2010

in millions of CHF

	Carrying amount	Fair value
Cash and cash equivalents	102.6	102.6
Accounts receivable	243.0	243.0
Accrued income	7.2	7.2
Loans	30.4	30.4
Loans and receivables	383.2	383.2
Marketable securities	15.3	15.3
Financial assets designated at fair value through profit or loss	15.3	15.3
Available-for-sale securities	12.9	12.9
Financial assets available-for-sale	12.9	12.9
Short-term debts	-	-
Accounts payable	193.8	193.8
Accrued expenses	63.6	63.6
Long-term debts	95.1	95.1
Financial liabilities at amortised cost	352.5	352.5

2009

in millions of CHF

	Carrying amount	Fair value
Cash and cash equivalents	58.0	58.0
Accounts receivable	301.2	301.2
Accrued income	9.0	9.0
Loans	3.0	3.0
Loans and receivables	371.2	371.2
Marketable securities	12.2	12.2
Financial assets designated at fair value through profit or loss	12.2	12.2
Available-for-sale securities	64.0	64.0
Financial assets available-for-sale	64.0	64.0
Short-term debts	65.0	65.0
Accounts payable	200.1	200.1
Accrued expenses	48.1	48.1
Long-term debts	102.6	102.6
Financial liabilities at amortised cost	415.8	415.8

The Group has a derivative liability used in cash flow hedges of CHF 1.5 million as of 31 December 2010 (2009: CHF 0.6 million). See also note 13.

44.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interests and equity prices, will affect the Group's income or the value of its holdings in financial instruments. Management continually monitors these risks. The Group may, where appropriate, use derivative financial instruments to hedge fluctuations in income and cash flows arising from these risks. The Group does not engage in short-selling.

44.2.1 Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is active internationally and is therefore exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group companies. However, a significant share of the Group companies' income and expenses are denominated in their respective functional currencies and therefore, the Group's exposure to currency risk is relatively low. The main currency risk is due to PubliGroupe's loans to its subsidiaries and associates in USD and in GBP.

The Group's exposure to currency risk as of year end is presented in the table below as well as a sensitivity analysis. A change in the currency relations on 31 December 2009 and 2010 would have altered profit or loss and the comprehensive income by the amounts presented below. The sensitivity analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for both years.

Analysis of the foreign currency risk

2010

in millions of CHF

	CHF/EUR	CHF/USD	CHF/GBP	EUR/USD	EUR/GBP
Cash and cash equivalents	9.0	0.5	0.2	1.1	(0.4)
Trade and other receivables	4.2	0.1	(1.6)	4.8	(5.5)
Accrued income	0.3	0.3	-	0.1	(2.0)
Third party loans	0.2	1.1	3.1	-	-
Intercompany loans	-	18.4	3.7	-	-
Trade and other payables	(1.4)	(0.3)	0.1	(0.7)	9.1
Accrued liabilities	(0.7)	(0.5)	(0.1)	(0.8)	0.2
Intercompany current accounts	(1.2)	-	-	-	(0.7)
Net exposure in CHF	10.4	19.6	5.4	4.5	0.7
Net exposure with effect on profit or loss	10.4	1.2	1.7	4.5	0.7
Net exposure with effect on other comprehensive income	-	18.4	3.7	-	-
Reasonably possible changes	9%	6%	10%	5%	12%
Effect on profit or loss	0.9	0.1	0.2	0.2	0.1
Effect on other comprehensive income	-	1.1	0.4	-	-

2009

in millions of CHF

	CHF/EUR	CHF/USD	CHF/GBP	EUR/USD	EUR/GBP
Cash and cash equivalents	3.6	0.3	(0.1)	-	(0.6)
Trade and other receivables	2.7	0.4	(0.6)	1.0	(0.8)
Accrued income	-	0.5	-	0.6	(0.1)
Third party loans	0.1	-	-	-	-
Intercompany loans	3.0	19.6	4.1	-	-
Trade and other payables	(1.6)	-	0.2	(0.5)	0.2
Accrued liabilities	(0.4)	(0.7)	-	(0.9)	0.4
Intercompany current accounts	(0.9)	(0.3)	-	-	(1.8)
Contingent consideration	(2.1)	-	-	-	-
Net exposure in CHF	4.4	19.8	3.6	0.2	(2.7)
Net exposure with effect on profit or loss	4.4	0.2	(0.5)	0.2	(2.7)
Net exposure with effect on other comprehensive income	-	19.6	4.1	-	-
Reasonably possible changes	4%	5%	12%	7%	14%
Effect on profit or loss	0.2	-	(0.1)	-	(0.4)
Effect on other comprehensive income	-	1.0	0.5	-	-

44.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is managed centrally at Group level.

Most of the loans, including the portion reclassified as other receivables, given to third parties and associates (CHF 32.4 million) are at fixed rates, representing 92% of the total position (2009: most of the loans CHF 43.1 million were at variable rates, representing 96% of the total position). A 1% rise or fall in interest rates would have an impact of CHF 0.0 million (2009: CHF 0.4 million) on profit or loss.

The long-term loans of CHF 93.0 million (2009: CHF 102.3 million) are at variable rates. As described in notes 13 and 44.4, as the variable interest rate on half of the bank long-term loan (CHF 50.0 million, total amount of the loan is CHF 93.0 million) is swapped into a fixed interest rate until the maturity of the loan, only CHF 43.0 million of the total long-term bank loan of CHF 93.0 million is exposed to change in interest rates. If the interest rates on long-term debts had been 1% higher or lower, the impact on profit or loss would have been CHF 0.2 million (2009: CHF 0.3 million).

