Interim Condensed Consolidated Financial Statements 2013

30 June

Unlocking the potential.

Key figures

Income statement (in CHF million)	For the six months ended 30 June 2013	2012
Total operating income	746.7	715.9
Total operating expenses	–642.4	–656.6
Share of profit of an associate	11.9	15.4
Net financial result	0.3	284.4
Earnings before interest and tax (EBIT)	116.6	359.1
Group net profit	93.1	336.6

Balance sheet (in CHF million)	30/06/13	31/12/12
Total assets	8,366.5	7,943.5
Total liabilities	6,287.8	5,665.3
Equity	2,078.7	2,278.2

Cash flows (in CHF million)	For the six months ended 30 June 2013	2012
Cash flow from operating activities	771.7	1,223.9
Cash flow from investing activities	–196.6	345.6
Cash flow from financing activities	–291.9	–95.9

Workforce (full-time equivalents)	30/06/13	31/12/12
Swiss Exchange	242.5	237.9
Securities Services	420.4	438.3
Financial Information	1,186.9	1,208.9
Payment Services	970.7	975.3
Corporate	674.5	693.7
Total SIX	**3,495.1**	**3,554.0**

Ratios	For the six months ended 30 June 2013	2012
Earnings per share (in CHF)	4.81	17.76
EBIT margin (in %)	15.6	50.2
Return on equity (in %, average[1])	8.5	32.3
Equity ratio[2] (in %, average[1])	82.0	81.8

[1] Average balance sheet items in the reporting period
[2] Total equity/(total adjusted liabilities + total equity); total adjusted liabilities (2013: CHF 478.1 million/2012: CHF 465.0 million) = total average liabilities (2013: CHF 5,976.5 million/2012: CHF 4,789.9 million) less average payables from clearing & settlement (2013: CHF 5,408.7 million/2012: CHF 4,285.4 million) less average negative replacement values SIX x-clear Ltd. (2013: CHF 89.7 million/2012: CHF 39.5 million).

Table of contents

Mid-year report of SIX as at 30 June 2013

SIX achieves strong operating profit in the first half of 2013

SIX markedly improved its operating profit in the first half of 2013. With the higher level of activity on the financial markets and expansion of international business in Payment Services, operating income rose by 4.3% to CHF 746.7 million in the first half of the year. Despite the growth, operating expenses fell 2.2% to CHF 642.4 million as a result of the systematic optimization of the cost structure over the past twelve months. Consequently, the operating profit climbed a considerable 76.0% to CHF 104.4 million.

The net financial result amounts to CHF 0.3 million, compared with CHF 284.4 million in the previous year. This is primarily attributable to the sale of EUREX in 2012. The gain on disposal of EUREX amounts to CHF 266.0 million, of which CHF 95.4 million is due to an IFRS transition adjustment.

Earnings before interest and tax (EBIT) total CHF 116.6 million. Adjusted by the gain of CHF 266.0 million from the disposal of EUREX in the previous year, EBIT have risen by 25.2% or CHF 23.5 million. The adjusted EBIT margin has increased from 13.0% to 15.6%.

The Group net profit is CHF 93.1 million (30 June 2012: CHF 336.6 million), which represents a decline of CHF 243.5 million. Adjusted by the gain on disposal of EUREX, the increase in the Group net profit in the first half of 2013 was a pleasing CHF 22.5 million, or 31.9%.

SIX is reporting in accordance with the International Financial Reporting Standards (IFRS) for the first time. The previous year's figures have been adjusted accordingly for the purposes of comparison.

Performance of the business areas

In the **Swiss Exchange** business area, a slightly higher level of trading activity compared with the same period of the previous year led to a 6.4% increase in the number of stock exchange transactions to 17.8 million. Together with the higher prices, this resulted in a 12.4% rise in stock exchange trading volume of CHF 540.0 billion. At 68.0%, the average market share in trading with Swiss blue chip stock is slightly above the previous year's level with 67.5%. Operating income rose by 1.3% to CHF 101.1 million, while EBIT increased by 17.8% to CHF 49.1 million.

The higher trading volume had a positive effect on the **Securities Services** business area. Due to the higher volumes on international stock exchanges, cross-border settlement transactions increased by 15.6% to 5.1 million transactions. In terms of clearing services, the number of transactions rose by 8.1 million in the first half of the year to 55.8 million. Thanks to rising share prices, the deposit volume was 8.7% higher than the previous year's value, at CHF 2,788 billion. Operating income rose by 3.7% to CHF 129.3 million, while EBIT increased by 2.2% to CHF 16.9 million.

In the **Financial Information** business area, the higher revenues are primarily attributable to the reference data business in Switzerland. Compared to previous year, operating income increased by 1.0% to CHF 192.1 million. Profitability improved considerably: following the negative EBIT of CHF 3.5 million in the same period last year, Financial Information achieved a balanced result in the first half of 2013. This includes an impairment charge in the amount of CHF 9.6 million as part of the project to renew the IT platform, which was stopped at the end of May 2013.

The **Payment Services** business area is benefiting from the growth strategy in the international acquiring business and the high volume of terminal sales. In acquiring, payments processed via SIX totaled CHF 23.2 billion, or an increase of 6.5% compared to the previous year. In the processing business, the number of debit and credit card transactions increased by 9.1% to 1.6 billion in the first six months of the year. Operating income rose by 7.0% to CHF 326.2 million and EBIT climbed 84.9% to CHF 46.4 million.

Outlook

Looking ahead, SIX is anticipating growth in all business areas in the financial year 2013, particularly in Payment Services. Group operating profit, adjusted by the gain on disposal of EUREX, will be considerably higher than in the previous year.

Interim consolidated income statement

CHF million	Notes*	For the six months ended 30 June 2013	2012
Commission revenues		251.0	237.0
Transaction revenues		180.5	179.6
Service revenues		286.3	273.3
Net interest income from banking business		1.8	2.7
Other operating income		27.1	23.2
Total operating income		**746.7**	**715.9**
Personnel expenses	13	–285.1	–293.1
Other operating expenses		–300.5	–313.3
Depreciation, amortization and impairment	11, 12	–56.9	–50.1
Total operating expenses		**–642.4**	**–656.6**
Operating profit		**104.4**	**59.3**
Share of profit of an associate		11.9	15.4
Financial income		17.1	298.4
Financial expenses		–16.8	–14.0
Earnings before interest and tax (EBIT)		**116.6**	**359.1**
Interest income		6.4	6.5
Interest expenses		–1.8	–1.6
Earnings before tax (EBT)		**121.1**	**364.0**
Income tax expenses	7	–28.0	–27.4
Group net profit		**93.1**	**336.6**
thereof attributable to equity holders of SIX Group Ltd.		90.9	336.0
thereof attributable to non-controlling interests		2.1	0.6
Earnings per share (CHF)			
Basic, profit for the period attributable to equity holders of SIX Group Ltd.		4.81	17.76
Diluted, profit for the period attributable to equity holders of SIX Group Ltd.		4.81	17.76

*The accompanying notes are an integral part of the interim consolidated financial statements.

Interim consolidated statement of comprehensive income

CHF million	For the six months ended 30 June 2013	2012
Group net profit	**93.1**	**336.6**
Change in actuarial gains/losses on defined benefit plan recognized in the reporting period	–0.8	4.6
Income taxes on changes in actuarial gains/losses on defined benefit plan	0.2	–1.4
Change in actuarial gains/losses on defined benefit plan, net of tax	**–0.6**	**3.2**
Total items that will be not reclassified to profit or loss	**–0.6**	**3.2**
Translation adjustment recognized in the reporting period (incl. share of associates)	1.6	0.7
Currency translation adjustment	**1.6**	**0.7**
Changes in fair value of cash flow hedges recognized in the reporting period	–1.6	0.0
Changes in fair value of cash flow hedges transferred to income statement	0.0	33.0
Income taxes on changes in fair value of cash flow hedges	–0.1	0.0
Change in fair value of cash flow hedge, net of tax	**–1.7**	**33.0**
Total items that are or may be subsequently reclassified to profit or loss	**–0.1**	**33.7**
Total other comprehensive income, net of tax	**–0.7**	**36.9**
Total comprehensive income for the period	**92.4**	**373.5**
thereof attributable to equity holders of SIX Group Ltd.	90.0	373.1
thereof attributable to non-controlling interests	2.4	0.4

The accompanying notes are an integral part of the interim consolidated financial statements.

