



## Media Release

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### **SIX Exchange Regulation reaches an agreement with Orascom Development Holding Ltd**

**SIX Exchange Regulation has reached an agreement with Orascom Development Holding Ltd in connection with a breach of International Financial Reporting Standards (IFRS) in the 2011 annual financial statements. The identified deficiency relates to losses of two financial investments which were not recognised in profit or loss. The company will correct the error in the 2012 half-year financial statements and will make a payment of CHF 15,000 to the IFRS Foundation as part of the agreement.**

Orascom Development Holding Ltd infringed the valuation rules for financial instruments pursuant to IAS 39 in the IFRS 2011 annual financial statements in the case of two financial investments classified as available for sale. The infringement concerns the fact that no impairment has been recognised in profit or loss despite a significant decrease in the fair values of 61% and 63%, respectively, below cost of the two financial investments.

Hence, the company is infringing not only the requirements of IAS 39 but also its own accounting principles which already require an impairment to be recognised in profit or loss in the case of a fair value decline of 20%. As a result of this error, the operating loss for 2011 was reduced by CHF 35 million (45%). This operating loss should have amounted to CHF 111 million for the 2011 business year, if the unrealised losses of the two financial investments were correctly recorded in profit or loss.

Orascom Development Holding Ltd will disclose the error in the 2012 half-year financial statement and at the same time, it will voluntarily early apply the new IFRS regulations concerning financial instruments ahead of time. Furthermore, as part of the agreement reached with SIX Exchange Regulation, a payment of CHF 15,000 will be made to the IFRS Foundation.

The investigation against Orascom Development Holding Ltd is concluded with an agreement being reached as this course of action resulted 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](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 functional 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](http://www.six-exchange-regulation.com/obligations/financial_reporting_en.html)

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

Pursuant to IAS 39p55(b), gains or losses on an available for sale financial asset are recognised directly in other comprehensive income without affecting the net income.

IAS 39p61 states that a significant decline of the fair value of an available for sale financial asset below its cost is objective evidence of impairment.

IAS 39p67 requests that in the event of an impairment of a financial asset, the accumulated losses must be recognised in profit or loss.

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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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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