

●●● International  
Financial Reporting

- IAS / IFRS
- US GAAP

IAS Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Advisory Services

- IAS / IFRS, US GAAP
- Due diligence
- Internal Reporting

Assurance Services

- Audit
- Tax
- Valuation

<p><b>International Financial Reporting</b></p> <p>In Europe, interest in international financial reporting has increased rapidly over the last few years. This is a result of legal conversion requirements, most recently in the form of the IAS-Regulation dated July 19, 2002. The IAS-Regulation requires all capital market oriented companies within the EU to report under International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2005.</p> <p>In addition, increasing pressure to convert arises from</p> <ul style="list-style-type: none"> <li>• globalization of the economy and the capital markets</li> <li>• harmonization of internal and external financial reporting</li> <li>• reduction of financing costs due to the rating criteria used by banks</li> </ul> <p>Thus, at least in Europe, IAS / IFRS have become the established standard for international financial reporting.</p> <p>Therefore, the following comments relate to a conversion to or implementation of IAS / IFRS. However, they apply equally to a conversion to US accounting standards (US GAAP).</p>	<p><b>Our Services</b></p> <p>We specifically provide the following services:</p> <ul style="list-style-type: none"> <li>• managing the project</li> <li>• determining the optimal conversion option (reconciliation or complete set of financial statements)</li> <li>• analyzing the effects of the new reporting rules on existing financial reporting processes and IT systems</li> <li>• developing and implementing new processes to facilitate compliance with international financial reporting standards</li> <li>• identifying, analyzing and documenting detailed accounting differences</li> <li>• converting to cost of sales format</li> <li>• implementing segment reporting</li> <li>• preparing cash flow statements</li> <li>• identifying and drafting note disclosures</li> <li>• preparing accounting manuals</li> <li>• developing the reporting package</li> <li>• training the staff involved</li> <li>• consolidating reporting packages of subsidiaries</li> <li>• creating a help desk for rapid assistance with technical issues</li> <li>• continually maintaining and updating for new rules</li> </ul>
<p><b>Conversion to IAS / IFRS</b></p>	
<p>A conversion to IAS / IFRS is usually an extensive project.</p> <p>It requires professional project management and technical expertise in national and international financial reporting standards.</p> <p>Our range of services includes all tasks that can arise in a conversion to international financial reporting.</p>	<p><b>Our Project Flow</b></p> <p>The conversion process normally depends on our clients' objectives and industry.</p> <p>A one-time conversion of separate financial statements without specific industry issues can often be performed within a short time frame.</p> <p>For a permanent implementation of international financial reporting it is often advisable to adjust some of the financial reporting and controlling processes to reflect international standards.</p>



Optimal conversion option    Planning report    Project management    Knowledge management hotline

Source: IAS Partner

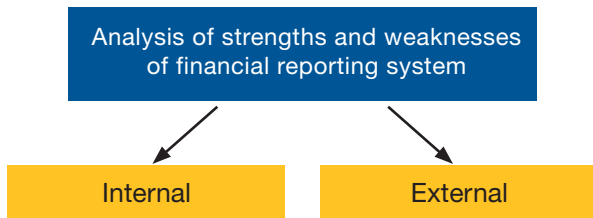
The conversion normally proceeds as follows:

- development of conversion strategy
- detailed planning of conversion project
- project implementation
- post-conversion support

- is there a research and development accounting system to facilitate capitalization of internally generated intangible assets?
- does an internal control system exist where financial instruments are used?
- do business combinations from prior years have to be adjusted?
- is the existing information system sufficient for segment reporting?
- does it make sense to harmonize internal and external reporting as part of the conversion to international financial reporting?
- does it make sense to stream-line the reporting processes (fast close) as part of the conversion to international financial reporting?

## Strategy

The conversion strategy is developed based on an analysis of the strengths and weaknesses of the internal and external financial reporting system.