Interim consolidated balance sheet

CHF million	Notes*	30/06/13	31/12/12	01/01/12
Assets				
Cash and cash equivalents	8	4,329.1	4,044.9	2,187.9
Trade and other receivables	9	277.7	315.1	238.9
Receivables from clearing & settlement		1,956.0	2,169.9	1,683.7
Financial assets	10	729.9	501.7	439.5
Inventories		11.8	15.1	15.6
Current income tax receivables		4.4	3.6	2.8
Other current assets		74.5	57.0	58.8
Current assets		**7,383.4**	**7,107.4**	**4,627.1**
Property, plant and equipment	11	236.0	242.2	251.8
Intangible assets	12	142.5	156.3	179.3
Investments in associates		210.6	216.8	550.1
Financial assets	10	329.6	152.5	168.0
Assets from pension fund benefits		53.7	57.5	2.7
Other non-current assets		3.2	3.5	1.9
Deferred tax assets		7.4	7.2	28.4
Non-current assets		**983.1**	**836.1**	**1,182.3**
Total assets		**8,366.5**	**7,943.5**	**5,809.4**
Liabilities				
Bank overdrafts	8	3.7	0.1	0.5
Trade and other payables		47.0	59.9	62.8
Payables from clearing & settlement		5,639.1	5,178.3	3,392.6
Financial liabilities	10	169.3	59.5	76.2
Provisions	13	9.0	9.3	7.7
Current income tax payables		8.3	16.4	10.7
Other current liabilities		307.1	233.0	230.0
Current liabilities		**6,183.4**	**5,556.3**	**3,780.4**
Financial liabilities	10	6.7	6.7	27.3
Provisions		20.5	20.7	25.0
Other non-current liabilities		15.3	16.1	16.9
Deferred tax liabilities		61.9	65.4	65.0
Non-current liabilities		104.4	**109.0**	**134.2**
Total liabilities		**6,287.8**	**5,665.3**	**3,914.6**
Equity				
Share capital		19.5	19.5	19.5
Capital reserve		480.0	770.5	770.5
Other reserves		–24.9	–24.5	–56.3
Retained earnings		1,585.8	1,495.5	1,144.8
Shareholders’ equity		2,060.4	2,261.0	1,878.5
Non-controlling interest		18.3	17.2	16.4
Total equity		**2,078.7**	**2,278.2**	**1,894.8**
Total liabilities and equity		**8,366.5**	**7,943.5**	**5,809.4**

*The accompanying notes are an integral part of the interim consolidated financial statements.

Interim consolidated statement of changes in equity

CHF million	Share capital	Capital reserves	Other reserves
Balance at 1 January 2013	**19.5**	**770.5**	**–24.5**
Group net profit			
Total other comprehensive income			–0.4
Total comprehensive income for the year			**–0.4**
Dividends paid		–290.5	
Contribution by and distribution to owners of SIX		**–290.5**	
Balance at 30 June 2013	**19.5**	**480.0**	**–24.9**

CHF million	Share capital	Capital reserves	Other reserves
Balance at 31 December 2011 (BAG-FINMA)	**19.5**	**770.5**	**–159.4**
Adjustments to IFRS			103.1
Balance at 1 January 2012 (IFRS)	**19.5**	**770.5**	**–56.3**
Group net profit			
Total other comprehensive income			33.9
Total comprehensive income for the year			**33.9**
Dividends paid			
Contribution by and distribution to owners of SIX			
Balance at 30 June 2012	**19.5**	**770.5**	**–22.4**

The accompanying notes are an integral part of the interim consolidated financial statements.

Other reserves						
Treasury shares	Hedging reserves	Translation reserves	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
–23.3	0.0	–1.2	**1,495.5**	**2,261.0**	**17.2**	**2,278.2**
			90.9	90.9	2.1	93.1
	–1.7	1.3	–0.6	–1.0	0.3	–0.7
	–1.7	1.3	**90.3**	**90.0**	**2.4**	**92.4**
				–290.5	–1.3	–291.9
				–290.5	**–1.3**	**–291.9**
–23.3	–1.7	0.1	**1,585.8**	**2,060.4**	**18.3**	**2,078.7**

Other reserves						
Treasury shares	Hedging reserves	Translation reserves	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
–23.3	–33.0	–103.1	**1,238.0**	**1,868.6**	**41.6**	**1,910.2**
		103.1	–93.2	9.9	–25.3	–15.4
–23.3	–33.0	0.0	**1,144.8**	**1,878.5**	**16.4**	**1,894.8**
			336.0	336.0	0.6	336.6
	33.0	0.9	3.2	37.1	–0.2	36.9
	33.0	0.9	**339.2**	**373.1**	**0.4**	**373.5**
			–94.6	–94.6	–1.3	–95.9
			–94.6	**–94.6**	**–1.3**	**–95.9**
–23.3	0.0	0.9	**1,389.4**	**2,156.9**	**15.5**	**2,172.4**

Interim consolidated statement of cash flows

CHF million	For the six months ended 30 June 2013	2012
Group net profit (incl. non-controlling interests)	**93.1**	**336.6**
Adjustments for:		
Depreciation, amortization and impairment	56.9	50.1
Increase/(decrease) of provisions	–0.5	–2.9
(Increase)/decrease of pension fund assets and liabilities	0.3	–2.2
Share of profit of an associate	–11.9	–15.4
Net financial result	–0.3	–284.4
(Gain)/loss on sale of property, plant, equipment and intangible assets	0.3	0.5
Income tax expenses	28.0	27.4
Changes in:		
Inventories	3.4	–1.1
Trade and other receivables	38.6	–6.7
Trade and other payables	–13.3	3.1
Receivables from clearing & settlement	215.8	–260.8
Payables from clearing & settlement	458.4	1,389.8
Current financial assets	–223.8	–92.0
Current financial liabilities	108.3	6.1
Other current assets	–17.2	–18.9
Other current liabilities	73.2	109.2
Interest paid	–0.1	–0.3
Interest received	3.0	4.4
Income tax (paid)/received	–40.5	–18.6
Net cash flow from operating activities	**771.7**	**1,223.9**
Disposal of associates	0.0	325.7
Purchase of property, plant, equipment and intangible assets	–36.9	–34.5
Sale proceeds from property, plant, equipment and intangible assets	0.6	0.3
Investment in non-current financial assets	–181.4	–0.4
Divestment of non-current financial assets	0.1	7.7
Net change in other non-current assets	0.3	–1.9
Dividends received	20.6	48.8
Net cash flow from/(used in) investing activities	**–196.6**	**345.6**
Dividends paid to equity holders of the parent	–290.5	–94.6
Dividends paid to non-controlling interests	–1.3	–1.3
Net cash flow from/(used in) financing activities	**–291.9**	**–95.9**
Net impact of foreign exchange rate differences on cash	–2.6	–0.1
Net change in cash and cash equivalents	**280.6**	**1,473.5**
Balances of cash and cash equivalents		
Cash and cash equivalent at 1 January	4,044.9	2,187.4
Cash and cash equivalent at 30 June	4,325.5	3,660.9

The accompanying notes are an integral part of the interim consolidated financial statements.

Notes to the consolidated interim financial statements

1. General information

SIX provides a comprehensive range of services in the areas of securities trading and post-trading, financial information processing, and cashless payment transactions.

SIX Group Ltd is an unlisted public limited company domiciled in Switzerland with its registered office in Zurich, Selnaustrasse 30. The company is owned by approx. 150 national and international financial institutions.

The consolidated interim financial statements of SIX as at and for the six months ended 30 June 2013 comprise SIX Group Ltd (the "Company"), which is the parent company, and its subsidiaries as well as SIX's interests in associates (together referred as the "Group" or "SIX").

The consolidated financial statements of SIX as at and for the year ended 31 December 2012, which were prepared in accordance with the directives of the Swiss Financial Market Supervisory Authority (FINMA), in particular the Provisions Governing Financial Statement Reporting for Banks, Stock Exchanges and other Financial Institutions (short: BAG-FINMA) are available upon request from the Company's registered office at Selnaustrasse 30, Zurich or at www.six-group.com.

2. Summary of significant accounting policies

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual consolidated financial statements.

Basis of preparation

The consolidated interim financial statements are the Group's first IFRS interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied. Material effects on the reported financial position and financial performance as a consequence of the transition from BAG-FINMA to IFRS are shown in the notes to the consolidated interim financial statements under "4. Transition to IFRS", where the required reconciliations have been made available.

Unless otherwise indicated, all amounts are stated in millions of Swiss francs.

The accounting policies set out below are based on IFRSs effective 1 January 2013 and have been applied consistently to all periods presented in the consolidated interim financial statements and in preparing the opening IFRS balance sheet at 1 January 2012 for the purpose of the transition to IFRS. As part of the transition to IFRS, the comparative information as at and for the year ended 31 December 2012 has also been adjusted to reflect the new policies.

The consolidated interim financial statements have been prepared on a historical cost basis, except for certain items such as financial instruments at fair value through profit or loss and derivatives that have been measured at fair value, as disclosed in the accounting policies below.

