

Media release

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SWX Swiss Exchange fines Fiduciaire Michel Favre SA

The Executive Committee of the SWX Swiss Exchange Admission Board has issued a fine against Fiduciaire Michel Favre SA, Lausanne, for violation of the provisions of the Listing Rules. Cause for the sanction relate to an improper audit opinion submitted by Fiduciaire Michel Favre SA in its capacity as group auditors of an SWX-listed company.

In their examination of annual statutory or consolidated financial statements, the auditing bodies of companies listed on the SWX Swiss Exchange are subject to the provisions of the Listing Rules. According to those Rules, the auditing bodies must confirm to the general meeting of shareholders that the financial statements of the issuer present a true and fair view of its assets and liabilities, financial position and profits and losses, in compliance with the applied accounting standards. As an auditing body (statutory and group auditor) registered with the SWX Swiss Exchange, Fiduciaire Michel Favre SA is subject to the provisions of the Listing Rules in its examination of the annual statutory and the consolidated financial statements of a given issuer.

In the case at hand, Fiduciaire Michel Favre SA, despite the obvious and material deficiencies in the IFRS consolidated financial statements of the issuer it was mandated to audit, and in contravention of the applicable auditing standards, failed to submit a qualified opinion in its report as group auditors. As a result of its unqualified opinion, investors were informed in a materially misleading manner and had no other choice than to assume that the IFRS consolidated financial statements were free of any material errors. In fact, the issuer's consolidated financial statements did not present a true and fair view of its assets and liabilities, financial position and profits and losses, and thus in particular were not in compliance with the applied IFRS accounting standard.

As a result, the Executive Committee of the Admission Board has ruled that the deficiencies involved in this matter represent a severe breach of the provisions of the Listing Rules on the part of the auditing body, and therefore a fine of CHF 15,000 together with related publication has been pronounced. The improper application of the relevant accounting standards on the part of the issuer that Fiduciaire Michel Favre SA audited was not the substance of this proceeding and was sanctioned already at an earlier date.

Periodic reporting in compliance with applicable financial reporting and auditing provisions forms an integral part of the information that contributes to a properly functioning market in accordance with the provisions of the Stock Exchange Act and the Listing Rules. One of the tasks of SWX is to enforce the transparency provisions that apply.

Information on financial reporting regulations can be found at:
http://www.swx.com/admission/being_public/accounting_en.html

Previous sanctions issued by SWX in connection with financial reporting can be found at:

http://www.swx.com/admission/being_public/sanctions/accounting_en.html

Should you have any questions, please feel free to contact Mr. Werner Vogt, Spokesman SWX Swiss Exchange.

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SWX Swiss Exchange

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