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Consolidated financial statements

Consolidated balance sheet

as at December 31

Assets	in CHF 1 000	Notes	2010	2009
Buildings and land			57 523	60 102
Advertising plant			24 118	38 583
Other property, plant, and equipment			6 266	8 025
Property, plant, and equipment		3	87 907	106 710
Investments in associated companies			333	316
Other financial investments			2 043	3 266
Financial investments		4	2 376	3 582
Goodwill			18 862	62 130
Contractual advertising rights			56 401	69 680
Intangible fixed assets		5	75 263	131 810
Deferred taxes		19	15 195	27 068
Non-current assets			180 741	269 170
Inventories			3 424	3 535
Trade accounts receivable		6	44 366	65 943
Other accounts receivable		7	11 692	26 570
Deferred expenses and accrued income			8 210	8 416
Marketable securities			430	554
Cash and cash equivalents		8	26 253	20 901
Current assets			94 375	125 919
Total			275 116	395 089
Shareholders' equity and liabilities				
Share capital			7 800	7 800
Capital reserves, premiums			5 632	5 632
Other reserves			86 330	151 816
Equity held by Affichage Holding SA shareholders			99 762	165 248
Non-controlling interests			1 163	1 926
Shareholders' equity		9	100 925	167 174
Provisions		10	31 130	26 655
Deferred taxes		19	7 588	10 505
Long-term financial liabilities		12	15 732	10 964
Non-current liabilities			54 450	48 124
Trade accounts payable			18 336	38 551
Current accounts payable to banks		12	15 770	46 005
Taxes payable			3 036	2 995
Other accounts payable		13	28 753	41 343
Accrued liabilities and deferred income			53 846	50 897
Current liabilities			119 741	179 791
Liabilities			174 191	227 915
Total			275 116	395 089

Consolidated income statement

in CHF 1 000	Notes	2010	2009
Advertising revenue		304 280	340 018
Real estate revenue	16	2 298	2 194
Operating revenue		306 578	342 212
Fees and commissions		- 141 406	- 164 065
Personnel expenses	17	- 68 337	- 67 983
Operating and administrative costs		- 45 508	- 64 540
EBITDA		51 327	45 624
Depreciation		- 14 266	- 20 587
Amortization of intangible assets		- 5 392	- 7 630
Impairment		- 70 767	- 82 578
Operating income (EBIT)		- 39 098	- 65 171
Financial income	18	1 083	808
Financial expenses	18	- 3 072	- 8 152
Income from associates		57	44
Income before income tax		- 41 030	- 72 471
Income taxes	19	- 11 690	31 036
Income from continuing operations		- 52 720	- 41 435
Income from discontinued operations, net of tax			- 21 035
Consolidated net income		- 52 720	- 62 470
- of which non-controlling interests		- 414	- 3 338
- of which Affichage Holding SA shareholders (net income)		- 52 306	- 59 132
Basic and diluted earnings per share, in CHF	20	- 17.82	- 19.84
- for continuing operations, in CHF		- 17.82	- 12.78
- for discontinued operations, in CHF			- 7.06

Consolidated statement of comprehensive income

in CHF 1 000	Gross	Income tax effect	2010 Net	Gross	Income tax effect	2009 Net
Consolidated net income			- 52 720			- 62 470
Unrealized gains/losses on available-for-sale securities	- 165	41	- 124	21	- 5	16
Currency translation differences	- 5 318	- 1 239	- 6 557	1 115	282	1 397
Actuarial gains/losses from defined-benefit plans	- 8 703	2 176	- 6 527	31 235	- 7 809	23 426
Comprehensive income			- 65 928			- 37 631
- of which non-controlling interests			- 370			- 3 407
- of which Affichage Holding SA shareholders			- 65 558			- 34 224

Consolidated statement of changes in equity

in CHF 1 000	Share of Affichage Holding SA shareholders								Non-controlling interests	Total Shareholders' equity
	Share capital	Capital reserves Premiums	Treasury shares	Translation differences	Available-for-sale securities	Re-valuation reserves	Retained earnings Other reserves	Total		
as at December 31, 2008 ¹	7 800	5 632	- 8 980	- 14 793	295	46 221	184 394	220 569	12 704	233 273
Comprehensive income				1 466	16		- 35 706	- 34 224	- 3 407	- 37 631
Changes in scope of consolidation									- 4 918	- 4 918
Purchase of non-controlling interests							- 8 407	- 8 407	- 990	- 9 397
Dividends							- 13 146	- 13 146	- 1 463	- 14 609
Changes in treasury shares			2 001				- 1 545	456		456
as at December 31, 2009	7 800	5 632	- 6 979	- 13 327	311	46 221	125 590	165 248	1 926	167 174
Comprehensive income				- 6 600	- 124		- 58 834	- 65 558	- 370	- 65 928
Reclassification of reserves						- 162	162			
Changes in scope of consolidation									4	4
Dividends									- 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

¹ Adjusted to reflect final purchase price assessments and compliance with IFRIC 14

