Affichage Holding SA | Financial Report 2011

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Consolidated financial statements

Consolidated balance sheet
as at December 31

Assets in CHF 1 000	Notes	2011	2010
Buildings and land		**52 690**	57 523
Advertising plant		**20 273**	24 118
Other property, plant, and equipment		**5 788**	6 266
Property, plant, and equipment	3	**78 751**	87 907
Investments in associated companies		**345**	333
Other financial investments		**5 372**	2 043
Financial investments	4	**5 717**	2 376
Goodwill		**18 862**	18 862
Contractual advertising rights		**50 316**	56 401
Intangible fixed assets	5	**69 178**	75 263
Deferred taxes	21	**14 733**	15 195
Non-current assets		**168 379**	180 741
Inventories		**2 746**	3 424
Trade accounts receivable	6	**39 849**	44 366
Other accounts receivable	7	**15 457**	11 692
Deferred expenses and accrued income		**6 845**	8 210
Marketable securities		**408**	430
Cash and cash equivalents	8	**77 534**	26 253
Current assets		**142 839**	94 375
Total		**311 218**	275 116

Shareholders' equity and liabilities			
Share capital		**7 800**	7 800
Capital reserves, premiums		**5 632**	5 632
Other reserves		**110 252**	86 330
Equity held by Affichage Holding SA shareholders		**123 684**	99 762
Non-controlling interests		**2 825**	1 163
Shareholders' equity	9	**126 509**	100 925
Provisions	10	**56 425**	29 628
Deferred taxes	21	**10 160**	7 588
Long-term financial liabilities	12	**28**	15 732
Non-current liabilities		**66 613**	52 948
Trade accounts payable		**21 589**	18 336
Current accounts payable to banks	12	**15 001**	15 770
Taxes payable		**1 937**	3 036
Other accounts payable	13	**23 444**	28 753
Accrued liabilities and deferred income	14	**56 125**	55 348
Current liabilities		**118 096**	121 243
Liabilities		**184 709**	174 191
Total		**311 218**	275 116

Consolidated income statement

in CHF 1 000	Notes	2011	2010
Advertising revenue		**311 795**	304 280
Real estate revenue	17	**2 453**	2 298
Operating revenue		**314 248**	306 578
Fees and commissions		**– 139 104**	– 141 406
Personnel expenses	18	**– 65 955**	– 68 337
Operating and administrative costs		**– 42 556**	– 45 508
Other income	19	**6 391**	
EBITDA		**73 024**	51 327
Depreciation		**– 11 341**	– 14 266
Amortization of intangible assets		**– 4 780**	– 5 392
Impairment		**– 785**	– 70 767
Operating income / loss (EBIT)		**56 118**	– 39 098
Financial income	20	**468**	1 083
Financial expenses	20	**– 1 431**	– 3 072
Income from associates		**62**	57
Income (loss) before income tax		**55 217**	– 41 030
Income taxes	21	**– 12 236**	– 11 690
Consolidated net income (loss) [1]		**42 981**	– 52 720
– of which non-controlling interests		**1 194**	– 414
– of which Affichage Holding SA shareholders		**41 787**	– 52 306
Basic and diluted earnings per share, in CHF	22	**14.23**	– 17.82

[1] From continuing operations

Consolidated statement of comprehensive income

in CHF 1 000	Gross	Income tax effect	2011 Net	Gross	Income tax effect	2010 Net
Consolidated net income (loss)			**42 981**			– 52 720
Unrealized gains/losses on available-for-sale securities	**– 25**	**1**	**– 24**	– 165	41	– 124
Currency translation differences	**2 599**		**2 599**	– 5 318	– 1 239	– 6 557
Actuarial gains/losses from defined-benefit plans	**– 28 239**	**7 060**	**– 21 179**	– 8 703	2 176	– 6 527
Comprehensive income (loss)			**24 377**			– 65 928
– of which non-controlling interests			**833**			– 370
– of which Affichage Holding SA shareholders			**23 544**			– 65 558

Consolidated statement of changes in equity

in CHF 1 000	Share capital	Capital reserves Premiums	Treasury shares	Translation differences	Available-for-sale securities	Re-valuation reserves	Retained earnings	Total	Non-controlling interests	Total Share-holders' equity
	Share of Affichage Holding SA shareholders									
as at January 1, 2010	7 800	5 632	– 6 979	– 13 327	311	46 221	125 590	**165 248**	1 926	**167 174**
Comprehensive income (loss)				– 6 600	– 124		– 58 834	**– 65 558**	– 370	**– 65 928**
– of which consolidated net income (loss)							– 52 306	**– 52 306**	– 414	**– 52 720**
– of which other comprehensive income (loss)				– 6 600	– 124		– 6 528	**– 13 252**	44	**–13 208**
Reclassification of reserves						– 162	162			
Changes in scope of consolidation									4	**4**
Distributions to non-controlling interests									– 397	**– 397**
Changes in treasury shares			– 2 560				2 632	**72**		**72**
as at December 31, 2010	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 to non-controlling interests									– 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**

Consolidated statement of cash flows

in CHF 1 000	Notes	2011	2010
Consolidated net income (loss)		**42 981**	– 52 720
Depreciation and amortization		**16 121**	19 658
Impairment		**785**	70 767
Unrealized gains on securities		**– 24**	– 124
Net financial income		**963**	1 989
Changes in provisions		**– 1 301**	– 3 844
Changes in deferred taxes		**9 116**	10 143
Income taxes		**3 120**	1 547
Gain/loss from sale of non-current assets		**– 3 439**	565
Income from associates		**– 62**	– 57
Financial income paid		**503**	485
Financial expenses paid		**– 882**	– 2 442
Income taxes paid		**– 3 933**	– 1 091
Cash flow		**63 948**	44 876
Change in inventories		**622**	– 37
Change in accounts receivable		**4 400**	31 985
Change in marketable securities		**22**	124
Change in accounts payable		**1 014**	– 25 891
Change in other deferred expenses and accrued income, and accrued liabilities and deferred income		**2 727**	4 631
Net cash provided by operating activities		**72 733**	55 688
Capital expenditures in property, plant, and equipment		**– 9 163**	– 5 368
Capital expenditures in intangible assets		**– 29**	– 18 929
Investment in financial assets		**– 1 648**	
Sale of property, plant, and equipment as well as intangible fixed assets		**4 217**	252
Sale of financial assets		**842**	992
Sale of subsidiaries and business activities (net of cash)	16	**440**	
Net cash used in investing activities		**– 5 341**	– 23 053
Decrease in current accounts payable to banks		**– 15 769**	– 30 232
Increase in long-term financial liabilities			5 000
Decrease in long-term financial liabilities		**– 10**	– 218
Sale of treasury shares		**358**	143
Distributions to non-controlling interests		**– 621**	– 397
Net cash used in financing activities		**– 16 042**	– 25 704
Currency translation effect on cash and cash equivalents		**– 69**	– 1 579
Change in cash and cash equivalents		**51 281**	5 352
Cash and cash equivalents as at January 1	8	**26 253**	20 901
Cash and cash equivalents as at December 31	8	**77 534**	26 253

Notes to the consolidated financial statements

1 Business activity

The Affichage 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, as well as 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. 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 Affichage Group

General fundamentals and reporting standards

The consolidated financial statements of the Affichage 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 27, 2012. The Annual General Meeting on May 23, 2012, will be asked to ratify the consolidated financial statements.

