

## **ADMISSION BOARD COMMUNIQUÉ NO. 8/2007 OF 26 OCTOBER 2007**

### ***Areas of focus in the review of the annual financial reports for 2007 and the semi-annual financial reports for 2008***

#### 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

SWX Swiss Exchange intends to examine the annual financial reports for 2007 as well as the semi-annual financial reports for 2008 in particular for their compliance with the following aspects:

– **Financial instruments: disclosures (IFRS 7)**

Completeness of disclosures on the nature and extent of risks arising from financial instruments, as well as for the evaluation of the objectives, policies and processes for managing capital as per IAS 1p124A ff. With regard to the quantitative disclosures of the risk exposure required under IFRS 7p34(a), SWX reserves the right to request the relevant documentation that has been provided to the Board of directors and/or management committee.

– **Accounting policies (IAS 1)**

Comprehensibility and relevance of the disclosed accounting policies, as well as their adaptation to the concrete, company specific circumstances. SWX will be focusing in particular on a meaningful, sufficiently detailed disclosure of the accounting policies applied in recognising revenue (IAS 18).

– **Income taxes (IAS 12)**

Comprehensibility of the reconciliation between anticipated and actual tax expense or tax rates. In this connection, SWX will be paying particularly close attention to the proper disclosure of unused tax losses as well as the application of the provisions of IAS 12p34 ff. in their recognition.

– **Related party disclosures (IAS 24)**

Completeness and transparency of the presentation of disclosures required under IAS 24p12 ff. (in particular the compensation paid to members of management, information on related party transactions, as well as on any outstanding balances from such transactions). In this connection, SWX considers it important that quantitative as well as qualitative aspects be taken into account in the disclosure.

– **Intangible assets from business combinations (IAS 38 / IFRS 3)**

Identification and valuation of intangible assets (e.g. brands, customer lists, recipes) in the purchase price allocation associated with business combinations. A meaningful and facts-related description of the factors under IFRS 3p67(h) that contributed to the recognition of goodwill. SWX reserves the explicit right to request detailed valuation documentation from business combinations.

III. CONCLUDING REMARKS

In keeping with its previous practice and through its resolute enforcement of the relevant accounting standards, SWX's intent is to contribute to the assurance of transparency in financial reporting.

Media releases concerning previously issued sanctions/agreements in the area of financial reporting can be accessed via the Internet at:

[http://www.swx.com/admission/being\\_public/sanctions/accounting\\_en.html](http://www.swx.com/admission/being_public/sanctions/accounting_en.html)

[http://www.swx.com/admission/agreements/accounting\\_en.html](http://www.swx.com/admission/agreements/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](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 26 october 2007 revised version of Circular No. 6:

[http://www.swx.com/download/admission/regulation/circulars/abcircular\\_006\\_en.pdf](http://www.swx.com/download/admission/regulation/circulars/abcircular_006_en.pdf)

This Circular makes reference to situations that, in a number of instances, have given rise to complaints on the part of SWX.

The Admission Board Communiqués are accessible on the Internet in English, German and French at [http://www.swx.com/admission/regulation/messages/2007\\_en.html](http://www.swx.com/admission/regulation/messages/2007_en.html)