Date
25 May 2004

Le Président

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Dear Sir,

Re: CESR guidelines for the consistent implementation of the Regulation on prospectuses

With our letter of 14 April in response to your call for evidence we provided you with our thoughts as to the issues arising from the proposed Regulation on prospectuses. In this letter, we elaborate further on many of these issues that, in our view, merit the development of guidance in order to facilitate the consistent implementation of the Regulation across the European Union. In addition, where we believe appropriate, we have taken the opportunity to suggest possible solutions to the issues arising that you may wish to consider in drafting your guidance.

Consistent with our 14 April letter, we have structured our comments in the following appendices following the order of the disclosures in the equity securities Annexes to the proposed Regulation on prospectuses:

1. Profit forecasts or estimates;

2. Historical financial information;

3. Pro forma financial information;

4. Age of latest financial information;

5. Interim and other financial information;

6. Significant change in the issuer’s financial or trading position;

7. Working capital statement;

8. Capitalization and indebtedness;

We have concentrated our comments on those areas where auditors or independent accountants are likely to have direct involvement whether through meeting reporting obligations imposed on them by the Regulation or though experience of providing due diligence in the areas concerned.

It is also clearly important that guidance should be provided for auditors or independent accountants as to the work they would be expected to perform and as to the form of their report. We believe that the appropriate auditing standards setters should issue such guidance. We would encourage you to work with those bodies in ensuring that such guidance is provided.

In considering potential solutions to the issues we have identified, we have had regard to existing rules, regulations, standards and guidance to the extent relevant to the issues in question. We have identified the principal sources in Appendix 9 to this letter.

As a general issue we would like to emphasize that we continue to be concerned as to the practical liability consequences on auditors or independent accountants of the requirements imposed on them by the Regulation. A solution for the liability should be found in order to achieve the full benefits of the single European prospectus.

In conclusion, we would be pleased to discuss with you in detail any of our points or the solutions we have advocated.

Yours sincerely,

David Devlin
President

Appendix 1

Profit forecasts or estimates; Annex I Item 13

Introduction

1.1 Recital (8) to the Regulation states:

"Voluntary disclosure of profit forecasts in a share registration document should be presented in a consistent and comparable manner and accompanied by a statement prepared by independent accountants or auditors. This information should not be confused with the disclosure of known trends or other factual data with material impact on the issuers' prospects. Moreover, they should provide an explanation of any changes in disclosure policy relating to profit forecasts when supplementing a prospectus or drafting a new prospectus."

1.2 The Regulation allows issuers the choice as to whether to include profit forecasts, or estimates, in a prospectus but when included, the following requirements relating to equity securities registration documents, including a report by the auditors, apply:

"13.1 A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.

There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; the assumptions must be readily understandable by investors, be specific and precise and not relate to the general accuracy of the estimates underlying the forecast.

13.2 A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer.

13.3 The profit forecast or estimate must be prepared on a basis comparable with the historical financial information."

13.4 If a profit forecast in a prospectus has been published which is still outstanding, then provide a statement setting out whether or not that forecast is still correct as at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case."

1.3 FEE agrees with CESR's view, as expressed in its Working Document 03/208, that profit forecasts and other statements about future prospects are an important but controversial issue:

"On the one hand, if prepared with due diligence and on a well-founded basis, these forecasts and prospects may help investors to make a reasoned assessment on the issuer and the expected economic profit relating to it. On the other hand, the profit forecasts and other disclosed future prospects may, in the worst case, be misleading."

1.4 FEE's position is that the inclusion of profit forecasts together with auditors' or independent accountants' reports thereon requires that there is an acceptable framework for preparers. Such a framework is necessary in order that clarity as to the respective responsibilities of the issuer and the auditor or independent accountant can be determined.

Definition of profit forecast and estimate

1.5.1 Article 2(10) of the Regulation defines the terms profit forecast as follows:

"Profit forecast" means a form of words which expressly states or by implication indicates a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used

and Article 2(11) of the Regulation defines the terms profit estimate as follows:

"Profit estimate" means a profit forecast for a financial period which has expired and for which results have not yet been published."

1.5.2 The lack of guidance as to what constitutes a profit forecast and the fact that the Regulation refers to "or by implication" is likely to result in different practice. FEE believes therefore that detailed guidance should be made available so as to clarify, also by means of illustrations and examples as to the interpretation of what constitutes a profit forecast. This is necessary so as to harmonise the application of this requirement across jurisdictions.

1.5.3 By way of example, FEE would consider a statement that "this year's results will be better than last year's" to be a profit forecast whereas a statement that "the current year is proceeding in line with management's expectations" is not a profit forecast unless management's expectations have previously been made available to the public.

<u>Outstanding forecasts</u>

1.6.1 The Regulation, Article 13.4, requires that when the issuer has published a profit forecast in a prospectus which is still outstanding, then it should provide a statement setting out whether or not that forecast is still correct as at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case.

1.6.2 Although the wording in the Regulation seems to restrict the requirement to forecasts published in previous prospectuses, the question arises as to whether any such statement is also required if the issuer has published forecasts elsewhere explicitly or by implication. This is compounded by the text of Recital 8 to the Regulation which seems to result in the need for an explanation of any changes in disclosure policy when supplementing a prospectus or drafting a new prospectus if a previously published forecast is not reiterated.

1.6.3 Clarity is also required as to the practical application of these requirements when an issuer chooses to prepare a registration document independently of preparing a prospectus.

1.6.4 FEE's belief is that the Regulation should be interpreted as it has been written and, consequently, consider that Article 13.4 should apply only to forecasts previously published in another prospectus.

<u>Meaning of "correct" and "no longer valid"</u>

1.7.1 FEE believes that detailed guidance should be available as to the interpretation of the terms "correct" and "no longer valid" within Article 13.4.

