

Media release

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Agreement between SWX Swiss Exchange and Villars Holding SA

The SWX Swiss Exchange has reached an agreement with Villars Holding SA in connection with a violation of the provisions of IFRS accounting standards in its 2007 consolidated financial statements. The deficiency identified by SWX relates to the lack of an actuarial assessment of the effects the company's post-employment benefit plans have on its assets and liabilities, financial position, and profits and losses. As a part of the agreement, the company in future will use Swiss GAAP FER as its accounting standard and consequently move to the SWX Local Caps segment.

Villars Holding SA, a company listed on the main segment of the SWX Swiss Exchange, has violated the provisions of IFRS (International Financial Reporting Standards) because it failed to provide an actuarial assessment of its reinsured post-employment benefit plans. Under IAS 19, "Employee Benefits", this is necessary for the required classification of the plans as either defined contribution or defined benefit.

As a part of the agreement, the company committed to applying Swiss GAAP FER accounting standards at latest in its 2008 consolidated financial statements. For that reason, the company will be reallocated to the SWX Local Caps segment effective 1 July 2008. The SWX Local Caps segment is a regulatory segment which, in terms of the information obligations vis-à-vis investors, places the same requirements on issuers as those in the main trading segment, with the exception of the accounting standards that may be applied.

The recognition, measurement, presentation and disclosure obligations pertaining to post-employment benefit plans as required under IFRS are comprehensive and highly complex. In contrast, the corresponding requirements under Swiss GAAP FER are based on a comparatively simpler concept and enable in particular domestically oriented companies to produce their financial reports at a better cost/benefit ratio. Moreover, by applying the provisions of Swiss GAAP FER, which are specifically tailored to Swiss circumstances, the classification and hence the differing treatment of defined contribution and defined benefit post-employment benefit plans under IFRS can be expressly waived.

The Rules of Procedure of SWX permit investigations to be concluded by means of an agreement if, as a result, relevant information can be provided to the public faster or more precisely than would be the case with a properly concluded sanction proceeding.

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 to issuers.

Information on financial reporting regulations can be found at:

http://www.swx.com/admission/being_public/financial_reporting_en.html

Previous agreements of SWX in connection with financial reporting can be found at:

http://www.swx.com/admission/agreements/financial_reporting_en.html

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SWX Swiss Exchange

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