APG|SGA
Out of Home Media

Financial Report

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Assets

in CHF 1 000	Notes	31.12.2012	31.12.2011
Buildings and land		**48 404**	52 690
Advertising plant		**18 027**	20 273
Other property, plant, and equipment		**5 595**	5 788
Property, plant, and equipment	3	**72 026**	78 751
Investments in associated companies		**311**	345
Other financial investments		**3 165**	5 372
Financial investments	4	**3 476**	5 717
Goodwill		**6 925**	18 862
Contractual advertising rights		**34 943**	50 316
Intangible fixed assets	5	**41 868**	69 178
Deferred tax assets	21	**16 030**	14 733
Non-current assets		**133 400**	168 379
Inventories		**2 362**	2 746
Trade accounts receivable	6	**43 913**	39 849
Other accounts receivable	7	**13 132**	15 457
Deferred expenses and accrued income		**8 109**	6 845
Marketable securities		**501**	408
Cash and cash equivalents	8	**85 976**	77 534
Current assets		**153 993**	142 839
Total		**287 393**	311 218

Shareholders’ equity and liabilities

in CHF 1 000	Notes	31.12.2012	31.12.2011
Share capital		**7 800**	7 800
Capital reserves, premiums		**5 632**	5 632
Other reserves		**90 078**	110 252
Equity held by APG|SGA SA shareholders		**103 510**	123 684
Non-controlling interests		**3 543**	2 825
Shareholders’ equity	9	**107 053**	126 509
Provisions	10	**61 335**	56 425
Deferred tax liabilities	21	**12 255**	10 160
Long-term financial liabilities	12	**26**	28
Non-current liabilities		**73 616**	66 613
Trade accounts payable		**20 465**	21 589
Current payables to banks	12		15 001
Taxes payable		**1 138**	1 937
Other accounts payable	13	**30 102**	23 444
Accrued liabilities and deferred income	14	**55 019**	56 125
Current liabilities		**106 724**	118 096
Liabilities		**180 340**	184 709
Total		**287 393**	311 218

Consolidated income statement

in CHF 1 000	Notes	2012	2011
Advertising revenue		**317 644**	311 795
Real estate revenue	17	**2 456**	2 453
Operating revenue		**320 100**	314 248
Fees and commissions		**-141 535**	-139 104
Personnel expenses	18	**-29 856**	-65 955
– of which ordinary personnel expenses	18	**-68 205**	-65 955
– of which prior service income due to plan change	18	**38 349**	
Operating and administrative costs		**-37 630**	-42 556
Other income	19	**1 949**	6 391
EBITDA		**113 028**	73 024
Depreciation		**-9 729**	-11 341
Amortization of intangible assets		**-4 447**	-4 780
Impairment	5	**-22 447**	-785
Operating income (EBIT)		**76 405**	56 118
Financial income	20	**1 722**	468
Financial expenses	20	**-2 192**	-1 431
Income from associates		**26**	62
Income before income tax		**75 961**	55 217
Income tax	21	**-23 904**	-12 236
Consolidated net income		**52 057**	42 981
– of which non-controlling interests		**1 978**	1 194
– of which APG|SGA SA shareholders (net income)		**50 079**	41 787
Basic and diluted earnings per share, in CHF	22	**17.03**	14.23

Consolidated statement of comprehensive income

in CHF 1 000	Gross	Income tax effect	2012 net	Gross	Income tax effect	2011 net
Consolidated net income			**52 057**			**42 981**
Unrealized gains/losses on available-for-sale securities	111	-25	**86**	-25	1	**-24**
Currency translation differences	995	0	**995**	2 599		**2 599**
Actuarial losses from defined benefit plans	-68 023	16 171	**-51 852**	-28 239	7 060	**-21 179**
Comprehensive income			**1 286**			**24 377**
– of which non-controlling interests			**1 969**			**833**
– of which APG|SGA SA shareholders			**-683**			**23 544**

Consolidated statement of changes in equity

in CHF 1 000	Share capital	Capital reserves premiums	Treasury shares	Trans-lation differ-ences	Available-for-sale securities	Re-valuation reserves	Retained earnings	Total	Non-controlling interests	Total Share-holders' equity
				Share of APG|SGA SA shareholders						
as at January 1, 2011	7 800	5 632	-9 539	-19 927	187	46 059	69 550	**99 762**	1 163	**100 925**
Comprehensive income				2 960	-24		20 608	**23 544**	833	**24 377**
– of which consolidated net income							41 787	**41 787**	1 194	**42 981**
– of which other comprehensive income				2 960	-24		-21 179	**-18 243**	-361	**-18 604**
Changes in scope of consolidation									1 471	**1 471**
Purchase of non-controlling interests							21	**21**	-21	
Distributions									-621	**-621**
Changes in treasury shares			332				25	**357**		**357**
as at December 31, 2011	7 800	5 632	-9 207	-16 967	163	46 059	90 204	**123 684**	2 825	**126 509**
Comprehensive income				1 004	86		-1 773	**-683**	1 969	**1 286**
– of which consolidated net income							50 079	**50 079**	1 978	**52 057**
– of which other comprehensive income				1 004	86		-51 852	**-50 762**	-9	**-50 771**
Distributions							-20 589	**-20 589**	-1 251	**-21 840**
Changes in treasury shares			1 003				95	**1 098**		**1 098**
as at December 31, 2012	7 800	5 632	-8 204	-15 963	249	46 059	67 937	**103 510**	3 543	**107 053**

Consolidated statement of cash flows

in CHF 1 000	Notes	2012	2011
Consolidated net income		**52 057**	42 981
Depreciation and amortization		**14 834**	16 121
Impairment	5	**22 447**	785
Unrealized gains/losses on securities		**86**	-24
Net financial income		**470**	963
Changes in provisions		**-62 468**	-1 301
Changes in deferred taxes	21	**16 857**	9 116
Current income taxes	21	**7 047**	3 120
Gain/loss from sale of non-current assets		**-1 930**	-3 439
Income from associates		**-26**	-62
Financial income received		**522**	503
Financial expenses paid		**-402**	-882
Income taxes paid		**-13 849**	-3 933
Cash flow		**35 645**	63 948
Change in inventories		**345**	622
Change in accounts receivable		**601**	4 400
Change in marketable securities		**-93**	22
Change in accounts payable		**8 900**	1 014
Change in other deferred expenses, accrued income, accrued liabilities, and deferred income		**-394**	2 727
Net cash provided by operating activities		**45 004**	72 733
Capital expenditures in property, plant, and equipment		**-5 350**	-9 163
Capital expenditures in intangible assets		**-16**	-29
Investment in financial assets			-1 648
Sale of property, plant, and equipment as well as intangible fixed assets		**3 380**	4 217
Sale of financial assets		**729**	842
Sale of subsidiaries and business activities (net of cash)	16	**502**	440
Net cash used in investing activities		**-755**	-5 341
Purchase and sale of treasury shares		**1 098**	358
Change in current payables to banks		**-15 001**	-15 769
Change in long-term financial liabilities		**-2**	-10
Dividends to APG|SGA SA shareholders		**-20 589**	
Distributions to non-controlling interests		**-1 251**	-621
Net cash used in financing activities		**-35 745**	-16 042
Currency translation effect on cash and cash equivalents		**-62**	-69
Change in cash and cash equivalents		**8 442**	51 281
Cash and cash equivalents as at January 1	8	**77 534**	26 253
Cash and cash equivalents as at December 31	8	**85 976**	77 534

Notes to the consolidated financial statements

1 Business activity

The APG|SGA Group is active in all domains of out-of-home advertising. As a media company, we transport advertising messages into the public and private areas with posters and related media. This media performance is generated in streets, city centers, pedestrian zones, railway stations, shopping centers, airports, tourism resorts, and on the outside and inside of public transport vehicles. The Group is active in the Swiss market, in Romania, Serbia and Montenegro. Business operations are based on long-term concession agreements with public-sector and private partners. APG|SGA SA (former Affichage Holding SA) is the parent company. It is a Swiss Stock Exchange (SIX)-listed company headquartered on 23, rue des Vollandes, 1211 Genève 6 (Switzerland).

2 Key reporting and valuation principles of the APG|SGA Group

General fundamentals and reporting standards

The consolidated financial statements of the APG|SGA Group have been prepared in compliance with Swiss Corporation Law and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The Board of Directors approved the consolidated financial statements on February 26, 2013. The Annual General Meeting on May 22, 2013, will be asked to approve the consolidated financial statements.

The consolidated figures comprise the financial statements of the individual companies, which have been prepared according to uniform accounting and reporting guidelines. The consolidated financial statements have been prepared on a historical cost basis, with the exception of marketable securities, which are valued at fair value.

Changes in accounting principles

The accounting policies applied are consistent with prior year. For financial year 2012, the IASB issued IFRS standards and interpretations that are relevant to the APG|SGA Group, which have been newly adopted. They relate to amendments to IFRS 7 – Disclosures Transfer of Financial Assets, amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

The first-time application of these standards did not have any material effects on the Group.