In case of an increase of 1% of the interest rate, the fair value of the interest rate swap would be positive at CHF 0.1 million (2009: CHF 1.5 million) instead of a negative value of CHF 1.5 million (2009: CHF 0.6 million). The impact on other comprehensive income would be an increase of CHF 1.6 million (2009: CHF 2.1 million). In case of a decrease of 1% of the interest rate, the fair value of the interest rate swap would still be negative at CHF 3.3 million (2009: CHF 2.8 million). The impact on other comprehensive income would be a decrease of CHF 1.8 million (2009: CHF 2.2 million).

The above sensitivity analysis assumes that all other variables, in particular foreign currency rates, remain constant.

44.2.3 Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or all factors affecting all instruments in the market.

If the market price of securities held by the Group had been 5% higher or lower at the balance sheet date, the impact on the profit or loss would have been CHF 0.7 million (2009: CHF 0.6 million) and the impact on other comprehensive income would have been nil (2009: CHF 2.6 million).

44.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Group's trade receivables.

Some Group companies have a high number of small customers. Others have a limited number of large customers whose revenue may account for a substantial part of total income. Default by one of these customers may significantly affect the earnings of such a company. However, overall, the Group has no significant concentration of credit risk. The risk is limited as no client generates more than 10% of Group revenue. However, the Group operates in the media market, which is sensitive to economic cycles, even though it is diversified across all types of media (print, directories, electronic media and internet). Also, the bulk of the Group's activities are in Switzerland, although it is developing into other countries.

The Group has strict procedures for managing credit risk according to the type of clients which depends on the business model of the segment. The exposure to this risk is continuously monitored through various monthly reports at entity, segment and group levels. See also note 6.2. The maximum permissible credit risk is equal to the carrying amount of all financial assets on the balance sheet. As of 31 December 2010, the maximum credit risk is as follows:

Analysis of the maximum credit risk

in millions of CHF

	2010	2009
Cash and cash equivalents	102.6	58.0
Accounts receivable	243.0	301.2
Accrued income	7.2	9.0
Loans	30.4	3.0
Total maximum risk	383.2	371.2

Refer to notes 6 and 11 for additional information about credit risk.

44.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. This risk is managed as follows: the Group companies transfer their excess of cash to PubliGroupe Ltd (ultimate holding company) who carries out centrally the management of the cash of the Group. The operating companies communicate their need for cash and cash forecasts and the parent company makes available the necessary liquidity to the subsidiaries in order to cover their need for working capital. The consolidated cash planning is carried out at corporate level considering the need for working capital, the planned investments, the planned or forecasted divestments and the contractual reimbursement of the bank debts. The acquisitions are decided at group level by the Executive Committee, considering the available financing. The bank debts are negotiated at corporate level and contracted exclusively by the parent company. The planning horizon is at least 12 months in order to ensure that the financial covenants are met and to ensure the contractual reimbursement of the bank debt.

This risk is mitigated by the fact that PubliGroupe Ltd has obtained revolving confirmed credit lines of CHF 110.0 million (2009: CHF 120.0 million) of which CHF 93.0 million are used (2009: CHF 100.0 million). This bank loan of CHF 93.0 million (2009: CHF 100.0 million) was obtained in 2009 for a fix term of five years (i.e. until 23 July 2014). It is used through fixed term advances of a maximal duration of three, six or twelve months. The unused credit line is available as mentioned below. The interest rate is variable. However, the variable interest rate of half of the initial bank loan used (i.e. CHF 50.0 million) has been swapped into a fixed interest rate. The terms of the swap are identical to the terms of the credit line (i.e. until 23 July 2014). See also note 13.

In order to get the above financing, PubliGroupe Ltd has pledged its investment and owner-occupied properties with bearer mortgage notes and rental income has been assigned to the banks. See also note 40. Furthermore, financial covenants have to be met. The percentage of rental income in relation to the total loan should be at least 3.25% and, after the reimbursement of the credit line of CHF 17.0 million, (2009: CHF 20.0 million) it should be 4.25%. As of 31 December 2010, the covenants are met.

Operational bank facilities

2010

in millions of CHF

	Amount of	Amount used	Amount available	Term of credit line	Draw
Credit lines	93.0	93.0	-	23 July 2014	max 1 year
Credit lines	5.0	-	5.0	23 Jan. 2011	max 1 year
Credit lines	5.0	-	5.0	23 Jan. 2012	max 1 year
Credit lines	7.0	-	7.0	23 July 2012	max 1 year
Total	110.0	93.0	17.0		

2009

in millions of CHF

	Amount of	Amount used	Amount available	Term of credit line	Draw
Credit lines	100.0	100.0	-	23 July 2014	max 1 year
Credit lines	5.0	-	5.0	23 Jan. 2011	max 1 year
Credit lines	5.0	-	5.0	23 Jan. 2012	max 1 year
Credit lines	10.0	-	10.0	23 July 2012	max 1 year
Total	120.0	100.0	20.0		

As of 31 December 2010, credit lines in respect with investments bank facilities have been fully reimbursed. In 2009, PubliGroupe had the following confirmed investment credit lines:

2009

in millions of CHF

	Amount of	Amount used	Amount available	Term of credit line	Draw
Credit lines	30.0	30.0	-	30 June 2010	max 6 months
Credit lines	25.0	25.0	-	30 June 2011	max 6 months
Credit lines	25.0	10.0	15.0	30 June 2012	max 6 months
Total	80.0	65.0	15.0		

As of 31 December 2009, there were three advances of CHF 15.0 million each and one of CHF 20.0 million renewable within the term of credit lines. One advance fell due on 29 January 2010, one on 26 February 2010, one on 30 March 2010 and one on 30 April 2010.

