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Study on the half-yearly financial reports drawn up in accordance with IAS 34

Main findings

General findings

- 97% of the companies published their half-yearly results (closed on 30/06/2009) in due time (by 31/08/2009 at the latest). 12% managed to publish as early as July 2009.
- 45% of the companies comply with the requirements of IAS 34 as regards all of the items surveyed[1]. In 56% of cases, a conformity shortcoming was observed only for a single criterion maximum, and in 65% of cases, for two criteria maximum.

IAS 34

- Over 88% of the companies included in their half-yearly financial report the mandatory IAS 34 compliance declaration.
- In the population of entities that present themselves as IAS 34-compliant, 77% published a statement of comprehensive income that was compliant with the new IAS 1.

Segment information

- 90% of companies with segments published their segment results.
- 88% of companies with segments published a reconciliation between segment results and entity result.
- 82% of entities determined the same operating segments under IFRS 8 as those used under the former IAS 14.

Business combinations

- Only 15% of companies indicate that they have effected one (or more) business combination(s) in the first half of 2009. The information on business combinations is clearly perfectible.

Observations with regard to the Royal Decree of 14 November 2007

- Only 65% of companies include in their interim management report a description of the principal risks and uncertainties for the remaining months of the financial year, which is clearly insufficient but represents a 10% improvement in comparison with the study conducted a year before.
- Close to 92% of the companies included the statement by the persons responsible in compliance with the regulation.

[1] Apart from information which must be provided on business combinations, as it is sometimes difficult to determine whether maybe the reason for not providing the information is that the company thought it was immaterial.

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1 Context and scope of the study

The updated obligations of listed companies (Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market) led to important changes, one of which is the publication of an extensive half-yearly report which must include a set of financial statements (complete or condensed, and drawn up in accordance with IAS 34[2]), an interim management report, a statement by the persons responsible, and indications on external audit or review. The half-yearly financial report must be published within two months of the closure of the first half-year.

In its Study 36 (December 2008), the CBFA examined to what extent companies listed on a regulated market (with Belgium as their home Member State) complied with their obligations for the half-yearly financial reports as of 30 June 2008, which had to be drawn up in accordance with IFRSs.

This study's first aim is to provide an update on the previous study as regards a series of themes, so as to see whether the second year of implementation of this new legislation shows a greater degree of compliance by listed companies with their obligations as concerns the publication of their half-yearly financial report.

This study also examines compliance with certain obligations that changed when IFRS 8 *Operating segments* and certain changes in IAS 1 *Presentation of financial statements* came into force.

The study relates to European Union issuers listed on a regulated market, whose home Member State is Belgium, whose first half-year closed on 30 June 2009, and which have to prepare their consolidated and/or non-consolidated accounts in accordance with IFRSs.[3]

The survey population includes 112 companies (as compared with 113 companies in the previous study). 98% are listed on Euronext Brussels (the remaining 2% are listed on Euronext Paris and on London's LSE). 76% of the companies under survey are listed on Euronext Brussels' continuous market, while 22% are listed on the fixing market segment, and the remaining 2% have only bonds listed or are themselves listed in another Member State of the European Union. Finally, over 15% of the companies examined are included in the BEL 20 index.

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2 For issuers which must draw up consolidated or non-consolidated accounts in accordance with IASs/IFRSs.

3 Thus this study does not include: real estate and ship certificates, undertakings for collective investment in receivables, companies that must publish only non-consolidated accounts without applying IFRSs, companies that closed their half-year on another date than 30 June 2009, and companies from third countries.

2 Date of publication of the results and indication of IAS 34 compliance

2.1 Date of publication of the results

The financial report relating to the first half of the financial year must be published as soon as possible and at the latest within two months after the closure of the six-month period concerned.

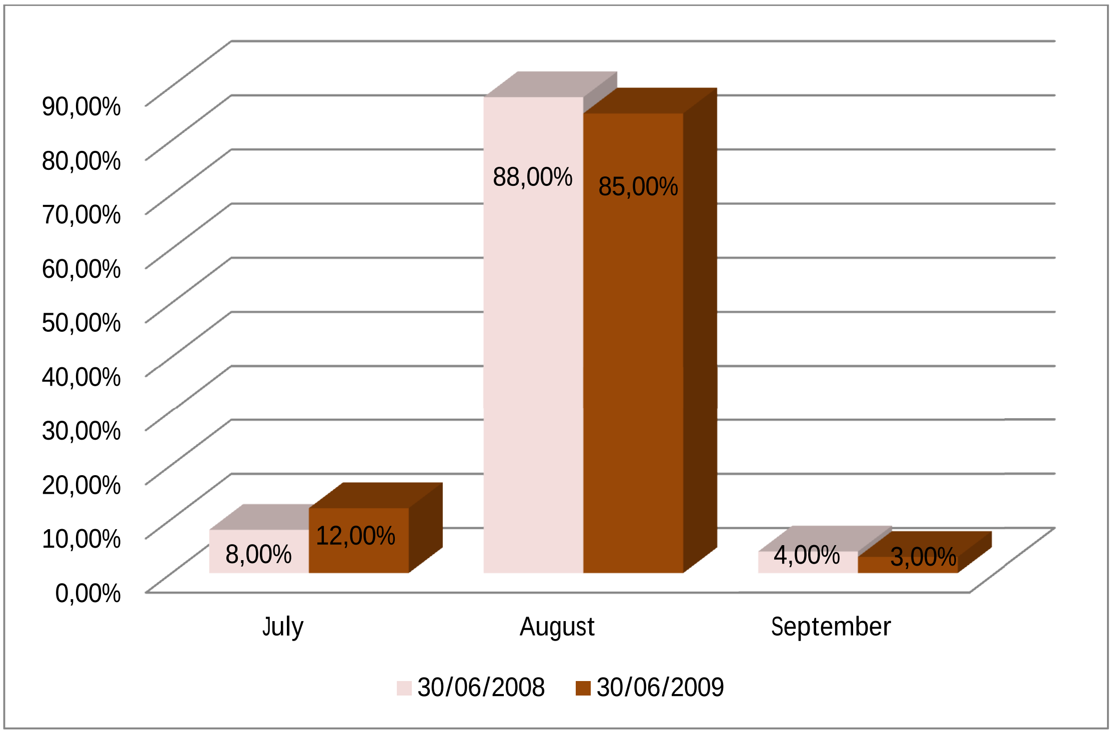
Figure 1 below indicates the month in which the companies published their half-yearly results in 2009 and 2008 respectively[4].

Figure 1 shows two essential elements:

- despite a slight fall-back, the percentage of companies which published their half-yearly results in the course of September is similar in 2009 and 2008 (dropping from 4% to 3%);
- the percentage of companies which published their half-yearly results in the course of July has somewhat increased (by 4%).

Close to 67% of companies published their results in the course of the last 7 days of August, i.e. at the limit of the legal deadline; this figure has increased by close to 2% as compared with the situation observed on 30 June 2008.

Figure 1: Month of publication of the results



[4] The results for 2008 are as evidenced by the CBFA's Study 36. Therefore it is important to note that the population of companies as of 30 June 2009 is not the same as on 30 June 2008. However, the point here is to be able to observe an evolution in the time of publication by companies listed on a regulated market.

In addition, we have observed the following as regards companies that present themselves as IAS 34-compliant (99 companies in 2009 and 93 companies in 2008):

- 10% of the companies managed to publish their half-yearly financial report as early as July;
- 88% of the companies published their half-yearly financial report in the course of August;
- 2% of the companies published their report in September, i.e. out of time.

The explanation for late publication failed to show any market-correlated trend (continuous market versus fixing market segment).

2.2 The interim financial report: indication of IAS 34 compliance

Where a company must draw up consolidated accounts[5], or where it draws up non-consolidated accounts in accordance with international financial reporting standards[6], the set of condensed financial statements must be drawn up in accordance with IAS 34 *Interim financial reporting*. In order to be in compliance with that standard, the company's half-yearly financial report must indicate that it was drawn up according to IAS 34.

88% of the companies, i.e. 99 out of the 112 entities surveyed, published a half-yearly financial report which clearly mentions that it is IAS 34-compliant; in other words, 13 companies, i.e. slightly less than 12%, failed to include such indication.

In 2008, the number of companies which clearly indicated that their half-yearly financial report was IAS 34-compliant amounted to 82%.

