



16 June 2004

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For the attention of the Nominated Advisers/ finance  
directors/ company secretaries, all AIM companies

AIM09

## STOCK EXCHANGE AIM NOTICE

### AIM RULES – consultation

#### Introduction

1. The Exchange is consulting on a number of proposed changes to the *AIM Rules for Companies* (“The AIM Rules”). The proposed changes are in respect of the financial reporting requirements under rules 16 and 17 and additionally the requirements in the supplement to Schedule One relating to latest published annual report and accounts.

#### The Current Position

2. *Rule 16*

Under rule 16 of The AIM Rules an AIM company must prepare a half-yearly report, but there is no statement as to the minimum form or content of the half-yearly report.

#### *Rule 17*

Rule 17 requires an AIM company to publish annual audited accounts prepared in accordance with United Kingdom or United States generally accepted accounting practice or International Accounting Standards.

#### *Supplement to Schedule One*

Currently a quoted applicant hoping to utilise the fast-track procedure to obtain an AIM quotation must have a website address of a page containing its latest annual report and accounts which must have a financial year end not more than nine months prior to admission.

## Discussion

3. As with all changes to the AIM Rules, the Exchange welcomes views from market participants in particular with regard to the changes to rule 17 which would require AIM companies incorporated in the EU to publish accounts using International Accounting Standards. For AIM companies incorporated outside the EU the requirement will be to publish accounts using either United States generally accepted accounting principles or International Accounting Standards.

### *Rule 16*

The intended rule change is designed to ensure that an AIM company provides its shareholders and the market in general with its financial disclosure in a format deemed to be the minimum necessary to make an informed view of the financial position of the AIM company.

### *Rule 17*

The intended changes to rule 17 are to incorporate the changing nature of financial reporting with the forthcoming European legislation and in particular the IAS Regulation (EC) No 1606/2002 ("the Regulation"). It is expected that these changes will reflect the requirements to be placed ultimately on non-EU issuers on the Official List of the London Stock Exchange.

We propose that International Accounting Standards will continue to be optional for financial years **commencing** on or after 1 January 2005 and become mandatory for EU companies for financial years **commencing** on or after 1 January 2006. This is a more flexible regime than that which will apply to Official List companies. As such, we propose that the rule will initially remain unchanged but the guidance note will be updated as set out below.

### *Supplement to Schedule One*

The change intends to allow a quoted applicant who cannot fulfil the requirement of having published report and accounts with a year end not more than nine months prior to admission to prepare an interim statement which must be fully audited to supplement its most recent report and accounts.

## Responses

4. Comments on the proposed rule changes must be received by **28 July 2004**. The Exchange intends, subject to comments received, to confirm any rule changes as soon as possible thereafter. Comments should be addressed to Ray Knowles at:

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Deputy Head of AIM

## PROPOSED RULE CHANGE

### *Half-yearly reports*

16. An **AIM company** must prepare a half-yearly report in respect of the six month period from the end of the financial period for which financial information has been disclosed in its **admission document** and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its annual audited accounts). All such reports must be **notified** without delay and in any event not later than three months after the end of the relevant period.

The information contained in a half-yearly report must include at least a balance sheet, an income statement and a cash flow statement. Additionally the half yearly report must be presented and prepared in a form consistent with that which will be adopted in the **AIM company's** annual accounts having regard to the accounting standards applicable to such annual accounts.

### *Guidance Note to Rules 16 and 17: Half-yearly reports and accounts*

The **Exchange** will suspend **AIM companies** which are late in publishing their half-yearly statement or their annual accounts.

It will become a mandatory requirement to produce accounts in accordance with **International Accounting Standards** for EU companies for financial years commencing on or after 1 January 2006. It will become mandatory for non-EU companies to produce accounts in accordance with US GAAP or **International Accounting Standards** for financial years commencing on or after 1 January 2006.

### *Glossary*

**International Accounting Standards** As defined by Regulation (EC) No. 1606/2002

### *Supplement to Schedule One, for quoted applicants only*

- (l) a website address of a page containing its latest published annual report and accounts which must have a financial year end not more than nine months prior to **admission**. The accounts must be prepared according to UK or US GAAP or **International Accounting Standards**. Where more than nine months have elapsed since the financial year end to which the latest published annual report and accounts relate, the website address must also include a set of fully audited interim results covering the period from the end of the financial period of the published annual report and accounts and ending no less than six months from that date;