1.7.2 FEE's view is that the meaning of "correct" should be determined as to whether the issuer would be prepared to repeat or stand by the previous profit forecast in the current prospectus and that it is the opposite of "no longer valid".

<u>Framework for preparing profit forecasts</u>

1.8.1 As noted above, the definition of a forecast is very wide. In addition, there is currently no internationally accepted guidance for issuers as to the principles under which profit forecasts should be prepared.

1.8.2 FEE recommends that general principles for preparing prospective financial information and guidance as to how these principles should be applied in presenting profit forecasts are made available.

1.8.3 In developing such guidance, FEE notes and refers to the guidance published by the Institute of Chartered Accountants In England and Wales in September 2003 entitled "Prospective Financial Information – Guidance for UK Directors". FEE believes that this forms a sensible foundation for developing an acceptable European framework and the following sections draw out the key elements of this guidance.

General principles for useful prospective financial information ("PFI")

1.9.1 FEE's view is that it is the issuer's responsibility to ensure that PFI:

(a) is not deceptive and does not include any deliberate attempts to mislead investors;

(b) does not include any omissions of material information; and

(c) is compiled and presented in a way that it is not misleading.

1.9.2 PFI should be useful when considered in the context of cost-benefit and materiality judgements and In order to be useful PFI should be:

(a) understandable,

(b) relevant,

(c) reliable and

(d) comparable.

These terms are explained below.

Understandable

1.10 The degree of uncertainty associated with published PFI will largely determine the complexity of disclosure and hence the understandability of PFI. To be understandable, PFI should contain disclosure that is reasonable, and so PFI should not be presented in situations of such uncertainty that the disclosure becomes too complex or extensive to be understood or used by investors. PFI should be structured in such a way that users encounter more significant information first and are able to understand the degree of uncertainty attached to the PFI.

Relevant

1.11 In order for PFI to be relevant, the information given should help the investors in their decision-making.

Reliable

1.12 For PFI to be reliable, it should be supported by analysis of the entity's business and should faithfully represent factually-based strategies, plans and risk analysis.

Comparable

1.13 For PFI to be comparable, it should be capable of subsequent validation by comparison with outcomes in the form of historical financial information.

General principles for the preparation of PFI

1.14.1 Published PFI is the responsibility of those who are responsible for the prospectus in which it is to be included. The responsible persons or entity should identify why the PFI is being prepared and how it is intended to be used, and hence assess the usefulness of proposed published PFI against the qualitative characteristics of understandability, relevance, reliability and comparability in the context of cost-benefit and materiality judgements.

1.14.2 The responsible persons or entity should establish processes to apply the principles of reasonable disclosure, business analysis and subsequent validation to the preparation of published PFI.
In relation to published PFI, the responsible persons or entity should:

(a) plan, organise and communicate internally the process of preparing and issuing PFI;

(b) involve directors and other members of management with the necessary in-depth experience of the business and expertise across all its activities;

(c) clearly allocate and co-ordinate responsibilities;

(d) satisfy themselves that there are appropriate systems to generate the reports underpinning published PFI; and

(e) produce clear contemporaneous documentation to evidence key elements of the process.

1.14.3 Paragraph 1.14.2 above identified the general principles for the preparation of PFI that can be applied with respect to the preparation of published profit forecast or estimates. In addition, the following matters are especially relevant in the preparation of a profit forecast or estimate:

(a) a robust and up-to-date business analysis which ensures that the directors are highly confident that the forecast will be achieved;

(b) consideration of the strategy and plans of the business and related implementation risks together with checks against external evidence and opinion;

(c) comprehensive reporting systems and supporting forecast profit and loss accounts, cash flow statements and balance sheets; and

(d) consideration of the neutrality of the captions and period selected for reporting and the simplicity and understandability of the numbers and assumptions that are presented.

<u>Differences in requirements</u>

1.15.1 The minimum disclosure requirements in the case of a retail debt registration document, Annex IV item 9, and banks registration document, Annex XI item 8, are as set out above except that the requirement to disclose "*If the issuer has published a profit forecast in a prospectus which is still outstanding, then it should provide a statement setting out whether or not that forecast is still correct as at the time of the registration document, and an explanation of why such forecast is no longer valid if that is the case",* is omitted.

1.15.2 In the case of a wholesale debt registration document, there is no specific mention that the auditor is to report on the forecast or estimate. Instead the minimum requirement, Annex IX item 8.2, is for the issuer to disclose:

"Any profit forecast set out in the registration document shall be accompanied by a statement confirming that said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer."

1.15.3 In making this declaration, FEE believes that the directors of an applicable issuer should be expected to have followed the same principles as those for equity securities issuers.

Appendix 2

Historical financial information; Annex I Item 20.1

Introduction

2.1 The requirements of the Regulation in respect of historical financial information and the auditing thereof are set out in Annex I item 20.1 as regards equity securities. Equivalent provisions are included in the other registration document annexes save that other than for depository receipts the number of year's required is reduced to two.

"Audited historical financial information covering the latest 3 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements.

The last two years audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance with the standards applicable to annual financial statements under the Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited.

If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least:
(a) balance sheet;
(b) income statement;
(c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;
(d) cash flow statement;
(e) accounting policies and explanatory notes

The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard."

2.2 For the purposes of this letter the individual paragraphs of item 20.1 have been considered separately as the issues that arise are specific to the paragraphs concerned.

2.3 Overall, FEE agrees that the general principle concerning historical financial information included in a prospectus is that it should have been prepared to a "true and fair view" standard as would be otherwise applicable to a company's statutory financial statements. FEE supports that where it is necessary to prepare "special purpose financial statements" for inclusion in a prospectus, that such information should be prepared to a true and fair view standard. Such "special purpose financial statements" do not necessarily imply that the statutory financial statements did not give a true and fair view. This is most apparent where a different accounting basis, such as IFRS, is used to that adopted in the national statutory financial statements. However, in this context there are a number of difficult issues that arise and these are explored in the following paragraphs.