The consolidated figures comprise the audited financial statements of the individual companies which have been prepared according to unified 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 2011, the IASB issued IFRS standards and interpretations that are relevant to the Affichage Group which have been newly adopted. They relate to IAS 24 Related Party Disclosures, Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14), and Annual Improvements to IFRSs, May 2010.

The amendment to IAS 24 is twofold. The amendment clarified the definition of a related party, however, without changing the fundamental approach to related party disclosures. It emphasises a symmetrical view on related party relationships and clarifies how a person or key management personnel impacts related party relationships of an entity (see note 2). Furthermore, the amendment provides for an exemption to related party disclosures for government-related entities. The amendment is effective for financial years beginning on or after January 1, 2011. While the adoption of the amendment did not have any current impact on the financial position or performance or disclosures of the Group, as all required information is currently being appropriately captured and disclosed, it is relevant to the application of the Group’s accounting policy in identifying future potential related party relationships.

The amendment to IFRIC 14 was made to remove an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover those requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group’s defined benefit obligation liability is not affected by this amendment. However, the amendment is incorporated into the Group’s accounting policy.

In May 2010, the Board issued its third omnibus of amendments to standards, primarily with a view to removing inconsistencies and clarify wording. There are separate transitional provisions for each standard.

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, Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, 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)

These standards are not being early adopted. The Company's preliminary assessment of IAS 19 (Employee Benefit amendment) of the changes of the concept of expected return on plan asset indicates a significant impact on the 2012 income statement on estimated pension costs for 2012. The Group is currently assessing the full impact of the remaining amendments, which are mostly disclosure related. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

The Affichage Group continuously analyzes changes to the standards.

Scope and method of consolidation

The consolidated financial statements integrate the financial statements of Affichage Holding SA as well as of the Group's domestic and foreign companies. An overview of the principal Group companies is provided on page 36 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 posted 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. Affichage Holding owns just 50% of the voting power of Impacta. However management control is present because distribution and logistics are performed by APG Allgemeine Plakatgesellschaft, a 100% subsidiary of Affichage Holding 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 recognised 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 recognised 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 a significant influence is exercised. 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 78.8 million (PY CHF 87.9 million), and intangible assets in the amount of CHF 69.2 million (PY CHF 75.3 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
With a few exceptions, the employees in Switzerland have a funded defined-benefit plan. In 2011, a net liability of CHF 50.4 million (PY CHF 24.8 million) has been recorded. The actuarial calculations of pension liabilities are based on estimates of the discount rate, expected income, 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. The 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, expense and cash flows are translated at average exchange rates of the period. Resulting translation differences are recognized directly in other comprehensive income. At the time of a disposal, 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, cash flows Average exchange rate
in CHF	December 31, 2011	December 31, 2010	2011	2010
1 EUR	**1.2169**	1.2468	**1.2333**	1.3833
1 BAM	**0.6222**	0.6381	**0.6305**	0.7073
1 RSD	**0.0115**	0.0119	**0.0121**	0.0135
1 RON	**0.2820**	0.2917	**0.2912**	0.3298

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.

Valuation principles
The following valuation principles were applied:

Cash and cash equivalents
Cash and equivalents containing cash, current postal and bank account receivables, as well as short-term deposits are held with first-class financial institutions. Short-term deposits have a maturity up to three months. They are measured at fair value and changes in fair value are recorded in net financial income.

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. 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. 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 amortisation 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 levels 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 3-year planning up to 2014 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 of between 2.0% and 3.0%, which corresponds to expected market developments. The key assumptions for planning cash flows are based on past experience as well as 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 also 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 amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included in finance costs in the income statement.

Provisions

Provisions are made 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 of 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, 2011. Actuarial gains and losses for both 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 re-covered 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 recognised directly in equity is recognised in equity and not in the income statement.

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

Deferred tax liabilities are recognised 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 recognised.

Deferred tax assets are recognised 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 recognised 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 recognised outside profit or loss is recognised outside the income statement. Deferred tax items are recognised 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 Affichage Holding 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 are mainly comprised of 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 2011, 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. In 2010, the scope of consolidation was changed by deconsolidation of JCDecaux Neonlight S.à.r.l. Bulgaria (Sofia) due to liquidation.

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, 2009	132 088	197 287	11 351	7 953	12 935	**361 614**
Changes in scope of consolidation			– 22			**– 22**
Additions	258	2 836	281	787	1 206	**5 368**
Reclassifications			– 4	4		
Disposals		– 21 758	– 1 087	– 1 937	– 1 432	**– 26 214**
Translation differences		– 11 890	– 258	– 221	– 315	**– 12 684**
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**
Accumulated depreciation						
as December 31, 2009	– 71 986	– 158 704	– 8 172	– 6 272	– 9 770	**– 254 904**
Changes in scope of consolidation			20			**20**
Additions	– 2 837	– 8 075	– 694	– 1 206	– 1 454	**– 14 266**
Impairment		– 4 708	– 48	– 32	– 250	**– 5 038**
Reclassifications			3	– 3		
Disposals		21 104	1 070	1 930	1 295	**25 399**
Translation differences		8 026	219	179	210	**8 634**
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**
Impairment						
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**
Net book value						
as at December 31,.2010	57 523	24 118	2 659	1 182	2 425	**87 907**
as at December 31, 2011	52 690	20 273	2 416	1 222	2 150	**78 751**

Insurance value: Real estate CHF 113,719,000 (PY CHF 116,983,000),
other property, plant, and equipment: CHF 87,282,000 (PY CHF 93,209,000)

All buildings are used predominantly for operating purposes.

