

The Committee of European Securities Regulators CESR

CC: FEE

CESR RECOMMENDATION ON ALTERNATIVE PERFORMANCE MEASURES (CESR/05-178)

The Finnish Institute of Authorized Public Accountants - KHT-Yhdistys – Föreningen CGR r.y. appreciates having the opportunity to comment on CESR Recommendation on Alternative Performance Measures (Consultation Paper, May 2005).

Generally we believe that there is a clear need for such recommendations, because reliable financial information is the basis for functioning capital markets. If we do not have equal, consistent and clearly defined alternative performance measures, there is a risk for misleading or misunderstood performance measures.

We will comment on the questions raised by you.

Question 1: should additional elements be considered in terms of background? Do you agree that current practice of presenting alternative financial performance measures justifies CESR's initiative? If not, please indicate why.

The described background is in line with our analyses of the situation. We also clearly see a need for recommendation as set up by CESR.

Question 2: do you think that a recommendation is an appropriate tool for dealing with this issue?

In our opinion there is a need for recommendation in this respect.

Question 3: Do you agree with this definition of alternative performance measures? If not, please state your reason.

We agree, the only defined performance measures are mentioned in your text under point 7. As can be seen, there is a need for defining and harmonizing alternative performance measures.

Question 4: Do you agree that the principles described in this draft recommendation are valid for any kind of reporting to markets by issuers (with the exception of prospectuses)? If not, please state your reason.

We believe that the principles described in the draft recommendation are valid.

Question 5: Do you agree with the scope of this recommendation and the content of this recommendation (paragraph 14) and the content of this recommendation (paragraphs 16 to 22)? If not, please state your reason.

Paragraph 14: The scope could also include Financial Statements for individual listed companies if the listed company does not constitute a group.

In general we believe that the principles described in paragraph 16 to 22 are proper and will ensure transparency. However, problems will arise when defining extra ordinary items and quality of earnings. We suggest that these definitions should be included in the recommendation in order to harmonise practice.

Question 6: Do you agree with CESR's recommendation to involve the auditor in relation to alternative performance measures? If not, please state your reason.

We think that auditors should be involved in assuring the alternative performance measures. The challenge is what scope and what work should be performed by the auditors and should the auditors report, and to whom, if there are bases for qualifications re alternative performance measures? There is also a need for creating audit standards for this type of audit work.

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