Changes in future accounting policies

2.4.1 The second paragraph of item 20.1 addresses the question of impending changes in accounting policies and is as follows:

"The last two years audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements."

2.4.2 The most important question arising from this requirement is as to whether the test of "in a form consistent with … next published annual financial statements" is to be applied to an accounting regime change such as moving from a Member State's National GAAP to IFRS, a "macro" level, or is it to be assessed at an individual accounting policy, "micro", level whether through a change in a specific standard within a set of accounting principles or an intended adoption of a different accounting policy? Clearly the answer to this question has a significant impact on the scope of this requirement.

2.4.3 FEE's view is that the requirement should be seen as intended to be at the "macro" level, that is most likely to occur at the time of an initial application for trading on a regulated market. FEE believes that the costs to the market of the "micro", individual policy level interpretation not only in requiring restatement, but also re-audit, are far in excess of the benefits to investors.

2.4.4 Guidance as to the provisions on making the transition from one GAAP to another also needs to be provided. FEE notes that the discussion of the "four column" disclosure model in the commentary accompanying CESR's advice, 03-399, to the Commission as to the content of the implementing Regulation could usefully be issued as guidance. In addition, other disclosure models should also be taken into account, e.g. Deutsche Börse AG/Frankfurter Wertpapierbörse: Circular concerning listing 03/2004: Requirements regarding the application of International Financial Reporting Standards (IFRS) in listing documents and in ongoing mandatory publications, 4 February 2004.

3 year financial history

2.5 The first paragraph of item 20.1 is as follows:

"Audited historical financial information covering the latest 3 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements."

2.6 There are a number of other issues related to the disclosure of historical financial information where the comparability or suitability of that information needs to be assessed. These issues may arise where a company has been traded on a regulated market for a number of years and is making a further issue of shares that requires the preparation of a prospectus or where the company is making a public offer and is not seeking admission to trading on a regulated market. Furthermore, these issues are generic to the presentation of all historical financial information.

Presentation of 3 year financial history

2.7.1 A basic question is as to how the historical financial information should be presented in a prospectus. The underlying presumption being that the financial information as presented in an issuer's annual financial statements is appropriate for this purpose.

2.7.2 In that case, FEE's view is that either, the historical financial information can be presented in a table extracted from each of the last three year's financial statements or the statutory financial statements can be incorporated by reference into, or included in, the prospectus. Under both alternatives these will have been based on policies consistent with those to be applied in the next year and no additional or new information is necessarily required.

Additional information

2.8.1 There are a number of ways in which the financial information as published in an issuer's annual statutory financial statements may need to be augmented for the purposes of a prospectus including:

- comparative information in one of the last two year's statutory financial statements may have been restated for changes in GAAP, other changes in accounting policy or correction of errors; see 2.9 below
- disclosures, such as a cash flow statement, segment analysis or earnings per share, being required to be made in the next financial statements that may not have been required earlier; see 2.10 below
- accounting reference dates may have changed leading to non-12 month financial years; see 2.11 below.

2.8.2 These areas all require guidance as to how they should be addressed. In addition, the impact of changes to previously published financial information on the reproduction of previously published audit reports should be addressed.

Restatements of comparatives in underlying statutory financial statements

2.9.1 Where the historical financial information for the middle of the three required financial years has been restated in the comparative amounts in the most recent financial year's statutory financial statements, following adoption of new accounting policies in the most recent period, FEE's position is that issuers should be expected to adopt a "4 column" or "2+2" presentation approach consistent with that required when restated accounts are prepared because of future changes in accounting policies as described below. That is the middle period should be presented as originally stated in the statutory financial statements for that year and as restated in the subsequent period's statutory financial statements together with the relevant notes explaining the restatement.

2.9.2 Where the historical financial information for the middle period has been restated in the comparative amounts in the most recent financial year's statutory financial statements to correct an error or errors, the issuer will need to determine whether the error or errors would have given rise to restatement of the opening periods amounts had they been presented in the issuer's statutory financial statements.

2.9.3 Where the restatement occurs, whether as a result of a change in accounting policy or a correction of an error, in the comparative amounts for the middle of the three required financial year's statutory financial statements, that is the opening financial year's numbers have been restated, FEE's position is that issuers should be expected to only present comparable information and therefore present the opening financial year on the basis as restated in the following middle year's accounts. Whilst FEE would not expect the opening year's amounts as originally presented to be shown, it may be the case that in order to include the audit report on the opening year it is necessary to present the opening period as originally presented using a "1+3" tabular form of presentation, as illustrated below.

Column 1	Column 2	Column 3	Column 4
2007	2007	2008	2009
As presented in the 2007 statutory financial statements	As presented as comparative amounts in the 2008 statutory financial statements	As presented in the 2008 statutory financial statements	As presented in the 2009 statutory financial statements

Additional disclosures

2.10.1 The inclusion of additional disclosures, such as cash flow statements, segment analysis or earnings per share, may be required by the Regulation to be included in the historical financial information to be included in the prospectus even though the disclosure concerned was not required to be included in the issuer's annual statutory financial statements.

2.10.2 In these circumstances, FEE would ask for clarity as to whether issuers would be expected to prepare special purpose financial statements for inclusion in the prospectus.

Changes in year end

2.11.1 How should the effect of changes in an issuer's year end be addressed? In particular, does "last three financial years" mean the last three periods for which statutory financial statements have been prepared in accordance with applicable company law, or does it mean 36 calendar months of information, with however many financial years necessary to achieve that being presented?

2.11.2 FEE's view is that the requirement is for three financial years and no further guidance is necessary.

Use of historical audit reports

2.12.1 FEE is concerned that the requirement to include the audit report in respect of each year of historical financial information will give rise to some serious conceptual and practical difficulties. FEE has not addressed the work that auditors would be expected normally to undertake when their audit reports are reproduced in a prospectus as this is a matter for auditing standard setters and in part reflects the liability regime applicable.

