

**Actuarial Valuation
of the Post-employment Benefits
as of 31 December 2009
and preview for the period
1 January 2010 - 31 December 2010**

**according to the principles of the
International Accounting Standards Board (IASB)
IAS/IFRS**

for

**Mustermann AG
Muster Straße 123
54321 Musterstadt**

Elaborated by:

**Clever Software GmbH
St.-Joachim-Weg 7
86450 Altenmünster**

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS**

for

Mustermann AG

(1) Instruction

The entity instructed us to calculate the following amounts for the employees entitled to pensions in accordance with the international accounting principles IAS/IFRS:

- Defined benefit obligation (DBO) as of 31 December 2009
- Current Service Cost of the next period as of 1 January 2010
- Pension expense of the reporting period
- Development of the defined benefit liability (DBL) / defined benefit asset (DBA) in the next period.

The actuarial assumptions and applied methods have been discussed with the entity.

(2) Actuarial results (summary)

Status	Number of persons	Defined benefit obligation as of 31 Dec 2009 EUR	Current service cost of the next period as of 1 Jan 2010 EUR
Employees in service (vested benefits)	2	33.297	4.031
Employees in service (non-vested benefits)	0	0	0
Former Employees	1	60.415	0
Pensioners (old age pension)	1	128.495	0
Pensioners (disability pension)	0	0	0
Pensioners (widow's/widower's pension)	0	0	0
Pensioners (orphan's pension)	0	0	0
Total amount	4	222.207	4.031

Altenmünster, den 21 September 2010

Dipl.-Math. Gerd Clever, Aktuar (DAV)

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for**

Mustermann AG

(3A) Reconciliation of opening and closing balances

	Pension expense	Contributions paid by the reporting entity	Defined benefit obligation	Fair value of any plan assets	Past service cost not yet recognised	Unrecognised actuarial gains (-) losses (+)	Effect of the asset ceiling	Balance sheet approach
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Present value 1 Jan 2009	-	-	-277.125	220.000	0	-38.000	0	-95.125
Past service cost	-	-	-5.000	-	5.000	-	-	-
Current service cost	10.290	-	-10.290	-	-	-	-	-
Interest cost	13.988	-	-13.988	-	-	-	-	-
Return on plan assets	-11.704	-	-	11.704	-	-	-	-
Recognition gains/losses	-935	-	-	-	-	935	-	-
Recognition past service cost	1.667	-	-	-	-1.667	-	-	-
Contributions paid by the entity	-	0	-	0	-	-	-	-
Benefits paid by the entity	-	-	68.440	-68.440	-	-	-	-
Effect of any curtailments	0	-	-	-	0	0	-	-
Effect of any settlements	-5.725	-	-	-	-278	6.003	-	-
New gains/losses	-	-	15.756	6.736	-	-22.492	-	-
Present value without <IAS 19.58-60>	7.581	0	-222.207	170.000	3.055	-53.554	-	-102.706
Recognition acc. to <IAS 19.58A>	0	-	-	-	0	0	-	-
Adjustment <IAS 19.58 b>	0	-	-	-	-	-	0	-
Present value 31 Dec 2009	7.581	0	-222.207	170.000	3.055	-53.554	0	-102.706

Annotations

- (a) All actuarial gains and losses at the start of the reporting period that fall outside the 10 % - corridor are recognised over 11 years.
 (b) The discount rate as determined at the start of the period was 5,7 %. The expected return on plan assets has been stated to 6,3 %.

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for**

Mustermann AG

(3B) Remeasurement without consideration of curtailments or settlements <IAS 19.110>

	Pension expense EUR	Contributions paid by the reporting entity EUR	Defined benefit obligation EUR	Fair value of any plan assets EUR	Past service cost not yet recognised EUR	Unrecognised actuarial gains (-) losses (+) EUR
Present value 1 Jan 2009	-	-	-277.125	220.000	0	-38.000
Past service cost	-	-	-5.000	-	5.000	-
Current service cost	10.290	-	-10.290	-	-	-
Interest cost	15.556	-	-15.556	-	-	-
Return on plan assets	-13.437	-	-	13.437	-	-
Recognition gains/losses	-935	-	-	-	-	935
Recognition past service cost	1.667	-	-	-	-1.667	-
Contributions paid by the entity	-	0	-	0	-	-
Benefits paid by the entity	-	-	13.440	-13.440	-	-
Effect of any curtailments	0	-	-	-	0	0
Effect of any settlements	0	-	-	-	0	0
New gains/losses	-	-	17.842	5.003	-	-22.845
Present value without <IAS 19.58-60>	13.141	0	-276.689	225.000	3.333	-59.910

Annotations

- (a) Before determining the effect of a curtailment or settlement, an enterprise should remeasure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current interest rates and other current market prices).
- (b) The discount rate as determined at the start of the period was 5,7 %. The expected return on plan assets has been stated to 6,3 %.