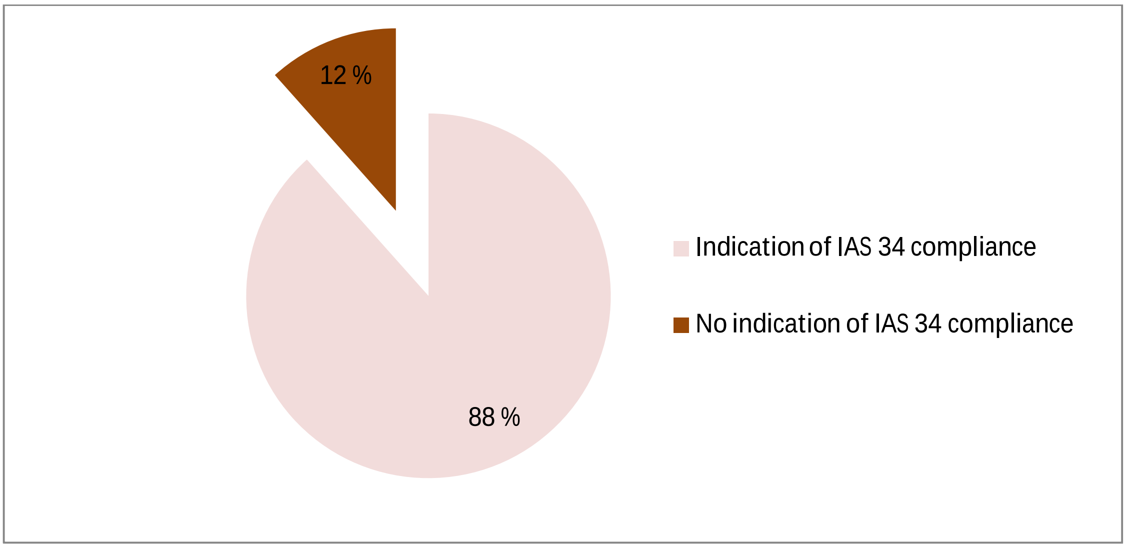
Among these faulty companies, 2 are listed on the fixing market segment and 11 on the continuous market. None of the Bel 20 companies was found to be faulty. This marks an improvement in comparison with the situation as of 30 June 2008, when one Bel 20 company had failed to include the IAS 34 compliance indication in its half-yearly financial report. However, this is a transfer rather than an improvement: the company concerned was included in the Bel 20 in 2008 but no longer is in 2009.

In addition, closer examination of the companies that failed to include an IAS 34 compliance declaration reveals that, in general, the reason is not that they forgot but rather that they did not truly comply with other IFRS requirements (in particular IAS 34): almost half of the companies fail to comply with the requirements on presentation of the *statement of comprehensive income*.

[5] Companies listed on a regulated market must draw up their consolidated accounts in accordance with IFRSs.

[6] This is mandatory e.g. for *real estate UCITSs*.

Figure 2: Indication of IAS 34 compliance in the intermediary financial report



3 Content of the half-yearly financial reports of companies that indicate IAS 34 compliance

For the purpose of the study, IAS 34 compliance as regards the content of companies' half-yearly financial reports was defined restrictively around four main points which are analyzed below. These points are as follows:

- statement of comprehensive income (IAS 34.8 and IAS 1.81-105);
- statements showing changes in equity (IAS 34.8 and IAS 1.106-110);
- operating segments (IAS 34.16(g) and IFRS.8);
- business combinations (IAS 34.16(i) and IFRS.3.67-70).

As the first IAS 34 compliance requirement is the compliance declaration itself, the study goes on to examine only those 99 companies out of the initially selected 112 (except where otherwise indicated) that have correctly indicated such compliance in their half-yearly financial report.

3.1 Statement of comprehensive income

IAS 34 refers to IAS 1 for several elements of form and content regarding these interim financial statements. Thus the new IAS 1 (and more particularly paragraphs 81 et seq.) contains the provisions on the *statement of comprehensive income* which, since 2009, replaces the income statement.

Paragraph 81 of IAS 1 requires the entity to present all items of income and expense recognised in a period either in a single statement of comprehensive income or in two statements: a statement displaying components of profit or loss (this is the “classic” income statement which was used under the previous version of IAS 1) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).

The “components of other comprehensive income” generally include elements which, under the previous version of IAS 1, were directly recognized in equity. The components of other comprehensive income include elements such as (see IAS 1.7) changes in revaluation surplus (on tangible and intangible assets), actuarial gains and losses on defined benefit plans (employee benefits), gains and losses arising from translating the financial statements of a foreign operation (exchange differences), gains and losses on remeasuring available-for-sale financial assets (financial instruments), and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

Figures 3 and 4 illustrate the application of this new standard on the basis of the global population (figure 3) and on the basis of the population restricted to those companies whose interim financial report was presented as being IAS 34-compliant (figure 4).

Figure 3: Statement of comprehensive income as required by IAS 34

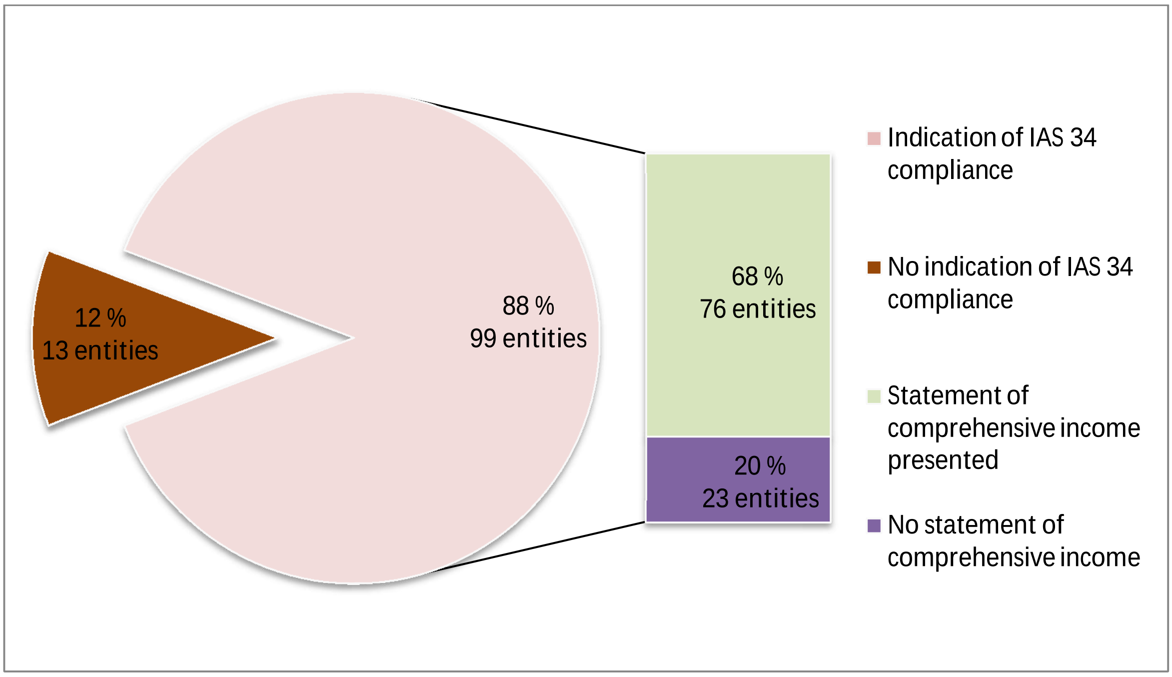


Figure 3 first shows the observations made under 2.2 above. About 12% of the companies (i.e. 13 companies) in our basic population failed to include an indication of compliance with IAS 34 in their interim financial report. The remaining 99 entities (i.e. 88% of the population) show two subgroups: those companies that presented a statement of comprehensive income as required by IAS 34, i.e. 76 companies (or 68% of the initial population), and those that failed to present a statement of comprehensive income as required, i.e. 23 companies (or 20% of the initial population).

In addition, among the 13 companies that failed to include an indication of compliance with IAS 34, 7 entities presented a statement of comprehensive income as required by IAS 34, i.e. 54% (6 companies presented their statement of comprehensive income in two statements, and one company presented it in a single statement).

Figure 4 restricts the basic population to those 88% of companies that included an indication of IAS 34 compliance in their interim financial report, and examines the presentation of comprehensive income.