4 Financial investments

in CHF 1 000	December 31, 2011	December 31, 2010
Investments in associated companies	**345**	333
Loans	**2 444**	1 205
Long-term part of receivables from sale of business activities (see note 16)	**2 854**	
Other financial assets	**74**	838
Total	**5 717**	2 376

5 Intangible fixed assets

in CHF 1 000	Goodwill	Contractual advertising rights	Total
At cost			
as at December 31, 2009	81 812	139 963	**221 775**
Changes in scope of consolidation			
Additions		18 929	**18 929**
Reclassifications		– 747	**– 747**
Disposals		– 20	**– 20**
Translation differences	– 3 980	– 8 879	**– 12 859**
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**
Reclassifications			
Disposals		– 80	**– 80**
Translation differences	– 571	– 1 344	**– 1 915**
as at December 31, 2011	73 183	138 616	**211 799**
Accumulated amortization			
as at December 31, 2009	– 19 682	– 70 283	**– 89 965**
Changes in scope of consolidation			
Additions		– 5 392	**– 5 392**
Impairment	– 42 475	– 23 253	**– 65 728**
Reclassifications		– 7	**– 7**
Disposals		20	**20**
Translation differences	3 187	6 070	**9 257**
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**
Reclassifications			
Disposals		80	**80**
Translation differences	571	1 048	**1 619**
as at December 31, 2011	– 54 321	– 88 300	**– 142 621**
Net book value			
as at December 31, 2010	18 862	56 401	**75 263**
as at December 31, 2011	18 862	50 316	**69 178**

Goodwill	in CHF 1 000	December 31, 2011	December 31, 2010
Switzerland		**6 926**	6 926
International		**11 936**	11 936
Total		**18 862**	18 862

Goodwill international 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 exceed the book values.

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	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%

CGU	2010	Discount rate	Long-term growth rate
Switzerland		6.5%	2.0%
Bosnia		12.0%	1.5%
Bulgaria		11.0%	0.0%
Greece		15.0%	3.0%
Hungary		11.5%	2.0%
Romania		11.0%	3.0%
Serbia		12.0%	3.0%
Montenegro		12.5%	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 5.4 million on goodwill. A decline in the normative growth rate of 100 basis points would lead to an additional impairment loss of CHF 3.3 million.

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 the amount of CHF 0.8 million since the book value exceeded the value in use.

Impairments 2010	in CHF 1 000	CGU Serbia	CGU Bosnia	CGU Romania	Other CGU
Goodwill		– 26 690		– 14 319	– 1 466
Intangible assets			– 3 344	– 18 038	– 1 871
Property, plant, and equipment			– 1 829	– 3 132	– 77
Recognized as an impairment in the income statement		**– 26 690**	**– 5 173**	**– 35 490**	**– 3 414**
Deferred tax, reported under income tax			517	2 802	48
Total impairment, net of tax effect		**– 26 690**	**– 4 656**	**– 32 688**	**– 3 366**

In 2010 at CGU Serbia, Romania, Bosnia, La Strada (Greece), Hungary, and Bulgaria 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 as well as the sluggish recovery had resulted in reductions of the growth outlook and of future earnings potentials.

6 Trade accounts receivable

in CHF 1 000	December 31, 2011	December 31, 2010
Trade accounts receivable	**52 995**	57 712
Bad debt allowance	**– 13 146**	– 13 346
Total	**39 849**	44 366

Value adjustments cover the expected default risk.

Change in bad debt allowance of trade accounts receivable	in CHF 1 000	2011	2010
as at January 1		**– 13 346**	– 20 529
Changes in scope of consolidation		**694**	
Addition		**– 2 105**	– 4 836
Utilization		**610**	492
Reclassifications			6 502
Reversal		**686**	2 285
Translation differences		**315**	2 740
as at December 31		**– 13 146**	– 13 346

7 Other accounts receivable

in CHF 1 000	December 31, 2011	December 31, 2010
Tax refund claims	**1 255**	1 488
VAT receivable	**433**	2 772
Accounts receivable from associated companies	**141**	220
Prepayments to suppliers	**405**	1 284
Personnel and social benefits	**393**	377
Receivables from related parties	**2 821**	3 228
Receivables from loans to third parties	**751**	2 108
Short-term part of receivables from sale of business activities (see note 16)	**9 346**	
Other	**6 881**	7 088
Bad debt allowance	**– 6 969**	– 6 873
Total	**15 457**	11 692

Change in bad debt allowance of other accounts receivable	in CHF 1 000	2011	2010
as at January 1		**– 6 873**	– 2 266
Addition		**– 620**	– 34
Utilization		**348**	
Reclassifications			– 6 502
Reversal			1 017
Translation differences		**176**	912
as at December 31		**– 6 969**	– 6 873

The bad debt allowance for other accounts receivable mainly relates to short term part of receivables from sale of business activities and other accounts receivable.

8 Cash and cash equivalents

in CHF 1 000	December 31, 2011	December 31, 2010
Cash, postal and bank account balances	**77 111**	26 043
Time deposits	**423**	210
Total	**77 534**	26 253

For 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 in 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**	

Information on the purchase and sale of treasury shares in 2010		Quantity	Average price in CHF
as at January 1, 2010		**66 086**	
1st quarter	Additions		
	Disposals		
2nd quarter	Additions		
	Disposals	**– 1 100**	109.51
3rd quarter	Additions		
	Disposals	**– 170**	135.48
4th quarter	Additions		
	Disposals		
as at December 31, 2010		**64 816**	

As at December 31, 2011, treasury shares accounted for 2.1% of the share capital (PY 2.2%).

In 2011 negative currency translation differences in the amount of CHF 2,667,000 were recycled from equity to income statement due to the sale of foreign subsidiaries (PY none).

In 2011, no dividend was paid out. The Board of Directors proposes to the General Meeting of May 23, 2012, to pay a dividend of CHF 7.00 per share.

10 Provisions

in CHF 1 000	Pension plans	Other	2011 Total	2010 Total
as at January 1	24 796	4 832	**29 628**	25 179
Changes in scope of consolidation		– 103	**– 103**	
Addition	25 575	2 349	**27 924**	8 252
Utilization		– 214	**– 214**	– 197
Reversal		– 766	**– 766**	– 3 224
Translation differences		– 44	**– 44**	– 382
as at December 31	50 371	6 054	**56 425**	29 628

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

Reconciliation of defined benefit obligations	in CHF 1 000	2011	2010
Defined benefit obligations as at January 1		**274 084**	267 627
Net service cost		**5 707**	6 339
Interest cost		**7 338**	8 827
Employee contributions		**2 933**	3 120
Net benefits paid		**– 14 187**	– 18 967
Liability (gain) / loss due to assumption changes		**8 853**	10 948
Liability (gain) / loss due to experience		**6 811**	– 3 810
Defined benefit obligations as at December 31		**291 539**	274 084

