

## Media release

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18.6.2007

### SWX Swiss Exchange reprimands Kardex AG

**The Executive Committee of the Admission Board of the SWX Swiss Exchange has issued a reprimand, with publication, against Kardex AG for breaching the provisions of the IFRS accounting standards. The SWX reprimand concerns the incorrect valuation of long-term construction contracts in the consolidated IFRS financial statements for 2005. Correcting this error and other related balance sheet items resulted in the rectification of the corresponding consolidated financial statements to report a loss instead of a profit.**

Kardex AG, which is listed on the SWX Swiss Exchange's main segment, incorrectly valued certain long-term construction contracts in its original published consolidated financial statements for 2005. The error resulted in the value of capitalised construction contracts and other balance sheet items being adjusted downward by some EUR 25.8 million before tax. This subsequently led to a goodwill impairment of EUR 22.1 million before tax. As such, the net profit of EUR 5.3 million reported by Kardex in its consolidated IFRS financial statements for 2005 was actually a loss of EUR 34.2 million.

Considering all aspects of the case, the Executive Committee of the Admission Board issued a reprimand against Kardex and ordered that this reprimand be published. In arriving at its sanction, the Committee took particular account of Kardex's considerable independent efforts to rectify the error once it had been discovered, producing a new annual report for 2005 and publishing it with a set of corrected consolidated financial statements.

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](http://www.swx.com/admission/being_public/accounting_en.html)

Sanctions imposed by the SWX to date in connection with financial reporting can be found at:

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

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**SWX Swiss Exchange**

*The SWX Swiss Exchange, a part of the SWX Group, is one of the world's leading and most technologically advanced securities exchanges. The fully automated trading, clearing and settlement system remains unique in the world. At the click of a mouse, an order is executed, cleared, paid for and confirmed – all within the space of 2 minutes, with an average of 2.3 million transactions each trading day. The SWX Swiss Exchange offers its customers first-rate securities exchange services and a broad range of investment products.*

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