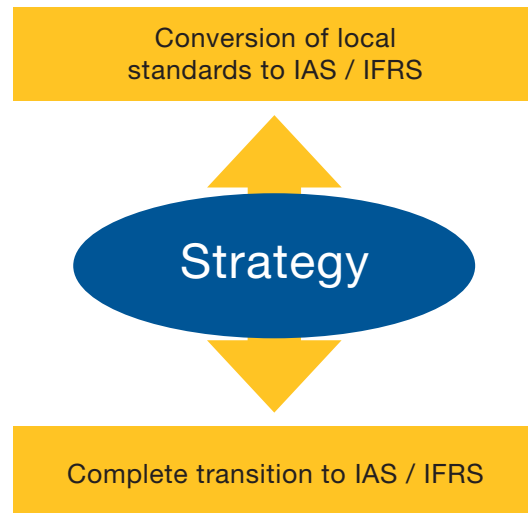


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|--|---|
| <ul style="list-style-type: none"> <li>• uniform reporting package?</li> <li>• internal reports on time?</li> <li>• international profit sharing?</li> </ul> | <ul style="list-style-type: none"> <li>• international investors?</li> <li>• fluctuating results?</li> <li>• equity ratio?</li> <li>• bank rating?</li> </ul> |
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Source: IAS Partner

Issues include:

- does a project accounting system exist to reflect the percentage-of-completion method of recognizing revenues on long-term construction contracts?



Source: IAS Partner

The strategy defines the optimal conversion option.

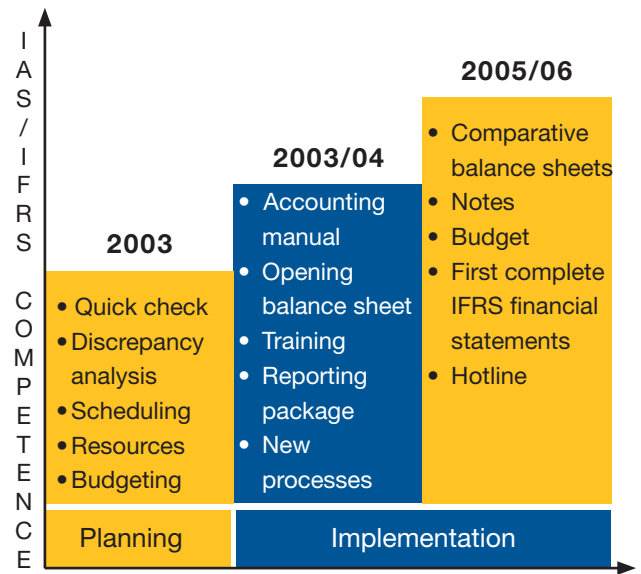
The conversion to international financial reporting can be performed in one of two ways:

- conversion of the consolidated financial statements on the basis of separate financial statements which have been prepared in accordance with various sets of national accounting standards.
- group-wide uniform accounting in each set of separate financial statements under IAS / IFRS

The latter approach has the advantage of harmonizing the internal and external group reporting. Thus, the reporting processes are simplified, making the management information system more efficient.

However, it normally requires the implementation of new processes.

The decision in favor of one of the two strategies should be based on a company specific cost-benefit analysis.



Source: IAS Partner

**Planning**

The first part of the planning phase includes the modules:

- Quick Check and
- discrepancy analysis

Quick Check is an initial analysis of the success factors critical to the conversion project. In the discrepancy analysis, the differences between the current reporting standards and IAS / IFRS are investigated in detail.

The second part of the planning phase includes:

- scheduling and staff planning
- agreeing on the documentation and resources to be provided by the client
- preparing a budget for the project

The results of the planning phase are documented in a planning report and presented to the client's management.

**Implementation**

The implementation includes:

- implementation of the plan
- project management
- documentation of conversion results

The implementation phase specifically includes data collection. Also, the documentation required for the audit of the IAS / IFRS financial statements is prepared.

We continually communicate with the auditors through the entire project.

We see the conversion process through to auditor sign-off, representing our clients' interests.

**Post Conversion**

Our services do not end with the implementation of the first complete set of IAS / IFRS financial statements.

Our post conversion support includes:

- ongoing support with future updates for new standards
- assistance with technical issues
- training

### Our Client Service Team

One of the very critical success factors of conversion projects lies in the quality of the conversion consultants.