2.12.2 These difficulties are most evidenced where the historical financial information is or has been required to be restated whether as a result of the adoption of new accounting standards in the periods presented, other changes in accounting policies or the correction of errors. Such circumstances will arise more often than not. Thus requiring the audit report on the previously published financial statements to be reproduced would often be misleading for the investing public in that they are not related to the figures published in the prospectus, and the figures published in the prospectus are not related to the audit report included therein.

2.12.3 To require the inclusion of the audit report for each year in effect requires that the previously published financial statements are also reproduced. This conclusion is supported by European Company Law (Fourth and Seventh Directives) that requires that an audit report cannot be presented without the financial statements to which it relates.

2.12.4 The question of whether an auditor is to be required to consent to the inclusion of a previously published audit report also needs to be addressed. FEE notes that existing rules and practice in this regard varies. In some Member States "consent" to the inclusion of a previously published audit report is not mandatory. The implications of requiring consent when there has been a change of auditor or the auditor is no longer able to consent also need to be considered.

Issuers operating for less than one year

2.13.1 As regards when an issuer has been operating in its current sphere of economic activity for less than one year item 20.1 is as follows:

"If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance with the standards applicable to annual financial statements under the Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited."

2.13.2 The main question is as to whether it is intended that this requirement addresses the question of the historical financial information to be included in a prospectus when an issuer has not, at the time of issuing the prospectus, prepared statutory financial statements or whether it is tied to the commencement of "operations". FEE's view is that the commencement of operations is more relevant to investors. Commencement of operations means the date of beginning (specific) economic activities – at the latest when getting registered. A consequence of FEE's view is that this provision would apply whenever an issuer changed its sphere of operations. FEE's view is that the "sphere of operations" should be defined. FEE would encourage CESR to address this particular issue when formulating its guidance.

2.13.3 FEE's preferred solution as to what date the historical information is to be drawn up, is to prepare the balance sheet to a date not more than three months earlier than the prospectus is to be dated. This has the advantage of being consistent with the other time limit rules in the implementing measures set out in Annex 1, Appendix A, items 20.5.1 and 20.6.2 to the Regulation.

Complex financial histories

2.14.1 There is a complex financial history when an issuer has not been required historically to prepare statutory financial statements presenting the totality of its operations, either because it is a new holding company or it has been part of a larger consolidated group. This could occur when a business has been or is being separated out from a larger group either at the time of demerger and separate listing or on acquisition by another listed group – a so-called "carve out". It can also be the case that a number of businesses are grouped together at the time of a public offer or admission to trading.

2.14.2 In addition, the pro forma financial information building block annex in the detailed implementing measures when describing the presentation of pro forma financial information states, Annex II item 3:

"The sources of the pro forma financial information have to be stated and, if applicable, the financial statements of the acquired businesses or entities must be included in the prospectus".

2.14.3 The principal question is as to whether it is appropriate to present combined financial information as against a disclosure based approach highlighting those operations discontinued or not acquired or as separate information for the component entities, and if so against which criteria?

2.14.4 FEE's view is that there are many circumstances where it is appropriate to present a single combined set of financial information for a business offering its shares to the public or seeking admission to trading on a regulated market.

2.14.5 In deciding which route to adopt when considering a complex financial history, FEE believes that the following criteria should be taken into account. However, it should be noted that each situation is unique and requires separate consideration.

(a) Whether the business or entities to be combined were under common ultimate ownership throughout the periods to be presented.

(b) The extent to which the businesses or entities to be combined can be said to have been separately managed and operated from the other businesses and operations from which they are being separated.

(c) The relative size of the businesses or entities to be combined when compared with the totality of the businesses and entities from which they are being separated.

(d) Whether it would be misleading in the context of the circumstances for which the information is to be presented to exclude the results and assets of those operations not the subject of the transaction concerned.

(e) The practicalities of whether it is possible to identify the historical financial information attributable to the businesses and entities to be combined. In particular, material allocations of revenues, cost, assets or liabilities should not be made on the basis of arbitrary assumptions but should be based on verifiable financial or non-financial metrics.

2.14.6 To the extent that the businesses or entities were not under common control, FEE's view is that separate historical financial information for the material constituents should be presented for the required periods together with pro forma financial information prepared in accordance with the rules set out in Annex II to the Regulation. FEE believes that information should be provided to cover at least 75% of the whole group. The 75% is considered a useful threshold similar to the one used in IAS 14 for segment information.

2.14.7 If the businesses or entities the subject of which is to be reported on do not meet the criteria in (b) to (e) set out above, it will be necessary to present financial information on the totality of the businesses and entities with separate disclosure of the operations either previously discontinued or not the subject of the transaction for which purpose the prospectus is being issued.

2.14.8 If the existing historical financial information of the total operations has not separately identified the results and assets of the operations not being acquired, it may be necessary to prepare restated accounts in accordance with the restated accounts principles.

2.14.9 FEE believes that it would be helpful if any guidance in this area provided some practical examples in order to assist issuers in the application of the criteria. FEE would be pleased to assist you in identifying appropriate examples from our experiences in this area.

2.14.10 To what standard should combined financial information be prepared for example could this be true and fair or in accordance with IFRS?

2.14.11 The concern is that IFRS would not permit consolidated accounts to be prepared as for example there was no parent entity or the parent entity had no explicit control over the businesses and entities that it is to become the parent of at the time of separation. FEE's view is that it is appropriate to define the reporting entity for the purposes of the prospectus and save only in that regard IFRS would be applied in full. This approach is consistent with that adopted in some Member States today as well as in the United States of America. In particular, combined historical financial information should present an allocation of what actually happened in the periods being reported on consistent with the financial and corporate structure taking effect at the time of separation. It should not, for example, make assumptions about business relationships that might exist going forward but that are not supported by appropriate corroboration.