Reconciliation of fair value of plan assets of IAS19	in CHF 1 000	2011	2010
Fair value of plan assets as at January 1		**249 288**	250 807
Employer contributions		**4 643**	4 805
Employee contributions		**2 933**	3 120
Net benefits paid		**– 14 187**	– 18 967
Expected return on plan assets		**11 065**	11 088
Actuarial gain / (loss) on plan assets		**– 12 574**	– 1 565
Fair value of plan assets as at December 31		**241 168**	249 288

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, 2011	December 31, 2010
Present value of funded defined benefit obligations		**– 291 539**	– 274 084
Fair value of plan assets		**241 168**	249 288
Asset / (liability) recognized in the balance sheet		**– 50 371**	– 24 796

Amounts of recognized cumulative actuarial losses in OCI were as follows	in CHF 1 000	2011	2010
Cumulative actuarial losses as at January 1		**36 967**	28 264
Amounts recognized in other comprehensive income during the period		**28 238**	8 703
Cumulative actuarial losses as at December 31		**65 205**	36 967

Analysis of profit and loss charge / (credit)	in CHF 1 000	2011	2010
Net service cost		**5 707**	6 339
Interest cost		**7 338**	8 827
Expected return on plan assets		**– 11 065**	– 11 088
Total expense / (income) recognized in the income statement		**1 980**	4 078

Employer contributions

The Group expects to contribute CHF 4,700,000 to its pension plan in 2012.

Percentage of plan assets invested in asset category as at December 31	2011	2010
Equity	**35.6%**	31.3%
Bonds	**29.6%**	37.3%
Property	**24.6%**	23.0%
Other investments	**10.2%**	8.4%
Total	**100.0%**	100.0%

The plan assets include 19,000 Affichage Holding 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	2011	2010
Expected return on plan assets		**11 065**	11 088
Actuarial gains/(losses) on plan assets		**– 12 574**	– 1 565
Effective return on plan assets		**– 1 509**	9 523

Multi-year comparison	in CHF 1 000	2011	2010	2009	2008	2007
Fair value of plan assets as at December 31		**241 168**	249 288	250 807	230 495	275 795
Defined benefit obligations as at December 31		**– 291 539**	– 274 084	– 267 627	– 279 259	– 267 733
Surplus/(deficit) in plan		**– 50 371**	– 24 796	– 16 820	– 48 764	8 062
Experience gains/(losses)						
– on plan assets		**– 12 574**	– 1 565	12 779	– 59 073	– 9 602
– on defined benefit obligations		**– 6 811**	3 810	6 624	– 1 743	17

Actuarial assumptions	2011	2010
Used to determine the defined benefit obligation at end of year and pension cost for new financial year		
Discount rate	**2.30%**	2.75%
Underlying consumer price inflation	**1.25%**	1.50%
Rate of future compensation increases	**2.19%**	2.25%
Rate of pension increases	**0.00%**	0.00%
Expected rate of return on plan assets	**3.50%**	4.50%
Used to determine pension cost for financial year		
Discount rate	**2.75%**	3.40%
Underlying consumer price inflation	**1.50%**	1.50%
Rate of future compensation increases	**2.25%**	2.50%
Rate of pension increases	**0.00%**	0.25%
Expected rate of return on plan assets	**4.50%**	4.50%

12 Financial liabilities

in CHF 1 000	December 31, 2011	December 31, 2010
Long-term accounts payable to banks		15 000
Long-term accounts payable to third parties	**28**	732
Current accounts payable to banks	**15 001**	15 770
Total	**15 029**	31 502

Current accounts payable to banks have maturities of up to 6 months. Interest is fixed by agreement.

Accounts payable to banks are subject to compliance with two performance targets (covenants): debt factor and equity ratio. These covenants were met as at December 31, 2011.

13 Other accounts payable

in CHF 1 000	December 31, 2011	December 31, 2010
VAT owed	**4 922**	6 621
Accounts payable to associated companies	**55**	57
Prepayments by customers	**10 505**	8 624
Personnel and social benefits	**901**	1 967
Other	**7 061**	11 484
Total	**23 444**	28 753

In other accounts payable the following financial instruments are included: accounts payable to associated companies CHF 55,000 (PY CHF 57,000), other payables CHF 7,061,000 (PY CHF 11,484,000).

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 50,311,000 (PY CHF 49,634,000).

15 Obligations and contingent liabilities

Provisions have been set up for all major contingent liabilities which are likely to become actual liabilities. The following off balance sheet commitments exist:

- Unrecognized guaranty obligations to banks: CHF 3,736,000 (PY CHF 4,660,000)
- Unrecognized guaranty obligations to third parties: CHF 297,000 (PY 358,000)

There were no pledged or assigned assets with reservation of ownership.

The Group is exposed to various claims, notably in Greece, concerning rental fees and municipality taxes. While we cannot predict or provide assurance as to the final outcome of these claims, we believe the likelihood is remote that they will have a material adverse effect on our balance sheet, income statement or cash flows and no provision is made for such claims.

16 Acquisitions and sales of business activities

Sold business activities	in CHF 1 000	2011
Total consideration from sale of business activities		**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		**1 904**
Cash over which control is lost due to sale of subsidiaries		**– 1 464**
Net of cash from sale of subsidiaries and business activities		**440**
Non-current assets over which control is lost due to sale of business activities		**– 5 452**
Current assets over which control is lost due to sale of business activities		**– 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		**4 237**
Non-controlling interest disposal due to sale of business activities		**– 1 471**
Net gain on disposal of business activities		**6 035**

In addition a cumulative currency translation loss in the amount of 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 2011 no business activities were acquired.

The following sales of business activities took place in the year under review:

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 and two amounts of CHF 1,746,000 each are due in April 2012 and April 2013 respectively. 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 2012.
4. Sale of a 85% share on First Avenue GmbH, Bolzano, by our subsidiary APG, 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 Affichage Holding 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 sales price was not paid in cash, it is due in monthly installments over the next ten years. The long term portion has been discounted.
6. In 2010, the 30-percent minority shareholder in Romania exercised his put option. The price for Affichage Romania Srl, Churchill Media Srl, Multireclama Srl, Topmedia Grup Srl, Image Factory Media Srl, Real Media Vision Srl, as well as 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.

Previous year

No business activities were acquired or sold in the previous year.

17 Real estate revenue

The space rented to third parties is 14,405 m^2 or 35.9% of the entire useful area (PY 14,248 m^2 or 34.1%).

18 Personnel expenses

in CHF 1 000	2011	2010
Wages and salaries	**– 57 381**	– 57 909
Pension costs	**– 2 429**	– 3 712
Social security and retirement benefits	**– 4 765**	– 5 282
Other personnel expenses	**– 1 380**	– 1 434
Total	**– 65 955**	– 68 337

The Affichage Group employs a total number of 661 persons (PY 705), thereof 543 (PY 522) in Switzerland and 118 (PY 183) in foreign markets, calculated on the basis of full-time equivalents 100%.