Consolidation

Business combinations

Business combinations are accounted for using the acquisition method at the date of acquisition being the date on which SIX obtains control. SIX has control over an investee, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee.

At the time of acquisition, all identifiable assets and liabilities that satisfy the recognition criteria are recognized at their fair values. The difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed is accounted for as goodwill after taking into account of any non-controlling interests and if the business combination is achieved in stages, the fair value of the preexisting equity interest in the acquiree. Any negative difference, after further review, is recognized in profit or loss. Directly attributable transaction costs are reported as other operating expenses.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration will be recognized either in profit or loss or as a change to other comprehensive income in accordance with IAS 39. If the contingent consideration is classified as equity, it will not be remeasured.

Subsidiaries
Subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, any unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests arise when SIX Group Ltd directly or indirectly holds less than 100% of a subsidiary but does control the subsidiary. Non-controlling interests in subsidiaries are reported within equity separately from that attributable to the shareholders of SIX Group Ltd. The non-controlling interests in net profit or loss and other comprehensive income are shown in the consolidated income statement and statement of comprehensive income, respectively. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Upon loss of control, SIX ceases to recognize the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. The interest retained is measured at fair value at the date which control is lost. Subsequently, it is accounted for as an investment using the equity method or as a financial asset at fair value through profit or loss depending on the level of influence retained.

Investments in associates
Investments in associates are accounted for using the equity method. Associates are those entities over which SIX has significant influence over the financial and operating policies but does not exercise control. A significant influence is generally assumed to exist whenever voting rights ranging between 20% and 50% are held. Under the equity method, investments in associates are initially recognized at cost at the date of acquisition. Cost comprises the share of net assets acquired and any applicable goodwill arising. In subsequent accounting periods, the carrying amount of the investment is adjusted by the share of profit or loss and other comprehensive income less the share of dividends distributed. Unrealized gains and losses from transactions with associates are eliminated in proportion to the interest held in the associate; unrealized losses only to the extent that there is no evidence of impairment.

Foreign currency translation
Functional and presentation currency
These consolidated interim financial statements are presented in Swiss francs, which is also the functional currency of SIX Group Ltd. Each subsidiary prepares its own interim financial statement in its functional currency, i.e. in the currency of the primary economic environment in which it operates.

Foreign currency transactions and balances
Transactions in foreign currency are translated into the respective functional currency using the exchange rates prevailing at the dates of the transactions.

Exchange rate gains and losses arising between the date of a transaction and its settlement and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement within financial income or expenses.

Non-monetary items recognized at historical costs are measured at the historical exchange rate while non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Any exchange rate gains and losses resulting from the foreign currency translation are recorded in the income statement as part of the fair value gain or loss.

The main exchange rates at the closing dates are:

Currency	30/06/13	31/12/12	30/06/12
EUR	1.2336	1.2075	1.2015
GBP	1.4419	1.4780	1.4898
USD	0.9439	0.9152	0.9545
SEK	14.0548	14.0398	13.6965

The main average exchange rates are:

	For the six months ended 30 June	
Currency	2013	2012
EUR	1.2302	1.2048
GBP	1.4453	1.4640
USD	0.9365	0.9284
SEK	14.4212	13.5685

Foreign operations
The income statements of subsidiaries with a functional currency different from Swiss francs are translated at average exchange rate. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the closing exchange rate. Foreign exchange translation differences are recognized as currency translation adjustment in other comprehensive income, and presented in the foreign currency translation reserve in equity. On the loss of control of a subsidiary and the disposal of the investment in associates, the cumulated exchange rate differences previously recognized in the foreign currency translation reserve in equity are reclassified into profit and loss as part of the gain or loss of disposal.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Board of SIX and the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as SIX's Group CEO. Management has determined the reportable operating segments based on the reports regularly reviewed by the CODM.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, postal and bank accounts, giro or demand deposits at the Swiss National Bank, deposits held at call with banks as well as short-term deposits with a maximum maturity of three months from the date of initial recognition. Cash and cash equivalents are classified as current.

Cash and cash equivalents are stated at amortized cost which is similar to the nominal value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of bank overdrafts.

Trade and other receivables
Trade and other receivables as well as advances are recognized initially at fair value including directly related transaction costs. Subsequent to initial recognition receivables are measured at amortized cost less impairment losses.

Accounts receivables are classified as current if payment is due within one year or less. If not, they are presented as non-current.

Receivables and payables from clearing & settlement
These comprise vostro accounts of participants for securities transactions and nostro accounts of SIX Securities Services with cash correspondence banks, sub-custodians and other central securities depositories. Those vostro and nostro accounts are on sight and carried at their nominal value.

Financial assets
Financial assets are generally recognized at the trade date. Non-fulfilled transactions from the clearing business are recognized at the settlement date.

SIX classifies its financial assets into the following two categories: a) financial assets at amortized cost and b) financial assets at fair value. The classification depends on the business model of SIX for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are initially recognized at their fair value plus or minus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets at amortized cost
A financial asset is classified as measured at amortized cost by using the effective interest method if both of the two following criteria are met: a) the financial asset is held within a business model whose objective is to hold these assets in order to collect contractual cash flows, and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains or losses on financial assets which are subsequently measured at amortized cost are recognized in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest method. This category consists of cash deposits with a maturity of more than 90 days from the date of initial recognition as well as other debt instruments.

Financial assets at fair value
If either of the above-mentioned two criteria for financial assets at amortized cost is not met, the financial asset is classified as measured at fair value through profit or loss (FVtPL). Gains and losses arising from changes in the fair value are reported in financial income or expenses. This category consists of equity instruments, units in investment funds and financial instruments from the settlement business of SIX.

SIX has not designated any investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. For all equity and debt investments, SIX has not made the irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

Impairment of financial assets

Financial assets that are carried at amortized cost are reviewed at each balance sheet date for any objective indications of impairment in value for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

An impairment loss is recognized where there is objective evidence of impairment, such as the downgrading of the credit rating, significant financial difficulties of the obligors or issuers or a significant (i.e. loss of 20% of the original purchase price) and prolonged (i.e. for a period of 12 months) decline in fair value.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recorded in the income statement. If, at a subsequent balance sheet date, the fair value objectively increases as a result of events occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal of impairment losses for financial assets accounted for at amortized cost is recognized in the income statement.

If the Group concludes that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The recording of impairment losses on trade and other receivables varies either in the form of individual valuation allowances or as collective valuation allowances which cover the anticipated default risk. Charges for individual valuation allowances on trade and other receivables are recorded through the use of valuation allowance accounts. In addition to individual impairment charges for specifically identified credit risk, charges for collective valuation allowances are recognized based on statistical analyses of historical credit risk. The amount of loss is recognized as other operating expenses in the income statement.

If there is little or no likelihood of receiving payment or if the receivable remains unpaid after exhausting all appropriate recovery methods the amount considered irrecoverable is written off against the receivable directly.

Derivatives

Derivative financial instruments

SIX uses derivative financial instruments to mitigate its exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss relating to changes in fair value is recognized immediately in profit or loss. Apart from the forward contracts from the clearing and settlement business of SIX, this category includes in particular forward foreign exchange transactions and foreign currency swaps.

All derivative financial instruments are included under financial assets if their fair value is positive and under financial liabilities if their fair value is negative.

Financial instruments in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Hedging activities (cash flow hedge)

In rare circumstances, SIX hedges cash flows of highly probable forecasted transactions. In this case, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity (hedging reserve). The gain or loss relating to the ineffective portion is recognized immediately in the income statement respectively within the financial result.

If a hedging instrument is exercised, or the conditions for hedge accounting are no longer satisfied, the cumulative changes of the fair value remain in equity until the expected underlying transaction has taken place. If the expected underlying transaction is no longer likely to occur, the amounts accumulated in equity are transferred to the income statement. At the time when the underlying transaction results in the recognition of a non-financial asset, the gains and losses previously recognized in equity are removed from the reserve and included in the initial cost of the non-financial asset.

SIX documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. SIX also documents its assessment, both at hedge inception (prospective hedge test) and on an ongoing basis (retrospective hedge test), of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Repurchase and reverse repurchase agreements

Securities borrowing and lending transactions are treated like repurchase and reverse repurchase transactions, if they are covered with cash collateral and a daily margin settlement. Securities borrowing and lending transactions which are not covered with cash collateral are not recognized in the balance sheet. Cash collateral received is recognized with a corresponding obligation to return it and cash collateral delivered is derecognized with a corresponding receivable.

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are generally treated as collateralized financing transactions. In reverse repurchase agreements, the cash delivered is derecognized and a corresponding receivable is recorded in the balance sheet. In repurchase agreements, the cash received is recognized on the balance sheet with a corresponding obligation to return it.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred.