Appendix 3

Pro forma financial information; Annex I Item 20.2 and Annex II

Introduction

3.1.1 The main requirement of the Regulation in respect for pro forma financial information is set out in the first paragraph of Annex I item 20.6 and is reproduced below:

"In the case of a significant gross change, a description of how the transaction might have affected the assets and liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported.

This requirement will normally be satisfied by the inclusion of pro forma financial information.

This pro forma financial information is to be presented as set out in Annex II and must include the information indicated therein.

Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors."

3.1.2 Annex II is reproduced below:

"1 The pro forma information must include a description of the transaction, the businesses or entities involved and the period to which it refers, and must clearly state the following:

a) the purpose to which it has been prepared;

b) the fact that it has been prepared for illustrative purposes only;

c) the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.

2 In order to present pro forma financial information, a balance sheet and profit and loss account, and accompanying explanatory notes, depending on the circumstances may be included.

3 Pro forma financial information must normally be presented in columnar format, composed of:

a) the historical unadjusted information;

b) the pro forma adjustments; and

c) the resulting pro forma financial information in the final column.

The sources of the pro forma financial information have to be stated and, if applicable, the financial statements of the acquired businesses or entities must be included in the prospectus

4 The pro forma information must be prepared in a manner consistent with the accounting policies adopted by the issuer in its last or next financial statements and shall identify the following:

a) the basis upon which it is prepared;

b) the source of each item of information and adjustment.

5 Pro forma information may only be published in respect of

a) the current financial period;

b) the most recently completed financial period; and/or

c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document.

6 Pro forma adjustments related to the pro forma financial information must be:

a) clearly shown and explained;

b) directly attributable to the transaction;

c) factually supportable.

In addition, in respect of a pro forma profit and loss or cash flow statement, they must be clearly identified as to those expected to have a continuing impact on the issuer and those which are not.

7 The report prepared by the independent accountants or auditors must state that in their opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) that basis is consistent with the accounting policies of the issuer."

3.1.3 Whilst pro forma financial information is not unusual in prospectuses, relatively few Member States have guidance or rules governing when it might be required. However, chapter 10 of the UK FSA's Listing Rules provide some classification tests. In addition, the German Institut der Wirtschaftsprüfer (IDW) IDW Accounting Practice Statement, Preparation of Pro Forma Financial Information (IDW AcPS HFA 1.004), published in July 2002, should also be referred to.

3.1.4 FEE draws CESR's attention to the requirement of the recently published IFRS 3, paragraph 70, to disclose the impact on an acquiror's turnover and profit or loss by way of combined figures as if a business combination had occurred at the beginning of the financial year. IFRS 3 does not provide any detailed rules concerning how this "proforma" information is to be calculated. Accordingly, Annex II to the Regulation and any guidance that CESR may issue will effectively set such rules. FEE encourages CESR to liaise with the IASB before finalising its guidance.

Defining transactions

3.2.1 Pro forma information is required when transactions result in a significant gross change. The Regulation however gives no guidance as to which transactions need to be considered for a description of their impact in a prospectus.

3.2.2 FEE's view is that "transactions" should be defined to mean transactions that result in a change in corporate structure whether through the acquisition or disposition of a subsidiary, group or part of an entity or through a significant fund raising such as through a rights issue of new shares.

3.2.3 Pro forma financial information is only normally expected to be prepared when relevant transactions have been consummated at the date at which a prospectus, or registration document, is prepared. In FEE's view pro forma financial information should not be prepared where transactions are in contemplation or planning. However, FEE believes it is also necessary to consider including pro forma financial information showing the results of the transaction for which the prospectus is being prepared, for example a proposed securities offering to raise cash or in connection with an offer to acquire another company.

Determining significant gross change

3.3.1 Once transactions have been defined, it is necessary to consider what is meant by "significant gross change" and how such change is to be measured.

3.3.2 It should be noted, that the Regulation does not define the relevant scenarios or the cases in which pro forma financial information in prospectuses is required. Nor does the Regulation indicate how "significant gross change" is to be determined.

3.3.3 However, according to Recital 6 of the Regulation:

"pro forma financial information is needed in case of significant gross change, i.e. a variation of more than 25% relative to one or more indicators of the size of the issuer's business, in the situation of an issuer due to a particular transaction, with the exception of those situations where merger accounting is required".

3.3.4 In FEE's view, relevant transactions means those having resulted in changes in corporate structure that meet at least one of the following criteria as defined as set out below:

(a) On the transaction date, the total assets of the subsidiary, group or part of an entity acquired/disposed of exceed 25% of the total assets stated in the most recent statements prepared by the issuer prior to the relevant transaction; or

(b) The revenues of the most recently completed, fiscal year of the subsidiary, group or part of an entity acquired/disposed of are more than 25% of the revenues of the issuer for the most recently completed fiscal year; or

(c) The acquisition costs of the subsidiary, group or part of an entity or the sale proceeds from the disposition of the subsidiary, group or part of an entity are more than 25% of the total assets stated in the most recent financial statements prepared by the accounting entity prior to that transaction.

3.3.5 Other criteria that could be considered include comparing profits or shareholders equity. FEE also believe issuer's should be encouraged to consider industry specific criteria where appropriate.

Merger accounting exception

3.4.1 Recital 9 specifically refers to the fact that pro forma financial information may not be required when merger accounting is required. The availability of this exception needs to be understood.

3.4.2 It is FEE's view that it should be clear that the exception should capture those situations where merger accounting, or a pooling of interests, where permitted, has been applied to an acquisition consummated prior to the latest financial year end balance sheet date presented in the prospectus.

What is meant by pro forma financial information?

3.5.1 Item 20.6 of Annex I of the Regulation goes on to say:

"This requirement will normally be satisfied by the inclusion of pro forma financial information."