Consolidated statement of cash flows

in CHF 1 000	Notes	2010	2009
Income from continuing operations		- 52 720	- 41 435
Depreciation and amortization		19 658	28 217
Impairment		70 767	82 578
Unrealized gains on securities		- 124	16
Net financial income		1 989	7 343
Changes in provisions		- 3 844	- 2 230
Changes in deferred taxes		10 143	- 30 580
Income taxes		1 547	- 455
Loss/gain from sale of non-current assets		565	145
Income from associates		- 57	- 44
Financial income paid		485	809
Financial expenses paid		- 2 442	- 2 502
Income taxes paid		- 1 091	- 6 011
Cash flow		44 876	35 851
Change in inventories		- 37	34
Change in accounts receivable		31 985	27 217
Change in marketable securities		124	- 22
Change in accounts payable		- 25 891	- 4 779
Change in other deferred expenses and accrued income, and accrued liabilities and deferred income		4 631	- 9 638
Net cash provided by operating activities		55 688	48 663
Capital expenditures in property, plant, and equipment		- 5 368	- 13 289
Capital expenditures in intangible assets		- 18 929	- 16
Investment in consolidated companies (net of cash)			- 24 827
Sale of property, plant, and equipment as well as intangible fixed assets		252	514
Sale of financial assets		992	
Sale of consolidated companies			7 307
Net cash used in investing activities		- 23 053	- 30 311
Purchase of treasury shares			- 164
Decrease in current accounts payable to banks		- 30 232	- 17 980
Increase in long-term financial liabilities		5 000	
Decrease in long-term financial liabilities		- 218	- 13 323
Sale of treasury shares		143	620
Dividends to Affichage Holding SA shareholders			- 13 146
Dividends to non-controlling interests		- 397	- 1 463
Net cash used in financing activities		- 25 704	- 45 456
Cash flows from discontinued operations			- 2 541
Currency translation effect on cash and cash equivalents		- 1 579	- 440
Change in cash and cash equivalents		5 352	- 30 085
Cash and cash equivalents as at January 1	8	20 901	50 986
Cash and cash equivalents as at December 31	8	26 253	20 901

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 and, via subsidiaries, in eight countries in Central and Southeastern Europe. Business operations are based on long-term concession agreements with public-sector and private partners. Affichage Holding SA is the parent company. It is an 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 28, 2011. The Annual General Meeting on May 26, 2011, 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 applied accounting policies are equivalent to those applied in the prior year. For financial 2010, the IASB issued IFRS standards and interpretations that are relevant to the Affichage Group which have been newly applied. They relate to IFRS 3, Business combinations (revised), and IAS 27, Consolidated and separate financial statements (amended): effective January 1, 2010.

IFRS 3 (revised) introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

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

The following new or revised IFRS standards relevant to the Group will be effective in 2011 or later:

– IFRS 9, Financial instruments: Classification and measurement (effective January 1, 2013)

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will not have a material effect on the classification and measurement of the Group's financial assets.

– IFRIC 14, Prepayments of a minimum funding requirement (amended) – IAS 19, The limit on a defined benefit asset (effective January 1, 2011)

The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

These standards are not being early applied. It is not anticipated that their application will have a significant influence on the Group. 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 pages 36–37 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.

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 with an amount of CHF 87.9 million and intangible assets with an amount of 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 effective figures.

Provisions for pension plans

With a few exceptions, the employees in Switzerland have a fully funded defined-benefit plan. In 2010, a net liability of 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.

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.

Accounts receivable

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 company 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 in CHF	December 31, 2010	Assets and liabilities	Income, expense, cash flows	
		Year-end exchange rate December 31, 2009	2010	Average exchange rate 2009
1 EUR	1.2468	1.4877	1.3833	1.5102
1 BAM	0.6381	0.7608	0.7073	0.7721
1 BGN	0.6382	0.7608	0.7078	0.7729
1 RSD	0.0119	0.0156	0.0135	0.0162
1 HUF	0.0045	0.0055	0.0050	0.0054
1 RON	0.2917	0.3523	0.3298	0.3576

Current/non-current distinction

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 of at least 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 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. Marginal assets 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 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 this test suggests that the recoverable amount is lower than the carrying value, an impairment loss is recorded in the income statement to write down the asset's 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 performed with the discounted cash flow method and is based on 3-year planning up to 2013 as well as 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 0.0% 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. They 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. They currently range between 7.0% and 15.0% (pre-tax).

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, 2010. 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 as well as related services shifted 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 transaction.

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 have been 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 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, of the Executive Board, and of the Senior Management. 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.

Change in the scope of consolidation

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, 2008	131 919	219 701	13 485	8 702	13 247	387 054
Changes in scope of consolidation		- 11 692	- 303	- 406	- 433	- 12 834
Additions	169	11 373	325	1 010	1 006	13 883
Reclassifications						
Disposals		- 19 843	- 2 107	- 1 296	- 806	- 24 052
Translation differences		- 2 252	- 49	- 57	- 79	- 2 437
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
Accumulated depreciation						
as December 31, 2008	- 69 176	- 159 989	- 9 258	- 6 316	- 9 091	- 253 830
Changes in scope of consolidation		7 968	286	382	361	8 997
Additions	- 2 810	- 14 584	- 994	- 1 526	- 1 608	- 21 522
Impairment		- 12 497	- 349	- 143	- 122	- 13 111
Reclassifications						
				- 6	6	
Disposals		19 378	2 107	1 296	640	23 421
Translation differences		1 020	36	41	44	1 141
as at 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
Net book value						
as December 31, 2009	60 102	38 583	3 179	1 681	3 165	106 710
as December 31, 2010	57 523	24 118	2 659	1 182	2 425	87 907

Insurance value: Real estate CHF 116,983,000 (PY CHF 118,049,000),
other property, plant, and equipment: CHF 93,209,000 (PY CHF 83,307,000)

All buildings are used predominantly for operating purposes.

4 Financial investments

in CHF 1 000	December 31, 2010	December 31, 2009
Investments in associated companies	333	316
Loans	1 205	2 652
Other financial assets	838	614
Total	2 376	3 582

Loans were granted to Europlakat International and foreign co-partners.