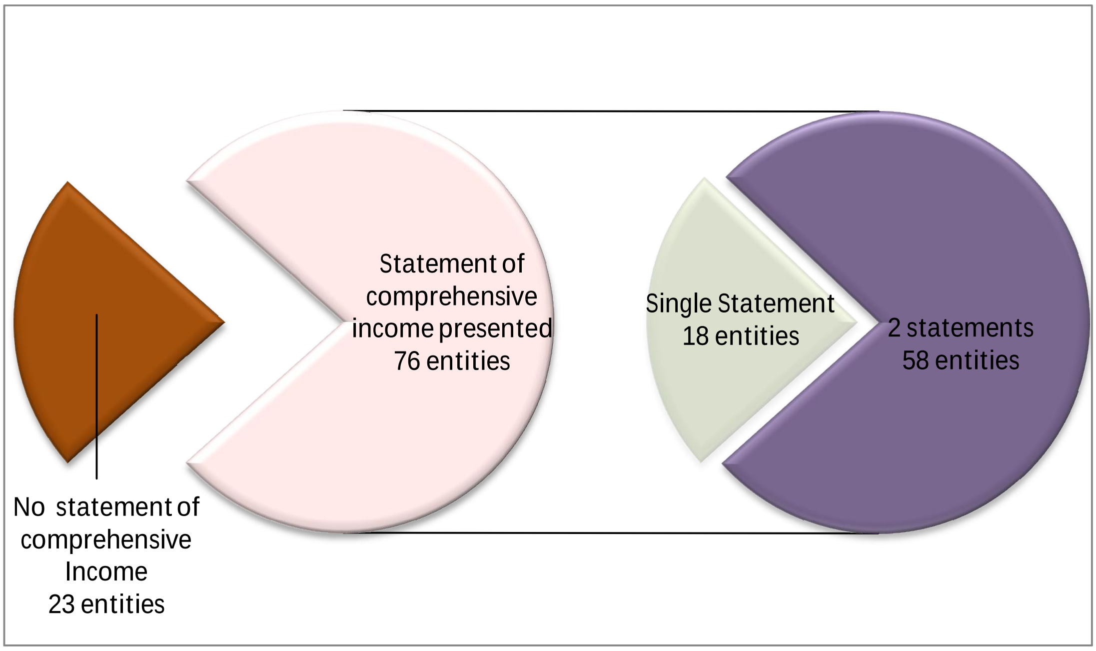
The observations made above remain valid in terms of the number of companies but are different in terms of percentages, as the basis of the population has been restricted.

76 out of 99 companies presented their statement of comprehensive income as required by IAS 34, i.e. 77% of the redefined population. Therefore this also means that close to 1 out of 4 entities (23%) states that it complies with IAS 34 while failing to present the statement of comprehensive income in accordance with the standard.

As regards Bel 20 companies, only one company fails to present a statement of comprehensive income in accordance with the applicable standard.

Generally speaking, companies preferred to present their income statement in two statements. Indeed, if one takes into account only those companies that stated that their interim financial report was “IAS 34-compliant” and those that presented a statement of comprehensive income as required by IAS 1, one notes that 58 out of 76 companies (i.e. 76%) presented all items of income and expense in two statements, while only 18 (i.e. 24%) presented them in a single statement of comprehensive income.

Figure 4: Presentation of the statement of comprehensive income in either one or two statements



Generally speaking, the Bel 20 companies included in the population preferred to present their income statement in two statements (over 70% of the cases).

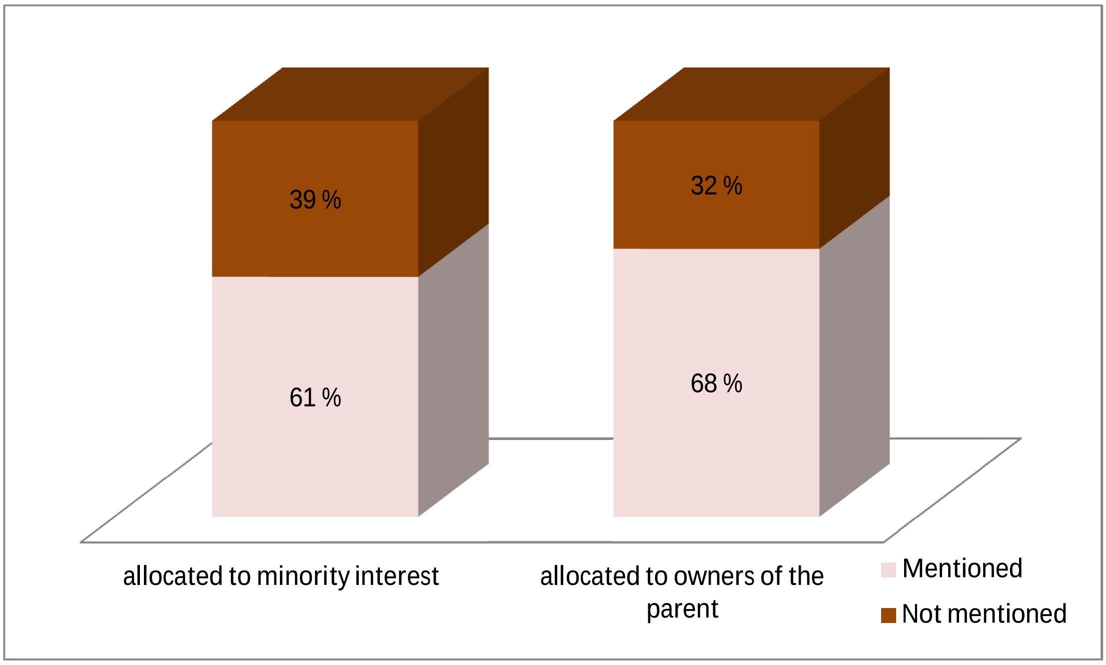
3.2 Allocation of profit or loss

Finally, according to the applicable standards, entities must disclose the following items in the statement of comprehensive income as allocations of profit or loss for the period:

- total comprehensive income for the period attributable to minority interest (IAS 34.10 and IAS 1.83(b)(i));
- profit or loss for the period attributable to owners of the parent (IAS 34.10 and IAS 1.83(b)(ii));
- basic and diluted earnings per share for the period (IAS 34.11).

The study examines whether the companies that indicated that there financial report was IAS 34-compliant had shown the allocation of comprehensive income (1) to minority interest and (2) to owners of the parent.

Figure 5: Presentation of the allocation of comprehensive income to minority interest and to owners of the parent (by companies that indicated that their financial report is IAS 34-compliant)



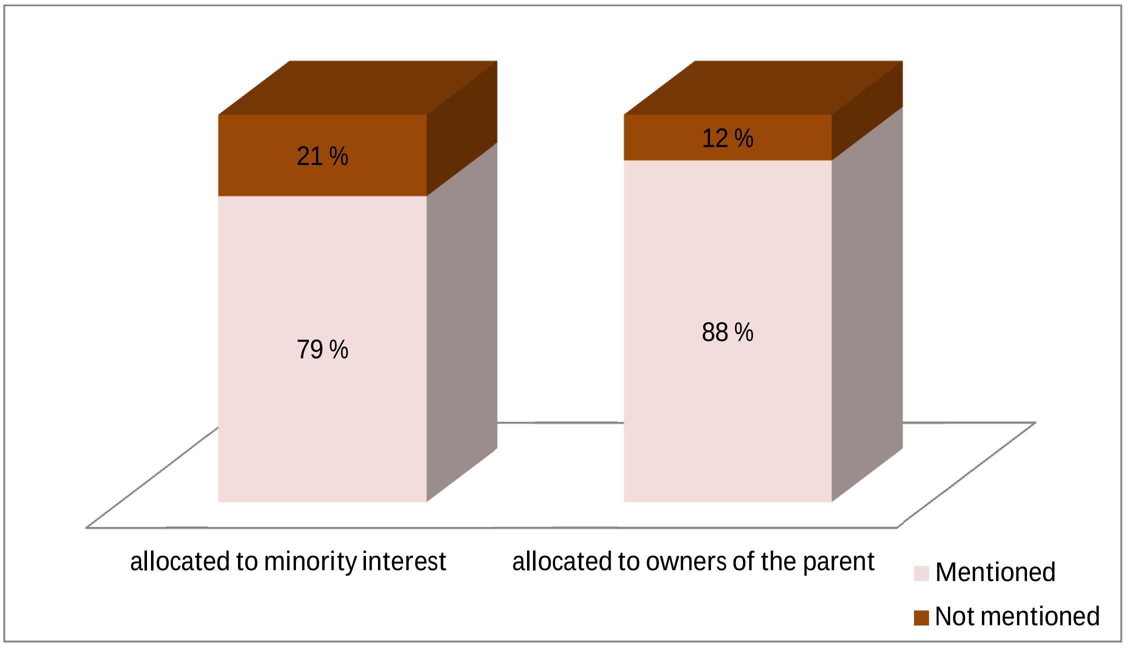
We have observed that in 61% of cases, companies mentioned in their interim financial report the comprehensive income allocated to minority interest, and, in 68% of the cases, the comprehensive income allocated to owners.

However, these figures increase to 79% and 88% when the population is restricted to those entities that presented a statement of comprehensive income as required by IAS 1. This is evidenced by figure 6 below.