3.5.2 It should be noted, that the Regulation does not define the term "pro forma financial information". From analysis of some of the existing rules and practices for pro forma financial information it is evident that there is no common understanding of "pro forma financial information". It could be read from Annex II that pro forma information seems to include the primary financial statements (balance sheet, income statement, cash flow statement and changes in equity) adjusted for the effects of the transaction. More guidance as to what is expected and as to whether the issuer in all cases is required to give all the financial statements would be needed.

3.5.3 FEE would also note that GAAP in some jurisdictions requires disclosure of so called "pro forma financial information" in an issuer's statutory financial statements on a basis that may not be consistent with the requirements of Annex II. FEE would encourage CESR to make it clear that, for the purpose of a prospectus "pro forma financial information" has a specific meaning and that, in effect, other non-GAAP information must be differently described.

Description and limitations of pro forma financial information

3.6 FEE notes, and agrees with, the recommendation in paragraph 40 of CESR's Technical Advice 03/208, that the actual historical financial information should be given greater prominence in a prospectus than any pro forma financial information. FEE believes that this recommendation should be carried over into the Level 3 Guidance.

Financial statements of acquired businesses

3.7.1 It is noted that, if applicable, the financial statements of the acquired businesses or entities must be included in the prospectus. In FEE's view the requirements concerning these financial statements need to be determined:

- what form the financial statements should take;
- how many years information to present;
- what action is required if they have not been prepared on the same accounting policies as those of the issuer of the prospectus; and
- to what date should they be drawn up.

3.7.2 FEE's position is that the content of the financial statements of acquired businesses should be determined on a basis consistent with the historical financial information requirements imposed on the issuer.

3.7.3 In order that pro forma financial information can be presented, as required, on consistent accounting bases it may be necessary to make adjustments to the underlying financial information of a business to be acquired.

3.7.4 In FEE's opinion, there are two possible approaches, either to include the necessary adjustments as part of the explanatory notes to the pro forma financial information or to require the preparation of special purpose financial statements for the acquired business on the basis of the issuer's accounting policies. FEE's position is that in those circumstances where audited financial statements exist for the acquired business it should be appropriate to include reconciling items as adjustments in the pro forma notes.

Presentation of information - New accounting policies

3.8.1 The reference to the accounting policies adopted by the issuer in its last or next financial statements requires clarification as to its intent.

3.8.2 For the issuing entity, the historical financial information should be that set out in the prospectus. Therefore, FEE's view is that this requirement is to be clarified as to mean that the pro forma financial information is on the same basis as the historical financial information as required under Annex I item 20.1. We refer to our remarks in Annex 1 on restatements.

Pro forma information in respect of the current financial period

3.9.1 The question of what is meant by the "current" financial period needs clarification.

3.9.2 In interpreting Annex II, item 5(a), the reference to the current financial period may permit a profit forecast to be used as the unadjusted basis of pro forma financial information. Whilst CESR allows pro forma financial information to be presented for the most recent interim period for which relevant unadjusted information has been or will be published in the same document, the presentation in respect of the current period is not expressively limited to profit forecast already published or those that will be published in the same document.

3.9.3 FEE believes that for the sake of clarity there should be a clear distinction between pro forma financial information and profit forecasts.

Basis for adjustments

3.10.1 Annex II, item 6 sets out the rules applying to adjustments as follows:

"Pro forma adjustments related to the pro forma financial information must be:

a) clearly shown and explained;
b) directly attributable to the transaction;
c) factually supportable.

In addition, in respect of a pro forma profit and loss or cash flow statement, they must be clearly identified as to those expected to have a continuing impact on the issuer and those which are not."

3.10.2 The key questions arising are determining what is intended by the terms "directly attributable" and "factually supportable". It would be helpful if the application of these terms were to be illustrated by reference to examples of adjustments.

Defining "directly attributable"

3.11 FEE considers that the purpose of this provision is to ensure that the pro forma information does not reflect matters that have not happened or which are not integral to the transaction that is the purpose of the prospectus. Accordingly, adjustments would not be made for items that are dependent on actions to be taken once the transaction has been completed.

Defining "factually supportable"

3.12 FEE believes that this test is critical to the presentation of reliable pro forma financial information. Whilst the available facts will depend on the circumstances, FEE's view is that they should be capable of some reasonable degree of objective determination. Examples would be published financial statements, purchase and sale agreements, underwriting agreements, independent asset valuations and agreed lending facilities.

Appendix 4

Age of latest financial information; Annex I Item 20.5

4.1 The requirements of the Regulation in respect of the age of the latest financial information thereof are set out below:

"The last year of audited financial information may not be older than one of the following:
(a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document;
(b) 15 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document."

How do the time limits work?

4.2.1 Clarity as to the precise meaning of this requirement is needed, and in particular what is happening in each of the three periods: up to 15 months, 15 to 18 months; and after 18 months.

4.2.2 Our understanding is that between 15 and 18 months, there need to be audited interim financial statements and that after 18 months audited full financial statements are needed. Before 15 months, unaudited interim financial statements should be included but it is not clear to us when the counting of this period starts and whether this provides any requirement in addition to item 20.6.

Interim financial statements

4.2.1 An issue that arises here is as to what is meant by the term "interim financial statements" in this context.

4.2.2 FEE's view is that interim financial statements should be defined as being comprehensive financial statements meeting the requirements of accounting standards and legislation applicable to the issue only being drawn up to date other than the issuer's accounting reference date. It should be noted that the inclusion of interim financial information in accordance with an issuer's ongoing obligations, which would generally comprise condensed financial statements, would not be sufficient for this purpose.

Accounting reference date

4.3.1 Another issue arising is as to whether it is necessary to indicate to which date the financial information should be drawn up other than a date later than the 15 or 18 month time limit would require.

4.3.2 FEE's view is that technically the financial information could be drawn up to a date three months into its financial year but no earlier. In practice, FEE would expect issuers to choose a date coincident with their normal reporting dates.