The table below shows the contractual maturities of financial liabilities (undiscounted), including interest payments, less cash and cash equivalents hold by the Group:

Analysis of the liquidity risk

2010

in millions of CHF

	Carrying amount	Contractual cash flow	Due less than 1 month	Due between 1 and 3 months	Due between 3 months and 1 year	Due between 1 and 5 years
Current assets						
Cash and cash equivalents	102.6	102.6	101.9	0.7	-	-
Total current assets	102.6	102.6	101.9	0.7	-	-
Current liabilities						
Bank interest	(0.7)	(2.2)	(0.7)	-	(1.5)	-
Accounts payable	(193.7)	(193.7)	(135.7)	(50.6)	(6.8)	(0.6)
Total current liabilities	(194.4)	(195.9)	(136.4)	(50.6)	(8.3)	(0.6)
Non-current liabilities						
Bank loan	(93.0)	(93.0)	-	-	-	(93.0)
Bank interest	-	(6.8)	-	-	-	(6.8)
Contingent consideration	(2.1)	(2.1)	-	-	-	(2.1)
Total non-current liabilities	(95.1)	(101.9)	-	-	-	(101.9)
Gross amount receivable from interest rate swap		1.3	-	-	0.1	1.2
Gross amount payable from interest rate swap		(3.1)	(0.2)	-	(0.6)	(2.3)
Net interest rate swap	(1.5)	(1.8)	(0.2)	-	(0.5)	(1.1)
	(188.4)	(197.0)	(34.7)	(49.9)	(8.8)	(103.6)

2009

in millions of CHF

	Carrying amount	Contractual cash flow	Due less than 1 month	Due between 1 and 3 months	Due between 3 months and 1 year	Due between 1 and 5 years
Current assets						
Cash and cash equivalents	58.0	58.0	56.1	1.9	-	-
Total current assets	58.0	58.0	56.1	1.9	-	-
Current liabilities						
Bank debt	(65.0)	(65.0)	(15.0)	(35.0)	(15.0)	-
Bank interest	(1.2)	(3.0)	(0.4)	(0.4)	(2.2)	-
Accounts payable	(200.1)	(200.1)	(151.6)	(42.9)	(4.6)	(1.0)
Total current liabilities	(266.3)	(268.1)	(167.0)	(78.3)	(21.8)	(1.0)
Non-current liabilities						
Bank loan	(100.0)	(100.0)	-	-	-	(100.0)
Bank interest	-	(11.2)	-	-	-	(11.2)
Contingent consideration	(2.7)	(2.7)	-	-	-	(2.7)
Total non-current liabilities	(102.7)	(113.9)	-	-	-	(113.9)
Gross amount receivable from interest rate swap		0.6	-	-	0.1	0.5
Gross amount payable from interest rate swap		(3.9)	(0.2)	-	(0.6)	(3.1)
Net interest rate swap	(0.6)	(3.3)	(0.2)	-	(0.5)	(2.6)
	(311.6)	(327.3)	(111.1)	(76.4)	(22.3)	(117.5)

The estimated cash out included in the maturity analysis are not expected to occur significantly earlier than indicated in the above table. However, the amount of bank interest payments may be different as they are variable. The interest rate considered has been determined by reference to the conditions existing in the market as of 31 December 2010.

45. Fair value information

45.1 Fair values

The carrying amount of the Group's financial assets and liabilities approximates their fair value. The majority of the financial assets and liabilities are current. The non-current financial assets are either available-for-sale securities and measured at fair value or loan receivables with fixed interest rates. The majority of the non-current financial liabilities are loan payables with variable interest rates. Further information about fair values is given in the respective notes for these assets and liabilities.

45.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. Three different levels have been defined as follows:

- Level 1: Quoted prices in active markets for identical instruments
- Level 2: Valuation techniques based on observable inputs, either directly or indirectly (including quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets being less active and valuation techniques where the significant inputs are based on observable inputs)
- Level 3: Valuation techniques using significant unobservable inputs

2010

in millions of CHF

	Price quoted in active markets Level 1	Valuation techniques based on observable market data Level 2	Valuation techniques based on unobservable inputs Level 3	Total
Marketable securities (Fair Value through P/L)	14.3	0.5	0.5	15.3
Available-for-sale securities	-	0.1	12.8	12.9
Total	14.3	0.6	13.3	28.2
Interest rate swap liabilities	-	(1.5)	-	(1.5)
Total	-	(1.5)	-	(1.5)

2009

in millions of CHF

	Price quoted in active markets Level 1	Valuation techniques based on observable market data Level 2	Valuation techniques based on unobservable inputs Level 3	Total
Marketable securities	11.2	0.5	0.5	12.2
Available-for-sale securities	53.6	0.1	10.3	64.0
Total	64.8	0.6	10.8	76.2
Interest rate swap liabilities	-	(0.6)	-	(0.6)
Total	-	(0.6)	-	(0.6)

There was no transfer from one level to another.

The table below presents a reconciliation of the changes in financial assets Level 3:

2010

in millions of CHF

	Marketable securities	Available-for- sale securities
Balance as of 1 January 2010	0.5	10.3
Total gains or losses:		
in income statement	-	-
in other comprehensive income	-	(0.4)
Purchase	-	2.9
Balance as of 31 December 2010	0.5	12.8

2009

in millions of CHF

	Marketable securities	Available-for-sale securities
Balance as of 1 January 2009	0.5	10.5
Total gains or losses:		
in income statement	-	-
in other comprehensive income	-	(0.2)
Balance as of 31 December 2009	0.5	10.3

A sensitivity analysis of the available-for-sale securities is presented in note 11.