In addition to technical expertise in national and international financial reporting, extensive knowledge of company specific process flows is essential to the conversion process.

IAS / IFRS financial reporting also impacts communications with shareholders and creditors. Know-how on issues relating to the capital markets and to investor relations, particularly when it comes to taking advantage of conversion alternatives, significantly increases the measurable success of an IAS / IFRS conversion.

Our client service teams

- have years of experience, gained with international audit firms and others, with converting a large number of companies of all sizes to international financial reporting
- know the practical problems of international financial reporting from several years in the operational management of international companies
- at a minimum, have earned their professional designations as CPA or tax advisor.

### Our References

IAS Partner is one of the leading providers of services in the area of converting to IAS / IFRS. The list of successful conversions includes start-ups as well as publicly listed international companies.

Our industry experience ranges from service, IT, and media to manufacturing and banking.

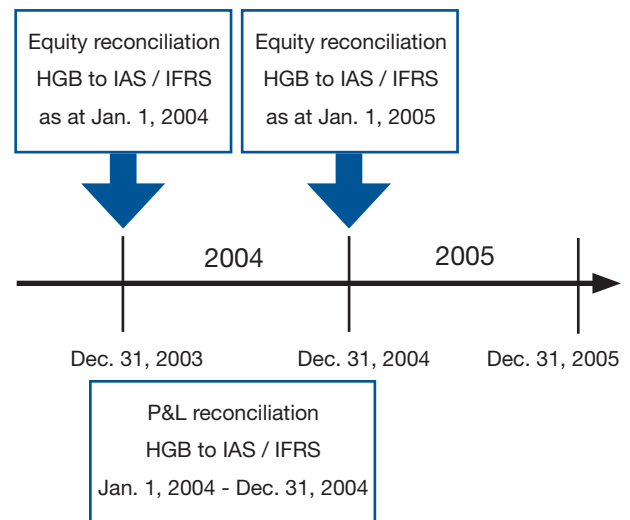
### Critical Success Factor: Time

The time factor is a critical component, particularly for IAS / IFRS conversions that are required by law.

The first complete set of IAS / IFRS financial statements is normally December 31, 2005. These financial statements require comparatives for at least 2004. The first balance sheet to be converted is therefore the opening balance sheet as at January 1, 2004.

The sooner the conversion process is started, the better potential conversion problems can be addressed.

First IAS / IFRS financial statements as at December 31, 2005



Source: IAS Partner

Start now by selecting a qualified conversion expert. We will be pleased to introduce ourselves with a no-strings-attached clientspecific presentation.

**Additional Services**

As part of the ongoing reporting under IAS / IFRS or US GAAP, we provide support with preparing monthly, quarterly and annual financial statements. We offer workshops over one or more days on all topics related to international financial reporting under IAS / IFRS or US GAAP.

In addition to converting the financial statements, a transition to international financial reporting also requires adjustments to budgeting and planning processes. We provide assistance in implementing an IAS / IFRS budgeting and forecasting system that is aligned with the system for reporting actual results.

We audit and issue opinions on separate and consolidated financial statements prepared in accordance with international financial reporting standards.





**Our Profile**

IAS Partner is an audit and tax advisory firm. We specialize in our clients' international requirements and needs in the areas of finance and accounting.

Our advisory services focus on:

- IAS / IFRS, US GAAP
- Due diligence
- Internal Reporting

We provide services to companies of all industries and sizes (from start-ups to publicly listed companies) on small to complex projects.

We search for cost effective solutions, integrate client staff and support transfer of know-how. We train client staff in goal-oriented workshops.

We also provide interim management services in all service areas.

In addition to our advisory services, we also provide classic assurance services such as audit, tax, and valuation.

**Advisory Services**

IAS/IFRS, US GAAP	Due Diligence	Internal Reporting
Conversion	Financial	Budgeting
Compilation	Commercial	Controlling
Workshops	Legal / Tax	Fast Close
Audit and Review	Pre-Sale / Vendor	Risk Management

**Assurance Services**

Audit	Tax	Valuation
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**Get to know us**

We look forward  
to further discussing our services with you.

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Steuerberatungsgesellschaft

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