5 Intangible fixed assets

in CHF 1 000	Goodwill	Contractual advertising rights	Total
At cost			
as at December 31, 2008	82 550	141 423	223 973
Changes in scope of consolidation	- 313	- 6 799	- 7 112
Additions	395	6 605	7 000
Reclassifications			
Disposals	- 71	- 30	- 101
Translation differences	- 749	- 1 236	- 1 985
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
Accumulated amortization			
as at December 31, 2008		- 13 488	- 13 488
Changes in scope of consolidation		135	135
Additions		- 7 732	- 7 732
Impairment	- 19 854	- 49 613	- 69 467
Reclassifications			
Disposals			
Translation differences	172	415	587
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
Net book value			
as at December 31, 2009	62 130	69 680	131 810
as at December 31, 2010	18 862	56 401	75 263

Changes: see note 15

Goodwill	in CHF 1 000	December 31, 2010	December 31, 2009
Switzerland		6 926	6 926
International		11 936	55 204
Total		18 862	62 130

Goodwill 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 at CGU Serbia, Romania, Bosnia, La Strada (Greece), Hungary, and Bulgaria, that 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 resulted in reductions of the growth outlook and of future earnings potentials. Thus, the originally defined business plans had to be modified. In Romania, the withdrawal of the local minority shareholder has been delayed because of differences of opinion. This has exacerbated the already difficult situation.

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

CGU	Discount rate	Long-term growth rate
Bosnia	12%	1.5%
Bulgaria	11%	0%
Greece	15%	3%
Hungary	12%	2%
Romania	11%	3%
Serbia	12%	3%

Within the CGU Bosnia, Romania and Others, all goodwill, intangible assets, and almost all property, plant and equipment have been value-adjusted. Part of the goodwill of CGU Serbia had to be value-adjusted.

Sensitivity tests for Serbia show that an increase of 50 basis points in the discount rate would result in an additional impairment loss of CHF 4 million on goodwill. A change in the normative growth rate of 50 basis points would lead to an additional impairment loss of CHF 2.6 million.

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

Impairments 2009	in CHF 1 000	CGU Hellas	CGU Bosnia
Goodwill		- 17 243	- 2 611
Intangible assets		- 46 958	- 2 655
Property, plant, and equipment		- 13 111	
Recognized as an impairment in the income statement		- 77 312	- 5 266
Deferred tax, reported under income tax		11 739	265
Total impairment, net of tax effect		- 65 573	- 5 001

6 Trade accounts receivable

in CHF 1 000	December 31, 2010	December 31, 2009
Trade accounts receivable	57 712	86 472
Value adjustments	- 13 346	- 20 529
Total	44 366	65 943

Value adjustments cover the expected default risk.

Change in value adjustments of trade accounts receivable	in CHF 1 000	2010	2009
as at January 1		- 20 529	- 10 804
Changes in scope of consolidation			801
Addition		- 4 836	- 12 714
Utilization		492	543
Reclassifications		6 502	
Reversal		2 285	1 342
Translation differences		2 740	303
as at December 31		- 13 346	- 20 529

7 Other accounts receivable

in CHF 1 000	December 31, 2010	December 31, 2009
Tax refund claims	1 488	1 903
VAT receivable	2 772	2 259
Accounts receivable from associated companies	220	466
Prepayments to suppliers	1 284	10 610
Personnel and social benefits	377	667
Receivables from related parties	3 228	4 235
Receivables from loans to third parties	2 108	3 196
Other	7 088	5 500
Value adjustments	- 6 873	- 2 266
Total	11 692	26 570

Change in value adjustments of other accounts receivable	in CHF 1 000	2010	2009
as at January 1		- 2 266	- 5 084
Addition		- 34	
Utilization			2 814
Reclassifications		- 6 502	
Reversal		1 017	
Translation differences		912	4
as at December 31		- 6 873	- 2 266

8 Cash and cash equivalents

in CHF 1 000	December 31, 2010	December 31, 2009
Cash, postal and bank account balances	26 043	18 203
Time deposits	210	2 698
Total	26 253	20 901

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	Quantity	Average price in CHF
as at January 1, 2010	66 086	
1st quarter		
	Additions	
	Disposals	
2nd quarter		
	Additions	
	Disposals	109.51
3rd quarter		
	Additions	
	Disposals	135.48
4th quarter		
	Additions	
	Disposals	
as at December 31, 2010	64 816	

As at December 31, 2010, treasury shares accounted for 2.2% of the share capital.

In financial 2010, no dividend was paid out. The Board of Directors proposes to the General Meeting of May 26, 2011, not to pay a dividend.

10 Provisions

in CHF 1 000	Personnel	Pension plans	Other	Dismantling costs	2010 Total	2009 Total
as at January 1	1 476	16 820	6 041	2 318	26 655	60 464
Changes in scope of consolidation						- 28
Addition	1 272	7 976	179	97	9 524	1 885
Utilization	- 1 238		- 197		- 1 435	- 2 035
Reversal			- 3 224		- 3 224	- 33 614
Translation differences	- 8		- 382		- 390	- 17
as at December 31	1 502	24 796	2 417	2 415	31 130	26 655

Personnel provisions include amounts owed for holiday and overtime compensation. 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. The provisions for dismantling costs cover the risk of possible plant dismantling and corrective maintenance commitments in conjunction with expiring partnership agreements.

11 Employee benefits

Reconciliation of defined benefit obligations	in CHF 1 000	2010	2009
Defined benefit obligations as at January 1		267 627	279 259
Net service cost		6 339	6 437
Interest cost		8 827	8 258
Employee contributions		3 120	3 316
Net benefits paid		- 18 967	- 11 187
Liability (gain)/loss due to assumption changes		10 948	- 11 832
Liability (gain)/loss due to experience		- 3 810	- 6 624
Defined benefit obligations as at December 31		274 084	267 627

Reconciliation of fair value of plan assets of IAS19	in CHF 1 000	2010	2009
Fair value of plan assets as at January 1		250 807	230 495
Employer contributions		4 805	5 042
Employee contributions		3 120	3 316
Net benefits paid		- 18 967	- 11 187
Expected return on plan assets		11 088	10 362
Actuarial gain/(loss) on plan assets		- 1 565	12 779
Fair value of plan assets as at December 31		249 288	250 807

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, 2010	December 31, 2009
Present value of funded defined benefit obligations		274 084	267 627
Fair value of plan assets		- 249 288	- 250 807
Funded status of plan		24 796	16 820
Asset/(liability) recognized in the balance sheet		- 24 796	- 16 820

The employer-funded voluntary benefit plan with assets of CHF 1.8 million is not capitalized because there are no economic benefits available in form of reduction of future employer's contributions.

