

ADMISSION BOARD COMMUNIQUÉ NO. 10/2006 OF 20 NOVEMBER 2006

Areas of focus in the review of the annual reports for 2006 and interim financial reports for 2007

I. BACKGROUND

Periodic financial reporting under observance of applicable accounting rules (Arts. 64–70 of the Listing Rules as well as the Directive on Requirements for Financial Reporting) is an integral part of the information that contributes to transparent trading in keeping with the requirements of the Stock Exchange Act (Arts. 5 and 8 para. 2 SESTA).

II. AREAS OF FOCUS

The SWX Swiss Exchange intends to examine the annual reports for 2006 as well as the interim financial reports for 2007 in particular for their compliance with the following aspects:

– Employee benefits (IAS 19)

Completeness of the existing as well as the revised disclosure requirements within the scope of defined benefit plans. Compliance with the requirements relating to the option of recognising actuarial gains and losses in equity (within a separately presented “statement of recognised income and expense”), in particular also within the scope of interim financial reporting.

– Impairment of assets (IAS 36)

Recognition and measurement of impairment losses as well as compliance with the disclosure requirements particularly in terms of goodwill and intangible assets with an indefinite useful life.

Completeness of the corresponding information in the notes with regard to the basis for valuation, period of projections, discount rate, assumed growth rate beyond the projection period and sensitivities per CGU (cash-generating unit).

– Share-based payment (IFRS 2)

Recognition and measurement of share-based payments as well as compliance with the disclosure requirements, namely in terms of the description of the share-based payment agreements as well as the parameters applied for valuation purposes (weighted average share price, exercise price, expected volatility, option life, expected dividends, risk-free interest rate etc.)

– Business combinations (IFRS 3)

Recognition of business combinations and compliance with the disclosure requirements, in particular also with regard to the carrying amounts recognised at the acquisition date for each class of the acquiree’s assets, liabilities and contingent liabilities determined in

accordance with IFRS and the fair values applied in allocating the purchase price, as well as to the pro forma information on the revenue and profit or loss of the combined entity. Completeness of the disclosure of business combinations within the framework of interim financial reporting (IAS 34p16(i)).

– Swiss GAAP ARR framework

Application of the new Swiss GAAP ARR framework, particularly in terms of the qualitative requirements pertaining to recognition and disclosure of changes in accounting principles, errors and changes in estimates (framework ref. no. 30).

III. CONCLUDING REMARKS

Through its resolute enforcement of the relevant accounting standards, the SWX intent is, on the basis of its previous practice, to heighten the transparency of corporate financial reporting.

Media releases concerning previously issued sanctions in the area of financial reporting can be accessed via the following Internet address:
http://www.swx.com/admission/being_public/sanctions/accounting_en.html

In addition, anonymised full versions of sanction decisions can be accessed via the following Internet address:
http://www.swx.com/admission/being_public/sanctions/ip_accounting_en.html

IV. FURTHER INFORMATION FOR THOSE WHO APPLY IFRS

It is recommended that issuers who apply IFRS take note of the as of 1 November 2006 revised version of Circular No. 6:
(http://www.swx.com/download/admission/regulation/circulars/abcircular_006_en.pdf).
The aforementioned Circular makes reference to facts that, in a number of instances, have given rise to SWX complaints.

In addition, your attention is drawn to the fact that, with regard to the review of annual reports for 2007, it is the intention to verify compliance with the disclosure requirements pertaining to **Financial Instruments (IFRS 7)**. IFRS 7 requires that, within the 2007 annual report, the corresponding disclosures also be made for the comparative information for the 2006 reporting period.

The printed version will be sent with the next delivery of change pages for the “Admission of Securities” manual.

Admission Board Communiqués are accessible in English, German and French at
http://www.swx.com/admission/regulation/messages/2006_en.html