The same is observed as regards Bel 20 companies:

- 88% of Bel 20 companies showed the comprehensive income allocated to owners of the parent;
- 60% of Bel 20 companies showed the comprehensive income allocated to minority interest.

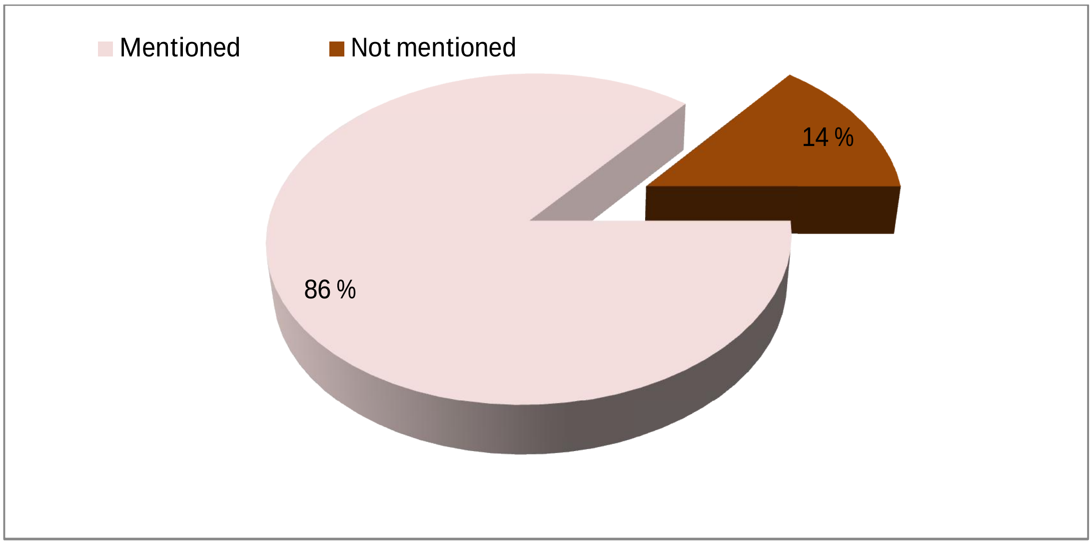
Figure 6: Presentation of the allocation of comprehensive income to minority interest and to owners of the parent (by companies that presented a statement of comprehensive income)



The reason for these differences is actually rather simple: a company that has not presented a statement of comprehensive income (single statement or two statements) is bound to have failed to mention comprehensive income (whether allocated to owners of the parent or to minority interest).

By contrast, presentation of earnings per share, whether basic or diluted, is not conditional upon IAS 1 compliance (or not) of the presentation of comprehensive income. Therefore we do not in any way restrict[7] our population when it comes to publication of earnings per share as presented in figure 7 below.

Figure 7: Presentation of basic and diluted earnings per share by companies that indicate that their financial report is IAS 34-compliant



[7] No restriction on the population except the IAS 34 compliance criterion as defined in point 3.

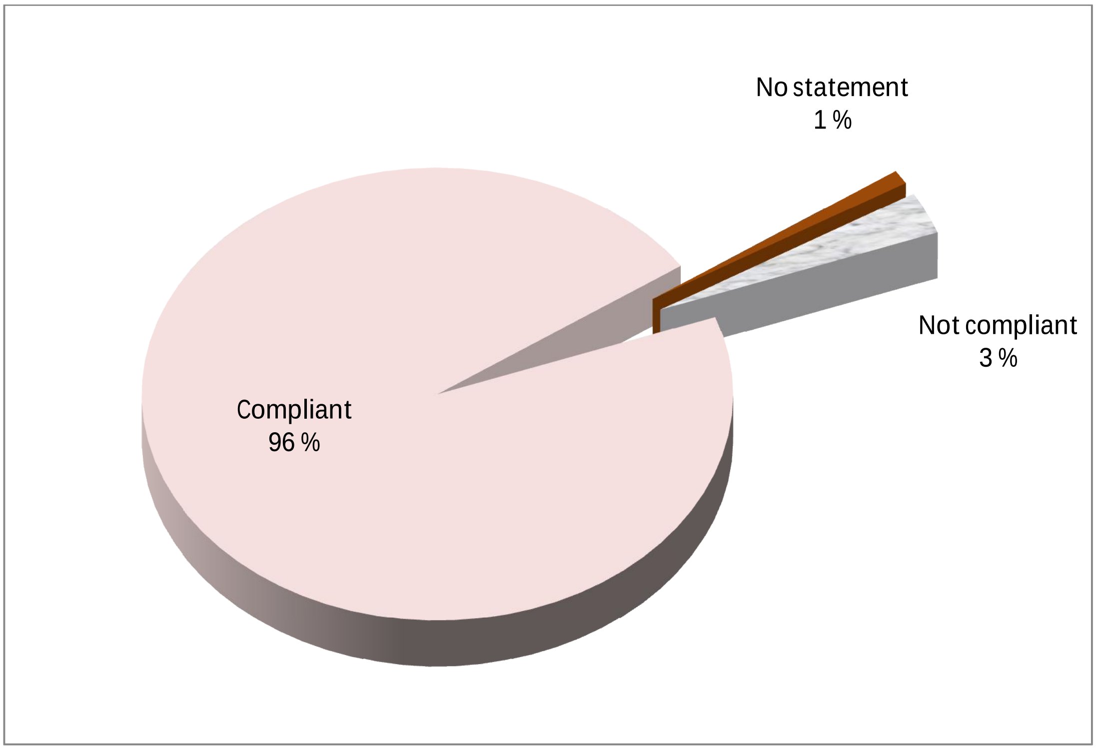
Although this is already the second year that companies must draw up their half-yearly financial report in compliance with IAS 34, we have observed that still 14% of companies failed to publish their basic and diluted earnings per share although they do mention that they apply IAS 34. Moreover, all Bel 20 companies without exception have mentioned their (basic and diluted) earnings per share.

3.3 Statement showing changes in equity

According to IAS 34.8, a statement showing changes in equity must be presented as a distinct component of the financial statements for the first half, with a comparative statement for the same period of the preceding financial year.

Close to 96% of the companies surveyed included as required a statement showing changes in equity in their interim financial statements as of 30 June 2009 (up 16% from the previous study, which found that only 80% of companies had included a statement showing changes in equity in their interim statements). Just one company (1%) failed to include any statement showing changes in equity. The remaining 3% included a statement showing changes in equity which was not, or not completely, in accordance with IAS 34 (no comparison, unclear statement, insufficiently accurate).

Figure 8: Statement showing changes in equity



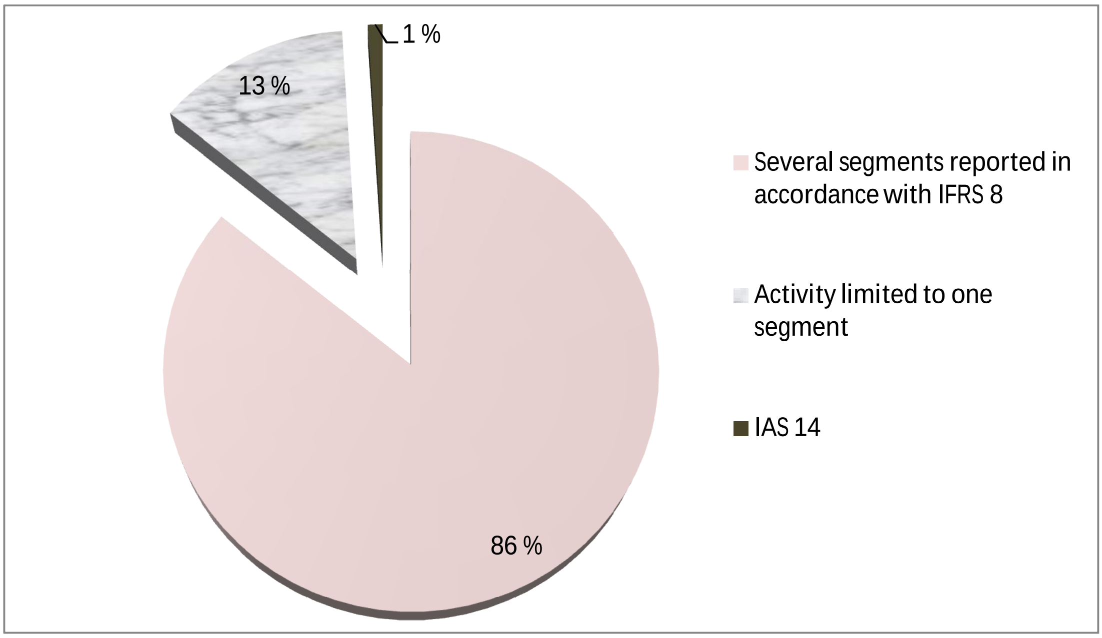
3.4 Operating segments

The half-yearly financial report must also include segment information. The main change in comparison with interim statements as of 30 June 2008 is that IFRS 8 *Operating segments* has come into force (mandatory application as from 1 January 2009) in replacement of IAS 14 *Segment reporting*.