Analysis of profit and loss charge/(credit)	in CHF 1 000	2010	2009
Net service cost		6 339	6 437
Interest cost		8 827	8 258
Expected return on plan assets		- 11 088	- 10 362
Regular expense/(income)		4 078	4 333
Total expense/(income) recognized in the income statement		4 078	4 333

Employer contributions

The Group expects to contribute CHF 4,700,000 to its pension plan in 2011.

Percentage of plan assets invested in asset category as at December 31	2010	2009
Equity	31.3%	34.7%
Bonds	37.3%	35.2%
Property	23.0%	19.1%
Other investments	8.4%	11.0%
Total	100.0%	100.0%

The plan assets include 22,811 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	2010	2009
Expected return on plan assets		11 088	10 362
Actuarial gains/(losses) on plan assets		- 1 565	12 779
Effective return on plan assets		9 523	23 141

Multi-year comparison	in CHF 1 000	2010	2009	2008	2007	2006
Fair value of plan assets as at December 31		249 288	250 807	230 495	275 795	272 000
Defined benefit obligations as at December 31		- 274 084	- 267 627	- 279 259	- 267 733	- 268 483
Surplus/(deficit) in plan		- 24 796	- 16 820	- 48 764	8 062	3 517
Experience gains/(losses)						
- on plan assets		- 1 565	12 779	- 59 073	- 9 602	- 1 653
- on defined benefit obligations		3 810	6 624	- 1 743	17	- 3 116

Actuarial assumptions	2010	2009
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Used to determine the defined benefit obligation at end of year and pension cost for new 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%

Used to determine pension cost for financial year

Discount rate	3.40%	3.00%
Underlying consumer price inflation	1.50%	1.50%
Rate of future compensation increases	2.50%	2.50%
Rate of pension increases	0.25%	0.25%
Expected rate of return on plan assets	4.50%	4.50%

12 Financial liabilities

in CHF 1 000	December 31, 2010	December 31, 2009
Long-term accounts payable to banks	15 000	10 000
Long-term accounts payable to third parties	732	964
Current accounts payable to banks	15 770	46 005
Total	31 502	56 969

Long-term accounts payable to banks have residual maturities of 18 months. Interest is fixed by agreement. Current accounts payable to banks have maturities of up to 3 months. Interest is linked to LIBOR and EURIBOR reference rates.

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, 2010.

13 Other accounts payable

in CHF 1 000	December 31, 2010	December 31, 2009
VAT owed	6 621	3 620
Accounts payable to associated companies	57	72
Prepayments by customers	8 624	14 559
Personnel and social benefits	1 967	549
Other	11 484	22 543
Total	28 753	41 343

14 Obligations and contingent liabilities

Provisions have been set up for all major contingent liabilities which are likely to become actual liabilities.

Unrecognized purchase commitments towards suppliers due in more than 12 months:

none (PY CHF 880,000)

Unrecognized guaranty obligations to banks:

CHF 4,660,000 (PY CHF 8,270,000)

Unrecognized guaranty obligations to third parties:

CHF 358,000 (PY none)

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.

15 Acquisitions and sales of business activities

No business activities were acquired or sold in the year under review.

Previous year

Discontinued operations in Hungary and northern Italy	in CHF 1 000	2009
Sales revenue		10 522
EBITDA		- 1 795
Operating income (EBIT)		- 2 765
Net financial income		- 188
Income tax		19
Capital loss from the sale of discontinued operations		- 18 101
Income from discontinued operations, net of tax		- 21 035
attributable to:		
- Non-controlling interests		- 1 621
- Affichage Holding SA shareholders (net income)		- 19 414
Net cash provided by operating activities		- 1 977
Net cash used in investing activities		- 605
Net cash used in financing activities		41
Cash flow from discontinued operations		- 2 541

In 2009, the Affichage Group acquired the out-of-home advertising company Europlakat Kft., Budapest (Hungary), and sold it again in the same year. Because of management control, the company had already been consolidated since 2007. The transaction took place in four steps:

1. Purchase of 67.57% on June 9, 2009, through exercise of put option by seller (purchase price CHF 23,033,000)
2. Purchase of 32.43% on June 10, 2009 (purchase price CHF 1,510,000)
3. Sale of 25.01% on June 10, 2009 (sales price CHF 1,165,000)
4. Sale of 74.99% on September 30, 2009 (sales price CHF 7,195,000)

Further transactions took place in financial 2009:

- Increase of interest position in Alma Quattro d.o.o., Beograd (Serbia), and of its subsidiaries in Serbia and Montenegro, by 25% on June 17, 2009, to 100% through exercise of put option by the minority shareholder. The purchase price is not yet definitive. The put option was recognized as a liability.
- Increase of interest position in RBN Romanian Billboard Network Srl, Iași (Romania), by our subsidiary Affichage Romania Srl, by 10% on August 14, 2009, to 100% (purchase price EUR 190,000)
- Sale of Publifutura Affichage Italia Srl, Como (Italy), by our subsidiary APG, 100% on June 30, 2009, fully consolidated until June 30, 2009
- Sale of A Plakat Kft., Budapest (Hungary), by Affichage Holding SA, 55% on September 30, 2009, fully consolidated until September 30, 2009 (purchase price CHF 554,000)

The purchase prices for acquisitions and participation increases in 2009 were paid in cash, with the exception of the purchase price for the acquisition of 25% in Alma Quattro d.o.o. in Serbia. The acquisition cost of Europlakat Kft., Hungary, amounted to CHF 163,000.