19 Other income

Other income for the year under review 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	2011	2010
Financial income	**215**	463
Foreign exchange translation differences	**– 709**	– 1 299
Fair value adjustment of financial instruments	**253**	620
Value adjustment of participations		– 252
Interest and bank expenses	**– 722**	– 1 521
Total	**– 963**	– 1 989

21 Income taxes

Taxes paid and expensed are composed of the following items:

in CHF 1 000	2011	2010
Income tax on earnings	**– 3 120**	– 1 547
Deferred tax expenses	**– 9 116**	– 10 143
Total	**– 12 236**	– 11 690

In the context of the application of IAS 19 (employee benefits), deferred taxes in the amount of CHF 7,060,000 were directly recorded to other comprehensive income (PY CHF 2,176,000).

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	2011	2010
1 year		**0**	**0**
2 years		**0**	**0**
3 years		**7 618**	**330**
4 years		**15 234**	**6 515**
5 years		**13 134**	**16 407**
Over 5 years		**1 093**	**298**
Total		**37 079**	**23 550**

Analysis of tax rate	2011	2010[1]
Weighted group tax rate	**26.7%**	4.6%
Effect of different impairment accounting in the tax return and		
in the consolidated statements		– 23.5%
Effect of reversal of deferred taxes on intangible assets		
due to impairment		8.2%
Effect of non-taxable income		1.1%
Effect of non-tax-deductible expenses	**0.6%**	– 0.6%
Other effects	**0.5%**	– 1.3%
Write-off of deferred tax assets	**0.6%**	– 8.8%
Effect of non-capitalized tax loss carry forwards	**0.5%**	– 12.5%
Use of non-capitalized tax loss carry forwards	**– 3.9%**	
Reversal of unused income tax accruals	**– 2.8%**	4.3%
Actual tax rate	**22.2%**	– 28.5%

[1] For presentation purpose, in 2010 the effect of tax expenses on the tax rate was presented negative and the effect of tax income was presented positive.

The weighted group tax rate is higher than a year ago due to the disparate income trends in the individual countries. The low weighted group tax rate in 2010 of 4.6% is based on following two mathematical effects:

1. Pre-tax income in Switzerland was overcompensated by pre-tax losses in foreign subsidiaries.
2. In our foreign entities the average tax rate is lower than in Switzerland.

Allocation of deferred taxes in the balance sheet at the end of the financial year	in CHF 1 000	2011 Assets	2011 Liabilities	2010 Assets	2010 Liabilities
Property, plant, and equipment		2 140	4 371	3 255	4 784
Investments in subsidiaries			738	16	738
Inventories			92		117
Accounts receivable			325		298
Tax loss carry forwards				5 725	
Provisions		12 593	4 188	6 199	1 159
Other			446		492
Total		**14 733**	**10 160**	15 195	7 588

Affichage's subsidiaries have distributable retained earnings of CHF 64.4 million as at December 31, 2011 (PY CHF 29.7 million).

22 Earnings per share

Earnings per share are calculated as follows:

	2011	2010
Net income, in CHF 1 000	**41 787**	– 52 306
Weighted average number of shares	**2 936 843**	2 934 665
Basic and diluted earnings per share, in CHF	**14.23**	– 17.82

At Affichage Holding SA, there are no instruments with a dilutive effect on earnings per share.

23 Management of financial risks

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, 2011	40 865 000	53 291 000
as at December 31, 2010	38 929 000	49 119 000

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.

Change versus CHF	in %	2011	2010 Change of net income
EUR	8	**935 000**	– 573 000
	– 8	**– 935 000**	573 000

Change versus CHF	in %		Change of equity
EUR	8	**4 397 000**	2 139 000
	– 8	**– 4 397 000**	– 2 139 000

Liquidity risk

The management of the liquidity risk involves securing access to adequate liquidity and to short-term liquidity reserves secured with committed credit lines. As at December 31, 2011, the debt factor and equity ratio covenants stipulated in the loan agreements were fulfilled. The unused line of credit agreed with various financial institutions covers CHF 120 million as at December 31, 2011 (PY CHF 104.2 million). Liquidity is monitored on the basis of projected cash flows and communicated to the Executive Board regularly.

Maturity profile of financial liabilities	in CHF 1 000	< 1 year	1–3 years	> 3 years	Total
Accounts payable to banks		15 001			**15 001**
Trade accounts payable		21 589			**21 589**
Accrued liabilities and deferred income		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**
Accounts payable to banks		15 770	15 000		**30 770**
Trade accounts payable		18 336			**18 336**
Accrued liabilities and deferred income		49 634			**49 634**
Other short- and long-term obligations		11 541	732		**12 273**
Total as at December 31, 2010		95 281	15 732		**111 013**

Overdue accounts receivable by maturity	in CHF 1 000	< 90 days	90–180 days	> 180 days	Total
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**
Trade accounts receivable		14 631	2 459	15 901	**32 991**
Bad debt allowance		– 108	– 314	– 12 727	**– 13 149**
Total as at December 31, 2010		14 523	2 145	3 174	**19 842**
Other accounts receivable				6 507	**6 507**
Bad debt allowance				– 6 494	**– 6 494**
Total as at December 31, 2011				13	**13**
Other accounts receivable				8 164	**8 164**
Bad debt allowance				– 6 873	**– 6 873**
Total as at December 31, 2010				1 291	**1 291**

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 covered 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 interest rate risk originates primarily from the variable interest due on financial liabilities that are not collateralized. The interest rate change risk is limited by the mix of liabilities subject to fixed and variable interest commitments. A change of the interest rate by ±1 percentage point would change the annual financial expenditure by CHF 0.2 million (PY CHF 0.3 million) without consideration of fiscal effects.

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).

24 Lease obligations

in 1 000 CHF	2011	2010
Due within one year		105
Due within two to five years		45
Due in more than five years		
Total lease obligations		150

There are no more lease obligations as at December 31, 2011.

25 Transactions with related parties

In 2011, the Affichage Group transacted sales of CHF 285,000 (PY CHF 406,000) and purchases of CHF 162,000 (PY CHF 358,000) with the JCDecaux Group, a principal shareholder. As at December 31, 2011, the Affichage Group accounted for CHF 2,873,000 (PY CHF 3,705,000) in receivables and CHF 56,000 (PY CHF 73,000) in payables to the JCDecaux Group.