Standards issued but not effective

IFRS 9 Financial instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in other entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12, IFRS 13 Fair Value Measurement, IAS 27 Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures, IAS 19 – Employee Benefits, Presentation of Items of Other Comprehensive Income – Amendment to IAS 1, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7), Annual Improvements to IFRS, Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

These standards are not being early adopted. The new standards become effective for annual periods beginning on or after January 1, 2013.

The APG|SGA Group continuously analyzes changes to the standards.The application of IAS 19 revised will have an impact on the financial statement of APG|SGA (see note 11).

The group has analyzed the new consolidation model of IFRS 10 and believes that it will not impact the group as all entities currently consolidated will also meet the new control definition of IFRS 10 and therefore will continue to be consolidated. The other new IFRS including IFRS 11 are not applicable as the group has currently no joint arrangements.

Scope and method of consolidation
The consolidated financial statements integrate the financial statements of APG|SGA SA and the Group's domestic and foreign companies. An overview of the principal Group companies is provided in note 27 of this report. Companies are consolidated starting on the date at which the Group gains control. The acquired assets and liabilities are revalued and integrated according to the purchase method.

The *full consolidation* method is applied to all companies in which the Group directly or indirectly exerts management control. All assets, liabilities, and equity, as well as revenues and expenses of the consolidated companies, are fully recognized. Non-controlling interests in shareholders' equity and net income are recorded separately in equity and comprehensive income respectively. Intercompany transactions within the scope of consolidation as well as the resulting receivables or payables are completely eliminated. APG|SGA owns just 50% of the voting power of Impacta. However, management control is present because distribution and logistics are performed by Allgemeine Plakatgesellschaft AG, a 100% subsidiary of APG|SGA SA.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Participations between 20% and 50% are recognized in the consolidated financial statements according to the *equity method*, provided the Group has significant influence. In this case, the Group's percentage shares in the net assets are posted in the balance sheet under *Investments in associated companies* and the respective share in profit or loss in the income statement under *Income from associates*. Investments in associates are subject to impairment tests on an annual basis, or when existing indicators would suggest a possible impairment. Recorded losses arising from impairment are presented under *Income from associates* in the income statement.

Participating interests of less than 20% are treated as available for sale investments at fair value and are not consolidated. They are presented in the consolidated balance sheet as *Other financial investments*.

Critical accounting assumptions and estimates in the application of financial reporting standards
Financial reporting requires management estimates and assumptions that influence reported assets, liabilities, contingent liabilities and contingent assets as at the closing date, as well as income and expenses for the reporting period. These judgments, assumptions and estimates are made on the basis of information available or situations existing at the financial statement preparation date, which could prove to be different from reality in the future. The following assets and liabilities are significantly affected:

Impairment of non-financial assets
The Group has capitalized property, plant, and equipment in the amount of CHF 72.0 million (PY CHF 78.8 million), and intangible assets in the amount of CHF 41.9 million (PY CHF 69.2 million). The Group performs annual impairment tests. The impairment tests for goodwill require assumptions based on medium- and long-term estimates regarding growth, expected useful lives, and renewal rates of advertising contracts portfolio, EBITDA margins, and the discount rate. The estimated future cash flows may deviate substantially from the actual figures (assumptions see note 5).

Provisions for pension plans
All employees in Switzerland have a funded defined-benefit plan. In 2012, a net liability of CHF 55.9 million (PY CHF 50.4 million) was recorded. The actuarial calculations of pension liabilities are based on estimates of the discount rate, expected return on plan assets, future wage developments, and statistical data such as mortality tables and employee turnover. The calculated results may deviate significantly from reality if these assumptions are changed in response to developments of the economic environment (assumptions see note 11).

Deferred tax assets
Deferred tax assets are recognized on temporary differences and, provided the claims are likely to be realized, on tax loss carry forwards. The net recoverable amount of tax loss carry forwards is based on future taxable income.

Trade and other receivables, including loans
The net recoverable amount of accounts receivable is based on an assessment of the solvency of the borrowers and on the availability of collateral, if any.

Fees
The contractual and legal situation of advertising rights abroad is not always unambiguous. In such cases reported charges and advertising taxes are based on management estimates supported by lawyer’s opinion.

Foreign currency transactions

Every Group entity prepares its statements in its local currency (functional currency), i.e. the currency of the economic region in which it has its primary operations. Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. At the period-end, monetary items are translated at the closing exchange rate and the resulting gains or losses are recorded in the income statement.

Long-term monetary assets held by a Group entity in a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future are considered part of the entity's net investment in that foreign operation. Accordingly, pursuant to IAS 21 exchange differences on these items are recorded in other comprehensive income until the investment's disposal. In the opposite case, exchange differences are recorded in the income statement.

Translation of financial statements of subsidiaries

The consolidated financial statements are presented in Swiss francs (CHF), which is the parent company's presentation and functional currency.

Assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency at year-end exchange rates, while the corresponding income and expense are translated at average exchange rates of the period. Resulting translation differences are recognized directly in other comprehensive income. At the time of a liquidation or loss of control of a foreign subsidiary, the accumulated translation differences are reclassified in the income statement.

Exchange rates	**Assets and liabilities Year-end exchange rate**		**Income, expense Average exchange rate**	
in CHF	**December 31, 2012**	**December 31, 2011**	**2012**	**2011**
1 EUR	**1.2075**	1.2169	**1.2053**	1.2333
1 BAM		0.6222		0.6305
1 RSD	**0.0106**	0.0115	**0.0107**	0.0121
1 RON	**0.2722**	0.2820	**0.2705**	0.2912

Current / non-current classification

With the exception of deferred tax assets and liabilities which are classified as non-current, assets and liabilities are classified as current when their recoverability or payment is expected no later than 12 months after the year-end closing date.

Segment reporting

The Group manages its business primarily on the basis of country responsibilities (segments). Added value is created locally by the acquisition, sale, and management of advertising spaces. The nature of the business and the legal framework are country-specific.

Accounting principles
The following accounting principles were applied:

Cash and cash equivalents
Cash and equivalents containing cash, current postal and bank account receivables, and short-term deposits are held with first-class financial institutions. Short-term deposits have a maturity of up to three months.

Marketable securities
Marketable securities include listed shares and bonds (available for sale). Initially, marketable securities are recorded at fair value. Fair value adjustments are recorded in other comprehensive income. The amount recorded in other comprehensive income is reclassified to the income statement in the period when the securities are sold.

Accounts receivable
Accounts receivable are initially recorded at fair value, which corresponds to the nominal invoice value. An allowance for bad debt is recognized through an allowance account when the recoverable amount is less than the carrying amount.

Inventories
Inventories mainly consist of parts necessary for the maintenance of installed street furniture, as well as street furniture or billboards in kit form or partially assembled. These do not meet the definition of property, plant and equipment. Inventories are valued at cost or lower net realizable value.

Property, plant and equipment
Property, plant and equipment are presented on the balance sheet at historical cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or, for most of the advertising plant, over the average duration of the contracts, and in no case over more than 12 years. The following useful lives are applied to depreciation calculations:
– Buildings (without land) 20–40 years
– Advertising plant 8–12 years
– Electronic advertising plant 2–8 years
– Fittings, equipment, furniture 4–10 years
– Information Technology 3–6 years
– Vehicles 4–6 years

All gains and losses from the sale of property, plant, and equipment are recognized in the income statement in operating and administrative costs. Assets with minor values are expensed directly in the income statement. Land is not depreciated, but value-adjusted, if necessary.

Intangible assets and Goodwill
Intangible assets (i.e. contractual advertising rights) acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. The acquired intangible contract assets are recorded separately from goodwill if the future economic benefit is separately transferable and if a fair value can be determined. Intangible assets that cannot be separately recognized are capitalized as goodwill. This includes synergies and the market position of the acquired company. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over the expected useful life of 10 to 20 years. Goodwill is not amortized and is subject to an annual impairment test.

Impairment of non-financial assets
Property, plant, and equipment and intangible assets with limited useful life are reviewed for impairment as soon as indicators suggest that the carrying value is higher than its recoverable amount. The recoverable amount is the higher of the fair value of the asset (or group of assets) less cost to sell and the value in use determined on the basis of future discounted cash flows.

Goodwill is subject to an annual impairment test. If the recoverable amount is lower than the carrying value, an impairment loss is recorded in the income statement to write down the carrying value to the recoverable amount.

The impairment test for goodwill and intangible assets takes place at the level of the acquired companies or national units. These companies represent the lowest level for which independent cash flows can be determined (CGU: cash generating units) and to which goodwill has been allocated. The calculation of the value in use is determined using the discounted cash flow method and is based on three-year planning up to 2015 as well as estimated cash flow projections for two further plan years. Subsequent years are taken into account with a perpetual projection using a yearly nominal growth rate, which corresponds to expected market developments. The key assumptions for planning cash flows are based on past experience and expectations regarding future business developments. These relate to long-term sales revenue growth rates, the percentage EBITDA share in sales revenue, and investments.

The discount rates are based on the weighted average cost of capital specific to each CGU.

Treasury shares
Treasury shares are recognized at their acquisition cost and deducted from shareholders' equity. Gains or losses on disposals are directly recorded in equity within retained earnings.