The acquisitions were recognized according to the purchase method. The increase of the interest position in RBN Romanian Billboard Network Srl, Romania, was offset directly with shareholders' equity.

The provisional purchase price allocation among the Romanian companies acquired on April 1, 2008, is definitive (IFRS 3, Business combinations). The conclusive valuation of the fair values did not result in any material adjustments in the consolidated balance sheet as at December 31, 2009.

Future earnings-dependent put and call options have been written on the following companies: on 25% of La Strada Outdoor SA, Greece (contingent on a change of control), as well as on 20% of Amco Srl, Romania (no expiry date). No valuation was performed on these options because they are contingent liabilities and the fulfillment of the respective conditions is currently unlikely. The respective non-controlling interests are recorded in the balance sheet.

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 is recorded as a liability on a fair-value basis.

16 Real estate revenue

The space rented to third parties is 14,248 m² or 34.1% of the entire useful area (PY 13,332 m² or 32.2%).

17 Personnel expenses

in CHF 1 000	2010	2009
Wages and salaries	- 57 909	- 56 275
Pension costs	- 3 712	- 4 674
Social security and retirement benefits	- 5 282	- 6 215
Other personnel expenses	- 1 434	- 819
Total	- 68 337	- 67 983

The Affichage Group employs a total number of 705 persons (PY 782), thereof 522 (PY 554) in Switzerland and 183 (PY 228) in foreign markets, calculated on the basis of full-time equivalents 100%.

18 Net financial income

in CHF 1 000	2010	2009
Financial income	463	808
Foreign exchange translation differences	- 1 299	- 1 131
Fair value adjustment of financial instruments	620	- 4 647
Value adjustment of participations	- 252	
Interest and bank expenses	- 1 521	- 2 374
Total	- 1 989	- 7 344

19 Income taxes

Taxes paid and expensed are composed of the following items:

in CHF 1 000	2010	2009
Income tax on earnings	- 1 547	197
Deferred tax income/(expenses)	- 10 143	30 839
Total	- 11 690	31 036

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

The amount of tax loss carry forwards, which are not 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	2010	2009
1 year		0	2 561
2 years		0	1 296
3 years		330	1 297
4 years		6 515	1 804
5 years		16 407	1 825
Over 5 years		298	
Total		23 550	8 783

Analysis of tax rate	2010	2009
Weighted group tax rate	4.6%	23.7%
Effect of different impairment accounting in the tax return and in the consolidated statements	- 23.5%	15.0%
Effect of reversal of deferred taxes on intangible assets due to impairment	8.2%	16.2%
Effect of non-taxable income	1.1%	
Effect of non-tax-deductible expenses	- 0.6%	- 3.0%
Other effects	- 1.3%	
Amortization of deferred tax assets	- 8.8%	
Effect of non-capitalized tax loss carry forwards	- 12.5%	- 9.1%
Reversal of unused income tax accruals	4.3%	
Actual tax rate	- 28.5%	42.8%

The weighted group tax rate is lower 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	2010 Assets	2010 Liabilities	2009 Assets	2009 Liabilities
Property, plant, and equipment		3 255	4 784	3 348	7 475
Investments in subsidiaries		16	738	48	738
Inventories			117		132
Accounts receivable			298	2 305	316
Tax loss carry forwards		5 725		16 255	
Provisions		6 199	1 159	4 336	1 295
Other			492	776	549
Total		15 195	7 588	27 068	10 505

Deferred tax assets are calculated with an average tax rate of 21.4%, deferred tax liabilities with 16.1%.

Affichage's subsidiaries have distributable retained earnings of CHF 29.7 million as at December 31, 2010.

20 Earnings per share

Earnings per share are calculated as follows:

	2010	2009
Net income, in CHF 1 000	– 52 306	– 59 132
Weighted average number of shares	2 934 665	2 980 239
Basic and diluted earnings per share, in CHF	– 17.82	– 19.84

Earnings per share for continuing operations are calculated as follows:

	2010	2009
Income from continuing operations, net of tax and non-controlling interests, in CHF 1 000	– 52 306	– 38 097
Weighted average number of shares	2 934 665	2 980 239
Basic and diluted earnings per share, in CHF	– 17.82	– 12.78

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

21 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 accounts receivable and payable 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, 2010	38 929 000	49 119 000
as at December 31, 2009	51 726 000	46 780 000

For the key currency Euro a sensitivity test is performed. The table below shows the sensitivity of EBITDA. 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. The effects on the Group's shareholders' equity are negligible.

Change versus CHF	in %	2010	Change of EBITDA 2009
EUR	3	- 376 000	- 244 000
	- 3	376 000	244 000

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, 2010, 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 104.2 million as at December 31, 2010. Liquidity is monitored on the basis of projected cash flows and communicated to the Executive Board regularly.