An amount of CHF 2,168,000 (PY CHF 1,702,000) 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 261,000 (PY CHF 145,000). As at December 31, 2011, the Affichage Group accounted for CHF 60,000 (PY none) in accounts receivable from Interplakat AG; accounts payable amounted to CHF 149,000 (PY CHF 361,000).

In 2011, the Affichage Group transacted sales of CHF 761,000 (PY CHF 478,000) and purchases of CHF 2,007,000 (PY CHF 1,345,000) with Ecofer AG, an associated company. As at December 31, 2011, the Affichage Group accounted for CHF 350,000 (PY CHF 375,000) in receivables and CHF 1,000 (PY CHF 360,000) in payables to Ecofer AG.

For financial 2011, the members of the Board of Directors were remunerated pro rata temporis with a gross amount of CHF 722,000 as well as with 962 allotted registered shares (PY CHF 569,000, no allotment of registered shares). Remuneration paid to the members of the Executive Board of Affichage Group for financial 2011 totaled a gross pro rata temporis amount of CHF 3,715,000 (PY CHF 2,990,000) and 2,259 registered shares (PY 117 registered shares). The employer's ordinary pension plan contributions amount to CHF 282,000 (PY 260,000). No loans have been granted to members of the Executive Board.

26 Events after the closing date

None

These financial statements consider events after the closing date until February 27, 2012.

27 Segment information by regions

in CHF m	2011	Switzerland 2010	2011	Greece 2010	2011	Other foreign countries 2010
Advertising revenue with third parties	**280.5**	259.0	**1.9**	10.7	**29.3**	34.4
Revenue with other segments						
EBITDA	**71.8**	68.1	**4.2**	– 16.0	**4.7**	3.4
Depreciation	**– 9.9**	– 11.6		– 0.4	**– 6.2**	– 7.7
Impairment				– 1.7	**– 0.8**	– 69.1
Operating income (EBIT)	**62.0**	56.5	**4.2**	– 18.0	**– 2.4**	– 73.4
Net financial income	**– 0.7**	– 2.6		– 0.1	**– 2.2**	– 10.6
Income from associates						
Income tax	**– 12.2**	– 11.4		– 3.8	**– 0.3**	3.6
Income from continuing operations	**49.2**	42.5	**4.2**	– 21.9	**– 4.8**	– 80.4
Income from discontinued operations, net of tax						
Net income	**47.9**	42.0	**4.2**	– 21.9	**– 4.8**	– 79.4
Assets	**292.3**	233.7	**5.1**	9.6	**21.0**	32.9
– Property, plant, and equipment	**70.2**	75.2		0.3	**8.5**	12.3
– Intangible fixed assets	**9.2**	9.9			**9.8**	11.6
– Investments in associated companies						
Investments in property, plant, and equipment	**6.4**	3.4	**0.3**	0.3	**2.4**	1.6
Investments in intangible assets						18.9

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

	Holding 2011	2010	Eliminations and non-allocated items 2011	2010	Total according to consolidated statement of income 2011	2010
Advertising revenue with third parties	**0.1**	0.2			**311.8**	304.3
Revenue with other segments	**3.1**	3.0	**– 3.1**	– 3.1		
EBITDA	**– 7.2**	– 4.2	**– 0.4**		**73.0**	51.3
Depreciation					**– 16.1**	– 19.7
Impairment					**– 0.8**	– 70.8
Operating income (EBIT)	**– 7.2**	– 4.2	**– 0.4**		**56.1**	– 39.1
Net financial income	**– 9.7**	5.0	**11.5**	6.3	**– 1.0**	– 2.0
Income from associates	**0.1**	0.1			**0.1**	0.1
Income tax	**0.2**				**– 12.2**	– 11.7
Income from continuing operations	**– 16.7**	0.8	**11.1**	6.3	**43.0**	– 52.7
Income from discontinued operations, net of tax						
Net income	**– 16.7**	0.8	**11.1**	6.2	**41.8**	– 52.3
Assets	**217.6**	233.3	**– 225.0**	– 234.4	**311.2**	275.1
– Property, plant, and equipment	**0.1**	0.1			**78.8**	87.9
– Intangible fixed assets			**50.2**	53.8	**69.2**	75.3
– Investments in associated companies	**0.3**	0.3			**0.3**	0.3
Investments in property, plant, and equipment		0.1			**9.2**	5.4
Investments in intangible assets						18.9

28 Participations of Affichage Group

Company, headquarters	Share capital in local currency		Consolidation method	Share of capital in %
Switzerland				
APG, Allgemeine Plakatgesellschaft APG, Geneva	CHF	37 600 000.00	F	100.00
Bercher SA Publicité Générale, Geneva	CHF	500 000.00	F	100.00
APG-SGA Traffic SA, Geneva	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
Greece/Cyprus				
Affichage Hellas SA, Athens (GR)	EUR	470 010.00	F	100.00
Clear Media SA, Athens (GR)	EUR	400 000.00	F	100.00
Domisi Wall SA, Athens (GR)	EUR	300 000.00	F	100.00
A.A. Manivale Ltd, Nicosia (CY)	EUR	1 718.51	F	100.00
Admaiorem Cross Venture Capitals Ltd, Nicosia (CY)	EUR	1 718.51	F	100.00
Montenegro				
Montepano d.o.o., Podgorica	EUR	152 871.89	F	80.00
Romania				
Affichage Romania Srl, Bucureşti	RON	12 756 800.00	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
S.C. Communications Media Srl, Bucureşti	RON	200.00	F	75.00
Serbia				
Alma Quattro d.o.o., Beograd	RSD	46 544 069.75	F	100.00
Europlakat Yugoslavia d.o.o., Beograd	RSD	23 553 066.29	F	100.00
International Metropolis Media d.o.o., Beograd	RSD	1 038 682.52	F	100.00
Air Media d.o.o., Beograd	RSD	318 742.47	F	100.00

Status December 31, 2011

F = Full consolidation
E = Equity method

Report of the statutory auditor on the consolidated financial statements

to the General Meeting of Affichage Holding SA, Geneva

As statutory auditor, we have audited the accompanying consolidated financial statements of Affichage Holding 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, 2011.