Liabilities
Current liabilities include such with maturities up to 12 months, as well as accrued liabilities and deferred income. Long-term liabilities include loans with maturities of more than one year and are measured at amortized cost.

Financial liabilities

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

Provisions

Provisions are recorded if, due to past events, a legal or factual obligation is incurred, a reliable estimate of the amount needed to settle the claim can be made, and a future cash outflow is more likely than not.

Employee benefits

Employee benefits within the Group comply with country-specific legislation. For all the Group's companies in Switzerland, the pension fund obligations are borne largely by a legally independent organization. Pursuant to IAS 19, the Swiss employee benefit plans are treated as defined-benefit plans. A legally independent employer-funded voluntary benefit plan exists to cover cases of social hardship in Switzerland. Apart from legally stipulated benefit plans, no statutory pension fund obligations exist for the employees of the companies that are active in the foreign markets.

The costs and liabilities incurred under the defined-benefit plans are actuarially calculated according to the projected unit credit method. The actuarial valuation is conducted semi-annually by independent insurance experts, most recently as at December 31, 2012. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to the income statement in subsequent periods.

Advertising revenue

Advertising revenue mainly consists of sales of advertising spaces and related services charged to customers like printing and production costs. It is recorded net of discounts and excluding VAT. Sales of advertising spaces are accrued on a straight-line basis over the running period of the advertising campaign.

Fees and commissions

Fees and commissions contain concession fees and rental costs, commissions payable to advertising agencies, contributions in kind in the form of billposting services rendered to concession partners, as well as poster and production costs. Variable fees are calculated according to the accrued revenues while fixed fees are expensed in the period the related services are rendered.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred taxes result from valuation differences between IFRS and fiscal accounting, and tax loss carry forwards.

Deferred tax liabilities are recognized for all taxable temporary differences, except for deferred tax liability arising from the initial recognition of goodwill. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, deferred taxes are not recognized.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it appears likely that the taxable future profit is sufficient to realize the tax benefit. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside the income statement. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Transactions with related parties
Related parties include the principal shareholders of APG|SGA SA, the members of the Board of Directors, and of the Executive Board. Transactions with related parties are conducted at market terms.

Earnings per share
Earnings per share are calculated by dividing net income by the weighted average number of shares outstanding. The average number of shares outstanding does not include treasury shares.

Fair Value of Financial Instruments
The Group's financial instruments mainly comprise cash & cash equivalents, marketable securities, trade accounts receivable and payables, short-term bank loans. The fair value of such financial instruments approximates the carrying value due to the short-term nature of these instruments. The fair value of the marketable securities is determined with reference to quoted prices in active markets (fair value measurement level 1).

Change in the scope of consolidation
In 2012, the scope of consolidation was changed by deconsolidation of S.C. Communication Media Srl (Bucureşti) due to sale.

In previous year, the scope of consolidation was changed by deconsolidation of Europlakat d.o.o. Sarajevo (Sarajevo), Densad d.o.o. (Sarajevo), Europlakat d.o.o. Banja Luka (Banja Luka), Europlakat Bulgaria OOD (Sofia), Neonlight Kft. (Budapest), and First Avenue GmbH (Bolzano) due to sale.

3 Property, plant and equipment

in CHF 1 000	Buildings Land	Advertising plant	Fittings Equipment Furniture	IT	Vehicles	Total
At cost						
as at December 31, 2010	132 346	166 475	10 261	6 586	12 394	**328 062**
Changes in scope of consolidation		-11 780	-283	-220	-488	**-12 771**
Additions	94	6 380	498	1 058	1 132	**9 162**
Reclassifications		16		-16		
Disposals	-2 719	-44 655	-1 088	-1 208	-1 533	**-51 203**
Translation differences		-967	-26	-23	-30	**-1 046**
as at December 31, 2011	129 721	115 469	9 362	6 177	11 475	**272 204**
Changes in scope of consolidation		-645	-5	-12	-19	**-681**
Additions	73	3 033	317	733	1 194	**5 350**
Disposals	-4 383	-20 605	-1 867	-1 912	-979	**-29 746**
Translation differences		-1 246	-26	-23	-41	**-1 336**
as at December 31, 2012	125 411	96 006	7 781	4 963	11 630	**245 791**
Accumulated depreciation						
as at December 31, 2010	-74 823	-142 357	-7 602	-5 404	-9 969	**-240 155**
Changes in scope of consolidation		8 776	179	129	390	**9 474**
Additions	-2 810	-5 775	-632	-914	-1 211	**-11 342**
Reclassifications		-10	-1	11		
Disposals	602	43 503	1 085	1 203	1 439	**47 832**
Translation differences		667	25	20	26	**738**
as at December 31, 2011	-77 031	-95 196	-6 946	-4 955	-9 325	**-193 453**
Changes in scope of consolidation		645	5	12	19	**681**
Additions	-2 808	-4 505	-559	-814	-1 043	**-9 729**
Impairment		-325				**-325**
Disposals	2 832	20 605	1 865	1 912	961	**28 175**
Translation differences		797	22	20	47	**886**
as at December 31, 2012	-77 007	-77 979	-5 613	-3 825	-9 341	**-173 765**
Net book value						
as at December 31, 2011	52 690	20 273	2 416	1 222	2 150	**78 751**
as at December 31, 2012	48 404	18 027	2 168	1 138	2 289	**72 026**

Insurance value: Real estate CHF 110,796,000 (PY CHF 113,719,000),
Other property, plant and equipment: CHF 79,897,000 (PY CHF 87,282,000)

All buildings are used predominantly for operating purposes.

4 Financial investments

in CHF 1 000	December 31, 2012	December 31, 2011
Investments in associated companies	**311**	345
Loans	**1 976**	2 444
Long-term receivables from sale of business activities	**1 117**	2 854
Other financial assets	**72**	74
Total	**3 476**	5 717

5 Intangible fixed assets

in CHF 1 000	Goodwill	Contractual advertising rights	Total
At cost			
as at December 31, 2010	77 832	149 246	**227 078**
Changes in scope of consolidation	-4 078	-9 235	**-13 313**
Additions		29	**29**
Disposals		-80	**-80**
Translation differences	-571	-1 344	**-1 915**
as at December 31, 2011	73 183	138 616	**211 799**
Changes in scope of consolidation	-1 873	-2 997	**-4 870**
Additions		16	**16**
Disposals	-14 911	-52 219	**-67 130**
Translation differences	-447	-1 631	**-2 078**
as at December 31, 2012	55 952	81 785	**137 737**
Accumulated amortization			
as at December 31, 2010	-58 970	-92 845	**-151 815**
Changes in scope of consolidation	4 078	8 981	**13 059**
Additions		-4 780	**-4 780**
Impairment		-784	**-784**
Disposals		80	**80**
Translation differences	571	1 048	**1 619**
as at December 31, 2011	-54 321	-88 300	**-142 621**
Changes in scope of consolidation	1 873	2 997	**4 870**
Additions		-4 447	**-4 447**
Impairment	-11 936	-10 185	**-22 121**
Disposals	14 911	52 219	**67 130**
Translation differences	446	874	**1 320**
as at December 31, 2012	-49 027	-46 842	**-95 869**
Net book value			
as at December 31, 2011	18 862	50 316	**69 178**
as at December 31, 2012	6 925	34 943	**41 868**

Goodwill **in CHF 1 000**	**December 31, 2012**	**December 31, 2011**
Switzerland	**6 925**	6 926
International		11 936
Total	**6 925**	18 862

Goodwill international in previous year relates mainly to the cash-generating unit (CGU) in Serbia (CHF 11.8 million). There are no other intangible assets with an indefinite useful life.

Impairment tests are conducted during the 4th quarter of each year. This process revealed that the values in use did not cover the book values.The goodwill international has been fully impaired in 2012.

The key assumptions on which forecasts of future cash flows are based include perpetual growth and the pre-tax discount rate as set forth in the table below.

CGU 2012	**Discount rate**	**Long-term growth rate**
Switzerland	6.0%	2.0%
Romania	11.6%	3.0%
Serbia	12.3%	3.0%
Montenegro	12.2%	3.0%

CGU 2011	**Discount rate**	**Long-term growth rate**
Switzerland	6.5%	2.0%
Romania	11.1%	3.0%
Serbia	13.0%	3.0%
Montenegro	14.1%	3.0%

Sensitivity tests for Serbia show that an increase of 100 basis points in the discount rate would result in an additional impairment loss of CHF 4.6 million on contractual advertising rights. A decline in the normative growth rate of 100 basis points would lead to an additional impairment loss of CHF 3.3 million.

Impairments 2012

in CHF 1 000	CGU Serbia	CGU Montenegro
Goodwill	-11 777	-160
Intangible assets	-9 302	-883
Property, plant, and equipment		-325
Recognized as an impairment in the income statement	-21 079	-1 368
Deferred tax, reported under income tax	930	115
Total impairment, net of tax effect	-20 149	-1 253

At CGU Serbia and Montenegro impairments were recorded because the book values exceed the values in use. The changed business environment compared with the periods prior to the economic crisis and the sluggish recovery have resulted in reductions of the growth outlook and of future earnings potentials.