Appendix 5

Interim financial information; Annex I Item 20.6

5.1 The requirements of the Regulation as regards interim financial information are set out below:

"20.6.1 If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited, the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.

20.6.2 If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year.

The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet."

5.2 Requirements similar to the above in 20.6.1 and 20.6.2 are included in Annex IV (Debt and Derivatives Securities RD, paragraphs 13.5.1/2), Annex X (Depositary Receipts over shares, paragraphs 20.5.1/2) and Annex XI (banks RD, paragraphs 11.5.1/2).

Interaction with Transparency Directive requirements

5.3.1 All companies traded on a regulated market, and preparing consolidated financial statements, will have to publish half yearly financial information in accordance with IAS 34 once the requirements of the Transparency Directive (paragraph 4.3.1. "…condensed set of financial statements to be established following IAS 34…" and article 5) have been implemented in the legislation of the Member States.

5.3.2 Companies not traded on a regulated market may publish interim financial information, either on a voluntary basis or based on national legislation. Current practice is that such information is rarely available and if available, it generally has a lesser content than would be required under IAS 34.

Content and Form of Interim Financial Information

5.5.1 The Implementation Guidance refers to interim financial information (Annex of 2003/71/EC, 20.6) and, as noted in Appendix 4 above, to interim financial statements (Annex of 2003/71/EC, 20.5.1), without defining either of the two.

5.5.2 For the purpose of this Appendix, FEE's position is to define "interim financial Information", for companies traded on regulated markets, as the condensed financial statements for an interim period, as defined in IAS 34.

5.5.3 In so far as issuers are already traded on a regulated market either existing requirements or the Transparency Directive provide the basis for reporting and in FEE's view require no adaptation for prospectus requirements.

Issuers seeking admission to trading on a regulated market for the first time

5.6.1 Determining the application of the requirements to a new applicant to trading needs to be addressed.

5.6.2 In this case the same requirements should be applicable as for the issuers who are already listed. An issuer that is planning to enter a regulated market would be expected to have the information in the form of condensed financial statements in accordance with IAS 34 available.

5.6.3 Where an issuer will not be subject to Regulation (EC) 1606/2002, our position is that new applicants should present their interim financial information in accordance with the implementation of the Transparency Directive in their Member State.

Issuers not trading on a regulated market

5.7.1 If a company is not listed and therefore not obligatory to apply IFRS and the local guidance does not provide any specific requirements, it is necessary to decide whether the minimum content and form of IAS 34 is to be applied.

5.7.2 In this situation, the problem arises that Interim Financial Information must be included. However, in which form these figures must be presented is not clear. The Prospectus Directive contains no special requirements. The Transparency Directive does not apply and, depending on the way options under the IAS Regulation are implemented and/or used, the information available might be prepared under IFRS or under national GAAP.

5.7.3 FEE's view is that the requirements for condensed financial statements under IAS 34 should be observed albeit modified to apply to national GAAP or if equivalent national requirements or GAAP exist these should be applied.

Appendix 6

Significant change in the issuer's financial or trading position; Annex I Item 20.9

6.1 The requirements of the Regulation regarding significant change in disclosure are set out below:

"A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement."

<u>Need for guidance</u>

6.2.1 Whilst this disclosure has been required for many years under the Listing Particulars Directive (now part of the Combined Admission and Reporting Directive,) there has never been any guidance as to how this statement is to be interpreted whether as to the meaning of financial position, trading position or what constitutes a significant change.

6.2.2 It is FEE's position that this disclosure should reflect the specific circumstances of each issuer and that therefore other than in very general terms it is not possible to provide guidance as to the significance of any changes. However, it would be helpful to issuers if there were guidance as to the meaning of financial position and of trading position.

6.2.3 FEE's view is that financial position can only be determined against changes in the components of an issuer's balance sheet.

6.2.4 FEE's view is that the only practicable way of determining changes in an issuer's trading position are against financial amounts as shown in its profit and loss account. In making the statement, whilst it runs from the last reporting date, it takes account of the corresponding period in the previous financial year.

<u>Quarterly reporting</u>

6.3.1 The question arises as to whether the significant change statement can be measured from an issuer's quarterly reporting date.

6.3.2 FEE's position is that where issuers are traded on a regulated market they should be permitted to consider significant change as being measured from their quarterly reporting date only if they have presented financial information at least to the standard that they are required to disclose in their half-yearly reports.

Appendix 7

Working capital statement; Annex III Item 3.1

7.1 The requirements of the Regulation regarding disclosure of a working capital statement in an equity securities prospectus or securities note are set out below:

"Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed."

<u>Defining working capital</u>

7.2.1 It is important that issuers and regulators have a common understanding of what is meant by working capital in the context of it being sufficient for their present requirements.

7.2.2 FEE's position is that working capital should be considered to be access to cash and other liquid resources in order to continue to trade,

<u>Present requirements</u>

7.3.1 The question arises as to how far out issuers should look when considering the adequacy of their working capital.

7.3.2 In considering how to provide guidance in this area FEE would note that the equivalent requirement in the UK Financial Services Authority's Listing Rules was modified some years ago to make it clear that "present requirements" meant for at least the next 12 months.

7.3.3 FEE agrees that issuers should be expected to consider their working capital needs for at least the next 12 months from the date of the prospectus when issuing a prospectus.

<u>Principles of preparation underlying working capital statements</u>

7.4.1 The general principles for useful PFI and for the preparation of PFI, derived from the Institute of Chartered Accountants in England and Wales "Prospective Financial Information – Guidance for UK Directors", discussed in Appendix 1 can be applied with respect to the preparation of the working capital statement.