46. Capital management

PubliGroupe defines the capital that it manages as the Group's total equity, excluding non-controlling interests. The objective of the Board of Directors is to maintain a solid equity base in order (i) to guarantee the continued existence of the company, (ii) to provide an adequate return to investors relative to the level of risk undertaken and (iii) to ensure necessary financial resources for the business growth internationally and for the shift from print to digital that will benefit customers in the future and generate further returns to investors. The managed capital is monitored on the basis of the equity ratio which is the ratio of the equity excluding non-controlling interests to total assets.

Equity ratio

in millions of CHF

	2010	2009 Restated
Equity, shareholders of PubliGroupe Ltd	410.8	412.8
Total assets	860.9	950.9
Equity ratio	47.7%	43.4%

The Board of Directors also aims to ensure that the Group's employees and management share in the Group's profits.

The Group holds a certain number of treasury shares, firstly to cover obligations related to its share and option plans, and secondly because the management believes that the market share price underestimates the intrinsic value of the Group.

Neither PubliGroupe Ltd nor its subsidiaries are subject to any externally imposed capital requirements.

The aims of capital management are the same as those of the previous year.

47. Events subsequent to the balance sheet date

None.

48. Approval of the consolidated financial statements and proposal of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the consolidated financial statements. The consolidated financial statements of PubliGroupe Ltd, the publication of which was authorized by the Board of Directors on 16 March 2011, will be submitted to the shareholders for approval at the general meeting to be held on 3 May 2011. The Board of Directors will propose to the shareholders the payment of a dividend of CHF 6.– per share. This represents a total amount of CHF 14.1 million for the 2'342'224 shares outstanding as of 16 March 2011.

Subsidiaries and associates as of 31 December 2010

		Share capital	%	
Search & Find				
Subsidiaries				
Amitel S.A., Bourg-en-Bresse	EUR	517'000	100	a
ATB-Bégécom SAS, Bourg-en-Bresse	EUR	48'000	100	a
LTV Gelbe Seiten AG, Zürich	CHF	10'000'000	51	a
Associates				
Dr. W. Bentlage Verlagsgruppe Nord GmbH & Co KG, Frankfurt am Main	EUR	500'000	25	a
Dr. W. Bentlage Verlagsgruppe Nord Verwaltungs GmbH, Frankfurt am Main	EUR	25'000	25	a
local.ch AG, Bern	CHF	3'000'000	49	
Swisscom Directories AG, Bern	CHF	1'500'000	49	a
Media Sales				
Subsidiaries				
Adnative Ltd, London	GBP	442'000	100	
Adnative S.A., Vernier	CHF	250'000	100	a
Adnative Sàrl, Paris	EUR	64'600	100	a
China (H.K.) Advertising Ltd, Hong Kong	HKD	10	100	
China (HK) Advertising Holdings Ltd, Hong Kong	HKD	71'679'639	100	
China (HK) Consulting Ltd, Hong Kong	HKD	10	100	
Mediascope Publicitas (India) Private Limited, Mumbai	INR	5'000'000	65	
PDM Media (India) Private Limited, Mumbai	INR	1'815'940	65	
pixedia S.A., Lausanne	CHF	500'000	100	a
Publicitas (Beijing) Advertising Co., Ltd, Beijing	CNY	22'900'940	100	
Publicitas (Thailand) Ltd, Bangkok	THB	3'000'000	100	
Publicitas APR Inc., Toronto	CAD	100'000	100	
Publicitas Asia Holdings Ltd, Hong Kong	HKD	282'637'990	100	a
Publicitas Australia Pty Ltd, Sydney	AUD	40	100	
Publicitas B.V., Laren	EUR	20'000	100	a
Publicitas Charney/Palacios & Co., Miami	USD	378	100	
Publicitas China (HK) Advertising Ltd, Hong Kong	HKD	10	100	
Publicitas Cinecom & Media AG, Zürich	CHF	100'000	100	a
Publicitas Cinecom AG, Zürich	CHF	400'000	100	a
Publicitas Eastern Europe AG, Basel	CHF	100'000	100	a
Publicitas Europe Ltd, London	GBP	100	100	a
Publicitas GmbH, Frankfurt am Main	EUR	1'328'300	100	a
Publicitas GmbH, Wien	EUR	873'000	100	a
Publicitas Hong Kong Ltd, Hong Kong	HKD	115'596'120	100	
Publicitas Internacional S.A., Madrid	EUR	135'000	100	a
Publicitas International AG, Basel	CHF	2'000'000	100	a
Publicitas International Sdn Bhd, Petaling Jaya	MYR	100	100	
Publicitas International SpA, Milano	EUR	260'000	100	a
Publicitas Ltd, London	GBP	141'868	100	
Publicitas McGown Inc., Montréal	CAD	587	100	a
Publicitas Mosse AG, Zürich	CHF	600'000	100	a
Publicitas North America Inc., Los Angeles	USD	715'380	100	
Publicitas NV, Zaventem	EUR	780'000	100	a
Publicitas Publimag AG, Zürich	CHF	1'000'000	100	a
Publicitas Publimedia AG, Zürich	CHF	1'000'000	100	a
Publicitas Radiotele AG, Zürich	CHF	250'000	100	a

Media Sales (continued)