Offsetting of financial assets

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a legally enforceable right to offset the recognized amounts and there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. Net realizable value represents the estimated selling price for inventories in the ordinary course of business, less the estimated costs of completion and selling expenses.

Any write-down and reversal of write-down of inventories and any inventory losses are also recognized as an expense when they occur.

When inventories are sold and revenue is recognized, the carrying amount of those inventories is recognized as expenses for inventories in the income statement, except for prepaid calling cards and POS activated PINs (mobile vouchers). For sales of mobile voucher where SIX earns commissions, in accordance with IAS 18, revenues are recognized on a net basis as SIX is not the primary obligor to its customer and does not incur inventory risk.

Property, plant and equipment

Assets included under property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures directly attributable to the acquisition of the items. Repair and maintenance costs are recognized in the income statement as incurred. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Land has an unlimited useful life and is therefore not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives of each component, as follows:

Asset class	Estimated useful life
Land	Impairment only
Buildings	8–60 years
Technical infrastructure	3–30 years
Leasehold improvements	Amortized in line with the term of property lease
IT mainframes	4 years
IT midrange	3 years
IT other hardware	3–5 years
Office equipment and furniture	3–7 years
Other fixed assets	3–5 years

Depreciation starts when the asset is available for use.

The assets' residual values, useful lives as well as the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are calculated as the difference between the net proceeds and the carrying amount and are recognized in income statement.

Intangible assets

Goodwill

SIX measures goodwill at the acquisition date at cost (see also *Business Combinations*). Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis and in addition, when indicators of impairment exist. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

In respect of investments in associates, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Other intangible assets excluding goodwill

Intangible assets that are acquired by SIX and have a finite useful life are measured at cost less accumulated amortization and impairment losses. Subsequent expenditure is added to the carrying amount as far as the value of the asset is increased. Other subsequent expenditure is recognized as an expense in the period in which it incurs.

Software development expenditure for self-developed intangible assets are capitalized only if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and SIX intends to and has sufficient resources to complete development and to use or sell the asset. Research costs are expensed as incurred.

Depreciation starts if the internally developed asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets with a finite useful life are depreciated on a straight-line basis over their estimated useful lives:

Asset class	Estimated useful life
Licenses and client relationships	5–10 years
Software	3–5 years
Other intangible assets	3–5 years

Useful life is estimated on the basis of economic useful life of the asset. Amortization methods, useful lives and residual values are reassessed annually and adjusted if appropriate.

Impairment of non-financial assets

Goodwill and other intangible assets with an indefinite useful life including intangible assets not yet ready for use are not subject to amortization and tested for impairment on an annual basis and whenever there is an indication that the asset may be impaired.

Assets classified under property, plant and equipment including those not yet ready for use which are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are assessed individually or grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, CGU). Goodwill is allocated to the CGU at which it is monitored for internal management purposes and which is not larger than an operating segment.

If the carrying amount of the assets exceed the recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized as impairment loss in profit or loss. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

Any impairment loss on goodwill recognized in prior periods may not be reversed in subsequent periods. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities

Apart from the negative fair value of derivative financial instruments, financial liabilities comprise short-term borrowings (see *Derivatives*). Borrowings are initially recognized at fair value including transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

Leases

Leasing includes all arrangements that transfer the right to use a specified asset for a stated period of time in return for a payment, even if the right to use such asset is not explicitly described in an arrangement. Lease contracts which transfer substantially all the risks and rewards incidental to ownership of the leased item to SIX are classified as finance leases. All other lease contracts are classified as operating leases.

SIX is a lessee of premises, IT equipment and vehicles and a lessor of payment terminals and premises. Those lease agreement are classified and recorded as operating leasing in accordance with IAS 17.

Operating lease

SIX as lessee

Payments made under operating leases are recognized in income statement on a straight-line basis over the term of the lease agreement.

SIX as lessor

Operating lease equipment is carried initially at its acquisition or manufacturing cost. The leased asset is depreciated according to the depreciation policies of SIX for property, plant and equipment on a straight-line basis to its expected residual value over the contractual term of the lease. Rental income from operating leases is recognized on a straight-line basis over the term of the lease agreement in the income statement as other operating income.

Provisions

Provisions are recognized when SIX has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the amount which represents the best estimate required to settle the present obligation. Provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, if the discounting effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognized as financial expenses.

Restructuring provision

Restructuring provisions are recognized only when the general recognition criteria for provisions are fulfilled and SIX has approved a detailed formal plan that has either commenced implementation or been announced to the public. The detailed formal plan specifies the business or part of the business concerned, the location and number of employees affected, an estimate of the costs associated and a proper timeline. Provisions are regularly reviewed and adjusted as further information develops or circumstances change.

Asset retirement obligation

In accordance with the lease agreement, SIX has the legal obligation to remove the leasehold improvements at the end of the lease term. The obligation arises as the entity completes the improvements. A provision for the leasehold restoration in respect of the reinstatement of the original requirements is recognized when the obligatory event to restore the premises occurs.

The costs of restoration are capitalized as part of the acquisition costs of the leasehold improvements and are amortized over their useful lives or according to the lease term, if shorter.

Contingent liabilities and assets

Contingent liabilities are not recognized but disclosed, unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is recognized.

Equity

Ordinary shares

Ordinary shares are classified as equity.

Treasury shares

Own shares held by SIX Group Ltd itself and by other members of the Group are classified as treasury shares and are presented in equity as reserve for treasury shares. Changes in fair value are not recorded. Gains or losses on the disposal of treasury shares are recorded in other reserves.

Operating revenues

When SIX acts as principal, revenue is recorded gross. However, when SIX acts only as an agent, revenue is limited to the commission or fee that it retains (net of related costs). The risk of physical loss of inventory and the subsequent credit risk arising from a sale of goods or from the rendering of services strongly indicate that SIX acts as a principal.

Commission revenue

SIX generates commission revenues from the admission of securities to trading and post-trading service (e.g. domestic and international custody service, global fund service). Besides commission fees received from merchants in the card business, SIX also receives commission fees in the ATM business for its services rendered to financial institutions.

Admission fees are recognized at the time of admission to trading. Commission revenue generated from post-trading services is recognized as revenue when the related service is rendered. Commission fees received in the card and ATM business are calculated as a percentage based on the number or value of transactions and are recorded as income at the time those transactions occur.

Transaction revenue

For the transactions processed for its clients, SIX charges transaction fees. Transaction revenues are generated from the trading activities on the stock exchange as well as from the clearing and settlement transactions among customers supplied as part of the post-trading and payment services business.

Trading, clearing and settlement fees are recognized on the settlement day or on the day when the trade is completed (for late settlement).

Service revenue

SIX provides customers with efficient access to financial information including market information and reference data. SIX also maintains and provides support to card issuers and a number of value-added services to merchants.

Revenues generated from the distribution of reference data and market information generally comprise a fixed and a variable component. The fixed component is recognized on an accrual basis over the respective service period, while the variable part is recorded at the date of each individual sale. Non-transaction related fees charged to merchants and card issuers in connection with the service provided are recorded as a fixed fee. These fees are recognized over the contract period.

Net interest income from banking business

Interest income and expenses arise from interest margin business of SIX Securities Services. This amount has been separated from the interest income and expenses on the income statement to distinguish the interest income and expenses stream from those arising from the Group's other activities, thereby providing the reader with a greater understanding of the operating activities of the Group.

Financial income and expense

Financial income and expenses of entities that are not involved in the Securities Services business are reported as financial income or expenses.

Interest income and expense

Interest from all interest-bearing assets and liabilities is recognized as interest income or expense using the effective interest method over the respective financial instrument's term to maturity.

Dividend income

Dividends are recognized when the right to receive payment is established.

Employee benefits

SIX maintains a number of different pension plans based on the respective legislation in each country. The retirement benefit plans include both defined benefit and defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recognized as an employee benefit expense in the period during which the related services are rendered by employees.

Defined benefit plan

The net liability or asset recognized on the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less fair value of plan assets at the same point in time. Actuarial assumptions used for calculation include the expected future trend of salary and pension development, long-term interest on retirement savings, staff turnover and life expectancy. The calculation is performed annually by a qualified actuary using the projected unit credit method. Pension plan assets are valued annually at market values. Defined benefit costs consist of three components:

- Service costs, which are recognized in the income statement;
- Net interest income or expense, which is also recognized in the income statement, and
- Re-measurement components, which are recognized in other comprehensive income.

Service costs include current and past service costs. The Group recognizes gains and losses on plan curtailments or settlements in income statement when they occur.

