Exchange Regulation

COMMUNIQUÉ NO. 3/2014 OF 27 MARCH 2014

Areas of focus for the review of 2014 annual and semi-annual financial statements

When reviewing financial statements for the 2014 financial year, SIX Exchange Regulation intends to focus on compliance with the following IFRS requirements (also applied in analogy to issuers reporting under US GAAP).

1. *Impairment of assets (IAS 36)*
   In addition to ensuring that goodwill is measured appropriately, the review will check the disclosures relating to material positions. The review of impairment tests will focus on evidence of how past forecasting inaccuracies with regard to the discount rate, future cashflows or the projection period were considered. Furthermore, in cases where assumptions about the future were not in line with past developments or external expectations, issuers will be required to provide a detailed analysis of the appropriateness of those assumptions. For further explanations, we refer to margin numbers 40, 42 and 43 in the IFRS Circular.
2. *Operating segments (IFRS 8)*
   Segments that are reported on separately in internal management reporting, but presented in aggregated form in the financial statements, will be subject to scrutiny, which could include interviews with financial analysts. We will also critically review the reasonableness of the reported segment results and the way in which they are reconciled to the statement of comprehensive income. In this regard we refer to margin numbers 10, 69 and 70 in the IFRS Circular.
3. *Income taxes (IAS 12)*
   The assumptions made for forecasting will be used for a plausibility test of the appropriateness of capitalised loss carryforwards or the decision not to capitalise them as deferred tax assets. The clarity and comprehensibility of the tax reconciliation will also be examined in detail as an important indicator of quality. Furthermore, where deferred tax assets for shares in subsidiaries, branches and associated companies are not recognised, documentation may be requested to analyse the requirements in IAS 12, which have to be met cumulatively. We refer to margin numbers 23 to 26 of the IFRS Circular.
4. *Non-current assets held for sale and discontinued operations (IFRS 5)*
   If non-current assets are held for sale for over 12 months, we will routinely request detailed evidence of the appropriateness of their valuation. In addition, where assets have not been reclassified, the issuer must be able to demonstrate by way of its sales efforts that the reason for the delay is beyond its control. Furthermore, where operations are reported as discontinued, SIX Exchange Regulation will require documentation of the

compliance with the mandatory requirements in IFRS 5. Here we would also like to draw your attention to margin numbers 64 and 65 of the IFRS Circular.

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