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, 2011, 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 27, 2012

Financial statements Affichage Holding SA

Balance sheet as at December 31

Assets	in CHF 1 000	Notes	2011	2010
Participations		1	**146 795**	149 105
Loans to Group companies			**99 161**	105 461
Loans to third parties			**3 481**	711
Tangible fixed assets			**66**	84
Non-current assets			**249 503**	255 361
Accounts receivable from Group companies			**552**	260
Accounts receivable from third parties			**3 601**	3 289
Deferred expenses			**221**	45
Marketable securities			**7 344**	7 560
Cash and cash equivalents			**1 376**	1 411
Current assets			**13 094**	12 565
Total			**262 597**	267 926

Shareholders' equity and liabilities				
Share capital			**7 800**	7 800
General reserve		2	**18 750**	18 750
Reserve for treasury shares			**9 207**	9 539
Free reserve		3	**213 540**	213 208
Retained earnings			**– 86 070**	21 335
Net annual profit / loss			**3 411**	– 107 405
Shareholders' equity			**166 638**	163 227
Non-current liabilities				15 694
Provisions			**5 921**	7 331
Current accounts payable to banks			**15 000**	15 751
Accounts payable to Group companies			**71 435**	63 565
Accounts payable to third parties			**1 073**	858
Accrued liabilities			**2 530**	1 500
Current liabilities			**95 959**	89 005
Liabilities			**95 959**	104 699
Total			**262 597**	267 926

Income statement

in CHF 1 000	Notes	2011	2010
Income from participations	4	**10 473**	6 733
Financial income	5	**4 127**	5 681
Other revenue	6	**3 219**	3 703
Total revenue		**17 819**	16 117
Loss from sale and impairment of participations	7	**– 947**	– 112 756
Financial expenses	8	**– 3 517**	– 2 812
Personnel expenses		**– 4 909**	– 3 855
Administrative costs		**– 5 136**	– 3 955
Depreciation		**– 18**	– 5
Total expenses		**– 14 527**	– 123 383
Income before taxes		**3 292**	– 107 266
Taxes		**119**	– 139
Net annual profit / loss		**3 411**	– 107 405

Notes to the financial statements

Introduction

The financial statements of Affichage Holding 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 Affichage Holding 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 Affichage Holding SA.

Balance sheet

1 The book values of participating interests changed due to sales of foreign subsidiaries.

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

3 The increase in free reserves is due to the change of reserves for treasury shares.

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 interests receivable, gains from the translation of foreign currencies, and income from financial investments.

6 Other revenue is revenue from services.

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

8 Financial expenses include interests payable and bank expenses as well as losses on securities and other financial instruments. The prior-year figure includes foreign currency translation losses.

Participations
The list of participations of Affichage Holding SA is provided on page 36.

Treasury shares
As at December 31, 2011, Affichage Holding SA and its subsidiaries owned 62,561 treasury shares. Detailed information on changes (purchases/sales) is provided on page 22.

Guaranty obligations
Affichage Holding SA has guaranty obligations in favour of its subsidiaries in a total amount of CHF 26,665,000 (PY CHF 26,665,000).

Accounts payable to pension plan
As at December 31, 2011, Affichage Holding SA had no payables to its pension plan (PY CHF 128,000).

Risk management
The Board of Directors has issued a risk management guideline as well as 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] 2011	2010
Jean-François Decaux	Chairman	141 000	0	141 000	370	50 000	**191 000**	21 000
Paul-Henry Binz	Vice-Chairman	88 000	0	88 000	148	20 000	**108 000**	32 000
Gilles Samyn	Member	57 000	0	57 000	148	20 000	**77 000**	12 000
Markus Scheidegger [2]	Member	348 000	0	348 000	148	20 000	**368 000**	336 000
Robert Schmidli [3]	Member	88 000	0	88 000	148	20 000	**108 000**	–
Klaus Hug [2, 4]	Member	0	0	0	0	--	**0**	95 000
Gérard Degonse [5]	Member						**–**	14 000
Georges Gagnebin [5]	Member						**–**	23 000
Jean-Claude Marchand [5]	Member						**–**	16 000
Carlo Schmid-Sutter [5]	Member						**–**	20 000
Total		722 000		722 000	962	130 000	**852 000**	569 000

1 Including social benefits, amounts rounded
2 Including remunerations Impacta/Ecofer
3 Entry as at May 26, 2011
4 Left as at May 26, 2011
5 Left as at May 26, 2010

Remunerations cover all activities within the scope of the Board of Directors of Affichage Holding 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

	Basic salary Fixed portion	Variable portion	Social benefits	Total cash payment	Shares Quantity	Market value when allocated	Total remuneration [1] 2011	2010
Total	2 343 000	807 000	565 000	3 715 000	2 259	305 000	**4 020 000**	3 006 000
Highest total compensations:								
Daniel Hofer, CEO	540 000	184 000	124 000	848 000	1 333	180 000	**1 028 000**	
Ivan Schultheiss, APG General Manager [2]								575 000

1 Including social benefits, amounts rounded
2 Left as at December 31, 2010

Loans and credits granted to governing bodies

As at December 31, 2011, Affichage Holding SA and its subsidiaries have granted no securities, loans, advances, or credits to members of the Board of Directors, of the Executive Board, of the Executive Committee nor closely linked individuals (for transactions with the JCDecaux Group see note 25 to the consolidated financial statements).

Ownership of shares by the members of the Board of Directors, of the Executive Board, and of the Senior Management

Name	Function	Shares as at December 31, 2011	Shares as at December 31, 2010
Jean-François Decaux	Chairman	**900 749** [1]	900 749 [1]
Paul-Henry Binz	Vice-Chairman	**200 956** [2]	180 956 [2]
Gilles Samyn	Member	**758 979** [3]	758 949 [3]
Robert Schmidli [4]	Member	**100**	–
Markus Scheidegger	Member	**63 162**	63 162
Klaus Hug [5]	Member	**–**	1 142
Daniel Hofer [6]	Chief Executive Officer	**750**	0
Thomas Rainer [7]	Chief Affichage International	**160**	0
Ulrich von Bassewitz	Chief Financial Officer	**1 690**	1 647
Oliver Achermann [8]	Head of Corporate Center	**–**	244
Markus Ehrle [9]	Head of Marketing & Business Development	**0**	–
Beat Holenstein	Head of Partner & Product Management	**417**	330
Felix H. Mende [10]	Regional Director & Head of Market Development	**–**	83
Walter Robert Oeschger [11]	Head of Logistics	**400**	481
Ivan Schultheiss [12]	APG General Manager	**–**	352
Marcel Seiler [13]	Head of Human Resources	**0**	–
Daniel Strobel [14]	Head of Advertising Market & Subsidiaries Switzerland	**0**	–
Florian Walz [12]	Head of Media & Product Development	**–**	72
Total		**1 927 363**	1 908 167

1 Of which 900,000 JCDecaux SA
2 Including Grisobi Holding SA
3 Of which 758,888 Pargesa Asset Management (Netherlands) N.V.
4 Entry as at May 26, 2011
5 Left as at May 26, 2011
6 Entry as at October 1, 2010
7 Entry as at June 1, 2010
8 Left as at June 30, 2011
9 Entry as at April 1, 2011
10 Left as at March 30, 2011
11 Left as at February 29, 2012
12 Left as at December 31, 2010
13 Entry as at July 1, 2011
14 Entry as at March 1, 2011

The Affichage Group has no stock options program.