Net interest income or expense is calculated as the net defined benefit liability or asset at the beginning of the reporting period multiplied by the discount rate that is used to measure the defined benefit obligation. Net interest income or expenses are recognized as personnel expenses in the income statement.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). SIX recognizes them in other comprehensive income and are not being recycled.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. SIX recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Other long-term employee benefits

SIX recognizes a liability deriving from future liabilities to employees for long service awards (or jubilee), calculated in compliance with the conditions of employment. Changes in liability for jubilee are recognized as personnel expenses in the income statement. Liability is determined based on actuarial calculations using the projected unit credit method that are revised annually.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Income taxes

The tax expense for the period comprises current and deferred tax. Taxes are recognized in profit or loss, except to the extent that the underlying transaction is recorded either in other comprehensive income or directly in equity.

Current income taxes

Income tax liabilities are measured at the amount expected to be paid, irrespective of its due date. Current income taxes are calculated on the taxable profit based on the applicable laws on taxation in the individual countries and are booked as expenses in the accounting period in which the related profits are recorded.

Current income tax receivables are measured at the amount expected to be recovered from the taxation authorities.

Deferred taxes

Deferred taxes are calculated by applying the liability method for any temporary difference between the carrying amount according to IFRS and the tax basis of assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Tax loss carry forwards are recognized only to the extent that, within the next five years sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized.

Deferred tax liabilities are recognized for taxable temporary differences, except for those which arise from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or tax loss.

Calculation of deferred taxes is based on the country-specific tax rates expected to apply in the accounting period in which these tax assets will be realized or tax liabilities will be settled. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority and if there exists an offset entitlement for current taxes.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

New standards/interpretations

IFRS and interpretations that have been adopted early

In 2012, SIX adopted the requirements regarding "classification and measurement" of IFRS 9 *Financial Instruments* which were defined in phase 1 of the standard setting project. The required reclassification was necessary on the basis of the nature of the instruments and has been applied as at 1 January 2012. The "impairment methodology" which was defined in phase 2 has not yet been adopted by SIX. The requirements for "hedge accounting" are drafted by the IASB but not yet applicable.

IFRS and interpretations that have been approved but not yet applied

The following new and/or revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these interim consolidated financial statements.

Standard/Interpretation	Effective date	Date planned for adoption
IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014	Financial year 2014[2]
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014	Financial year 2014[1]
Recoverable Amount Disclosures for Non-Financial Assets (Proposed amendments to IAS 36)	1 January 2014	Financial year 2014[2]

[1] No impact or no significant impact is expected on the consolidated financial statements of SIX.
[2] Mainly additional disclosures are expected in the consolidated financial statements of SIX.

3. Significant accounting judgments, estimates and assumptions

The application of some accounting policies require the use of assumptions, estimates and judgments that may affect the reported assets and liabilities, income and expenses, and also the disclosure of contingent assets and liabilities in the reporting period. The assumptions and estimates are continually reviewed and are based upon historical experience and other factors, including anticipated developments arising from probable future events. Actual future occurrences may differ from these assumptions and estimates.

Areas that may incorporate a greater number of uncertain assumptions, estimates and judgments are listed below.

Capitalization of development cost

SIX develops various software for internal and external usage. Development costs for self-developed intangible assets are capitalized if the respective criteria of IAS 38 are fulfilled. Initial capitalization of costs is based on management's judgment that the feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash flows generated from the project, discount rates to be applied and the expected period of benefits.

All development costs are allocated to projects. The projects are broken down into four main phases. Costs incurred in the inception and transition phase are treated as non-capitalizable. Whereas cost incurred in the elaboration and construction phase are treated as capitalizable. Project management is generally allocated to each single project phase and will be treated as capitalizable or non-capitalizable, respectively. Development costs which do not satisfy the requirements for capitalization are expensed as incurred.

The carrying value of an intangible asset arising from development is tested for impairment annually when the asset is not yet available for use or more frequently when an indicator of impairment arises during the reporting period.

Utilization of tax losses and recognition of deferred tax assets

The recognition of deferred tax assets on unused tax losses and tax credits is limited and is dependent on future taxable profit. For SIX, the main judgment relates to the level of evidence of future taxable profits, consisting of a breakdown of projected taxable profits for each taxable entity, as well as a determination of the level of probability thereof. There is a risk that these estimates made by management may turn out to be too optimistic or too pessimistic. At each closing, the entity assesses the recoverability of deferred tax assets, including those recognized in previous periods.

Measurement of defined benefit obligation

Accounting for defined benefit obligation requires the application of certain actuarial assumptions (e.g. discount factor, staff turnover, salary increase). These assumptions were used to calculate the present value of the obligation as at 30 June 2013. Changes in actuarial assumptions can materially affect pension obligation and the expenses arising from employee benefit plans.

4. Transition to IFRS

Effective 1 January 2012, the Group began reporting under IFRS, and the accounting policies disclosed in note 2 to the interim condensed consolidated financial statements have been applied in the preparation of the Group's opening balance sheet at 1 January 2012 (the "transition date") and in preparing the financial statements for the interim period ended 30 June 2012 as well for the year ended 31 December 2012.

This note explains the principal adjustments made by SIX in restating its financial statements in accordance with BAG-FINMA ("previous GAAP"), including the balance sheet as at 1 January 2012 and the financial statements as at and for the interim period ended 30 June 2012 and the year ended 31 December 2012.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRS. SIX has applied the following exemptions:

Business combinations

IFRS 3 *Business Combinations* is not required to be applied retrospectively to business combinations that took place before the date of transition to IFRS. SIX does not restate any of the business combinations retrospectively.

Cumulative translation adjustments

Under IAS 21 *The Effects of Changes in Foreign Exchange Rates,* differences from the translation of financial statements prepared in a currency other than the presentation currency of SIX must be recognized as a separate component of equity. In line with the principle of retrospective application of IFRS, the differences would be required to be determined retrospectively. According to the exemption in IFRS 1, cumulative translation differences are deemed to be zero at the date of transition. SIX has elected to reset the cumulative translation adjustment account to zero as at 1 January 2012. Under BAG-FINMA, as at this date there was a translation reserve of CHF 103.1 million that was eliminated against retained earnings. Total equity was not changed as a result of this reclassification.

The following tables represent the reconciliations from BAG-FINMA to IFRS for the respective periods noted for equity and comprehensive income.

Reconciliation of equity

CHF million	31/12/12	30/06/12	01/01/12
Equity according to BAG-FINMA	**2,291.8**	**2,186.9**	**1,910.2**
Adjustment effects:			
A) Financial assets at fair value	0.3	0.3	0.3
B) Financial assets at amortized cost	–2.3	–1.8	0.0
C) Property, plant and equipment	0.9	1.1	1.2
D) Intangible assets	6.0	3.3	0.0
E) Long-term provision	0.3	0.5	0.6
F) Consolidation	–20.7	–20.3	–20.4
G) Employee benefits	2.8	3.1	4.1
H) Deferred tax	–0.9	–0.6	–1.3
Total adjustment effects	–13.7	–14.5	–15.4
Equity according to IFRS	**2,278.2**	**2,172.4**	**1,894.8**

A) Financial assets at fair value
Investments in equity instruments which are not listed on an active market were previously measured at the lower of cost or market under BAG-FINMA. Under IFRS, non-listed equity investments are carried at fair value unless fair value cannot be determined. SIX holds an equity investment in SWIFT cooperation. Management believes that the fair value of SWIFT can be derived from the proportionate net asset value of SWIFT. The fair value adjustment through profit or loss under IFRS 9 resulted in an increase in equity instruments, respectively.

B) Financial assets at amortized cost
Under BAG-FINMA, debt instruments were measured at fair value. Changes in fair value on those have been recognized in profit or loss. In accordance with IFRS 9, a financial asset is required to be classified as measured at amortized cost by using the effective interest method if the classification criteria are met (see note 2). SIX has reclassified debt instruments so that they are measured at amortized cost. Its fair value at 1 January 2012 amounted to CHF 197.9 million and became its new carrying amount. As a result the fair value measurements during 2012 have been reversed accordingly. Any premium or discount which is calculated as the difference between the carrying amount at the date of transition and the nominal is amortized over the remaining term of the debt instrument. Consequently, for these debt instruments the amount of interest income or expense recognized in each accounting period is based on the effective interest rate at the date of transition. Except for the reclassification there is no effect on the opening retained earnings.

C) Property, plant and equipment
Contrary to BAG-FINMA, IAS 16 requires the cost of property, plant and equipment to include the estimated cost of the restoration of the leasehold improvements after the end of the lease term. SIX has remeasured the recognized asset retirement obligation as at the date of transition under IAS 37, calculated the amount to be included in the related asset by discounting the provision to the date in which the provision arose using best estimates of the historical risk-adjusted discount rate, and calculated the accumulated depreciation under IFRS. The adjusted depreciable amount of the asset is depreciated prospectively over its remaining useful life. In future periods, the increase in provision due to passage of time is recognized as financial expenses.

