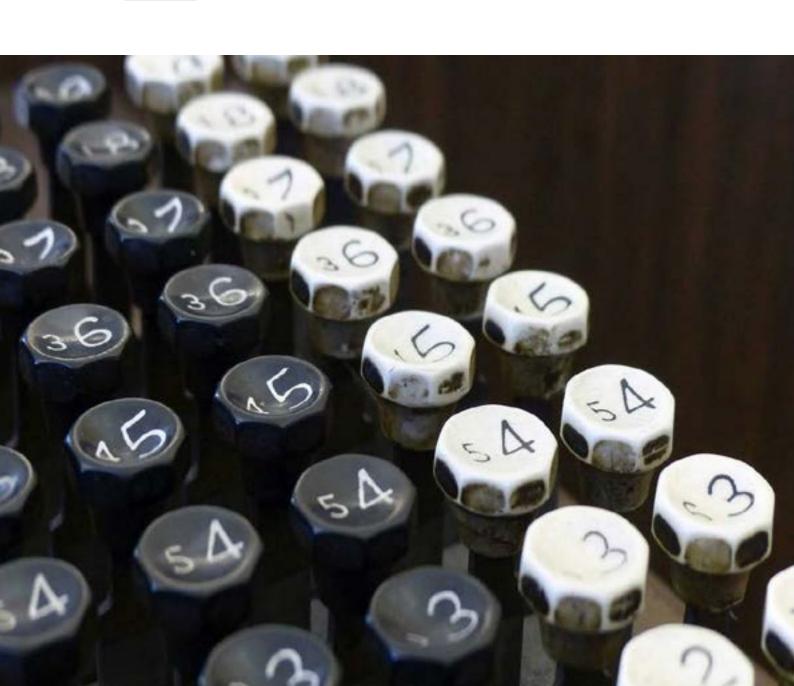


STANDARD GROUP ACCOUNTING MANUAL

for Industry, Trade and Service Groups



The standard group accounting manual for industry, trade and service groups serves as solid basis for the elaboration of your group accounting manual. This summary offers you an overview over the general structure and content of the group accounting manual, including brief descriptions and exemples.

CONTENT

A Preface from group management

- Purpose of the group financial reporting
- Integration of companies and employees
- General directives

B Introduction

- Purpose of the group accounting manual
- Information about the individual components of the manual
- Application guidelines (e.g. IFRS, HGB, UGB, Swiss GAAP FER, OR)
- Compliance with guidelines

C Scope of consolidation

Definition of the scope of consolidation

D Prinziples of proper accounting

- Completeness of the financial statements
- Understandability and materiality of the financial statements
- Principle of going concern
- Principle of prudence
- Principle of consistency in presentation and valuation
- Principle of not offsetting
- Valuation on an item-by-item basis
- Traceability
- Principle of imparity
- etc.

E Valuation principles

- Appropriate and unbiased valuation
- Historical cost principle
- Capitalization limits
- Useful life and depreciation/amortization methods
- General valuation principles of balance sheet items
- Options for recognition as an asset/liability

F Consolidation principles

- Scope and methode of consolidation
- Translation of foreign currency financial statement
- Capital consolidation
- Treatment of intercompany transactions
 - Receivables and payables
 - Intercompany inventories
 - Non-current-assets
 - Income and expenses
 - Income from investments
- Deferred taxes

G Other principles

- Consistent reporting periods
- Responsibility
 - Board of directors/supervisory board
 - Consolidation department
 - Individual companies

H Organization principles

- Group organization chart
- Responsibilities within the group
 - Board of directors/supervisory board of the holding
 - Group management
 - Individual companies
- Reporting responsibilities within the group
 - Board of directors/supervisory board of the holding
 - Group management
 - Individual companies
- etc.

Appendices of the Group Accounting Manual

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CHART OF ACCOUNTS

Balance sheet

Assets 1

- 100 Unpaid share capital
- 110 Intangible assets
- 120 Property, plant and equipment
- 130 Financial assets
- 140 Inventories
- 150 Accounts receibable and other assets
- 160 Marketable securities
- 170 Cash an cash equivalents
- 180 Prepaid expenses and accrued income

2 **Liabilities and equity**

- 200 Share capital
- 210 Provisions
- 220 Liabilities
- 240 Accrued expenses and deferred income

Income statement

- 600 Sales
- 640 other operating income
- 340 Raw materials, components and trade goods

Grossprofit

- 400 Personell expenses
- 420 Depreciation and amorization
- 440 Other operating expenses

Operating result

700 Financial result

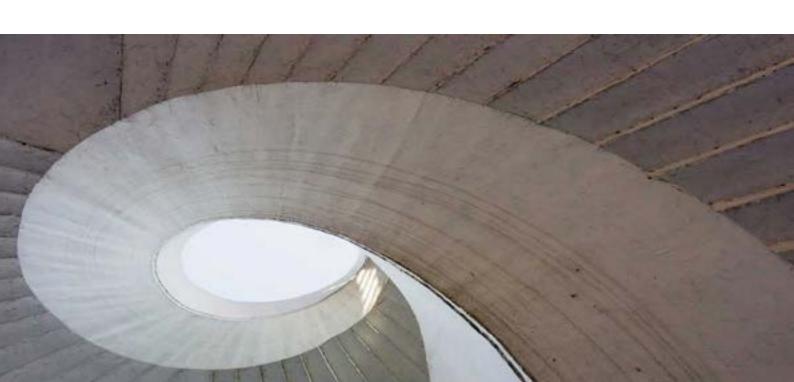
Result from ordinary activity

800 Extraordinary result

Result before taxes

820 Income and other taxes

Result for the period



DESCRIPTION OF ACCOUNT

Account Nr.