Publicitas Rui Shi (Shanghai) Advertising Co. Ltd, Shanghai	CNY	3'482'127	100	
Publicitas S.A., Lausanne	CHF	30'000'000	100	a
Publicitas SAS, Paris	EUR	734'400	100	a
Publicitas Singapore Pte Ltd, Singapore	SGD	6'746'379	100	
PubliGroupe USA Holding Inc., Dover	USD	2'317'136	100	a
Russell E. Palmer Inc., Clearwater	USD	1'000	100	
Associates				
Permedia Athens S.A., Athens	EUR	60'000	30	a
Publicitas Hellas S.A., Athens	EUR	75'000	30	a
Südostschweiz Publicitas AG, Chur	CHF	200'000	50	

Custom Publishing

Subsidiaries				
Denon Film AG, Rapperswil-Jona	CHF	100'000	100	a
Denon Interactive AG, Rapperswil-Jona	CHF	150'000	100	a
Denon Publizistik AG, Rapperswil-Jona	CHF	150'000	100	a
Emphasis Media (S) Pte Ltd, Singapore	SGD	100'000	100	
Emphasis Media (UK) Ltd, Milton Keynes	GBP	1	100	
Emphasis Media Ltd, Hong Kong	HKD	100'000	100	
Emphasis Video Entertainment Ltd, Hong Kong	HKD	12'000	100	
Persönlich Verlags AG, Rapperswil-Jona	CHF	200'000	100	a

Digital & Marketing Services

Subsidiaries				
Instanx AG für Kommunikation, Schlieren	CHF	300'000	75	a b
Namics (Deutschland) GmbH, Frankfurt am Main	EUR	50'000	91	
Namics AG, St. Gallen	CHF	5'414'500	91	a
SVBmedia Group B.V., Rotterdam	EUR	18'000	100	
web2com AG, Zürich	CHF	500'000	100	a
Associates				
Zanox.de AG, Berlin	EUR	209'333	48	a

Corporate and others

Subsidiaries				
iware S.A., Morges	CHF	100'000	100	a
Rudolf Tschudi Holding AG, Zug	CHF	100'000	100	a
Société immobilière Dos-Vie S.A., Delémont	CHF	700'000	100	
Associates				
FPH Freie Presse Holding AG, St. Gallen	CHF	5'000'000	25	a
PrintOnline AG, Schlieren	CHF	1'600'000	25	
SNP Société Neuchâteloise de Presse S.A., Neuchâtel	CHF	769'000	29	a
Südostschweiz Presse und Print AG, Chur	CHF	4'550'000	20	a
TicinOnline S.A., Lugano	CHF	1'100'000	27	

Disclosed are: all consolidated subsidiaries and associates excluding dormant companies, companies in liquidation and sub-holdings without significant transactions with third parties.

The above mentioned percentages correspond to PubliGroupe's share in subsidiaries' results.

a Subsidiary/associate held directly by PubliGroupe Ltd

b Subsidiary/associate entered in the consolidation scope in 2010



Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders of PubliGroupe Ltd, Lausanne

As statutory auditor, we have audited the consolidated financial statements (the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes presented on pages 3 to 56) of PubliGroupe Ltd for the year ended 31 December 2010.

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 and Swiss Auditing Standards as well as 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 2010 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.

KPMG SA

Stéphane Gard
Licensed Audit Expert
Auditor in Charge

Luc Oesch
Licensed Audit Expert

Lausanne, 16 March 2011

Financial Statements of PubliGroupe Ltd

PubliGroupe Ltd**Balance sheet as of 31 December**

in thousands of CHF

	Notes	2010	2009
Assets			
Cash on hand and in banks		66'715	15'252
Marketable and available-for-sale securities	(1)	31'948	77'199
Receivables from group companies		11'562	16'450
Other receivables	(2)	1'379	41'025
Accrued income and prepaid expenses		1'599	2'887
Current assets		113'203	152'813
Loans to group companies		6'427	3'300
Loans to third parties	(3)	26'102	804
Investments		437'500	437'438
Land and buildings	(4)	36'213	49'546
Other tangible and intangible assets		3'140	3'285
Non-current assets		509'382	494'373
Total assets		622'585	647'186
Liabilities and equity			
Bank debt	(5)	-	65'000
Payables to group companies		99'743	108'770
Other payables		1'333	1'629
Accrued liabilities		10'099	10'452
Current liabilities		111'175	185'851
Long-term debt	(6)	94'600	100'000
Long-term provisions		2'314	3'710
Non-current liabilities		96'914	103'710
Total liabilities		208'089	289'561
Share capital	(7)	2'504	2'503
General reserve		39'500	39'500
Additional paid-in capital		5'473	5'395
Reserve for treasury shares		52'626	53'244
Free reserves		155'280	154'662
Retained earnings brought forward		102'320	11'521
Result for the year		56'793	90'800
Equity	(12)	414'496	357'625
Total liabilities and equity		622'585	647'186

PubliGroupe Ltd
Income statement

in thousands of CHF

	Notes	2010	2009
Income from investments including service fees	(8)	34'327	121'029
Financial income		4'200	3'264
Net income from marketable securities	(9)	42'082	8'352
Net real estate income	(10)	18'469	24'276
Extraordinary income		2'147	15'996
Total income		101'225	172'917
Personnel expenses		(11'269)	(13'273)
Rent and occupancy expenses		(905)	(815)
General and administrative expenses		(9'683)	(9'827)
Operational depreciation		(912)	(851)
Financial expenses		(5'892)	(7'647)
Extraordinary expenses	(11)	(13'164)	(46'717)
Total operating expenses		(41'825)	(79'130)
Result for the period before taxes		59'400	93'787
Income tax expense		(2'607)	(2'987)
Net result for the period		56'793	90'800

Comments and notes to the 2010 financial statements of PubliGroupe Ltd

1. Marketable securities

The decrease is due mainly to the sale of shares Edipresse Ltd and National Zeitung und Basler Nachrichten AG.

