

Media Release

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SIX Exchange Regulation reaches agreement with Allreal Holding Ltd

SIX Exchange Regulation has reached an agreement with Allreal Holding Ltd in connection with breaches of International Financial Reporting Standards (IFRS) in the 2011 annual financial statements. The identified errors relate to the recognition of profits, the presentation of advance payments as well as the presentation of the statement of comprehensive income. Under the agreement, the company pays CHF 25,000 to the IFRS Foundation.

In its 2011 IFRS annual financial statements, Allreal Holding Ltd violated IAS 18 by recording revenues without recognizing profits for parts of the development properties it had sold. The company was also found to have violated IAS 1, because advance payments received were offset against the book values of the corresponding development properties, instead of being presented as short-term liabilities. Furthermore, contrary to the requirements of IAS 1 revenue ("operating income") was not disclosed in the statement of comprehensive income.

These errors resulted in the under- (+) or overstatement (-) of the following amounts in the 2011 IFRS annual financial statements:

<i>Period or balance sheet date (31.12.)</i>	2011		2010	
	<i>in CHF mn</i>	<i>in %</i>	<i>in CHF mn</i>	<i>in %</i>
Result for the year	+ 6	+ 4	- 6.5	- 6
Result from the segment "Projects and Development"	+ 6	+ 16	- 6.5	- 16
Development property	+ 29	+ 6	+ 65	+ 14
Short-term liabilities	+ 22	+ 1	+ 64	+ 5

In addition to the payment of CHF 25,000 to the IFRS Foundation, Allreal Holding Ltd will disclose and correct the errors in its 2012 IFRS interim and annual financial statements.

The investigation of Allreal Holding Ltd is concluded with an agreement being reached as this course of action results in a more timely public disclosure than would have been the case with a duly completed sanction procedure.



Agreements to date in connection with financial reporting can be found at:

http://www.six-exchange-regulation.com/enforcement/media_releases/agreements/financial_reporting_en.html

Appendix regarding the accounting standards

Periodic financial reporting is part of the information required under the Stock Exchange Act and the Listing Rules to ensure a functioning market. As part of this process, issuers must comply with the applicable accounting standards.

Information on financial reporting can be found at:

http://www.six-exchange-regulation.com/obligations/financial_reporting_en.html

The following accounting standards were relevant in assessing the case in question

IAS 18p19 requires that revenues and expenses – and therefore also the resulting profits or losses – that relate to the same transaction are recognised simultaneously.

Under IAS 1p32, assets and liabilities may be offset only, if required or permitted by an IFRS. The offset of advance payments against the book value of development properties is neither required nor permitted under IAS 2 or any other standard.

IAS 1p82 requires that as a minimum revenue is disclosed in the statement of comprehensive income. This line item has to include all revenues recorded under IAS 18 during the period.

Should you have any questions, please feel free to contact Dr Alain Bichsel, Head Media Relations.

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SIX Exchange Regulation

SIX Exchange Regulation performs the functions assigned under Swiss federal law and enforces and monitors compliance with the rules laid down by the Regulatory Board. SIX Exchange Regulation imposes sanctions in so far as it is authorised to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission.

SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading.

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Sanction Commission

The Sanction Commission can impose sanctions in the case of violations of the Rule Books of SIX Swiss Exchange and Scoach Switzerland, the Listing Rules and the Additional Rules. It is composed of between five and eleven members. The Chairman of the Sanction Commission and half of its members are elected by the Regulatory Board, with the remaining members appointed by the Board of Directors of SIX.

SIX operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading, clearing and settlement, as well as financial information and payment transactions. The company is owned by its users (approximately 150 banks of various size and orientation) and, with its workforce of more than 3,900 employees and presence in 25 countries, generated an operating income of 1.26 billion Swiss francs and a Group net income of CHF 218.6 million in 2011.

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