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS**

for

Mustermann AG

(4) Amortization of unrecognised actuarial gains (-) and losses (+)

	EUR
(A) Unrecognised gains/losses as of 1 Jan 2009	-38.000
Maximum of the DBO and plan assets	277.125
Corridor ($\pm 10\%$ of the maximum of the DBO and plan assets)	27.713
Unrecognised gains/losses outside of the corridor	-10.287
Period of amortization (years/months)	11/00
(B) Recognition according to IAS 19.92-93	935
(C) Immediate recognition due to curtailments	0
(D) Immediate recognition due to settlements	6.003
(E) New gains/losses of the current period	-22.492
(F) Immediate recognition according to IAS 19.58A	0
Unrecognised gains/losses as of 31 Dec 2009	-53.554

(5) Amortisation schedule for Past service cost

	EUR
Unrecognised past service cost as of 1 Jan 2009	0
New past service cost of the current period	5.000
(A) Total amount of past service cost	5.000
... for immediately vested benefits	0
... for not yet vested benefits	5.000
Period of amortization (years/months)	03/00
(B) Recognition according to IAS 19.96	-1.667
(C) Immediate recognition due to curtailments	0
(D) Immediate recognition due to settlements	-278
(E) Immediate recognition according to IAS 19.58A	0
Unrecognised past service cost as of 31 Dec 2009	3.055

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS**

for

Mustermann AG

(6) Disclosure as of 31 December 2009

(a) Accounting policy for recognising actuarial gains und losses

	31 December 2009
Applied method	Recognition of the gains/losses that fall outside of the 10 % - corridor
Period of recognition	Expected average remaining working lives of the employees participating in that plan

(b) General description of the type of plan

Defined Benefit Plan

(c) Actuarial assumptions

	31 December 2009
Actuarial cost method	Projected unit credit method (PUCM)
Mortality and disability assumptions	RICHTTAFELN 2005 G von Dr. Klaus Heubeck
Turnover rates	No turnover rate
Discount rate	6 % p.a.
Expected rates of return on any plan assets	6,2 % p.a.
Pension increase rate	1,25 % p.a. (not less than guaranteed rate)

(d) Development of the obligation and the plan assets

	1 Jan 2005	31 Dec 2005	31 Dec 2006	31 Dec 2008	31 Dec 2009
	EUR	EUR	EUR	EUR	EUR
Defined benefit obligation	-286.217	-286.210	-296.310	-277.125	-222.207
Fair value of plan assets	200.000	210.000	220.000	0	170.000
Surplus(+)/ Deficit(-)	-86.217	-76.210	-76.310	-277.125	-52.207

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for**

Mustermann AG

(e) Experience adjustments

	31 Dec 2005	31 Dec 2006	31 Dec 2008	31 Dec 2009
	in %	in %	in %	in %
Defined benefit obligation	-3,96	-0,51	-100,00	-6,62
Fair value of plan assets	6,53	5,82	0,00	4,13

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for**

Mustermann AG

(7) Expected development for the next period

	Pension expense	Contributions paid by the reporting entity	Defined benefit obligation	Fair value of any plan assets	Past service cost not yet recognised	Unrecognised actuarial gains (-) losses (+)	Effect of the asset ceiling	Balance sheet approach
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Present value 1 Jan 2010	-	-	-222.207	170.000	3.055	-53.554	0	-102.706
Past service cost	-	-	0	-	0	-	-	-
Current service cost	4.273	-	-4.273	-	-	-	-	-
Interest cost	12.929	-	-12.929	-	-	-	-	-
Return on plan assets	-10.123	-	-	10.123	-	-	-	-
Recognition gains/losses	-2.984	-	-	-	-	2.984	-	-
Recognition past service cost	1.528	-	-	-	-1.528	-	-	-
Contributions paid by the entity	-	0	-	0	-	-	-	-
Benefits paid by the entity	-	-	13.440	-13.440	-	-	-	-
Effect of any curtailments	0	-	-	-	0	0	-	-
Effect of any settlements	0	-	-	-	0	0	-	-
New gains/losses	-	-	0	0	-	0	-	-
Present value without <IAS 19.58-60>	5.623	0	-225.969	166.683	1.527	-50.570	-	-108.329
Recognition acc. to <IAS 19.58A>	0	-	-	-	0	0	-	-
Adjustment <IAS 19.58 b>	0	-	-	-	-	-	0	-
Present value 31 Dec 2010	5.623	0	-225.969	166.683	1.527	-50.570	0	-108.329

Annotations

- (a) All actuarial gains and losses at the start of the reporting period that fall outside the 10 % - corridor are recognised over 10 years and 6 months.
 (b) The discount rate as determined at the start of the period was 6 %. The expected return on plan assets has been stated to 6,2 %.

**Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for**

Mustermann AG

(8) Actuarial results (personal data)

No.	Name	Date of Birth	M/F	Date of Entry	Period of Service	Defined benefit obligation as of 31 Dec 2009 EUR	Current service cost of the next period EUR	Benefits paid EUR
01	Maierhuber	1 Jan 1964	M	1 Jan 2000	1 Jan 2000 - 31 Dec 2028	0	0	55.000
02	Schmidtbauer	1 Jan 1968	F	1 Jan 2002	1 Jan 2002 - 31 Dec 2032	33.297	4.031	0

Total:						33.297	4.031	55.000
---------------	--	--	--	--	--	---------------	--------------	---------------

Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for

Mustermann AG

No.	Name	Date of Birth	M/F	Defined benefit obligation as of 31 Dec 2009 EUR	Current service cost of the next period EUR	Benefits paid EUR
01	Haferkorn	1 Jan 1950	M	60.415	0	0

Total:				60.415	0	0
---------------	--	--	--	---------------	----------	----------

Actuarial Valuation of the Post-employment Benefits
as of 31 December 2009 according to IAS/IFRS
for

Mustermann AG

No.	Name	Date of Birth	M/F	Defined benefit obligation as of 31 Dec 2009 EUR	Current service cost of the next period EUR	Benefits paid EUR
01	Muster	1 Jan 1934	M	128.495	0	13.440

Total:				128.495	0	13.440
---------------	--	--	--	----------------	----------	---------------

General comments

1. Applicable regulations

The history of the IAS 19 can be traced back to the year 1980. The current IAS 19 (revised 2004) has developed from the two preceding standards IAS 19 (revised 1983) and IAS 19 (revised 1993). When first adopting this standard, IFRS 1, mandatory for annual periods beginning after 31 December 2003, must be considered.

2. Balance sheet approach

The accounting according to IAS 19 differs in two basic points from the German commercial law:

- IAS 19 dictates the offset of the pension liability against any plan asset (acc. to IAS 19.7);
- differing from the German commercial law, IAS 19 bases on an income approach.

The principle of IAS 19 is recognising the cost of providing employee benefits in the period in which the benefit is earned by the employee.

3. Actuarial valuation

According to IAS 19.64 the Projected Unit Credit Method is the only valuation method allowed. The present value of the Defined Benefit Obligation is the present value of the earned, realistically measured, entitlements to post-employment benefits. For German employee benefit plans the earned entitlements normally result from the *degressive m/n-method*. Note that vested benefits are considered to be earned (IAS 19.67-71). In contrast to the German commercial law IAS 19.72-87 claims a realistic measurement. This means that demographic and financial assumptions should be unbiased and mutually compatible (IAS 19.72). As a general rule demographic and financial assumptions concerning the following points should be made:

- biometric actuarial assumptions
- turn over rates
- discount rate
- expected return on plan assets
- expected salary increase
- trend of any assessment basis
- increase of current annuities.

4. Actuarial gains and losses

The assumptions mentioned in section 3 are estimations to the beginning of the period. Normally there will be discrepancies to the end of the period which cause actuarial gains or losses. The entity may recognise them both outside or inside profit or loss (IAS 19.92-95). In the latter case IAS 19.92-93 specifies: If the accumulated unrecognised actuarial gains or losses exceed 10 % of the maximum of the *defined benefit obligation* and the *fair value of plan assets* (10 % - corridor), a portion of that gain or loss is required to be recognised immediately as income or expense. The portion recognised is the excess divided by the *expected average remaining working lives of the participating employees*.

However, an entity may adopt any systematic method that results in faster recognition of actuarial gains and losses, provided that the same basis is applied to both gains and losses and the basis is applied consistently from period to period (IAS 19.93).

5. First-time adoption of IFRS

At the transition to the accounting according to IAS/IFRS it is binding to observe IFRS 1. Generally the *prospective method* will be preferred. This means that on the initial adoption of the standard all actuarial gains and losses that arose in earlier periods, may be recognised. Independent of the chosen method the *corridor approach* may be used for the following periods (IFRS 1.20). The transition to IFRS requires a duration of two periods. On the *date of transition*, an opening IFRS balance sheet must be drawn up. At the end of the first period the *comparative information* has to be determined. All data calculated in the first period provide merely comparative information. Therefore the first IFRS financial statement can only be prepared and published at the end of the second period, the *reporting date*.