2. Other receivables

The decrease is due to cash refund from loans to third parties.

3. Loans to third parties

The increase is due to a loan granted to third parties.

4. Land and buildings

The decrease comes from the sale of two buildings.

5. Bank debt

The bank debt of CHF 65 million was fully refunded during the year.

6. Long-term debt

The long-term debt includes the bank debt of CHF 93 million, guaranteed by mortgage notes with maturity July 23, 2014.

7. Share capital

The company has issued 2'504'224 registered shares with a nominal value of CHF 1 each.

Shareholdings can be registered in the share register up to a maximum of 5% per shareholder. Shares held on a fiduciary basis are not entitled to vote.

8. Income from investments including service fees

in thousands of CHF

	2010	2009
Dividends	27'457	113'120
Service fees	6'870	7'909
Total	34'327	121'029

9. Net income from marketable securities

The net income from marketable securities includes realized gain on sales of CHF 33.7 million.

10. Net real estate income

The net real estate income comprises the following elements:

in thousands of CHF	2010	2009
Gross rental income	8'930	10'569
Real estate expenses	(1'208)	(1'611)
Gain on sale of real estate	10'747	15'318
Total	18'469	24'276

11. Extraordinary expenses

Extraordinary expenses include corrections to the value of investments and the increase of provisions for loans to group companies.

12. Changes in shareholders' equity of PubliGroupe Ltd

in thousands of CHF

	Share capital	Legal reserves	Additional paid-in capital	Free reserves	Retained earnings / (accumulated deficit)	Shareholders' equity
Balance as of 31.12.2007	2'498	96'975	4'934	150'431	112'828	367'666
Change in reserve for treasury shares		31'113		(31'113)		-
Dividend 2007, paid out in 2008					(32'473)	(32'473)
Increase in additional paid-in capital	2		355			357
Net result for the period					(60'897)	(60'897)
Balance as of 31.12.2008	2'500	128'088	5'289	119'318	19'458	274'653
Change in reserve for treasury shares		(35'344)		35'344		-
Dividend 2008, paid out in 2009					(7'938)	(7'938)
Increase in additional paid-in capital	3		106			109
Net result for the period					90'800	90'800
Balance as of 31.12.2009	2'503	92'744	5'395	154'662	102'320	357'624
Change in reserve for treasury shares		(618)		618		-
Increase in additional paid-in capital	1		78			79
Net result for the period					56'793	56'793
Balance as of 31.12.2010	2'504	92'126	5'473	155'280	159'113	414'496

The legal reserves include the general reserve and the reserve for treasury shares.

NOTES

(According to Art. 663 b & c CO)

Investments

The list of investments is shown in the notes to the consolidated financial statements.

Significant shareholders

At the end of 2010, there were 3'421 registered shareholders. The following five groups of shareholders held more than 5% of the issued share capital: Bestinver Gestion S.A. SGIIIC Madrid (12.51%), the Gerstenhauer Foundation (11.46%), the heirs association of Alfred Borter (10.62%), Tweedy, Browne Company LLC, New York (10.25%) and Marathon Asset Management Ltd, London (7.87%).

Number of shares held by the members of the Board of Directors and persons close to them

	31.12.2010	31.12.2009
Mr Hans-Peter Rohner, Chairman and CEO	11'493	10'299
Mr Jean-Pierre Jeannet, Vice-Chairman	2'118	1'663
Mr Pascal Böni, Lead Director *	1'801	1'445
Mr Kjell Aamot, Member (from April 27, 2010)	-	-
Mrs Eliane Borter, Member **	1'712	1'356
Mr Peter Brunner, Member	1'734	1'378
Mr Christian Budry, Member	1'435	1'079
Mr Andreas Schönenberger, Member (from April 27, 2010)	-	-
Mrs Michaela Stöckli, Member (until April 27, 2010)	-	1'304
Total	20'293	18'524

* Mr Pascal Böni represents 287'028 shares (287'028 shares in 2009) held by the Gerstenhauer Foundation and 38'422 shares (38'422 shares in 2009) by the Stiftung Consuela. Mr Böni is the president of the Gerstenhauer Foundation.

**Mrs Eliane Borter represents 266'019 shares (266'019 shares in 2009) held by the heirs association of Alfred Borter. Mrs Eliane Borter is member of the heirs association of Alfred Borter.

Number of shares held by the members of the General Management and persons close to them

	31.12.2010	31.12.2009
Mr Christopher Blackwell, CIO Information & Communication Technology	85	-
Mr Jean-Denis Briod, Director Headquarters	1'512	1'374
Mr Thomas Kaiser, Deputy CEO & CEO Digital & Marketing Services	1'449	1'225
Mr Jean-Pascal Michel, CEO Search & Find (until October 31, 2010)	-	1'147
Mr Beat Roeschlin, CEO Media Sales (from May 1, 2010)	-	-
Mrs Brigitte Schleipen, CHRO Human Resources	1'150	1'000
Mr Robert Schmidli, CEO Media Sales (until April 30, 2010)	-	1'065
Mr Andreas Schmidt, CFO Finance & Controlling	2'893	2'817
Ms Monica Woo, CEO Custom Publishing (until December 31, 2010)	617	617
Total	7'706	9'245

Number of options held by the members of the General Management as of 31.12.2010

Grant year	2001	Total
Vesting period	4 years	
Beginning of the exercise period	31.5.05	
End of the exercise period	31.5.11	
Exercise price in CHF	676	
Number of options held by General Management	900	900
Mr Hans-Peter Rohner, Chairman and CEO	900	900
Total	900	900

One option entitles the holder to acquire one share.