Description

Classification

Contents

Valuation

Related accounts

Information to consolidation department

Applicable guidelines

Remarks

Exemple of al balance sheet account

1500/1505

Trade receivables from third parties

Balance sheet/assets/current assets/accounts receivable and other assets

- Trade receivables from delivery of goods or services to third parties
- Trade notes receivable, resulting from delivery of goods or services
- Accounts receivable due from affiliated or associated companies should be recorded on the relevant accounts (1510 or 1520)
- Amounts due from related parties should be recorded on the relevant account (1530)
- Receivables from non-recurring delivery of goods or services should be recorded on account 1550 «other assets»
- Products and goods sold may only be recorded as accounts receivable when the risks and rewards of ownership have passed to the purchaser
- Credit balances within accounts receivable should be disclosed as «other liabilities» (account 2390) in the balance sheet

Accounts receivable are recognized at the nominal value. Doubtful an unrecoverable receivables should be shown in the balance sheet at the amount which is likely to be recovered. For the amounts which have not been individually impaired, the following general provision (as a percentage of the nominal value) should be applied:

General provision in percent Aging Not past due: 3.0 20.0 Past due 1 - 3 months Past due 4 - 6 months 50.0 Past due 7 - 12 months 75.0 Past due >12 months 100.0

The increase respectively reversal of the bad debt allowance is to be recorded on account 4400 «other operating expenses», or on account 6400 «other operating income» as long as these allowances do not significantly exceed the normal volume over the past four years. The portion of the bad debt allowance which exceeds the normal volume must be charged to account 4300 «write down of current assets».

4300 Write down of current assets 4400 Other operating expenses 6400 Other operating income

e.g., aging of balance sheet value, change in bad debt allowance

Reference to applicable guidelines

Regulations of the consolidation department

DESCRIPTION OF ACCOUNT

Account no.

Description

Classification

Content

Example of an profit an loss statement account

6000/6100

Sales third parties/affiliated companies

Income statement/gross profit/operating result

Sales from ordinary operating activities, less value-added tax. Sales deductions (i.e., price reductions such as rebates, discounts and sales bonuses, etc.) are to be recorded on account 6150 «sales deductions». Credit notes must be issued for returned goods. Delivery and service costs that can be recharged directly without change to the customer, are to be recorded as sales.

Only those invoiced delieveries and services that relate directly to the company's normal activities are included as sales. Non-recurring transactions are not considered as sales. They are included, together with deliveries and services outside the normal operations of the business under «other operating income» (account 6400).

The following sources of income are included as sales:

- Sales of goods including replacement parts
- Sales of waste and scrap
- Proceeds from repairs
- Proceeds from subsequently recharged freight and packing
- Proceeds from other service

Sales are recognized from the full or partial completion of a delivery or service. The recognition of a sale from a partial delivery or service is only possible if an accurate cut off is possible an separate remuneration was agreed.

Income from third parties, affiliated companies, associated companies an related parties are to be shown separately.

Income by geographical and business area (segment information) is to be disclosed in the notes.

Related accounts 1500 Trade receivables due from third parties

1510 Trade receivables due from affiliated companies

Informations/Details Forms 28/29/30

Applicable guidelines Reference to applicable guidelines

Remarks Reference to regulations of the consolidation department

REPORTING PACKAGE

Selection of most importantforms:

- Balance sheet
- Profit and loss statement
- Statement of changes in equity
- Cash flow statement
- Analysis of investments in group companies
 - Details of intercompany transactions
 - Investments in group companies
 - Receivables and payables
 - Intercompany inventories
 - Income and expenses
 - Income from investments
- Movement schedule non-current assets
- Movement schedule for provision
- Movement schedule for liabilities
- Sales analyses
- Notes with additional information
- etc.

SCOPE OF DELIVERY AND PRICES

Standard Group Manual including set of forms

German or English CHF 12'000.-German and English CHF 18'000.-

Standard Group Manual without form set

German or English CHF 7'000.-CHF 11'000.-German and English

The prices quoted are exclusive of the statutory value-added tax and, if applicable, shipping charges. These will be invoiced separately.

Prices may be changed at any time without prior notice.

The legally signed confidentiality agreement as well as the payment of the price for the standard corporate manual must be received by us prior to the delivery of the work.



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