D) Intangible assets
Under BAG-FINMA, goodwill was being amortized over a period of five years. In accordance with IFRS, goodwill is not amortized. Instead, it is tested for impairment annually. The carrying amount of the amortized goodwill was carried forward from 31 December 2011 to 1 January 2012. The amortization for the interim period ended 30 June 2012 and the year ended 31 December 2012 has been reversed.

E) Long term provision
Provision shall, in the case of provisions with a deferred maturity, take into account the impact of the time value of money on the estimated amounts needed to settle the obligation. The effect of discounting resulted in a positive adjustment to equity as at 1 January 2012, but had a negative impact on the total comprehensive income for 2012 due to the periodic unwinding of discount.

F) Consolidation
The Group re-assessed the control conclusion under IFRS 10 for some of its subsidiaries as at 1 January 2012:

Based on the agreement with the former shareholders of FS-B S.à.r.l. and FS-T S.à.r.l, SIX is neither exposed to any risk nor has rights to any returns resulting from the relevant activities of these entities. As a consequence, SIX has changed its control conclusion in respect of its investments in FS-B S.à.r.l. and FS-T S.à.r.l. and these entities were deconsolidated. As the carrying amount of the related investment was considered to be non-recoverable, the asset was fully impaired. This restatement has also lead to the elimination of non-controlling interests in these entities.

SWX Europe Holdings Ltd and SWX Europe Ltd are in the process of liquidation. As the relevant activities are subject to direction by a liquidator, SIX does not have the power to govern the activities of these subsidiaries. Assets and liabilities are no longer included in the consolidated financial statements of SIX. The interests in subsidiaries not consolidated are measured at fair value through profit or loss and presented under financial assets.

G) Employee benefits
At the transition date, SIX has re-evaluated its defined benefit obligation and other long-term benefits payable during employment in accordance with IAS 19 (June 2011). Under BAG-FINMA, SIX determined interest income on plan assets based on their rate of expected return. According to IFRS, the return on plan assets is assumed to be the discount rate used to measure the obligation. Past service cost resulting from retrospective plan amendments is expensed immediately.

H) Deferred tax
SIX recorded deferred taxes on all IFRS adjustments creating a temporary difference between the accounting basis under IFRS and its tax basis.

Reconciliation of comprehensive income

CHF million	01/01–31/12/12	01/01–30/06/12
Group net profit according to BAG-FINMA	**320.1**	**250.9**
Adjustment effects:		
A) Personnel expenses	–11.3	–5.7
B) Other operating expenses	–0.9	–0.4
C) Depreciation, amortization and impairment	6.1	3.4
D) Financial income/expenses	95.0	88.1
E) Interest income/expenses	–2.1	–1.4
F) Income taxes	3.4	1.6
Total adjustment effects	90.3	85.7
Group net profit according to IFRS	**410.4**	**336.6**
Defined benefit plan actuarial gains/losses, net of tax	40.4	3.2
Translation adjustment	–1.3	0.7
Loss on derivatives designated as cash flow hedges transferred to profit/loss, net of tax	33.0	33.0
Total other comprehensive income	**72.1**	**36.9**
Total comprehensive income according to IFRS	**482.5**	**373.5**

A) Personnel expenses

The additional pension expenses based on the actuarial calculation in accordance with IAS 19 (June 2011) were recognized under personnel expenses for the year ended 31 December 2012 in the amount of CHF 11.3 million (30 June 2012: CHF 5.7 million).

B) Other operating expenses

Due to their deconsolidation, FS-B S.à.r.l. and FS-T S.à.r.l. are no longer included in the scope of consolidation of SIX. Intra-group rental income and expenses were previously eliminated in full. Rental expenses increased by CHF 0.9 million for the year ended 31 December 2012 (30 June 2012: CHF 0.4 million) because these expenses are treated as paid to third-party.

C) Depreciation, amortization and impairment

Since goodwill is no longer amortized, this line item is reduced by CHF 6.0 million for the year ended 31 December 2012 (30 June 2012: CHF 3.3 million) due to the reversal of amortization.

Since FS-B S.à.r.l. and FS-T S.à.r.l. are excluded from the scope of consolidation depreciation expense previously recognized on the entities' assets' in the amount of CHF 0.2 million for the year ended 31 December 2012 was reversed (30 June 2012: CHF 0.2 million).

Due to the changes in the methodology used to calculate asset retirement obligation and the corresponding increase of the carrying amount of the leasehold improvements the adjusted depreciable amount of the asset is depreciated prospectively over its remaining useful life which leads to an additional depreciation expense amounting to CHF 0.1 million for the year ended 31 December 2012 (30 June 2012: CHF 0.1 million).

D) Financial income/expenses

In January 2012, SIX disposed of its investment in EUREX Zurich Ltd (EUREX). Under BAG-FINMA, the respective cumulative amount of foreign exchange translation differences has been reclassified from equity to profit or loss as part of the gain of the sale. As permitted by IFRS 1, SIX has elected to reset the cumulative translation adjustment account to zero as at 1 January 2012. Consequently, upon disposal of EUREX, those effects determined before the transition to IFRS in the amount of CHF 95.4 million were not considered in the determination of the disposal gain and impacted the period ended 30 June 2012 and 31 December 2012.

The interests in subsidiaries not consolidated under IFRS 10 are measured at fair value through profit or loss and presented under financial assets according to IFRS 9. For subsidiaries which are in the process of liquidation the fair value measurement is based on the discounted future liquidation proceeds as estimated by the liquidator and resulted in an unrealized gain as at 31 December 2012 in the amount of CHF 0.5 million (30 June 2012: CHF 0.7 million).

Equity instruments measured at fair value directly through equity under previous GAAP were reclassified under IFRS as financial assets measured at fair value through profit or loss. Unrealized losses of CHF 7.2 million recorded in equity during the six months ended 30 June 2012 were reversed and negatively affected profit or loss under IFRS. There was no impact for the year ended 31 December 2012 since almost all equity instruments were being disposed of in the second half year of 2012.

As a result of the "at amortized cost" classification and measurement according to IFRS 9, the negative impact from the change of the measurement method for debt instruments recorded for the year ended 31 December 2012 amounted to CHF 0.4 million (30 June 2012: CHF 0.5 million).

Where provision was discounted to reflect the time value of money, the periodic unwinding of the discount has been recognized as financial expenses for the year ended 31 December 2012 in the amount of CHF 0.5 million (30 June 2012: CHF 0.3 million).

E) Interest income/expenses
SIX has reclassified debt instruments so that they are measured at amortized cost according to IFRS 9. Any premium or discount which is calculated as the difference between the carrying amount at the date of transition and the nominal value is amortized over the remaining term of the debt instrument. Subsequently, amortization of the premium or discount has been recorded as interest expense in the amount of CHF 2.1 million for the year ended 31 December 2012 (30 June 2012: CHF 1.4 million).

F) Income taxes
Deferred income taxes on the taxable effects of transition were recognized for the year ended 31 December 2012 in the amount of CHF 3.4 million (30 June 2012: CHF 1.6 million).

5. Interest in other entities

In February 2013, SIX announced that, effective 30 June 2013, it was terminating the cooperation agreement with Deutsche Börse AG governing the activities of the joint trading platform Scoach for structured products in Switzerland and Germany. Due to the termination, the cooperation ended on 30 June 2013. The markets brought into the venture have been returned to the parent companies. The market for structured products is a major component of the SIX business portfolio, and the successful exchange for structured products in Switzerland will therefore be continued. Therefore, Scoach Switzerland Ltd has become a wholly-owned subsidiary of SIX and has been consolidated in SIX's consolidated financial statements since 1 July 2013. The termination agreement requires SIX to pay a compensation amount of CHF 0.7 million to Deutsche Börse AG.

6. Segment information

The operating segments of SIX are determined based on the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as internal financial reporting to the chief operating decision maker. For the purpose of internal reporting, SIX is broken down by divisions into four reportable operating segments reflecting the business areas of SIX. Other business activities that are not assigned to these business areas but which support the Group as a whole do not qualify as operating segment according to IFRS 8. They include the activities of the management company, corporate communications, strategic development, human resources, finance & risk, legal & compliance, and IT & logistics. These activities are grouped together under the segment "Corporate". This results in the following five business segments differing by the products and services they produce or offer:

Segment	Products and services
Swiss Exchange	– Cash and securitized derivatives market for trading in equities, bonds, structured products and warrants, exchange traded products (ETPs) and funds – Admission of securities – Distribution of raw market data and index products – Index calculation service
Securities Services	– Clearing house and central counterparty – Securities financing solutions – Custody, settlement and administration service for the Swiss market
Financial Information	– Procurement, processing and distribution of reference data and market information
Payment Services	– Card acceptance and merchant services – Card issuing and services for card issuer and acquirer – Interbank clearing and e-bill payments
Corporate	– Corporate services such as communications, strategic development, human resources, finance & risk, legal & compliance, IT & logistics

The internal reporting is based on the measurement methods used for the IFRS consolidated interim financial statements.