Number of options held by the members of the General Management as of 31.12.2009

Grant year	2000	2001	Total
Vesting period	4 years	4 years	
Beginning of the exercise period	1.12.04	31.5.05	
End of the exercise period	30.11.10	31.5.11	
Exercise price in CHF	730	676	
Number of options held by General Management	2'150	1'200	3'350
Mr Hans-Peter Rohner, Chairman and CEO	1'250	900	2'150
Mr Jean-Denis Briod, Director Headquarters	600	-	600
Mr Jean-Pascal Michel, CEO Search & Find	300	300	600
Total	2'150	1'200	3'350

One option entitles the holder to acquire one share.

Remunerations for members of the Board of Directors in 2010

in thousands of CHF

	Fees and expenses	Committees	Value of shares allocated	Total remunerations	Social charges	Total
Mr Hans-Peter Rohner, Chairman and CEO	100	-	-	100	5	105
Mr Jean-Pierre Jeannet, Vice-Chairman	160	25	68	253	11	264
Mr Pascal Böni, Lead Director	125	20	68	213	-	213
Mr Kjell Aamot, Member (from April 27, 2010)	53	7	36	96	-	96
Mrs Eliane Borter, Member	80	10	55	145	6	151
Mr Peter Brunner, Member	80	20	55	155	7	162
Mr Christian Budry, Member	80	25	55	160	7	167
Mr Andreas Schönenberger, Member (from April 27, 2010)	53	7	36	96	3	99
Mrs Michaela Stöckli, Member (until April 27, 2010)	65	3	-	68	4	72
Total amount to the members of the Board of Directors	796	117	373	1'286	43	1'329

In 2011, an ordinary board member will receive a fixed annual fee including flat-rate expense allowance of CHF 100'000. The lead director will receive 25% and the vice-chairman 50% more.

Shares are blocked for a period of 5 years.

The value of shares allocated refers to the allocated shares decided by the Board of Directors on 16 March 2011, based on the average closing price during the three month before the date of distribution (17 March 2011). An expense has been accrued for in the financial year 2010.

Remunerations for members of the Board of Directors in 2009

in thousands of CHF

	Fees and expenses	Committees	Value of shares allocated	Total remunerations	Social charges	Total
Mr Hans-Peter Rohner, Chairman and CEO	67	-	-	67	3	70
Mr Philippe Pidoux, Chairman (until April 29, 2009)	108	-	19	127	8	135
Mr Jean-Pierre Jeannot, Vice-Chairman	171	15	49	235	10	245
Mr Pascal Böni, Lead Director	96	20	38	154	-	154
Mrs Eliane Borter, Member	72	10	38	120	5	125
Mr Peter Brunner, Member	72	20	38	130	6	136
Mr Christian Budry, Member	72	25	38	135	6	141
Mr Etienne Jornod, Member (until April 29, 2009)	24	5	12	41	2	43
Mrs Michaela Stöckli, Member	72	10	38	120	5	125
Mr Felix Weber, Member (until January 26, 2009)	6	1	-	7	2	9
Total amount to the members of the Board of Directors	760	106	270	1'136	47	1'183

Shares are blocked for a period of 5 years.

The value of shares allocated refers to the allocated shares decided by the Board of Directors on 17 March 2010, based on the average closing price during the three month before the date of distribution (18 March 2010). An expense has been accrued for in the financial year 2009.

Remunerations for members of the Group's General Management in 2010 and 2009

in thousands of CHF

	Total 2010	wherof H.-P. Rohner, CEO	Total 2009	wherof H.-P. Rohner, CEO
Fixed remunerations and expenses	3'081	500	2'680	443
Variable remunerations	2'687	638	1'611	375
Advantage obtained by the purchase of shares on privileged terms	45	-	355	166
Value of shares allocated	213	213	125	125
Total remunerations	6'026	1'351	4'771	1'109
Severance payments	627	-	-	-
Social charges	903	157	691	134
Total	7'556	1'508	5'462	1'243

The amounts include the remunerations granted by all group companies to the group's General Management.

Treasury shares and reserve for treasury shares

	Number of shares	Variation of the reserve in thousands of CHF
Balance as of 1.1.2010	143'495	53'244
Purchase at an average price of CHF 98.30	15'197	1'494
Sale at an average price of CHF 105.47	(5'692)	(2'112)
Balance as of 31.12.2010	153'000	52'626

The treasury shares are included under the heading "marketable securities", in respect of which a corresponding reserve exists under the "reserve for treasury shares" in the amount of the acquisition cost.

Guarantees, indemnity liabilities and pledges in favour of third parties

in thousands of CHF	2010	2009
Pledged assets	114'263	226'316
Guarantees (third parties)	1'327	1'190
Total	115'590	227'506

The pledged assets are collateral for the lines of credit from banks.

Insurance values of tangible fixed assets

in thousands of CHF	2010	2009
Buildings	117'603	150'935
Other tangible and intangible assets	2'955	2'332
Total	120'558	153'267

Conditional share capital

	Number of shares	Nominal value total in CHF
Resolution of the general meeting of 30 May 2000	50'000	50'000
Issued in 2000 to 2009	(28'148)	(28'148)
Subscription to 2010	(1'076)	(1'076)
Balance available	20'776	20'776

The increase in share capital is affected by the exercise of subscription rights, which have been granted to employees of group companies by the Board of Directors.