Maturity profile of liabilities	in CHF 1 000	< 1 year	1–3 years	> 3 years	Total
Accounts payable to banks		15 770	15 000		30 770
Trade accounts payable		18 335			18 335
Accrued liabilities and deferred income		49 634			49 634
Other short- and long-term obligations		23 166	732		23 898
Total as at December 31, 2010		106 905	15 732		122 637

Accounts payable to banks		46 005	10 000		56 005
Trade accounts payable		38 551			38 551
Accrued liabilities and deferred income		50 897			50 897
Other short- and long-term obligations		29 779	964		30 743
Total as at December 31, 2009		165 232	10 964		176 196

Overdue accounts receivable by maturity	in CHF 1 000	< 90 days	90–180 days	> 180 days	Total
Trade accounts receivable		14 631	2 459	15 901	32 991
Value adjustments		– 108	– 314	– 12 727	– 13 149
Total as at December 31, 2010		14 523	2 145	3 174	19 842

Trade accounts receivable		25 891	7 413	21 579	54 883
Value adjustments		– 224	– 83	– 20 031	– 20 338
Total as at December 31, 2009		25 667	7 330	1 548	34 545

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. Value adjustments are performed 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 0.3 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).

22 Lease obligations

in 1 000 CHF	2010	2009
Due within one year	105	249
Due within two to five years	45	281
Due in more than five years		
Total lease obligations	150	530

These obligations reflect future payments for vehicles leased for operational reasons; they are linearly expensed over the entire duration of the leasing contract.

23 Transactions with related parties

In 2010, the Affichage Group transacted sales of CHF 406,000 (PY CHF 606,000) and purchases of CHF 358,000 (PY CHF 3,000) with the JCDecaux Group. As at December 31, 2010, the Affichage Group accounted for CHF 3,705,000 (PY CHF 4,381,000) in receivables and CHF 73,000 (PY CHF 39,000) in payables to the JCDecaux Group.

An amount of CHF 1,702,000 (PY CHF 1,602,000) was paid for the use of Interplakat advertising spaces owned by the Scheidegger family. Sales to Interplakat amounted to CHF 145,000 (PY CHF 185,000). As at December 31, 2010 as well as 2009, the Affichage Group did not have any accounts receivable from Interplakat AG; accounts payable amounted to CHF 361,000 (PY CHF 716,000).

For financial 2010, the members of the Board of Directors were remunerated pro rata temporis with a gross amount of CHF 569,000 (PY CHF 778,000) (no allotment of registered shares). Remuneration paid to the executive member of the Board of Directors, the members of the Executive Board and the Senior Management of the Affichage Group for financial 2010 totaled a gross pro rata temporis amount of CHF 2,990,000 (PY CHF 3,587,000) and 117 registered shares. The employer's ordinary pension plan contributions amount to CHF 260,000 (PY 331,000). No loans have been granted to members of the Executive Board nor the Senior Management.

24 Events after the closing date

None

These financial statements consider events after the closing date until February 28, 2011.

25 Segment information by regions

in CHF m	2010	Switzerland 2009	2010	Greece 2009	Other foreign countries 2010	2009
Advertising revenue with third parties	259.0	249.9	10.7	49.3	34.4	40.6
Advertising revenue with other segments		0.2				
EBITDA	68.1	58.0	-16.0	-12.1	3.4	3.9
Depreciation	-11.6	-13.4	-0.4	-7.3	-7.7	-7.4
Impairment			-1.7	-77.3	-69.1	-5.3
Operating income (EBIT)	56.5	44.6	-18.0	-96.7	-73.4	-8.8
Net financial income	-2.6	-5.5	-0.1	-0.2	-10.6	-4.8
Income from associates						
Income tax	-11.4	19.7	-3.8	10.6	3.6	1.1
Income from continuing operations	42.5	58.8	-21.9	-86.3	-80.4	-12.5
Income from discontinued operations, net of tax						-21.0
Net income	42.0	58.5	-21.9	-86.3	-79.4	-31.4
Assets	233.7	255.1	9.6	40.2	32.9	52.0
- Property, plant, and equipment	75.2	82.2	0.3	0.3	12.3	24.2
- Investments in associated companies						
Investments in property, plant, and equipment	3.4	5.7	0.3	2.5	1.6	5.7
Investments in intangible and financial 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. All goodwill items as well as all 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, and taxes imposed on these translation differences
- assets: elimination of inter-segment receivables and payables

	2010	Holding 2009	Eliminations and non-allocated items		Total according to consolidated statement of income	
	2010	2009	2010	2009	2010	2009
Advertising revenue with third parties	0.2	0.2			304.3	340.0
Advertising revenue with other segments	3.0	3.4	- 3.1	- 3.6		
EBITDA	- 4.2	- 4.2			51.3	45.6
Depreciation					- 19.7	- 28.1
Impairment					- 70.8	- 82.6
Operating income (EBIT)	- 4.2	- 4.2			- 39.1	- 65.1
Net financial income	5.0	- 13.7	6.3	16.9	- 2.0	- 7.3
Income from associates	0.1				0.1	
Income tax		- 0.1		- 0.3	- 11.7	31.0
Income from continuing operations	0.8	- 18.0	6.3	16.6	- 52.7	- 41.4
Income from discontinued operations, net of tax						- 21.0
Net income	0.8	- 18.0	6.2	18.1	- 52.3	- 59.1
Assets	233.3	260.0	- 234.4	- 212.2	275.1	395.1
- Property, plant, and equipment	0.1				87.9	106.7
- Investments in associated companies	0.3	0.3			0.3	0.3
Investments in property, plant, and equipment	0.1				5.4	13.9
Investments in intangible and financial assets					18.9	