Impairments 2011

in CHF 1 000	CGU Hungary
Goodwill	
Intangible assets	-785
Property, plant, and equipment	
Recognized as an impairment in the income statement	-785
Deferred tax, reported under income tax	157
Total impairment, net of tax effect	-628

An impairment loss at Neonlight Hungary for the advertising contract values was recognized in 2011 in the amount of CHF 0.8 million since the book value exceeded the value in use.

6 Trade accounts receivable

in CHF 1 000	December 31, 2012	December 31, 2011
Trade accounts receivable	**46 212**	52 995
Bad debt allowance	**-2 299**	-13 146
Total	**43 913**	39 849

Value adjustments cover the expected default risk.

Change in bad debt allowance of trade accounts receivable

in CHF 1 000	2012	2011
as at January 1	**-13 146**	-13 346
Changes in scope of consolidation	**283**	694
Addition	**-1 353**	-2 105
Utilization	**10 889**	610
Reversal	**815**	686
Translation differences	**213**	315
as at December 31	**-2 299**	-13 146

7 Other accounts receivable

in CHF 1 000	December 31, 2012	December 31, 2011
Tax refund claims	**7 225**	1 255
VAT receivable	**125**	433
Accounts receivable from associated companies	**4**	141
Prepayments to suppliers	**325**	405
Personnel and social benefits	**539**	393
Receivables from related parties	**140**	2 821
Receivables from loans to third parties	**740**	751
Short-term receivables from sale of business activities	**444**	9 346
Other	**3 894**	6 881
Bad debt allowance	**-304**	-6 969
Total	**13 132**	15 457

Change in bad debt allowance of other accounts receivable

in CHF 1 000	2012	2011
as at January 1	**-6 969**	-6 873
Changes in scope of consolidation	**12**	
Addition	**-167**	-620
Utilization	**6 687**	348
Reversal	**56**	
Translation differences	**77**	176
as at December 31	**-304**	-6 969

8 Cash and cash equivalents

in CHF 1 000	December 31, 2012	December 31, 2011
Cash, postal and bank account balances	**85 770**	77 111
Time deposits	**206**	423
Total	**85 976**	77 534

The consolidated statement of cash flows, cash and cash equivalents comprise the accounts listed above.

9 Shareholders' equity

The share capital of CHF 7,800,000 is composed of 3,000,000 registered shares with a par value of CHF 2.60.

Information on the purchase and sale of treasury shares

2012		Quantity	Average price in CHF
as at January 1, 2012		62 561	
1st quarter	Additions		
	Disposals		
2nd quarter	Additions		
	Disposals	-3 859	160.00
3rd quarter	Additions		
	Disposals	-1 330	168.30
4th quarter	Additions		
	Disposals	-1 632	180.85
as at December 31, 2012		55 740	

2011		Quantity	Average price in CHF
as at January 1, 2011		64 816	
1st quarter	Additions		
	Disposals	-1 000	146.30
2nd quarter	Additions		
	Disposals	-1 255	168.00
3rd quarter	Additions		
	Disposals		
4th quarter	Additions		
	Disposals		
as at December 31, 2011		62 561	

As at December 31, 2012, treasury shares accounted for 1.9% of the share capital (PY 2.1%).

The General Meeting of May 23, 2012, decided to pay a dividend of CHF 7.00 per share.

In 2011, no dividend was paid out.

10 Provisions

in CHF 1 000	Pension plans	Other	2012 Total	2011 Total
as at January 1	50 371	6 054	**56 425**	29 628
Changes in scope of consolidation		-620	**-620**	-103
Addition	5 479	1 252	**6 731**	27 924
Utilization		-189	**-189**	-214
Reversal		-989	**-989**	-766
Translation differences		-23	**-23**	-44
as at December 31	55 850	5 485	**61 335**	56 425

Other provisions are set up for liabilities resulting from fiscal and legal reasons. The timing of payment of provision-related obligations is not contractually fixed and by experience not expected to occur within one year.

11 Employee benefits

The plan provisions have changed as from January 1, 2013, with an adjustment of plan benefits provided (old age, death and disability benefits and its financing; change from a defined benefit plan to a cash balance plan for retirement benefits). This leads to an immediate recognition of prior service income of CHF 38,349,000 in net defined benefit expense for fiscal year 2012. This prior service income has been calculated based on the following methodology and assumptions:

– Measured as at December 31, 2012, based on membership data as at measurement date
– Discount rate and long-term interest credit rate assumption for cash balance plan in force as from January 1, 2013, of 1.9% based on market conditions as at June 30, 2012, when the plan change was formally announced
– All other economic and demographic assumptions unchanged compared to the assumptions used as at December 31, 2012, in particular generational mortality tables, inflation rate and long-term salary increase rate

Reconciliation of defined benefit obligations

in CHF 1 000	2012	2011
Defined benefit obligations as at January 1	**291 539**	274 084
Net service cost	**6 282**	5 707
Interest cost	**6 491**	7 338
Employee contributions	**3 162**	2 933
Net benefits paid	**-13 483**	-14 187
Liability (gain)/loss due to assumption changes	**44 644**	8 853
Liability (gain)/loss due to experience	**33 750**	6 811
Prior service income due to plan change	**-38 349**	
Defined benefit obligations as at December 31	**334 036**	291 539

Reconciliation of fair value of plan assets of IAS19

in CHF 1 000	2012	2011
Fair value of plan assets as at January 1	**241 168**	249 288
Employer contributions	**4 718**	4 643
Employer contributions restructuring cost	**24 000**	
Employee contributions	**3 162**	2 933
Net benefits paid	**-13 483**	-14 187
Expected return on plan assets	**8 250**	11 065
Actuarial gain/(loss) on plan assets	**10 371**	-12 574
Fair value of plan assets as at December 31	**278 186**	241 168

There are no reimbursement rights recognized as an asset in accordance with paragraph 104 A.

Reconciliation of recognized amount in the balance sheet

in CHF 1 000	December 31, 2012	December 31, 2011
Present value of funded defined benefit obligations	**-334 036**	-291 539
Fair value of plan assets	**278 186**	241 168
Asset/(liability) recognized in the balance sheet	**-55 850**	-50 371

Amounts of recognized cumulative actuarial losses in OCI were as follows

in CHF 1 000	2012	2011
Cumulative actuarial losses as at January 1	**65 205**	36 967
Amounts recognized in other comprehensive income during the period	**68 023**	28 238
Cumulative actuarial losses as at December 31	**133 228**	65 205

Analysis of profit and loss charge/(credit)

in CHF 1 000	2012	2011
Net service cost	**6 282**	5 707
Prior service income	**-38 349**	
Interest cost	**6 491**	7 338
Expected return on plan assets	**-8 250**	-11 065
Total expense/(income) recognized in the income statement	**-33 826**	1 980

Estimated defined benefit cost for following period according to IAS 19 revised 2011

in CHF 1 000	2013 expected	2012
Current service cost	**6 289**	
Net interest on net defined benefit	**735**	
Total expense/(income) recognized in the income statement	**7 024**	-33 826
Defined benefit obligations as at January 1, 2013/December 31, 2012	**-329 702**	-334 036
Fair value of plan assets as at January 1, 2013/December 31, 2012	**278 186**	278 186
Liability recognized in balance sheet as at January 1, 2013/December 31, 2012	**51 516**	55 850
Cash flow:		
– Employer contributions	**8 410**	28 718
– Plan participants' contributions	**2 757**	3 162
– Benefits paid from plan assets	**16 466**	13 483

Percentage of plan assets invested in asset category

as at December 31	2012	2011
Equity	**34.4%**	35.6%
Bonds	**29.0%**	29.6%
Property	**22.2%**	24.6%
Other investments	**14.4%**	10.2%
Total	**100.0%**	100.0%

The plan assets include 19,000 APG|SGA SA shares.

The overall expected return on assets is based on the actual investment allocation at the date of balance and reflects the expected rate of return on each asset class.