Performance is measured based on segment earnings before interest and tax (EBIT) as included in the internal management reports that are reviewed regularly by the Chief Operating Decision Maker (CODM). Segment EBIT is used to measure performance as management believes that such information is the most relevant for evaluating the results of the segments. Transactions between the segments are based on market prices.

Disclosures of segment information

								For the six months ended 30 June 2013
CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
Revenue from external customers	99.8	126.5	188.1	325.2	7.0	746.7	0.0	746.7
Inter-segment revenue	1.3	2.8	3.9	0.9	138.0	147.0	–147.0	0.0
Total operating income	**101.1**	**129.3**	**192.1**	**326.2**	**145.1**	**893.7**	**–147.0**	**746.7**
Total operating expenses	**–62.3**	**–111.9**	**–192.1**	**–278.6**	**–144.4**	**–789.3**	**147.0**	**–642.4**
Share of profit of an associate	11.0	–0.5	0.0	0.0	1.4	11.9	0.0	11.9
Financial income	0.1	0.0	0.4	0.0	17.6	18.1	–1.0	17.1
Financial expenses	–0.7	–0.1	–0.5	–1.2	–15.3	–17.8	1.0	–16.8
Earnings before interest and tax (EBIT)	**49.1**	**16.9**	**0.0**	**46.4**	**4.3**	**116.6**	**0.0**	**116.6**
Interest income								6.4
Interest expenses								–1.8
Earnings before tax (EBT)								**121.1**
Income tax expenses								–28.0
Group net profit								**93.1**

								For the six months ended 30 June 2012
CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
Revenue from external customers	97.8	122.3	185.3	304.0	6.5	715.9	0.0	715.9
Inter-segment revenue	2.0	2.3	4.8	1.0	150.9	161.0	–161.0	0.0
Total operating income	**99.8**	**124.7**	**190.1**	**305.0**	**157.4**	**876.9**	**–161.0**	**715.9**
Total operating expenses	**–73.2**	**–107.6**	**–193.6**	**–280.3**	**–162.9**	**–817.6**	**161.0**	**–656.6**
Share of profit of an associate	14.5	–0.4	0.0	0.0	1.3	15.4	0.0	15.4
Financial income	0.7	0.0	0.0	1.4	297.6	299.6	–1.2	298.4
Financial expenses	0.0	–0.2	–0.1	–0.9	–14.0	–15.2	1.2	–14.0
Earnings before interest and tax (EBIT)	**41.7**	**16.5**	**–3.5**	**25.1**	**279.4**	**359.1**	**0.0**	**359.1**
Interest income								6.5
Interest expenses								–1.6
Earnings before tax (EBT)								**364.0**
Income tax expenses								–27.4
Group net profit								**336.6**

7. Income taxes

As at 30 June 2013, the total income tax expense was CHF 28.0 million, which led to an effective tax rate of 23.1% compared to an income tax expense of CHF 27.4 million and an effective tax rate of 7.5% in the previous year. The prior half year's effective tax rate was mainly affected by a tax-free non-recurring gain on the sale of the Group's stake in EUREX Zurich Ltd and the use of tax-deductible losses as a result of the legal merger of the Swiss Multipay and Cards & Payments entities into SIX Payment Services Ltd.

8. Cash and cash equivalents

CHF million	30/06/13	31/12/12
Cash at bank and on hand	4,174.0	3,790.6
Short-term bank deposits	155.1	254.4
Cash and cash equivalents	**4,329.1**	**4,044.9**

Cash at bank includes giro balances with the Swiss National Bank (SNB) and giro balances with clearing houses approved by SNB totaling CHF 3,709.8 million (31 December 2012: CHF 3,303.7 million).

Cash and cash equivalents include the following items for the purposes of the statement of cash flow.

CHF million	30/06/13	31/12/12
Cash and cash equivalents	4,329.1	4,044.9
Bank overdrafts	–3.7	–0.1
Cash and cash equivalents in the statement of cash flows	**4,325.5**	**4,044.8**

9. Trade and other receivables

CHF million	30/06/13	31/12/12
Trade and other receivables, gross	281.3	318.9
Allowance for receivable individual impairment	–3.5	–3.7
Allowance for receivable collective impairment	–0.1	–0.1
Total trade and other receivables, net	**277.7**	**315.1**

10. Financial instruments

Additions and disposals

Financial assets total CHF 1,059.5 million at June 2013, an increase of CHF 405.3 million compared to 31 December 2012. Financial liabilities increased CHF 109.8 million to CHF 176.0 million as at 30 June 2013. The increase is explained by the following two main factors.

In March 2013, SIX x-clear Ltd acquired sovereign bonds denominated in Euro in the amount of CHF 181.4 million to finance its clearing interoperability. These bonds have a minimum rating of AA+ (S&P) or Aa1 (Moody's) and are pledged as collateral with Clearstream Banking S.A. in Luxembourg (CBL). Interoperability allows clients to consolidate their clearing activities across multiple trading venues via their preferred

Central Counter Party (CCP). In line with the strategic objective, the sovereign bonds are measured at amortized cost using the effective interest method.

Due to an increased clearing volume, holdings of financial assets as a result of late settlements increased from CHF 38.5 million as at 31 December 2012 to CHF 143.8 million as at 30 June 2013. The positive and negative replacement values developed in parallel, showing a strong rise during the first half-year 2013. Positive replacement values grew by CHF 110.4 million to CHF 144.5 million as at 30 June 2013, while the negative replacement values of derivative instruments increased by CHF 108.0 million to CHF 143.7 million. In both cases, the whole amount is covered by collateral deposited by the clearing member.

During the first half year of 2013, CHF 27.3 million of debt securities matured or were disposed of, recognizing a loss arising from the derecognition of CHF 0.9 million.

In December 2012, SIX entered into a foreign currency forward contract to hedge a highly probable forecasted transaction denominated in NOK, expected to occur in May 2014. The terms of the foreign currency forward contract have been set to match the terms of the forecasted transaction. The hedge was assessed to be highly effective. As at 30 June 2013, an unrealized loss of CHF 1.6 million (before taxes) is included in other comprehensive income.

Impairments

In the first half of 2013, as in the same period of the previous year, there were no signs that the financial assets carried at amortized cost are impaired.

Fair value of financial instruments

CHF million	Carrying value 30/06/13	Fair value 30/06/13	Deviation	Carrying value 31/12/12	Fair value 31/12/12	Deviation
Assets						
Cash and cash equivalent	4,329.1	4,329.1	0.0	4,044.9	4,044.9	0.0
Trade and other receivables	277.7	277.7	0.0	315.1	315.1	0.0
Receivables from clearing & settlement	1,956.0	1,956.0	0.0	2,169.9	2,169.9	0.0
Debt instruments	366.2	364.5	–1.7	191.0	193.3	2.3
Loans	2.1	2.1	0.0	1.3	1.3	0.0
Financial assets at amortized cost	**6,931.1**	**6,929.4**	**–1.7**	**6,722.2**	**6,724.5**	**2.3**
Equity instruments at FVtPL	43.0	43.0	0.0	39.4	39.4	0.0
Units in investment funds at FVtPL	359.8	359.8	0.0	349.4	349.4	0.0
Financial instruments from settlement business	143.8	143.8	0.0	38.5	38.5	0.0
Derivative financial instruments	144.8	144.8	0.0	34.6	34.6	0.0
Financial assets at fair value	**691.3**	**691.3**	**0.0**	**461.9**	**461.9**	**0.0**
Total financial assets	**7,622.4**			**7,184.1**		
thereof current	7,292.8			7,031.7		
thereof non-current	329.6			152.5		
Liabilities						
Bank overdrafts	3.7	3.7	0.0	0.1	0.1	0.0
Trade and other payables	47.0	47.0	0.0	59.9	59.9	0.0
Payables from clearing & settlement	5,639.1	5,639.1	0.0	5,178.3	5,178.3	0.0
Borrowings	29.8	29.8	0.0	30.3	30.3	0.0
Financial liabilities at amortized cost	**5,719.5**	**5,719.5**	**0.0**	**5,268.6**	**5,268.6**	**0.0**
Derivative financial instruments	146.2	146.2	0.0	35.9	35.9	0.0
Financial liabilities at fair value	**146.2**	**146.2**	**0.0**	**35.9**	**35.9**	**0.0**
Total financial liabilities	**5,865.8**			**5,304.5**		
thereof current	5,859.1			5,297.8		
thereof non-current	6.7			6.7		

The table above shows the estimated fair values of financial instruments including those accounted for at amortized cost, together with the carrying amounts shown in the consolidated interim balance sheet. The fair values are based on the valuation methods and assumptions explained further below.