Hidden reserves

in thousands of CHF	2010	2009
Net reduction	15'749	24'996

Proposal on the appropriation of available earnings

in CHF	
Profit for the year 2010	56'792'935
Balance brought forward	102'320'458
Available earnings	159'113'393
Dividends (CHF 6.- gross per share)	(14'077'344)
Balance carried forward	145'036'049

Risk Assessment Disclosure

PubliGroupe Ltd is fully integrated into the Group-wide risk assessment. The risk assessment is reviewed by the Board at least on a yearly basis. The specific risks related to PubliGroupe Ltd are also covered by this risk assessment. Disclosure of the Group-wide risk assessment procedures are described in note 44 to the Group's consolidated financial statements.



Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of PubliGroupe Ltd, Lausanne

As statutory auditor, we have audited the financial statements (the balance sheet, income statement and notes on pages 58 to 66) of PubliGroupe Ltd for the year ended 31 December 2010.

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 2010 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

KPMG SA

Stéphane Gard
Licensed Audit Expert
Auditor in Charge

Luc Oesch
Licensed Audit Expert

Lausanne, 16 March 2011

Five-year key figures

in millions of CHF

	2010	2009 Restated	2008 Restated	2007 Restated	2006 Restated
Revenue	1'474.2	1'609.1	2'120.6	2'161.2	2'086.6
Change	-8.4%	-24.1%	-1.9%	3.6%	3.9%
Gross margin	345.3	362.1	446.3	456.8	443.8
Change	-4.6%	-18.9%	-2.3%	2.9%	3.0%
in % of revenue	23.4%	22.5%	21.0%	21.1%	21.3%
EBITDA	44.8	25.6	85.6	73.8	88.7
Change	75.0%	-70.1%	15.9%	-16.7%	-5.2%
in % of revenue	3.0%	1.6%	4.0%	3.4%	4.2%
Operating result (EBIT)	32.6	(2.9)	41.4	57.5	68.6
Change	-	-	-28.0%	-16.2%	-4.6%
in % of revenue	2.2%	-0.2%	2.0%	2.7%	3.3%
Result, shareholders of PubliGroupe Ltd	42.6	(20.3)	(41.6)	68.8	53.9
Change	-	-51.2%	-	27.6%	-25.0%
in % of revenue	2.9%	-1.3%	-2.0%	3.2%	2.6%
In % of the equity, shareholders of PubliGroupe Ltd	10.4%	-4.9%	-9.7%	11.6%	8.9%
Cash flows from operating activities	29.6	6.3	61.7	79.2	78.2
Consolidated balance sheets as of 31 December					
Assets					
Current assets	416.7	501.4	449.0	576.2	494.3
Non-current assets	444.2	449.5	642.8	745.4	618.6
Liabilities and equity					
Current liabilities	297.9	372.9	558.3	602.4	407.6
Non-current liabilities	118.8	124.9	30.8	65.5	39.3
Total liabilities	416.7	497.8	589.1	667.9	446.9
Equity, shareholders of PubliGroupe Ltd					
In % of total assets	47.7%	43.4%	39.2%	44.8%	54.6%
Non-controlling interests	33.4	40.3	62.5	54.0	58.6
Total equity	444.2	453.1	490.0	645.7	666.0
Total assets	860.9	950.9	1'091.8	1'321.6	1'112.9
Net liquidity					
Cash and cash equivalents	102.6	58.0	81.4	87.1	63.0
Marketable and available-for-sale securities	15.3	65.8	8.8	23.2	33.2
Short-term debts	-	(65.0)	(185.0)	(180.1)	(45.2)
Net liquidity	117.9	58.8	(94.8)	(69.8)	51.0

The years 2006 to 2009 have been restated. Refer to section C) of the consolidated financial statements.

in millions of CHF

	2010	2009	2008	2007	2006
		Restated	Restated	Restated	Restated
Number of employees at the end of the period	2'349	2'618	3'003	2'973	2'773
Average number of employees	2'392	2'793	3'077	2'933	2'790
Key figures per employee (in thousands of CHF)					
Revenue	616.3	576.1	689.2	736.9	747.9
Gross margin	144.4	129.6	145.0	155.7	159.1
EBITDA	18.7	9.2	27.8	25.2	31.8
Operating result (EBIT)	13.6	(1.0)	13.5	19.6	24.6
Personnel expenses	(100.8)	(97.5)	(96.2)	(99.8)	(99.5)
Share statistics					
Share price at balance sheet date (in CHF)	109	94	63	367	429
Weighted average number of shares outstanding	2'362'608	2'325'282	2'297'098	2'398'661	2'391'176
Total outstanding shares as of 31 December	2'351'224	2'359'653	2'261'509	2'377'920	2'394'584
Market capitalization as of 31 December	256.3	221.8	142.5	872.7	1'027.3
Distribution, without treasury shares	14.1	-	8.3	30.6	28.8
Dividend per share (in CHF)	* 6.00	-	3.50	13.00	12.00
Pay-out rate	33.1%	-	-20.0%	44.5%	53.4%
Dividend yield	5.5%	-	5.6%	3.5%	2.8%
Basic earnings per share (in CHF)	18.03	(8.73)	(18.11)	28.68	22.54
P/E ratio	6.0	(10.8)	(3.5)	12.8	19.0

* The Board of Directors will propose at the general meeting of 3 May 2011 the payment of a dividend of CHF 6.00 per share.

The years 2006 to 2009 have been restated. Refer to section C) of the consolidated financial statements.

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