7.4.2 In addition, the following matters require consideration before making a working capital statement.

(a) business analysis covering both the cash flows of the business and the terms and conditions and commercial considerations associated with banking and other financing relationships;

(b) assessment of whether there is sufficient margin or headroom to cover a reasonable worst case scenario (sensitivity analysis);

(c) consideration of the strategy and plans of the business and the related implementation risks together with checks against external evidence and opinion;

(d) preparation of unpublished supporting PFI in the form of internally consistent cash flow, profit and loss and balance sheet information;

(e) completion of detailed procedures based on those performed in connection with a going concern review for annual accounts purposes;

(f) consideration of any foreseeable working capital difficulties beyond the 12-month period of the required statement;

(g) formulation of proposals for the provision of any additional working capital that is considered necessary;

(h) consideration by the persons or entity responsible for the prospectus of the form of the published working capital statement and approval of the underlying working capital forecasts or projections; and

(i) prominent disclosure of any proposals for additional working capital, any related uncertainties and assumptions, the factors that might cause the proposals to fail and the consequences of failure.

Appendix 8

Capitalization and indebtedness; Annex III Item 3.2

8.1 The requirements of the Regulation regarding disclosure of capitalization and indebtedness in a prospectus or securities note are set out below:

"A statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date no earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness."

Capitalization

8.2.1 The first question is as to what is meant by "capitalization" and how is it to be measured in compliance with the 90 day time limit?

8.2.2 In practice today, capitalization is defined differently in different markets. This can range from the issued share capital of the issuer through to the total shareholder's funds including retained profits. The driver for these differing approaches is the quality of the information to be presented and is effected by regulatory and practical considerations.

8.2.3 If the capitalization statement is to be subject to the greatest level of verification then it can only be derived from latest published financial information modified for factually supportable changes such as issues or redemptions of shares. This approach would exclude the inclusion of retained profits unless the statement is drawn up within 90 days of the issuer's year-end or interim period end. It would not necessarily be acceptable to use subsequent management accounts as a basis as these may not be prepared to the same standard as annual or interim accounts.

8.2.4 If it is considered that capitalization should be defined so as to include retained profits, it will be necessary to accept that the quality of the information will not necessarily be of the standard that investors might otherwise expect. FEE believes that if otherwise unpublished retained profits information is to be disclosed, it must be accompanied by appropriate disclosures as to its source and status as both unaudited and unreviewed.

Indebtedness

8.3.1 The second question is what is meant by indebtedness and how is it to be measured in compliance with the 90 day time limit?

8.3.2 A definition of indebtedness is provided by the UK's Financial Services Authority in its UKLA Guidance Manual Appendix 4 – Guidance Notes, Guidance Note 1 "Significant change and indebtedness", as follows:

"(a) Any loan capital outstanding in all members of the issuer's group (including loan capital created but not issued) and terms loans (including those secured by third parties):

(b) All other borrowings and indebtedness in the nature of borrowings of the issuer's group, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases; and

(c) Any contingent liabilities or guarantees of the issuer's group."

8.3.3 In FEE's view, this definition needs be amended to take account of the fact that under IFRS certain financial instruments are included despite the fact that that may be shares.

8.3.4 It is also FEE's view that the balances included in indebtedness should be determined in accordance with the accounting policies of the issuer.

8.3.5 FEE's position in relation to the date at which indebtedness is determined is limited to that there should be disclosure of the date concerned in the prospectus or securities note.

Appendix 9
Current sources of guidance

1 <u>Profit forecasts</u>

IAASB – ISAE 3400 “The Examination of Prospective Financial Information”

French National Statutory Auditors Board France (CNCC) Standard n° 4-101 “Examen de comptes prévisionnels” (Examination of prospective financial statements)

Netherlands NIVRA & NOvAA, "Richtlijnen voor de Accountantscontrole 810 (RAC 810), The Examination of Prospective Financial Information", edition 2002

UK ICAEW “Prospective Financial Information – Guidance for UK Directors”, issued September 2003

2 <u>Historical financial information</u>

French National Statutory Auditors Board (CNCC) Standards n° 2-100 to 600 “Mission d’audit” (Audit engagements)

Netherlands NIVRA & NOvAA, "Richtlijnen voor de Accountantscontrole 850N (RAC 850N), "De betrokkenheid van de accountant bij een prospectus", edition 2002

UK Auditing Practices Board (APB) Statement of investment circular reporting standard (SIR) number 200: Accountants’ reports on historical financial information in investment circulars

3 <u>Pro forma financial information</u>

French National Statutory Auditors Board (CNCC) Standard no.4-102 (December 2000) "Review of Pro Forma Financial Statements"

German Institut der Wirtschaftsprüfer (IDW)) IDW Accounting Practice Statement: Preparation of Pro Forma Information (IDW AcPS HFA 1.004), 1 July 2002

German IdW Auditing Practice Standard: Review of Pro Forma Information (IDW AuPS 9.900.1), 1 October 2002)

Netherlands NIVRA & NOvAA, "Richtlijnen voor de Accountantscontrole 850N (RAC 850N), "De betrokkenheid van de accountant bij een prospectus" Paragraph 17, edition 2002

Sweden RevR2 Granskning av prospekt

UK ICAEW Tech 18/98 "Pro forma financial information - Guidance for preparers under the Listing Rules"

UK Auditing Practices Board (APB) Bulletin 1998/8 "Reporting on pro forma financial information pursuant to Listing Rules"

4 <u>Age of latest financial information</u>

No sources

5 <u>Interim and other financial information</u>

IAS 34: Interim Financial Reporting

Netherlands Richtlijnen voor de jaarverslaggeving, "Richtlijn 550 Tussentijdse berichten", 2000

Transparency Directive

6 Significant change in the issuer’s financial or trading position

UK Financial Services Authority Listing Rules Guidance Note 01

7 Working capital statement

UK ICAEW “Prospective Financial Information – Guidance for UK Directors”, issued September 2003

8 Capitalization and indebtedness

UK Financial Services Authority Listing Rules Guidance Note 01