Effective return on plan assets

in CHF 1 000	2012	2011
Expected return on plan assets	**8 250**	11 065
Actuarial gains/(losses) on plan assets	**10 371**	-12 574
Effective return on plan assets	**18 621**	-1 509

Multi-year comparison

in CHF 1 000	2012	2011	2010	2009	2008
Fair value of plan assets as at December 31	**278 186**	241 168	249 288	250 807	230 495
Defined benefit obligations as at December 31	**-334 036**	-291 539	-274 084	-267 627	-279 259
Surplus/(deficit) in plan	**-55 850**	-50 371	-24 796	-16 820	-48 764
Experience gains/(losses)					
– on plan assets	**10 371**	-12 574	-1 565	12 779	-59 073
– on defined benefit obligations	**-33 750**	-6 811	3 810	6 624	-1 743

Actuarial assumptions	2012	2011
Used to determine the defined benefit obligation at end of year and pension cost for new financial year		
Discount rate	**1.60%**	2.30%
Underlying consumer price inflation	**1.50%**	1.25%
Rate of future compensation increases	**2.44%**	2.19%
Expected rate of return on plan assets	**3.50%**	3.50%
Used to determine pension cost for financial year		
Discount rate	**2.30%**	2.75%
Underlying consumer price inflation	**1.50%**	1.50%
Rate of future compensation increases	**2.19%**	2.25%
Expected rate of return on plan assets	**3.50%**	4.50%

12 Financial liabilities

in CHF 1 000	December 31, 2012	December 31, 2011
Long-term accounts payable to third parties	**26**	28
Current payables to banks		15 001
Total	**26**	15 029

13 Other accounts payable

in CHF 1 000	December 31, 2012	December 31, 2011
VAT owed	**4 208**	4 922
Accounts payable to associated companies	**156**	55
Prepayments by customers	**19 490**	10 505
Personnel and social benefits	**1 760**	901
Other	**4 488**	7 061
Total	**30 102**	23 444

In other accounts payable, the following financial instruments are included: accounts payable to associated companies CHF 156,000 (PY CHF 55,000), other payables CHF 4,488,000 (PY CHF 7,061,000).

14 Accrued liabilities and deferred income

Accrued liabilities and deferred income mainly comprise accrued rental fees and commissions, as well as deferred advertising revenue.

Included in accrued liabilities and deferred income are financial instruments in the amount of CHF 50,954,000 (PY CHF 50,311,000).

15 Obligations and contingent liabilities

The following off balance sheet commitments exist:
– Unrecognized guaranty obligations to banks: CHF 18,457,000 (PY CHF 28,736,000)
– Unrecognized guaranty obligations to third parties: CHF 279,000 (PY 297,000)
There were no pledged or assigned assets with reservation of ownership.

16 Sales of business activities

Sold business activities

in CHF 1 000	2012	2011
Total consideration from sale of business activities	**552**	14 104
Of which deferred consideration included:		12 200
– Other accounts receivable		9 346
– Financial investments		2 854
Cash received from sale of business activities	**552**	1 904
Cash over which control is lost due to sale of subsidiaries	**-50**	– 1 464
Net of cash from sale of subsidiaries and business activities	**502**	440
Non-current assets over which control is lost due to sale of business activities	**-318**	– 5 452
Current assets over which control is lost due to sale of business activities	**-750**	– 5 488
Non-current liabilities over which control is lost due to sale of business activities		105
Current liabilities over which control is lost due to sale of business activities	**714**	4 237
Non-controlling interest disposal due to sale of business activities		– 1 471
Net gain on disposal of business activities	**148**	6 035

Sale of the 75% share on Communications Media S.R.L., Bihor Romania, by our subsidiary Affichage Romania S.R.L. on July 19, 2012. The price of CHF 552,000 was fully paid in cash. The entity has been deconsolidated as of that date.

In 2012 negative currency translation adjustments in the amount of CHF 611,000 were recycled from equity to income statement due to the sale of foreign subsidiaries (PY CHF 2,667,000 negative).

Previous year

The following sales of business activities took place:

1. On April 5, 2011 an agreement for the sale and transfer of assets and exploitation rights in the Greek outdoor market was signed. The total sales price (VAT included) amounts to CHF 5,262,000, thereof CHF 1,770,000 was paid in cash in April 2011, CHF 1,746,000 was paid in 2012 and CHF 1,746,000 is due in April 2013. The long-term portion has been discounted.
2. Sale of a 65% share on Europlakat Bulgaria OOD, Sofia on July 11, 2011 (sales price CHF 1), fully consolidated until June 30, 2011.

3. Sale of a 82% share on Neonlight Kft., Budapest on October 20, 2011, fully consolidated until September 30, 2011. The total sales price amounted to CHF 198,000, thereof CHF 134,000 was paid in cash in November 2011 and the remaining part is due in 2013.
4. Sale of a 85% share on First Avenue GmbH, Bolzano, by our subsidiary Allgemeine Plakatgesellschaft, on December 2, 2011, deconsolidated as at December 31, 2011. The price of CHF 7,283,000 according to the share purchase agreement includes the repayment of granted loans in the amount of CHF 5,452,000. The price was fully paid in cash in January 2012.
5. Sale of a 70% share on all subsidiaries in Bosnia-Herzegovina (Europlakat d.o.o., Sarajevo and Banja Luka and Densad d.o.o., Sarajevo) on December 21, 2011, deconsolidated as at December 31, 2011. The price according to the share purchase agreement amounts to CHF 3,286,000. This price covers the outstanding receivables of APG|SGA SA in the amount of CHF 4,195,000 as well as the transfer of the 70% share on the Bosnian subsidiaries to the new owners. The sale price was not paid in cash, it is due in monthly installments over the next 10 years. The long-term portion has been discounted. In 2012, an allowance in the amount of CHF 497,000 was recorded. The outstanding amount as of December 31, 2012, is CHF 1,990,000.
6. In 2010, the 30-percent minority shareholder in Romania exercised its put option. The price for Affichage Romania Srl, Churchill Media Srl, Multireclama Srl, Topmedia Grup Srl, Image Factory Media Srl, Real Media Vision Srl, and Take Media Vision Srl was recorded as a liability on a fair-value basis as at December 31, 2010. End of 2011 the liability was settled for CHF 2,446,000 in cash. At the same time, the Company entered into a call option agreement with the former minority shareholder to purchase 100% of the Romanian business expiring end of March 2012. The holder of the call option did not exercise its option until end of March 2012.

In addition to the disposal of the different business activities, a cumulative currency translation loss in the amount of CHF 611,000 (previous year CHF 2,667,000) was recycled from equity to income statement. The disclosure of the sold activities according to IFRS 5 was not applied since these disposals were considered as not material. In 2012 and 2011 no business activities were acquired.

17 Real estate revenue

The space rented to third parties is 14,036 m^2 or 35.0% of the entire useful area (PY 14,405 m^2 or 35.9%).

18 Personnel expenses

in CHF 1 000	2012	2011
Wages and salaries	**-57 093**	-57 381
Pension costs	**-4 627**	-2 429
Social security and retirement benefits	**-4 870**	-4 765
Other personnel expenses	**-1 615**	-1 380
Total personnel expenses before prior service income	**-68 205**	-65 955
Prior service income due to plan change	**38 349**	
Total personnel expenses	**-29 856**	-65 955

The APG|SGA Group employs a total number of 652 persons (PY 661), thereof 537 (PY 543) in Switzerland and 115 (PY 118) in foreign markets, calculated on the basis of full-time equivalents 100%.

19 Other income

Other income 2012 consists of a gain from the sale of real estate.

Other income for 2011 comprises a collection of bank guarantees (CHF 3,023,000), net gain on disposal of business activities (CHF 6,035,000), and currency translation losses on sold subsidiaries (CHF 2,667,000).

20 Net financial income

in CHF 1 000	2012	2011
Net gains from available-for-sale financial assets	**18**	33
Income from financial assets measured at amortized cost	**286**	
Fair value adjustment of financial instruments	**1 224**	253
Interest earnings	**194**	182
Total financial income	**1 722**	468
Net losses from available-for-sale financial assets	**-13**	
Foreign exchange translation differences	**-1 881**	-709
Bank expenses	**-214**	-397
Interest expenses	**-84**	-325
Total financial expenses	**-2 192**	-1 431

21 Income taxes

Taxes paid and expensed are composed of the following items:

in CHF 1 000	2012	2011
Income tax on earnings	**-7 047**	-3 120
Deferred tax expenses	**-16 857**	-9 116
Total	**-23 904**	-12 236

In the context of the application of IAS 19 (employee benefits), deferred taxes in the amount of CHF 16,171,000 were directly recorded to other comprehensive income (PY CHF 7,060,000).

The amount of tax loss carry forwards, none of which are capitalized as deferred tax assets due to the uncertain profit outlook, can be itemized as follows by maturity:

Tax loss carry forwards

in CHF 1 000	2012	2011
1 year	**1 921**	
2 years		
3 years		7 618
4 years	**893**	15 234
5 years	**120**	13 134
Over 5 years	**5 123**	1 093
Total	**8 057**	37 079

Analysis of tax rate	2012	2011
Weighted group tax rate	**29.3%**	26.7%
Non-tax-deductible goodwill impairment	**1.6%**	
Effect of non-tax-deductible expenses	**0.7%**	0.6%
Other effects	**0.1%**	0.5%
Write-off of deferred tax assets		0.6%
Effect of non-capitalized tax loss carry forwards		0.5%
Use of non-capitalized tax loss carry forwards		-3.9%
Reversal of unused income tax accruals	**-0.2%**	-2.8%
Actual tax rate	**31.5%**	22.2%

The weighted group tax rate is higher than a year ago due to the disparate income trends in the individual countries.

Allocation of deferred taxes in the balance sheet at the end of the financial year

in CHF 1 000	2012 Assets	2012 Liabilities	2011 Assets	2011 Liabilities
Property, plant, and equipment	**2 068**	**3 078**	2 140	4 371
Investments in subsidiaries		**738**		738
Inventories		**140**		92
Accounts receivable		**244**		325
Provisions	**13 962**	**7 390**	12 593	4 188
Other		**665**		446
Total	**16 030**	**12 255**	14 733	10 160

APG|SGA's subsidiaries have distributable retained earnings of CHF 30.2 million as at December 31, 2012 (PY CHF 64.4 million).