26 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
Bosnia-Herzegovina				
Europlakat d.o.o. Sarajevo, Sarajevo	BAM	999 700.00	F	70.00
Densad d.o.o., Sarajevo	BAM	10 000.00	F	70.00
Europlakat d.o.o. Banja Luka, Banja Luka	BAM	5 000.00	F	70.00
Bulgaria				
Europlakat Bulgaria OOD, Sofia	BGN	5 000.00	F	65.00
Greece/Cyprus				
Affichage Hellas SA, Athens (GR)	EUR	470 010.00	F	100.00
Domisi Wall SA, Athens (GR)	EUR	300 000.00	F	100.00
Clear Media SA, Athens (GR)	EUR	100 000.00	F	100.00
A.A. Manivale Ltd, Nicosia (CY)	EUR	1 718.51	F	100.00
Admaioem Cross Venture Capitals Ltd, Nicosia (CY)	EUR	1 718.51	F	100.00
La Strada Outdoor SA, Athens (GR)	EUR	300 000.00	F	75.00
Hungary				
Neonlight Kft., Budapest	HUF	3 000 000.00	F	82.00
Italy				
First Avenue GmbH, Bolzano	EUR	1 000 000.00	F	85.00
Montenegro				
Montepano d.o.o., Podgorica	EUR	152 871.89	F	80.00

Company, headquarters	Share capital in local currency		Consolidation method	Share of capital in %
Romania				
Affichage Romania Srl, București	RON	12 756 800.00	F	70.00
Churchill Media Srl, București	RON	3 131 500.00	F	70.00
S.C. Efect Media Srl, Oradea	RON	100 000.00	F	70.00
Multireclama Srl, București	RON	39 490.00	F	70.00
Topmedia Grup Srl, București	RON	1 000.00	F	70.00
Image Factory Media Srl, București	RON	300.00	F	70.00
S.C. Outdoor Media Srl, Oradea	RON	200.00	F	70.00
Real Media Vision Srl, București	RON	200.00	F	70.00
Take Media Vision Srl, București	RON	200.00	F	70.00
RBN Romanian Billboard Network Srl, Iași	RON	90 029.20	F	70.00
Amco Srl, Brasov	RON	200.00	F	56.00
S.C. Communications Media Srl, București	RON	200.00	F	52.50
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, 2010

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 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 4–37), for the year ended December 31, 2010.

Board of Directors' responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards 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, 2010, 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 28, 2011

Balance sheet as at December 31

Assets	in CHF 1 000	Notes	2010	2009
Participations		1	149 105	211 173
Loans to Group companies			105 461	133 072
Loans to third parties			711	2 715
Tangible fixed assets			84	
Non-current assets			255 361	346 960
Accounts receivable from Group companies			260	5 375
Accounts receivable from third parties			3 289	6 014
Deferred expenses			45	41
Marketable securities			7 560	5 869
Cash and cash equivalents			1 411	1 615
Current assets			12 565	18 914
Total			267 926	365 874
Shareholders' equity and liabilities				
Share capital			7 800	7 800
General reserve		2	18 750	18 750
Reserve for treasury shares			9 539	9 726
Free reserve		3	213 208	213 020
Retained earnings			21 335	39 444
Net annual profit/loss			- 107 405	- 18 109
Shareholders' equity			163 227	270 631
Non-current liabilities			15 694	10 823
Provisions			7 331	7 509
Current accounts payable to banks			15 751	46 000
Accounts payable to Group companies			63 565	27 116
Accounts payable to third parties			858	1 546
Accrued liabilities			1 500	2 249
Current liabilities			89 005	84 420
Liabilities			104 699	95 243
Total			267 926	365 874

Income statement

in CHF 1 000	Notes	2010	2009
Income from participations	4	6 733	9 057
Financial income	5	5 681	5 871
Other revenue	6	3 703	3 602
Total revenue		16 117	18 530
Loss from sale and impairment of participations	7	- 112 756	- 21 109
Financial expenses	8	- 2 812	- 7 558
Personnel expenses		- 3 855	- 3 509
Administrative costs		- 3 955	- 4 176
Depreciation		- 5	
Total expenses		- 123 383	- 36 352
Income before taxes		- 107 266	- 17 822
Taxes		- 139	- 287
Net annual profit/loss		- 107 405	- 18 109

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 various value adjustments involving 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 pages 36–37.

Treasury shares

As at December 31, 2010, Affichage Holding SA and its subsidiaries owned 64,816 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 40,000,000).

Accounts payable to pension plan

As at December 31, 2010, Affichage Holding SA had payables to its pension plan in the amount of CHF 128,000 (PY CHF 32,000).

Risk management

The Board of Directors has issued a risk management guideline as well as principles and instructed the Management 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 Supervisory 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	
							2010	2009
Jean-François Decaux	Chairman	21 000		21 000			21 000	51 000
Paul-Henry Binz	Vice-Chairman	32 000		32 000			32 000	68 000
Klaus Hug ²	Member	95 000		95 000			95 000	156 000
Gilles Samyn	Member	12 000		12 000			12 000	28 000
Markus Scheidegger ²	Member	336 000		336 000			336 000	331 000
G�rard Degonse ³	Member	14 000		14 000			14 000	31 000
Georges Gagnebin ³	Member	23 000		23 000			23 000	31 000
Jean-Claude Marchand ³	Member	16 000		16 000			16 000	32 000
Carlo Schmid-Sutter ³	Member	20 000		20 000			20 000	50 000
Total		569 000		569 000			569 000	778 000

¹ Including social benefits, amounts rounded

² Including remunerations Impacta/Ecofer

³ Left as at May 26, 2010

No fees were paid to the Board of Directors since the General Meeting on May 26, 2010. For his services as interim CEO during the transition period from July 1 to September 30, 2010, Markus Scheidegger did not receive any remuneration.

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, of the Executive Board, and of the Senior Management

	Basic salary Fixed portion	Variable portion	Total cash payment	Shares Quantity	Market value when allocated	Total remuneration ¹	
						2010	2009
Total	2 936 000	54 000	2 990 000	117	16 000	3 006 000	3 587 000

Highest total compensations:

Ivan Schultheiss, APG General Manager ²	575 000		575 000			575 000	
Christian Kauter, Chief Executive Officer and Managing Director ³							610 000

¹ Including social benefits, amounts rounded

² Left as at December 31, 2010

³ Left as at June 30, 2010

Madeleine Linter and Claude Miffon, members of the Executive Board and of Senior Management, left the company effective October 31, 2009. In 2010, a total of CHF 469,000 was incurred for contractually agreed remunerations and payments to the pension fund. The payment to Ivan Schultheiss, who left the company on December 31, 2010, corresponds to the contractually agreed remuneration (salary for 2010, contractual severance pay, lump-sum compensation).