Generally speaking, the introduction of IFRS 8 to replace IAS 14 was well respected: just one company continued to publish the information according to IAS 14 (whereas that standard no longer applied).

In addition, we have noted that 86% of the entities surveyed present an activity for several operating segments, while 13% are active in just one segment, according to their half-yearly report.

Figure 9: Operating segments of the entities under IFRS.8



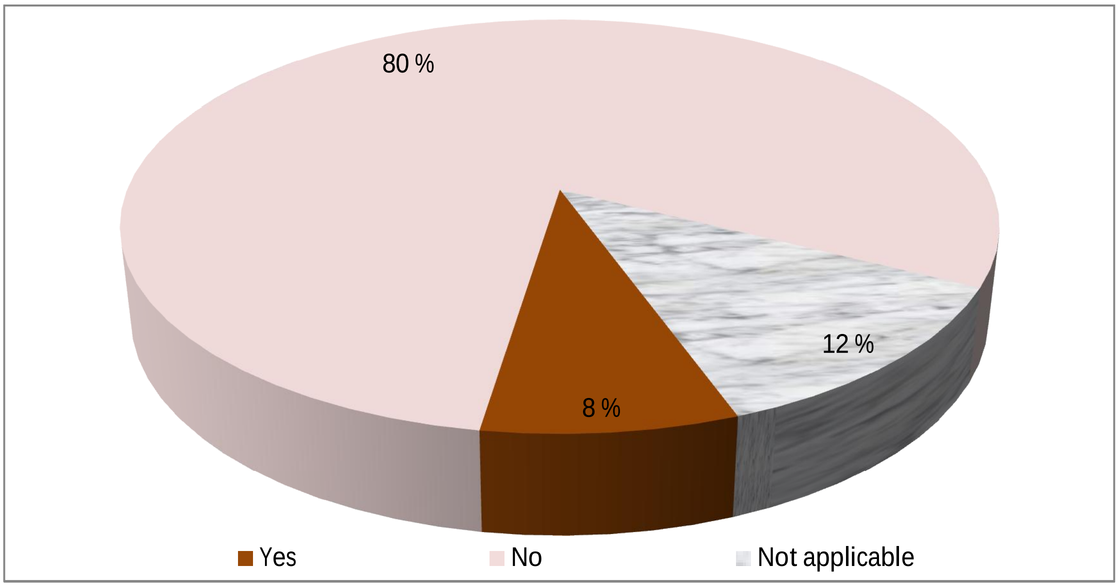
For the purposes of this study, the following items have been examined (IAS 34.16(g)):

- Has the entity already applied IFRS 8 in its previous annual financial statements (i.e. for the period closed on 31 December 2008)?
- Has a description of changes in segmentation between IAS 14 and IFRS 8 been published?
- Did application of IFRS 8 lead to another segmentation than under IAS 14?
- What were the changes in the number of segments?
- Were revenues from external customers published?
- Were segment results published?
- Was a reconciliation between segment results and entity result presented?

3.4.1 Application of IFRS 8 upon closing the previous period

Only 8% of the companies in our population already applied IFRS 8 upon closure of their previous annual financial statements (i.e. for the period closing on 31 December 2008. Those companies are all listed on the continuous market and only 1% is included in the Bel 20 index.

Figure 10: Anticipated application of IFRS 8



Anticipated application of IFRS 8 by 8% of the population leads to the following logical consequences for those entities: absence of explanation on differences in the definition of segmentation under IAS 14 and under IFRS 8, and absence of information as to the changes in the number of segments following the application of the new standards.

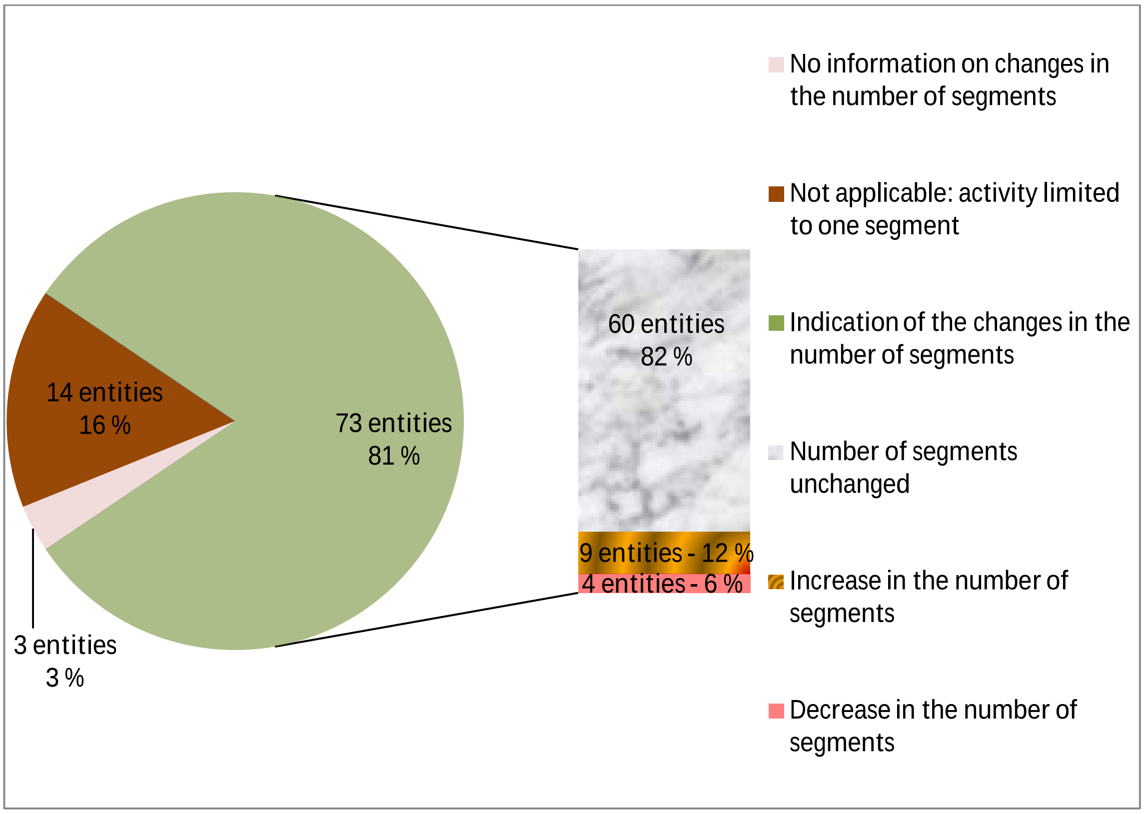
3.4.2 Changes in the number of segments

In analyzing changes in the number of segments following the introduction of IFRS 8, it is important to note that no account has been taken of companies that anticipatingly applied IFRS 8.

73 companies provided information on changes in their segmentation, i.e. 74% of the population. Only 3% did not provide any information on changes in their segmentation. The remaining 14 companies only defined one operating segment.

Among the companies that did provide information on their segmentation, the number of segments may have increased, decreased or remained unchanged.