22 Earnings per share

Earnings per share are calculated as follows:

	2012	2011
Net income, in CHF 1 000	**50 079**	41 787
Weighted average number of shares	**2 940 554**	2 936 843
Basic and diluted earnings per share, in CHF	**17.03**	14.23

At APG|SGA SA, there are no instruments with a dilutive effect on earnings per share.

23 Management of financial risks

The Board of Directors has issued risk management guidelines and principles, and instructed the Executive Board to perform a risk analysis at least once a year. The risk management system allows the early detection of risks and the timely implementation of appropriate measures. The risk assessment process includes guidelines concerning the systematic recording and evaluation of risks, their prioritization, the appraisal of their influence on the Group as a whole, and the initiation and monitoring of measures for the avoidance or minimization of risks. The risks are summarized in a risk/probability matrix. Risk assessment topics were discussed by the Audit Committee during its November meeting and by the Board of Directors in the December session.

The Group is exposed to various financial risks related to its business activities. The key financial risks are related to changes in foreign exchange rates and the insolvency of counterparties. Financial risk management activities are based on specified principles and guidelines as well as insurance protection.

Exchange rate risk

Internationally, the Group is exposed to various currency positions and thus to exchange rate fluctuations. The translation of local balance sheets and statements of income results in currency translation differences. Additionally, transactions involve exchange rate risks: Group companies report their sales revenue in local currencies, but investments and debt servicing costs may be denominated in a foreign currency. The Euro constitutes the main foreign exchange risk because many foreign transactions are linked to the Euro. Exchange rate fluctuations are largely compensated by natural hedges, because the foreign group companies do business mostly in their own country and currency.

The risk of unhedged financial assets and liabilities in foreign currencies of individual Group companies is quantified as follows:

in CHF	Net accounts payable Swiss Francs exposure	Net accounts receivable Euro exposure
as at December 31, 2012	3 979 000	1 312 000
as at December 31, 2011	40 865 000	53 291 000

For the key currency Euro a sensitivity test is performed. The table below shows the sensitivity of net income and equity. The calculations are based on a possible and plausible exchange rate shift pursuant to historical analyses and forward looking projections. All other variables are deemed to remain constant.

		2012	2011
Change versus CHF	**in %**		**Change of net income**
EUR	2	**22 000**	234 000
	-2	**-22 000**	-234 000

Change versus CHF	in %		Change of equity
EUR	2	**22 000**	1 099 000
	-2	**-22 000**	-1 099 000

Maturity profile of financial liabilities

in CHF 1 000	< 1 year	1–3 years	> 3 years	Total
Trade accounts payable	20 465			**20 465**
Accrued liabilities	50 954			**50 954**
Other short- and long-term obligations	14 386	26		**14 412**
Total as at December 31, 2012	85 805	26		**85 831**
Accounts payable to banks	15 001			**15 001**
Trade accounts payable	21 589			**21 589**
Accrued liabilities	50 311			**50 311**
Other short- and long-term obligations	7 116		28	**7 144**
Total as at December 31, 2011	94 017		28	**94 045**

Overdue accounts receivable by maturity

in CHF 1 000	< 90 days	90–180 days	> 180 days	Total
Trade accounts receivable	11 028	780	2 441	14 249
Bad debt allowance	-212	-51	-1 666	-1 929
Total as at December 31, 2012	10 816	729	775	12 320
Trade accounts receivable	16 081	2 057	12 772	30 910
Bad debt allowance	-151	-194	-12 420	-12 765
Total as at December 31, 2011	15 930	1 863	352	18 145
Other accounts receivable	325		1 096	1 421
Bad debt allowance			-1 036	-1 036
Total as at December 31, 2012	325		60	385
Other accounts receivable			6 507	6 507
Bad debt allowance			-6 494	-6 494
Total as at December 31, 2011			13	13

Credit risk

Trade accounts receivable are subject to active risk management at the local level, which focuses on solvency analyses for new customers and supervision of accounts receivable. Accounts receivable are monitored by the management reporting system. Bad debt allowances are recorded on the basis of Group guidelines. Risk concentration is minimized by the large number of customers and geographical diversity. No cluster risk exists. Accounts receivable are written off if collection efforts appear pointless.

Cash and cash equivalents are held mainly as bank account balances and time deposits. Counterparty risks are constantly monitored. The financial default risks are minimized by limiting banking relationships to financial institutions with high credit ratings.

Interest rate risk

The group has no interest risk since there are no interest-bearing financial liabilities.

Capital management

The objectives of capital management are to safeguard sufficient liquidity and financing capacity as well as an adequate equity ratio. Investors are to be rewarded with a reasonable yield in exchange for the risk they assume. Among others, the capital structure is monitored with indicators such as *Net debt versus EBITDA* and *Net debt versus shareholders' equity* (gearing).

APG|SGA also endeavors to pursue a dividend policy that is both friendly to shareholders and which takes the needs of the company into equal consideration, in particular upcoming, strategically important investments in the digitization of advertising spaces. In principle, the target is a payout ratio of 60% of the net profit over a medium-term cycle.

24 Transactions with related parties

In 2011, the APG|SGA Group transacted sales of CHF 449,000 (PY CHF 285,000) and purchases of CHF 165,000 (PY CHF 162,000) with the JCDecaux Group, a principal shareholder. As at December 31, 2012, the APG|SGA Group accounted for CHF 162,000 (PY CHF 2,873,000) in receivables and CHF 43,000 (PY CHF 56,000) in payables to the JCDecaux Group.

An amount of CHF 2,260,000 (PY CHF 2,168,000) was paid for the use of Interplakat advertising spaces owned by Markus Scheidegger, a member of the board of directors, and his family. Sales to Interplakat amounted to CHF 220,000 (PY CHF 261,000). As at December 31, 2012, the APG|SGA Group accounted for CHF 74,000 (PY 60,000) in accounts receivable from Interplakat AG; there are no accounts payable (PY CHF 149,000).

In 2012, the APG|SGA Group transacted sales of CHF 680,000 (PY CHF 761,000) and purchases of CHF 1,955,000 (PY CHF 2,007,000) with Ecofer AG, an associated company. As at December 31, 2012, the APG|SGA Group accounted for CHF 121,000 (PY CHF 350,000) in receivables and CHF 12,000 (PY CHF 1,000) in payables to Ecofer AG.

For financial 2012, the members of the Board of Directors were remunerated with a gross amount of CHF 713,000 and with 650 allotted registered shares (PY CHF 722,000, 962 allotted registered shares).

Remuneration paid to the members of the Executive Board of APG|SGA Group are as follows:

Categories of remuneration to the members of the Executive Board

	2012 Shares Quantity	**2012 Remuneration in CHF**	**2011 Shares Quantity**	**2011 Remuneration in CHF**
Short-term employee benefits		**3 946 000**		3 715 000
Allotted shares	**861**	**172 000**	2 259	305 000
Post-employment benefits[1]		**725 000**		
Other long-term benefits[2]				
Total remuneration	**861**	**4 843 000**	2 259	4 020 000

1 One-time contractual obligations to former executives

2 Based on the long-term incentive plan, the amount of the bonus/malus-bank is not guaranteed and applies to the compensation only once it is paid out or once shares are allocated. Carry forward to bonus/malus-bank into 2013: CHF 517,000

25 Events after the closing date

None

These financial statements consider events after the closing date until February 26, 2013.

26 Segment information by regions

in CHF m	Switzerland 2012	2011	International 2012	2011	Holding 2012	2011
Advertising revenue with third parties	**297.0**	280.5	**20.5**	**31.2**	**0.1**	0.1
Revenue with other segments					**2.8**	3.1
EBITDA	**115.4**	71.8	**4.0**	**8.9**	**-6.4**	-7.2
Depreciation	**-9.0**	-9.9	**-5.2**	**-6.2**		
Impairment			**-22.4**	**-0.8**		
Operating income/(loss) (EBIT)	**106.4**	62.0	**-23.6**	**1.8**	**-6.4**	-7.2
Net financial income/(loss)	**-1.8**	-0.7	**-3.6**	**-2.2**	**3.1**	-9.7
Income from associates						0.1
Income tax	**-25.0**	-12.2	**1.0**	**-0.3**	**0.1**	0.2
Income/(loss)	**79.6**	49.2	**-26.2**	**-0.6**	**-3.2**	-16.7
Net income	**77.6**	47.9	**-26.2**	**-0.6**	**-3.2**	-16.7
Assets	**223.1**	292.3	**17.5**	**26.1**	**156.4**	217.6
– Property, plant, and equipment	**65.0**	70.2	**6.9**	**8.5**		0.1
– Intangible fixed assets	**8.6**	9.2	**8.0**	**9.8**		
– Investments in associated companies					**0.3**	0.3
Investments in property, plant, and equipment	**4.5**	6.4	**0.9**	**2.7**		
Investments in intangible assets						

The allocation of segment information is based on the IFRS-compliant individual statements of the subsidiaries that belong to the respective segment. The valuation criteria remain unchanged versus the prior-year period. No sales amounting to more than 10% of consolidated sales revenue were generated with a single customer in the year under review. No goodwill items and no intangible assets arising from acquired contractual billposting rights are allocated to the segment of the corresponding acquiring company. Losses from the impairment of goodwill or intangible assets, if any, as well as the amortization of billposting rights are allocated to the individual country segments.