Loans and credits granted to governing bodies

As at December 31, 2010, 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. Transactions with the JCDecaux Group were implemented (see note 23 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, 2010	Shares as at December 31, 2009
Jean-François Decaux	Chairman	900 749 ¹	900 749 ¹
Paul-Henry Binz	Vice-Chairman	180 956 ²	180 956 ²
Klaus Hug	Member	1 142	1 142
Gilles Samyn	Member	758 949 ³	758 949 ³
Markus Scheidegger	Member	63 162	63 162
G�rard Degonse ⁴	Member	–	429
Georges Gagnebin ⁴	Member	–	927
Jean-Claude Marchand ⁴	Member	–	843
Carlo Schmid-Sutter ⁴	Member	–	1 066
Daniel Hofer ⁵	Chief Executive Officer	0	–
Christian Kauter ⁶	Chief Executive Officer and Managing Director	–	3 434
Thomas Rainer ⁷	Chief Affichage International	0	–
Madeleine Linter ⁸	Chief Affichage International	–	566
Ulrich von Bassewitz	Chief Financial Officer	1 647	1 598
Oliver Achermann	Head of Corporate Center	244	244
Beat Holenstein	APG Marketing/Procurement	330	319
Felix H. Mende	Regional Director & Head of Market Development	83	78
Claude Miffon ⁸	Affichage Switzerland, Public Affairs	–	605
Walter Robert Oeschger	APG Logistics	481	639
Ivan Schultheiss ⁹	APG General Manager	352	333
Florian Walz ⁹	Head of Media & Product Development	72	72
Total		1 908 167	1 916 111

¹ Of which 900,000 JCDecaux SA

² Including Grisobi Holding SA

³ Of which 758,888 Compagnie Nationale   Portefeuille

⁴ Left as at May 26, 2010

⁵ Entry as at October 1, 2010

⁶ Left as at June 30, 2010

⁷ Entry as at June 1, 2010

⁸ Left as at October 31, 2009

⁹ Left as at December 31, 2010

The Affichage Group has no stock options program.

Significant shareholders¹

	Shares as reported as at December 31, 2010		Shares as reported as at December 31, 2009	
		in %		in %
JCDecaux SA, Neuilly-sur-Seine (F)	900 000	30,00 ^{2,3}	900 000	30,00 ^{2,3}
Albert Frère, Gerpinnes (B), Compagnie Nationale à Portefeuille, Loverval (B)	758 888	25,30 ^{2,8}	758 888	25,30 ²
Béatrice and Paul-Henry Binz, Grisobi Holding SA, Bulle (CH)	180 956	6,03 ^{2,5}	180 956	6,03 ^{2,5}
Shareholder group Max Müller, Magglingen (CH)	156 808	5,23 ^{6,9}	–	–
International Value Advisers LLC, New York (USA)	104 500	3,48 ^{7,10}	150 669	5,02 ⁴
Affichage Holding SA, Geneva (CH) (shares)	64 816	2,16 ^{4,5}	66 086	2,20 ^{4,5}
Affichage Holding SA, Geneva (CH) (conditional purchase option)	147 000	4,90 ^{3,4}	147 000	4,90 ^{3,4}

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, 2010, subject to the availability of other information.

² Of which 5% registered with voting rights

³ 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 53–54).

⁴ Registered without voting rights

⁵ Number of shares according to stock register as at December 31, 2010 and 2009

⁶ On October 8, 2010, 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), Bruellan SA, Genève (CH), directly held by Bruellan Holding SA, Crans-Montana (CH)

– Margarete Rilliet, Genève (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

– Claude Miffon, Thônex (CH)

– Claude Piccot, Erlenbach (CH)

– Peter Dreher, Pfäffikon (CH)

reported that the 3% threshold had been exceeded.

On December 2, 2010, the shareholder group Max Müller reported the additional involvement of Paula Wegmann, Adliswil (CH), Karl-Heinz Fischer, Schönenberg (CH), Antoinette Hauser, Wetzikon (CH), Janine Genoud, Adliswil (CH), and Christa Gantenbein, Genève (CH), and indicated that the 5% threshold had been exceeded.

On February 23, 2011, the shareholder group Max Müller reported the additional involvement of Friederike Gribkowsky-Mattei, Bucharest (RO).

⁷ 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).

⁸ For detailed information on the relationship between Albert Frère and Compagnie Nationale à Portefeuille, see:

www.affichage.com/media/filer_public/2010/09/09/20100902144141591.pdf

⁹ Of which 1.2% registered with voting rights

¹⁰ Of which 3% registered with voting rights

Proposal of the Board of Directors

The Board of Directors proposes to the Annual General Meeting on May 26, 2011, to bring forward the loss carry forward of CHF 86,069,857, composed of CHF 107,404,911 in net annual loss and a balance brought forward of CHF 21,335,054.

The Board of Directors proposes not to pay a dividend.

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 financial statements of Affichage Holding SA, which comprise the balance sheet, income statement and notes (pages 42–48), for the year ended December 31, 2010.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2010, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

We 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 28, 2011

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

March 2, 2011, Zürich

Publication of the annual report

April 28, 2011

General Meeting

May 26, 2011, Geneva

Announcement of semi-annual results

July 28, 2011

Information

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Impressum

This is the original version, which was approved
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