Figure 11: Changes in the number of segments following the introduction of IFRS 8



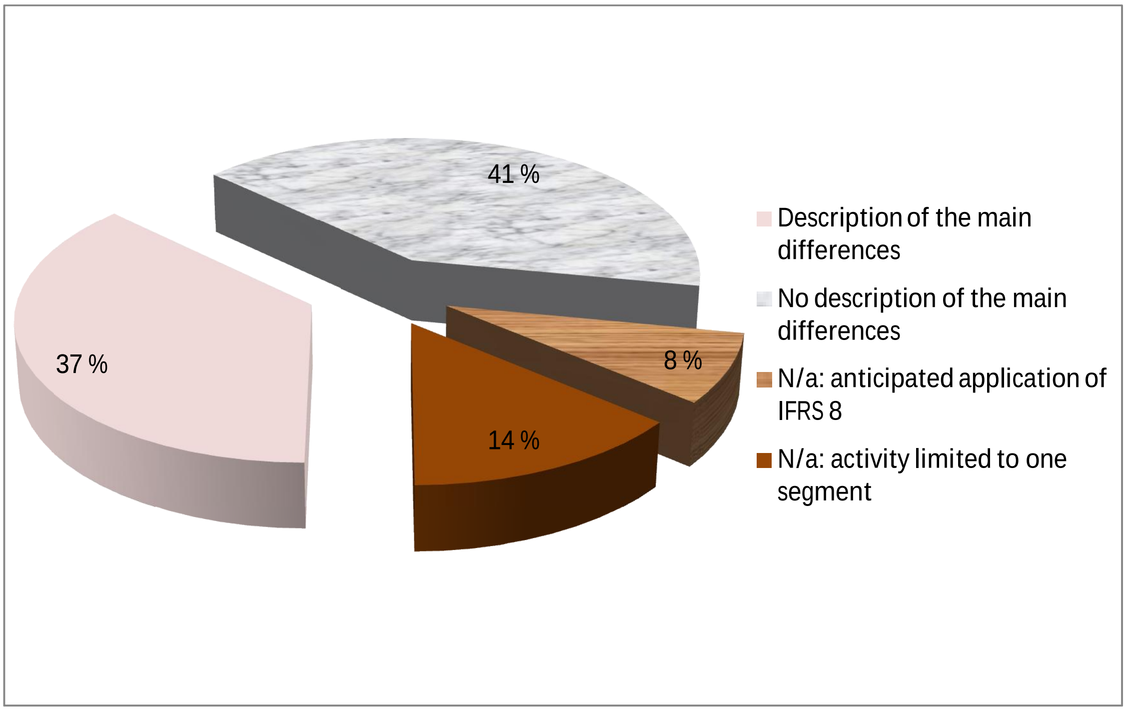
82% of the companies for which information on changes in segments is available in the interim financial report (i.e. 60 out of 73 entities) defined the same operating segments under IFRS 8 as they had under IAS 14. Only 9 companies out of the population experienced a growth in the number of segments and 4 saw the number of segments diminish, following the introduction of IFRS 8.

It is important to note that one reason why certain entities have experienced changes in the number of operating segments may be a change in the composition of their group.

3.4.3 Description of the main differences in the basis of segmentation

A description of the main differences from the last annual financial statements in the basis of segmentation is required by IAS 34.16(g)(v). Relatively few companies provided this information.

Figure 12: Description of the main differences in the basis of segmentation (from the last annual financial statements)



Indeed, apart from the 8% of companies for which such a description was not necessary (as they had already previously applied the standard; see above), one notes that only 37% of the companies concerned have really described the main differences in the basis of segmentation following the introduction of IFRS 8. In addition, according to their half-year report, 14% of the companies surveyed are active in just one segment.

One explanation for this result is the fact that for several companies, this rule was without object as the application of IFRS 8 and the former IAS 14 resulted from a selection of identical segments (see 3.4.2).

3.4.4 Indication of revenues from external customers, segment results and reconciliation between segment results and entity result

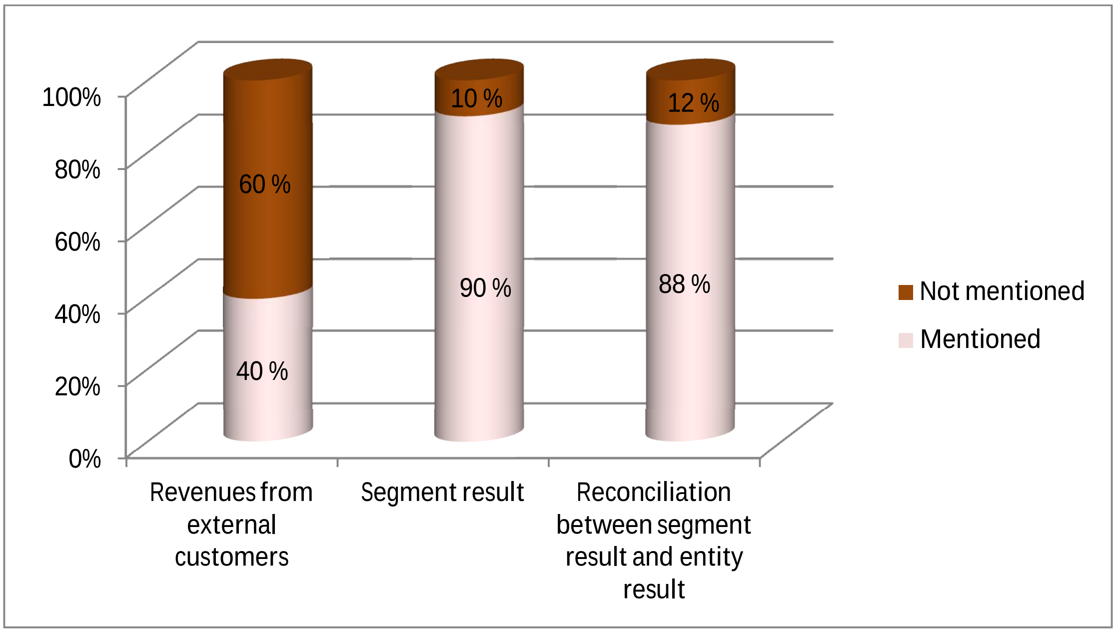
It is important to note that the results for these three elements come from the population of companies that present a segmented activity.

Revenues from external customers[8] have been published only by 40% of the companies. However, this relatively low percentage must be put into perspective. Indeed, IAS 34.16(g)(i) states that the interim financial report's explanatory notes must include "revenues from external customers, *if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker*".

[8] External customers can be defined by "contrast" with intersegment activities.

In other words, IAS 34 does not make it compulsory to set revenues from external customers apart where they are not communicated to the company's chief operating decision maker. Examining whether these figures are indeed reviewed by the chief operating decision maker is beyond the scope of this study.

Figure 13: Revenues from external customers, segment results and reconciliation between segment results and entity results



On the other hand, 90% of the companies published their segments' results and 88% of the companies published a reconciliation between individual segment results and the entity's global results. This is a substantial improvement in comparison with the previous study's results, which showed that 66% of the companies surveyed mentioned segment results.

3.5 Business combinations

According to IAS 34.16(i), companies must provide information on business combinations that have occurred during the interim period, as well as after the reporting period but prior to publication of the financial statements[9]. Only 15% of the companies stating that their interim financial report is IAS 34-compliant report business combinations for the first half of 2009, i.e. 14 out of 99 companies.

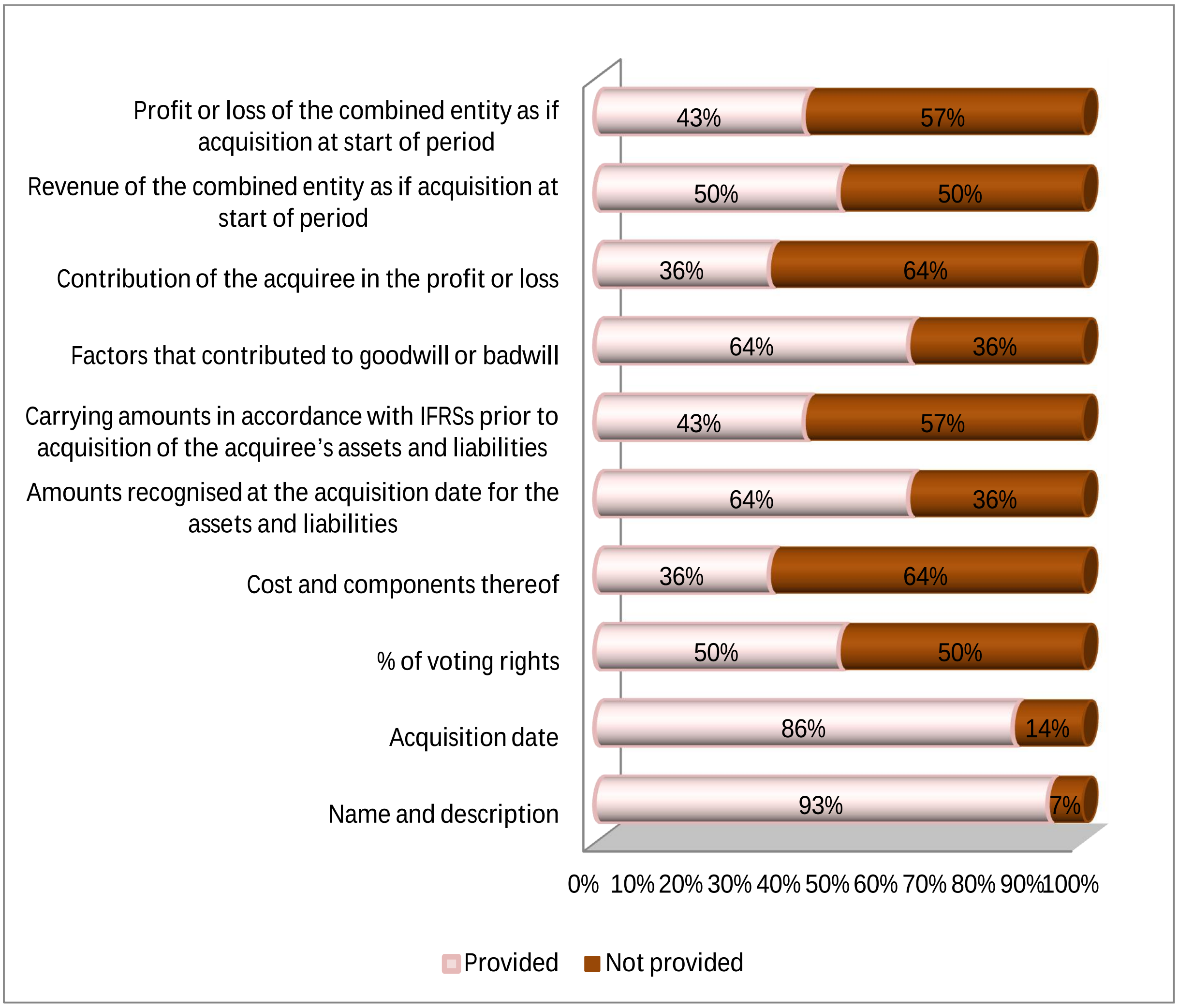
[9] Business combinations carried out after the date of closure of the interim financial statements were not surveyed in this study.

