

Media Release

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SIX Exchange Regulation
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SIX Exchange Regulation reaches an agreement with Tornos Holding Ltd.

Tornos Holding Ltd. has made an error regarding the valuation of inventories in its 2012 IFRS interim financial statements. The company will correct the error in the 2013 IFRS interim financial statements and, as part of the agreement reached with SIX Exchange Regulation, will make a payment of CHF 10,000 to the IFRS Foundation.

In assessing the valuation of its inventories in the 2012 IFRS interim financial statements, Tornos Holding Ltd. has assumed an inflated future consumption. The assumed future consumption of inventories was materially too high compared to internal forecasts and led to an overstatement of the valuation of CHF 3.8 million (4.3%) in the 2012 interim financial statements. As a result, EBIT was overstated by CHF 3.8 million (60%) and the net loss for the period was understated by CHF 3.2 million (48%).

	Values as per published 2012 interim financial statements	Values after correction of the error	Error in CHF
Inventories	CHF 91.2 million	CHF 87.4 million	CHF 3.8 million (4.3%)
Operating income/(loss) (EBIT)	CHF – 2.5 million	CHF – 6.3 million	CHF 3.8 million (– 60%)
Net loss for the period	CHF – 3.4 million	CHF – 6.6 million	CHF 3.2 million (– 48%)

In connection with the agreement, Tornos Holding Ltd. will make a payment of CHF 10,000 to the IFRS Foundation. The company will further disclose and correct the error in the 2013 IFRS interim financial statements.

The investigation against Tornos Holding Ltd. is concluded with an agreement being reached as this course of action resulted in a more timely public information than would have been the case with duly completed sanction proceedings. An agreement has to be published in accordance with the Rules of 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 functional market.

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:

According to IAS 2p9 inventories shall be measured at the lower of cost and net realisable value. The estimates of the net realisable value are based on the most reliable evidence available at the time the estimates are made per IAS 2p30.

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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