The eliminations and non-allocated items contain
- net income: elimination of inter-segment dividend payments, foreign-currency translation differences reclassified to equity, taxes imposed on these translation differences, and gain and losses on sold business activities
- assets: elimination of inter-segment receivables and payables

in CHF m	Eliminations and non-allocated items 2012	2011	Total according to consolidated statement of income 2012	2011
Advertising revenue with third parties			**317.6**	311.8
Revenue with other segments	**-2.8**	-3.1		
EBITDA		-0.4	**113.0**	73.0
Depreciation			**-14.2**	-16.1
Impairment			**-22.4**	-0.8
Operating income/(loss) (EBIT)		-0.4	**76.4**	56.1
Net financial income/(loss)	**1.8**	11.5	**-0.5**	-1.0
Income from associates				0.1
Income tax			**-23.9**	-12.2
Income/(loss)	**1.8**	11.1	**52.1**	43.0
Net income	**1.8**	11.1	**50.1**	41.8
Assets	**-109.6**	-225.0	**287.4**	311.2
– Property, plant, and equipment			**72.0**	78.8
– Intangible fixed assets	**25.3**	50.2	**41.9**	69.2
– Investments in associated companies			**0.3**	0.3
Investments in property, plant, and equipment			**5.4**	9.2
Investments in intangible assets				

27 Participations of APG|SGA Group

Company, headquarters	Share capital	in local currency	Consolidation method	Share of capital in %
Switzerland				
Allgemeine Plakatgesellschaft AG, Zürich	CHF	37 600 000.00	F	100.00
Bercher SA Publicité générale, Meyrin	CHF	500 000.00	F	100.00
APG-SGA Traffic AG, Zürich	CHF	200 000.00	F	100.00
Paron AG, Zürich	CHF	200 000.00	F	100.00
Sportart AG, Zürich	CHF	100 000.00	F	100.00
Swiss Poster Research Plus AG, Zürich	CHF	100 000.00	F	100.00
Visiorama AG, Zürich	CHF	100 000.00	F	100.00
Alkon AG, Zürich	CHF	50 000.00	F	100.00
Impacta AG, Bern	CHF	100 000.00	F	50.00
Ecofer AG, Bern	CHF	250 000.00	E	50.00
Montenegro				
Montepano d.o.o., Podgorica	EUR	152 871.89	F	80.00
Romania				
Affichage Romania Srl, Bucureşti	RON	141 256 130.00	F	100.00
Churchill Media Srl, Bucureşti	RON	3 131 500.00	F	100.00
S.C. Efect Media Srl, Oradea	RON	100 000.00	F	100.00
Multireclama Srl, Bucureşti	RON	39 490.00	F	100.00
Topmedia Grup Srl, Bucuresti	RON	1 000.00	F	100.00
Image Factory Media Srl, Bucureşti	RON	300.00	F	100.00
S.C. Outdoor Media Srl, Oradea	RON	200.00	F	100.00
Real Media Vision Srl, Bucureşti	RON	200.00	F	100.00
Take Media Vision Srl, Bucureşti	RON	200.00	F	100.00
RBN Romanian Billboard Network Srl, Iaşi	RON	90 029.20	F	100.00
Amco Srl, Brasov	RON	200.00	F	80.00
Serbia				
Alma Quattro d.o.o., Beograd	RSD	83 271 117.25	F	100.00

[1] Status December 31, 2012

F = Full consolidation
E = Equity method

For changes of participations see note 16.

Report of the statutory auditor on the consolidated financial statements

to the General Meeting of APG|SGA SA, Geneva

As statutory auditor, we have audited the consolidated financial statements of APG|SGA SA, which comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes (pages 3–36), for the year ended December 31, 2012.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and 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 December 31, 2012, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with 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.

Ernst & Young Ltd

Fredi Widmann	Jolanda Dolente
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Lancy, February 26, 2013

Financial statements of APG|SGA SA

Balance sheet

Assets

in CHF 1 000	Notes	31.12.2012	31.12.2011
Participations	1	**120 885**	146 795
Loans to Group companies		**95 251**	99 161
Loans to third parties		**2 978**	3 481
Tangible fixed assets		**48**	66
Non-current assets		**219 162**	249 503
Accounts receivable from Group companies		**160**	552
Accounts receivable from third parties		**1 266**	3 601
Deferred expenses			221
Marketable securities		**7 653**	7 344
Cash and cash equivalents		**1 741**	1 376
Current assets		**10 820**	13 094
Total		**229 982**	262 597

Shareholders' equity and liabilities

in CHF 1 000		31.12.2012	31.12.2011
Share capital		**7 800**	7 800
General reserve	2	**18 750**	18 750
Reserve for treasury shares		**8 203**	9 207
Free reserve	3	**193 954**	213 540
Retained earnings		**-82 658**	-86 070
Net annual profit		**10 830**	3 411
Shareholders' equity		**156 879**	166 638
Provisions		**5 952**	5 921
Current accounts payable to banks			15 000
Accounts payable to Group companies		**63 838**	71 435
Accounts payable to third parties		**416**	1 073
Accrued liabilities		**2 897**	2 530
Current liabilities		**73 103**	95 959
Total		**229 982**	262 597

Income statement

in CHF 1 000	Notes	2012	2011
Income from participations	4	**43 823**	10 473
Financial income	5	**5 743**	4 127
Other revenue	6	**2 891**	3 219
Total revenue		**52 457**	17 819
Loss from sale and impairment of participations	7	**-27 230**	-947
Financial expenses	8	**-2 808**	-3 517
Personnel expenses		**-5 370**	-4 909
Administrative costs		**-3 310**	-5 136
Extraordinary expenses	9	**-2 911**	
Depreciation		**-17**	-18
Total expenses		**-41 646**	-14 527
Income before taxes		**10 811**	3 292
Taxes		**19**	119
Net annual profit		**10 830**	3 411

Notes to financial statements

Introduction
The financial statements of APG|SGA SA have been prepared in accordance with the legal provisions of Swiss Corporation Law. They complement the consolidated financial statements prepared pursuant to IFRS. The consolidated financial statements reflect the financial status of the Group as a whole, whereas the financial statements of APG|SGA SA refer only to the parent company. The reference base for the appropriation of available earnings, as resolved by the Annual General Meeting, is the retained earnings reported in the financial statements of APG|SGA SA.

Balance sheet
1 The book values of participating interests changed due to impairment of foreign subsidiaries.

2 The item general reserve contains the legal reserve amounting to 50% of the original share capital.

3 The decrease in free reserves is due to the change of reserves for treasury shares and dividend payments to the shareholders.

Income statement
4 Income from participations contains dividends received from subsidiaries. The dividends are recognized in the year in which they are ratified by the respective general meetings.

5 Financial income contains interest receivable, income from financial investments and fair value adjustment of financial instruments.

6 Other revenue is revenue from services.

7 Loss from participations includes value adjustments on foreign participating interests.

8 Financial expenses include interests payable, bank expenses, foreign curreny translation losses as well as losses on securities and other financial instruments.

9 Extraordinary expenses relate mainly to restructuring costs for pension plan.

Participations
The list of participations of APG|SGA SA is provided on page 36.

Treasury shares
As at December 31, 2012, APG|SGA SA and its subsidiaries owned 55,740 treasury shares. Detailed information on changes (purchases/sales) is provided on page 22.

Guaranty obligations
APG|SGA SA has guaranty obligations in favour of its subsidiaries in a total amount of CHF 16,665,000 (PY CHF 26,665,000).

Accounts payable to pension plan
As at December 31, 2012, APG|SGA SA had no payables to its pension plan (PY none).

Excess Reserves
In financial year 2012, excess reserves in the amount of CHF 1,528,000 (PY none) have been released.

Risk management
The Board of Directors has issued risk management guidelines and principles, and instructed the Executive Board to perform a risk analysis at least once a year. The risk management system allows the early detection of risks and the timely implementation of appropriate measures. The risk assessment process includes guidelines concerning the systematic recording and evaluation of risks, their prioritization, the appraisal of their influence on the Group as a whole, and the initiation and monitoring of measures for the avoidance or minimization of risks. The risks are summarized in a risk/probability matrix. Risk assessment topics were discussed by the Audit Committee during its November meeting and by the Board of Directors in the December session.