The study examined whether the following required information was provided by those companies:

- the names and descriptions of the combining entities or businesses;
- the acquisition date;
- the percentage of voting equity instruments acquired;
- the cost of the combination and a description of the components of that cost, including any costs attributable to the combination;
- the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, and, unless disclosure would be impracticable, the carrying amounts of each of those classes, determined in accordance with IFRSs, immediately before the combination; where disclosure is impracticable, that fact must be disclosed, together with an explanation of why this is the case.
- a description of the factors that contributed to a cost that results in the recognition of goodwill or a description of the nature of any “badwill” recognised in profit or loss;
- the amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period, unless disclosure would be impracticable. If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case;
- the revenue and profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of that period, unless disclosure would be impracticable.

Figure 14 clearly shows that reporting is still very much perfectible in this respect.

Figure 14: Information on business combinations in the course of the first half-year of 2009



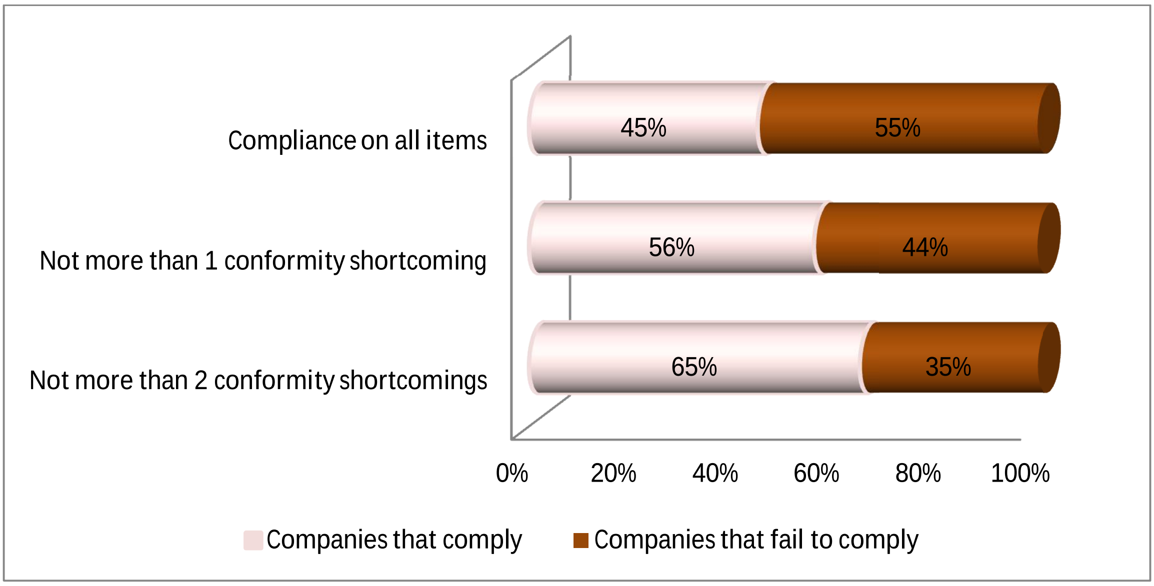
As can be noted, certain information is lacking for a good many companies. However, these poor results could be somewhat qualified by such factors as:

- the number of cases: after all, less than 15% of the companies under review had experienced business combinations in the course of the period.
- materiality: certain business combinations may not be material. The entity may therefore choose not to communicate the information on combinations on the grounds that it is not material;
- the timing: certain business combinations occurred on 30 June or some very short time before the closure of the half-year, which may have made it difficult for the companies to provide certain information. Whatever the case, very few companies mention that it is impracticable to present certain information in cases where such exception is provided by the standard.

3.6 IAS 34 compliance in general

IAS 34.19 states that: “An interim financial report shall not be described as complying with standards unless it complies with all of the requirements of international financial reporting standards.” With this point in mind, we wished to determine how many companies out of our initial population (i.e. 112 companies) complied with all of the provisions of IAS 34 which were surveyed[10].

Figure 15: Compliance of the interim financial report with IAS 34 and the other IASs examined



The entities surveyed show varied results for global compliance. For close to half of the companies in the initial population (i.e. 45%), the half-yearly financial report complies with the provisions of IAS 34 on all items examined[11]. Moreover, 56% of companies lack in conformity on not more than one item. This edges up to 65% if we look at companies that lack in conformity on not more than two items.

[10] No account has been taken here of information to be provided on business combinations. This is because it may be difficult to determine whether perhaps the reason a company did not provide such data was the company considered that the information was not material (IAS 34.23 et seq. as well as IAS 1.31 on aspects related to materiality).

[11] These results do not take into account the items examined under point 4 of this study (see below) on compliance of the half-yearly financial reports with the provisions of the Royal Decree of 14 November 2007.

4 Compliance of the half-yearly financial reports with the provisions of the Royal Decree of 14 November 2007

As in the previous study[12], we also examined compliance of these financial reports with the Royal Decree of 14 November 2007[13] and with the following aspects in particular:

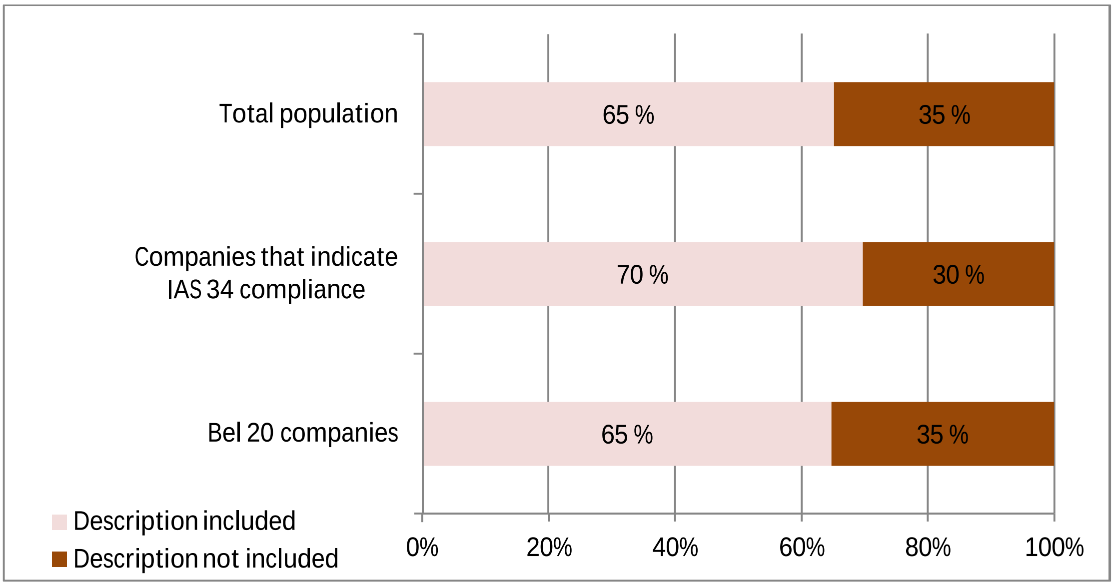
- does the management report include at least a description of the principal risks and uncertainties (see Article 13, § 5, of the Royal Decree of 14 November 2007)?
- does the management report include a statement by the persons responsible (see Article 13, § 2, 3°, of the Royal Decree of 14 November 2007)?
- are the names and functions of these persons responsible clearly indicated (see Article 13, § 2, 3°, of the Royal Decree of 14 November 2007)?