Significant shareholders[1]

	Shares as reported as at December 31, 2011	in %	Shares as reported as at December 31, 2010	in %
Decaux family, JCDecaux SA, Neuilly-sur-Seine (F)[2]	900 000	30,00[3,4]	900 000	30,00[3,4]
Albert Frère, Gerpinnes (B), Compagnie Nationale à Portefeuille, Loverval (B)	758 888	25,30[3,5]	758 888	25,30[3]
Béatrice and Paul-Henry Binz, Grisobi Holding SA, Bulle (CH)	200 956	6,70[3,6]	180 956	6,03[3,6]
Shareholder group Max Müller, Magglingen (CH)	116 078	3,87[6,7]	156 808	5,23[8]
International Value Advisers LLC, New York (USA)	104 500	3,48[9,10]	104 500	3,48[9,10]
Pictet Funds SA, Genva (CH)	91 715	3,06[6,11]	–	–
Affichage Holding SA, Geneva (CH) (shares)	62 561	2,09[6,12]	64 816	2,16[6,12]
Affichage Holding SA, Geneva (CH) (conditional purchase option)	147 000	4,90[4,12]	147 000	4,90[4,12]

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 at December 31, 2011, subject to the availability of other information.

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 direct control by Jean-François Decaux
- Open 3 Investimenti (Uccle/B), a company under direct control by Jean-Sébastien Decaux

3 Of which 5% registered with voting rights

4 On February 29, 2008, JCDecaux announced that it had granted a stock purchasing option to Affichage Holding SA. The option is an entitlement to purchase up to 147,000 Affichage Holding 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 51--52).

5 For detailed information on the relationship between Albert Frère, Compagnie Nationale à Portefeuille, and Pargesa Asset Management (Netherlands) N.V., see: www.affichage.com/media/filer_public/2011/10/24/pargesa_asset_management.pdf

6 Number of shares according to stock register as at December 31, 2011 and 2010

7 On July 11, 2011, the shareholder group Max Müller, consisting of:
- Starlet Investment AG, Nidau (CH), directly controlled by Ludmilla Müller, Magglingen (CH), Max Müller, Magglingen (CH), Max Igor Müller, Studen (CH), and Sandra Nadine Müller, Emmenbrücke (CH), each with 25%
- Bruellan Corporate Governance Action Fund, Grand Cayman (CAI), managed by Bruellan SA, Geneva (CH)
- Bruellan SA, Geneva (CH), directly held by Bruellan Holding SA, Crans-Montana (CH)
- Margarete Rilliet, Geneva (CH)
- William Rilliet, Chambésy (CH)
- Comco Fashion AG, Nidau (CH), directly held by Comco Holding AG, Nidau (CH), which is under majority control by Max Müller, Magglingen (CH)
- Claude Miffon, Thônex (CH)
- Claude Piccot, Erlenbach (CH)
- Peter Dreher, Pfäffikon (CH)
- Paula Wegmann, Adliswil (CH)
- Karl-Heinz Fischer, Schönenberg (CH)
- Antoinette Hauser, Wetzikon (CH)
- Janine Genoud, Adliswil (CH)
- Christa Gantenbein, Geneva (CH)
- Friederike Gribkowsky-Mattei, Bucharest (RO)

reported that the 5% threshold had been underrun.

On October 14, 2011, the shareholder group Max Müller reported a change in the composition of the group, which consists newly of the following members:
- Starlet Investment AG, Nidau (CH), directly controlled by Ludmilla Müller, Magglingen (CH), Max Müller, Magglingen (CH), Max Igor Müller, Studen (CH), and Sandra Nadine Müller, Emmenbrücke (CH), each with 25%
- Bruellan Corporate Governance Action Fund, Grand Cayman (CAI), managed by Bruellan SA, Geneva (CH)
- Antoine and Christina Spillmann, Cheserex (CH)
- Comco Fashion AG, Nidau (CH), directly held by Comco Holding AG, Nidau (CH), which is under majority control by Max Müller, Magglingen (CH)
- Claude Piccot, Erlenbach (CH)
- Peter Dreher, Pfäffikon (CH)

8 Of which 1.2% registered with voting rights

9 Pursuant to the report of the falling below of the 5% threshold submitted on November 5, 2010, management mandates authorize International Value Advisers LLC to exercise the voting rights of 13 different investors and 5 funds that hold Affichage Holding SA shares. These 5 funds are: IVA Global Master Fund, L.P., Grand Cayman (CAI), IVA Overseas Master Fund, L.P., Grand Cayman (CAI), IVA International Fund, New York (USA), IVA Worldwide Fund, New York (USA), and IVA Global SICAV, Mamer (LUX).

10 Of which 3% registered with voting rights

11 On December 1, 2011, Pictet Funds SA, Geneva (CH), reported that the 3% threshold had been exceeded. The participation of Pictet Funds SA is composed as follows:
- RP FI - Actions CH-A (0.92%)
- Pictet (CH) Swiss Mid Small Cap (0.86%)
- Pictet (CH) Enhanced Swiss Equities 130/30 (0.55%)
- Pictet (CH) Swiss Equities (0.52%)
- Ethos (0.06%)
- Pictet Institutional Swiss Equities Tracker (0.05%)
- Pictet Swiss Market Tracker (0.05%)
- Pictet (CH) Swiss Equities Pool (0.01%)
- Raiffeisen Index Fonds - SPI (0.01%)

12 Registered without voting rights

Proposal of the Board of Directors

The Board of Directors proposes to the Annual General Meeting on May 23, 2012,

1. to carry forward the loss brought forward of CHF 82,658,446, composed of CHF 3,411,411 in net annual profit minus a loss brought forward of CHF 86,069,857 and
2. to distribute a dividend of CHF 21,000,000 (CHF 7,00 gross per share for 3,000,000 shares) out of the free reserve.

If this proposal is approved, the per-share dividend of CHF 7,00 gross or CHF 4,55 net will be paid to the shareholders as of May 25, 2012, 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 Affichage Holding SA, Geneva

As statutory auditor, we have audited the accompanying financial statements of Affichage Holding SA, which comprise the balance sheet, income statement and notes (pages 39–47), for the year ended December 31, 2011.

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, 2011, 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 Over-sight 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 27, 2012

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 29, 2012, Zürich

Publication of the annual report
April 24, 2012

General Meeting
May 23, 2012

Announcement of semi-annual results
July 31, 2012

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Credits

This is the original version, which was approved
by the Board of Directors on February 27, 2012.

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