Disclosure of remuneration of non-executive members of the Board of Directors

Name	Function	Basic salary Fixed portion	Variable portion	Total cash payment	Shares Quantity	Market value when allocated	Total remuneration[1] 2012	2011
Jean-François Decaux	Chairman	142 000		142 000	250	50 000	**192 000**	191 000
Paul-Henry Binz	Vice-Chairman	88 000		88 000	100	20 000	**108 000**	108 000
Gilles Samyn	Member	58 000		58 000	100	20 000	**78 000**	77 000
Markus Scheidegger[2]	Member	337 000		337 000	100	20 000	**357 000**	368 000
Robert Schmidli[3]	Member	88 000		88 000	100	20 000	**108 000**	108 000
Total		713 000		713 000	650	130 000	**843 000**	852 000

[1] Including social benefits, amounts rounded
[2] Including remunerations Impacta/Ecofer
[3] Entry as at May 26, 2011

Remunerations cover all activities within the scope of the Board of Directors of APG|SGA SA as well as in the service of other companies associated with the Group. The remuneration is not pensionable.

Disclosure of remuneration of executive members of the Board of Directors and of the Executive Board[1]

	Basic salary Fixed cash portion	Variable cash portion	Social benefits	Total cash payments[2]	Allocated shares[3] Quantity	Market value when allocated	Total compensation 2012	2011	One-time contractual obligations to former executives	Carry forward to bonus/malus-bank[4]
Total	2 433 000	917 000	596 000	3 946 000	861	172 000	**4 118 000**	**4 020 000**	725 000	517 000
Highest total compensation:										
Daniel Hofer, CEO	547 000	304 000	113 000	964 000	288	58 000	**1 022 000**	**1 028 000**		172 000

[1] Amounts rounded
[2] Including social benefits
[3] 3 years blocked and allocated in 2013
[4] Based on the long-term incentive plan, the amount of the bonus/malus-bank is not guaranteed and applies to the compensation only once it is paid out or once shares are allocated.

Loans and credits granted to governing bodies

As at December 31, 2012, APG|SGA SA and its subsidiaries have granted no securities, loans, advances, or credits to members of the Board of Directors and of the Executive Board nor closely linked individuals (for transactions with the JCDecaux Group see note 24 to the consolidated financial statements).

Ownership of shares by the members of the Board of Directors and of the Executive Board

Name	Function	Shares as at December 31, 2012	Shares as at December 31, 2011
Jean-François Decaux	Chairman	**901 119** [1]	900 749 [1]
Paul-Henry Binz	Vice-Chairman	**201 104** [2]	200 956 [2]
Gilles Samyn	Member	**759 097** [3]	758 979 [3]
Robert Schmidli	Member	**418**	100
Markus Scheidegger	Member	**63 310** [4]	63 162 [4]
Daniel Hofer	Chief Executive Officer	**2 083**	750
Thomas Rainer	Chief International Markets	**438**	160
Beat Hermann[5]	Chief Financial Officer	**0**	–
Ulrich von Bassewitz[6]	Chief Financial Officer	**1 690**	1 690
Markus Ehrle	Head of Marketing & Business Development	**180**	0
Beat Holenstein	Head of Partner & Product Management	**584**	417
Christian Gotter[7]	Head of Logistics	**0**	–
Walter Robert Oeschger[8]	Head of Logistics	**311**	400
Marcel Seiler	Head of Human Resources	**46**	0
Daniel Strobel	Head of Advertising Market & Subsidiaries Switzerland	**200**	0
Total		**1 930 580**	1 927 363

1 Of which 900,000 JCDecaux SA
2 Including Grisobi Holding SA and Béatrice Binz
3 Of which 758,888 Pargesa Asset Management (Netherlands) N.V.
4 Including Polymedia Holding AG and Andreas Scheidegger
5 Entry as at March 1, 2012
6 Left as at March 31, 2012
7 Entry as at January 1, 2012
8 Left as at February 29, 2012

The APG|SGA Group has no stock options program.

Significant shareholders[1]

	Shares as reported as of December 31, 2012	in %	Shares as reported as of December 31, 2011	in %
JCDecaux SA, Neuilly-sur-Seine (F)[2]	900 000	30.00 [3,5]	900 000	30.00 [3,5]
Albert Frère, Gerpinnes (B), Compagnie Nationale à Portefeuille, Loverval (B)	758 888	25.30 [4,5]	758 888	25.30 [4,5]
Béatrice and Paul-Henry Binz, Grisobi Holding SA, Bulle (CH)	201 104	6.70 [5]	200 956	6.70 [5]
International Value Advisers LLC, New York (USA)	104 306	3.48 [5,6]	104 500	3.48 [5,6]
APG|SGA SA, Geneva (CH) (shares)	55 740	1.73 [5,7]	62 561	2.09 [5,7]
APG|SGA SA, Geneva (CH) (conditional purchase option)	147 000	4.90 [3,7]	147 000	4.90 [3,7]

1 3% or more shares, in the form of stocks or rights to purchase or sell stocks. The information is derived from announcements made by shareholders pursuant to Art. 20 BEHG as of December 31, 2012, subject to the availability of other information.
All published notifications can be found at http://www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html

2 JCDecaux SA, rue Soyer 17, 92200 Neuilly-sur-Seine (F), is controlled by JCDecaux Holding SA, rue Soyer 17, 92200 Neuilly-sur-Seine (F), whose shareholders are
- Members of the Decaux family: Jean-Claude Decaux (Neuilly-sur-Seine/F), Jean-François Decaux (London/GB), Jean-Charles Decaux (Neuilly-sur-Seine/F), Jean-Sébastien Decaux (Bruxelles/B), Jean-Pierre Decaux (Paris/F), and Danielle Decaux (Neuilly-sur-Seine/F)
- JFD Investissements (Luxembourg/L), and JFD Participations (Luxembourg/L), companies under the direct control of Jean-François Decaux
- Open 3 Investimenti (Uccle/B), a company under the direct control of Jean-Sébastien Decaux

3 On February 29, 2008, JCDecaux announced that it had granted a stock purchasing option to APG|SGA SA. The option is an entitlement to purchase up to 147,000 APG|SGA SA shares which represent up to 4.9% of the voting rights of the company (see *Annual Report, Corporate Governance: Clauses on changes of control*, pages 50–51).

4 For detailed information on the relationship between Albert Frère, Compagnie Nationale à Portefeuille, and Pargesa Asset Management (Netherlands) N.V., see:
http://www.apgsga.ch/media/filer_private/2012/09/04/pargesa_management_organigramme.pdf

5 Number of shares according to stock register as of December 31, 2012 and 2011

6 Management mandates authorize International Value Advisers LLC to exercise the voting rights of 13 different investors and five funds that hold APG|SGA SA shares. These five funds are: IVA Global Master Fund L.P., IVA Overseas Master Fund L.P., IVA International Fund, IVA Worldwide Fund, and IVA Global SICAV Fund.

7 Registered without voting rights

Proposal of the Board of Directors

The Board of Directors proposes to the Annual General Meeting on May 22, 2013:

1. to carry forward the loss brought forward of CHF 71,828,866, composed of CHF 10,829,581 in net annual profit minus a loss brought forward of CHF 82,658,447 and

2. to distribute a dividend of CHF 30,000,000 (CHF 10.00 gross per share for 3,000,000 shares) out of the free reserve.

If this proposal is approved, the per-share dividend of CHF 10.00 gross or CHF 6.50 net will be paid to the shareholders as of May 29, 2013, at the addresses on record. No dividends are paid on treasury stock.

Report of the statutory auditor on the financial statements

to the General Meeting of APG|SGA SA, Geneva

As statutory auditor, we have audited the financial statements of APG|SGA SA, which comprise the balance sheet, income statement and notes (pages 39–47), for the year ended December 31, 2012.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2012, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 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.

Ernst & Young Ltd

Fredi Widmann	Jolanda Dolente
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Lancy, February 26, 2013

Explanation of financial terms

EBITDA
Earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of intangible assets

EBIT
Earnings before interest and taxes

Free cash flow
Cash flow from operations minus cash flow from investments

Gearing
Degree of debt, also called leverage: net debt in % of equity

Net current assets
Trade accounts receivable plus inventories minus trade accounts payable

Net debt
Debt-serviced borrowed capital minus interest-bearing current assets (cash and cash equivalents, marketable securities)

Payout ratio
Payout in % of net income

P/E ratio
Price/earnings ratio: ratio of share price to earnings per share

ROE
Return on equity: net income in % of average shareholders' equity

ROIC
Return on invested capital: operating income in % of average capital employed, without cash and cash equivalents, less interest-free liabilities

Agenda

Financial media and analysts conference
February 28, 2013, Zurich

Publication of the annual report
April 23, 2013

General Meeting
May 22, 2013, Geneva

Announcement of semi-annual results
July 31, 2013

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This is the original version, which was approved
by the Board of Directors on February 26, 2013.

APG|SGA
Out of Home Media

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APG|SGA SA is Switzerland's leading Out of Home media company. Listed on the SIX Swiss Exchange in Zurich, APG|SGA covers all aspects of Out of Home advertising: on the street, at the airport, in shopping centres and train stations, in mountain regions and on public transport – from poster campaigns with the widest coverage and large poster spaces to state-of-the-art digital advertising media. When communicating with customers, the authorities and the advertising industry, APG|SGA represents sustainability, innovation and competency.

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