In analyzing the above-mentioned aspects of the Royal Decree, we worked on the basis of the initial population, i.e. 112 companies.

4.1 Principal risks and uncertainties

The Royal Decree states that the interim management report shall include a description of the principal risks and uncertainties for the remaining months of the financial year.

Figure 16: Description of the principal risks and uncertainties included in the interim management report



[12] Study 36 on the first half-yearly financial reports drawn up in accordance with IAS 34 (December 2008).

[13] Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

On the basis of the total population (112 entities), 65% of the companies included in their intermediary management report a description of the principal risks and uncertainties.

This percentage is identical for Bel 20 companies.

If one restricts the population to those companies that indicate that their interim financial report is IAS 34-compliant (i.e. 99 companies), the percentage increases to 70% of the entities.

These results improve on the previous study, which showed 55% of the companies had included such a description. Such results are, however, unsatisfactory.

4.2 Statement by the persons responsible, with a clear indication of their names and functions

The half-yearly financial report must include a statement by the persons responsible within the issuer, with a clear indication of their names and functions. That statement must indicate that, to the best of their knowledge:

a) the set of condensed financial statements prepared in accordance with the applicable accounting standards gives a true and fair view of the assets, liabilities, financial position and results of the issuer and the undertakings included in the consolidation;

b) the interim management report includes a fair review of the important events and major transactions with related parties that have occurred during the first six months of the financial year, and their impact on the set of condensed financial statements, together with a description of the principal risks and uncertainties for the remaining months of the financial year.

Over 90% of the entities surveyed have included such a statement. This is a very positive improvement, taking into account the results obtained with the previous publications: in the quarterly publications on Q1 2008, only 40% of the companies had included such a statement. The study on interim financial report as of 30 June 2008 (Study 36, published in December 2008) showed a favourable evolution with over 70% of entities providing the statement.

About 3% of the companies published such a statement but the document did not comply with the provisions of the Royal Decree in terms of content (e.g. incomplete statement, non-compliant wording, etc.).

About 6% of the entities surveyed did not include in their interim financial report a statement by the persons responsible.

The results are even better (94%) if one restricts the population to Bel 20 companies or to those companies that included in their interim financial report a statement of compliance with IAS 34.

5 Conclusions

When the half-yearly communiqué was replaced (in 2008) by a more extensive half-yearly financial report, including *inter alia* an IAS 34-compliant set of condensed financial statements and due for publication within 2 months of the closure of the first half-year (where companies used to have 3 months to publish their half-yearly communiqué), this has notably increased the obligations of listed companies and constituted for most of them quite a challenge.

With a few exceptions, companies respected the 2-month publication deadline.

Only 45% of the companies comply with IAS 34 requirements on all of the items surveyed[14]. In 56% of the cases, not more than one conformity shortcoming is recorded. This figure is higher yet, at 65%, where two conformity shortcomings maximum are recorded.

77% of the companies that mentioned IAS 34 compliance in their interim financial report presented a statement of comprehensive income as required. In other words, 23% of the companies that claim to comply with IAS 34 requirements failed to present a statement of comprehensive income.

While in 2008 we had observed that not enough companies paid attention to the description of the principal risks and uncertainties for the remaining months of the financial year, efforts have been made in this regard in 2009. Yet, generally speaking, results are still disappointing, with only 65% of companies including such a description (though this does represent a 10% rise in comparison with 2008), in particular if one takes into account the economic situation of the period under review.

Other aspects, such as the statement by the persons responsible, have been the subject of particular attention. The results of our analysis show a very positive evolution.

Taking into account these rather mixed results, it must be stated that an effort is therefore still expected from a good many companies for them to comply with their obligations. These results should, however, be somewhat qualified, as an important part of the companies only failed to comply on one or two IAS 34-related items. So the effort required for these companies to publish a completely IAS 34-compliant half-yearly financial report (i.e. one that complies on all items surveyed) is limited.

[14] Not taking into account the information to be provided on business combinations.

The CBFA insists that companies should pay particular attention to the following:

- the interim financial report should be in accordance with IAS 34 on all items. This implies *inter alia* that:

  - IAS 34 compliance must be mentioned;
  - a compliant statement of comprehensive income must be included;
  - segment information as required and defined by IAS 34.16(g) (*inter alia* segment results and a reconciliation between segment results and entity results) must be provided;
  - detailed information must be given on business combinations.

- the interim management report must include:
  - a description of the principal risks and uncertainties for the remaining months of the financial year;
  - a statement by the persons responsible in accordance with the requirements of the Royal Decree of 14 November 2007.

Clearly, the items for attention as indicated above do not make up a comprehensive list of the legal provisions which issuers of financial instruments admitted to trading on a regulated market are to comply but a list of important items which are the subject of particular attention as part of this survey.

The CBFA will, as part of its powers, see to it that these provisions are complied with, and may, in the case of serious shortcomings, take such measures as publishing a warning.

6 Annex: Existing publications

1. The half-yearly communiqués for 1997 by companies listed on the First Market and on the New Market (December 1997).

2. Cash-flow statement or financing table: a comparative survey of reporting by companies listed on the Forward Equity Market (February 1998).

3. Publication of specific data intended for investors by companies listed on the Forward Equity Market (March 1998).

4. Communiqués on the 1997 annual results of companies listed on the First Market and on the New Market (May 1998).

5. Comparative survey of corporate governance reporting by Belgian listed companies (October 1998).

6. The half-yearly communiqués for 1998 by companies listed on the First Market and on the New Market (December 1998).

7. Transparency for the securities portfolio (January 1999).

8. Communiqués on the 1998 annual results of companies listed on the First Market and on the New Market (May 1999).

9. Accounting policies (July 1999).

10. Comparative survey on reporting by Belgian listed companies (annual accounts 1998) as regards corporate governance (November 1999).

11. Publication of specific data intended for investors by Belgian companies listed on the First Market (December 1999).

12. The half-yearly communiqués for 1999 by companies listed on the First Market and on the New Market (December 1999).

13. The communiqués published by companies listed on the First Market and on the New Market on their annual results for 1999 (July 2000).

14. The half-yearly communiqués for 2000 by companies listed on the First Market and on the New Market (November 2000).

15. The communiqués published by companies listed on the First Market and on the New Market on their annual results for 2000 (July 2001).

16. The half-yearly communiqués for 2001 by companies listed on the First Market and on the New Market (November 2001).

17. The communiqués on the 2001 annual results of companies listed on the First Market and on the New Market (June 2002).

18. The half-yearly communiqués published in 2002 by companies listed on the First Market and on the New Market (December 2002).

19. Quarterly information for Q 3/2002 as published by companies listed on the First Market (February 2003).

20. Information on the internet – Trading units of UCIs on the internet (July 2003).

21. Methods used for UCI risk calculation (July 2003).

22. Communiqués on the annual results for 2002 of companies listed on the First Market and on the New Market (September 2003).

23. The half-yearly communiqués published in 2003 by companies listed on Euronext Brussels (December 2003).

24. The quarterly communiqués published in 2003 by companies listed on Euronext Brussels (February 2004).

25. The annual communiqués for 2003 by companies listed on Euronext Brussels (June 2004).

26. The results of the CBFA's IAS/IFRS survey of Belgian listed companies (June 2004).

27. Information on corporate governance as disclosed by Belgian companies listed on the First Market of Euronext Brussels - *capita selecta* (December 2004).

28. The half-yearly communiqués published in 2004 by companies listed on Euronext Brussels (December 2004).

29. Notices to attend general meetings of Belgian listed companies: rules for publication (November 2005).

30. The half-yearly communiqués published in 2005 by companies listed on Eurolist by Euronext Brussels (January 2006).

31. 2005 reporting on the changeover to IFRS by Belgian companies listed on Eurolist by Euronext Brussels and its impact on the own funds and result (March 2006).

32. The yearly communiqués for 2005 by companies listed on Eurolist by Euronext Brussels (August 2006).

33. Comparative survey of corporate governance reporting by listed companies in the "corporate governance charter".

34. Survey on the presentation of the IFRS income statement and compliance with CESR's recommendation on alternative performance measures (December 2006).

35. Intermediary statement or quarterly financial report: a new obligation for listed companies (June 2008).

36. Study on the first half-yearly financial reports drawn up in accordance with IAS 34 (December 2008).

All of these studies can be downloaded from the CBFA's website (*www.cbfa.be*).