Valuation methods for financial instruments

The table below analyzes recurring fair value measurements for financial assets and liabilities. These fair value measurements are assigned to the different levels of the fair value hierarchy. These levels are defined as follows:

Level 1: The fair value of listed financial instruments with a price established in an active market is determined on the basis of current quoted market prices.

Level 2: Valuation methods are used to determine the fair value of financial instruments if no direct market prices are available. The underlying assumptions are based on observable market data, either directly or indirectly as at the balance sheet date.

Level 3: If neither current market prices nor valuation methods based on observable market data can be drawn on for the purpose of determining fair value, then valuation methods are based on unobservable market data, those inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Financial instruments in the fair value hierarchy

CHF million	Listed Market Prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	Total 30/06/13
Debt instruments	364.5	2.1		366.5
Equity instruments	15.6		27.4	43.0
Units in investment funds	359.8			359.8
Financial instruments from settlement business	143.8			143.8
Derivative financial instruments		144.8		144.8
Total financial assets	**883.7**	**146.8**	**27.4**	**1,057.9**
Derivative financial instruments		146.2		146.2
Other financial liabilities		29.8		29.8
Total financial liabilities		**176.0**		**176.0**

CHF million	Listed Market Prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	Total 31/12/12
Debt instruments	193.3	1.3		194.6
Equity instruments	11.5		28.0	39.4
Units in investment funds	349.4			349.4
Financial instruments from settlement business	38.5			38.5
Derivative financial instruments		34.6		34.6
Total financial assets	**592.7**	**35.9**	**28.0**	**656.5**
Derivative financial instruments		35.9		35.9
Other financial liabilities		30.3		30.3
Total financial liabilities		**66.2**		**66.2**

The following methods and assumptions were used to estimate the fair values:

For cash and cash equivalents including bank overdrafts, trade and other receivables, trade and other payables, short-term loans and borrowings as well as receivables and payables from clearing and settlement, it is assumed that the carrying value corresponds to their fair value.

The fair value of quoted equity and debt instruments (e.g. bonds) as well as units in investment funds is determined by reference to published price quotations in an active market at the balance sheet date. The valuation of financial assets from settlement business held at fair value through profit or loss is performed with reference to quoted prices from the markets to which they relate and therefore are all considered to be level 1.

If the there is no observable market for the share price of an equity instrument, the share price is derived from the proportionate net asset value of the entity not listed on an active market. Such equity investments are categorized within level 3 of the fair value hierarchy. If the net asset value would increase, the price per share increases proportionally.

For equity investments in entities which are in the process of liquidation the fair value is measured based on the discounted future liquidation proceeds estimated by the liquidator. These equity investments are as-signed to level 3 of the fair value hierarchy. An increase or decrease of 10% in the estimated liquidation proceeds would approximately lead to a 10% increase or decrease in fair value of the financial asset.

Foreign exchange swaps and forwards are not traded publicly. The inputs to the calculation include foreign exchange spot rates, interest rates and foreign exchange volatilities. In general, these inputs are readily observable in the markets or provided by consensus data providers. Thus, foreign exchange swaps, forwards and other foreign exchange derivatives are categorized as level 2 instruments.

Transfer between level

During the six-month period ended 30 June 2013, there were no transfers between level 1 and 2 to report and no transfers into and out of level 3 fair value measurements.

Movements of level 3 instruments

SIX carries unquoted equity instruments as financial instruments at fair value through profit or loss classified as level 3 within the fair value hierarchy. The only movement in the level 3 equity instruments since 31 December 2012 was a fair value decrease of CHF 0.6 million, which has been recorded as unrealized loss in the income statement under financial expenses (31 December 2012: CHF 0.5 million unrealized gain).

11. Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2013, SIX acquired items of property, plant and equipment with a cost of CHF 15.2 million (31 December 2012: CHF 36.0 million). Investments in property, plant, and equipment are primarily midrange and mainframe servers, rental payment terminals and technical building equipment expansion.

Items of property, plant and equipment with a net book value of CHF 0.9 million were disposed of by SIX during the six months ended 30 June 2013 (31 December 2012: CHF 1.3 million), resulting in a net loss on disposal of CHF 0.3 million (31 December 2012: CHF 1.0 million), which is included in other operating expenses in the consolidated interim statement of comprehensive income.

Impairments

Within the period under review, there was no material impairment of the Group's property, plant and equipment to report and there were no reversals of previous impairment charges in the current period.

12. Intangible assets

Goodwill

Goodwill is subject to an annual impairment test, which is conducted in the fourth quarter of each year or whenever events or a change of circumstances indicate a possible impairment. During the six months ended 30 June 2013, there was no indication which could require an assessment of the recoverable amount of goodwill.

Software and other intangible assets

Additions

Consistent with last year, expenses for certain development activities have been capitalized as they satisfy the recognition criteria for internally generated intangible assets. SIX's expenditure for capitalized development projects as intangible assets amounted to CHF 18.6 million during the first half year of 2013 (30 June 2012: CHF 18.4 million).

Investments in intangible assets consist of development of technical adjustments in its platforms such as new functionalities, increased capacity and adjustments for requirements on regulated markets. Among larger development projects in the division Payment Services and Swiss Exchange, the project "New SIC Architecture", the project "Innovative Index Product Services" to implement the new index calculation platform and the establishment of "Sponsored Access" were noticeable to mention as few examples.

Impairments
In 2010, SIX Financial Information launched a program to renew its IT infrastructure including the replacement of current core systems for reference and market data as well as its underlying client facing technologies and products. In the fourth quarter 2012, the management mandated the program to perform a reassessment including potential budget and time overrun. The review results disclosed that the adopted approach cannot meet the complex requirements for the renewal of the global IT infrastructure. In particular, selected tools proved to be unable to live up to the requirements and expectations without significant additional investments. As a result of this review, SIX has chosen to focus on the development of the key areas and deferred initiatives in other areas such as risk and compliance. The deferral of certain initiatives has resulted in the recognition that previously capitalized development costs represent assets that may not be brought to economic use. An impairment charge of CHF 9.6 million (31 December 2012: CHF 12.8 million) in relation to these asset has been recognized in the consolidated income statement for the six months ended 30 June 2013. The amount at which the intangible asset is now presented on the balance sheet does reflect the asset being usable in future operations.

13. Restructuring activities

The market conditions for division Securities Services have changed drastically within a short time due to a decline in trading volumes and falling margins resulting in a significant drop in profitability. As a consequence, the Securities Services division is being restructured. The Group's Executive Board approved in April 2013 an organizational realignment which establishes the basis for providing market-oriented services to demanding clients in a challenging environment.

The restructuring expenses are comprised of termination benefits and professional fees for consultants who are involved in the restructuring activities. Restructuring expenses of CHF 2.7 million were recognized initially. As at 30 June 2013, the provision for restructuring amounted to CHF 1.9 million. The remaining restructuring provision is expected to be utilized during the second half-year 2013.

As a result of a plan curtailment that arise as part of the restructuring, SIX's asset from pension fund benefit increased by CHF 0.8 million during the six months ended 30 June 2013 which corresponds to a decrease of service costs.

14. Dividends proposed and paid

On 29 May 2013, the Annual General Meeting approved the distribution of a dividend of CHF 15.36 (2012: CHF 5.00) per registered share. The total amount distributed to holders of outstanding shares amounting to CHF 290.5 million (2012: CHF 94.6 million) and has been recorded against capital reserves in 2013.

15. Unrecognized contractual commitments

At 17 December 2008, SIX entered into a share purchase agreement with the former shareholders of Cetrel S.A. to buy 50% of Cetrel S.A. The agreement also entails options to increase SIX's share to 80% or 100%. There are conditions precedent to those options present which were not met at the balance sheet date. Therefore, SIX refrained to recognize the effect of those options. If the conditions precedent would be met and the options be exercised at the earliest date possible, this would lead to a cash outflow. Parts of this cash outflow will be subject to further negotiations. SIX does not provide further information on this matter in order to not impair the outcome of the further negotiations.

16. Related party disclosures

SIX defines related parties as:
- Shareholders which have significant influence by delegating a member into SIX's Board of Directors or have control over the activities of SIX,
- Associated companies which are significantly influenced by SIX,
- Post-employment benefit plans for the benefit of SIX employees,
- Other related parties, and
- Key management personnel, close family members of key management personnel and entities which are, directly or indirectly controlled or jointly controlled by key management personnel or their close family members.

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	01/01–30/06/13
Income statement					
Commission revenues	31.6				31.6
Transaction revenues	48.2				48.2
Service revenues	47.4	5.1			52.5
Net interest income from banking business	0.1				0.1
Other operating income	0.3				0.3
Other operating expenses	–0.5	–1.6		–0.5	–2.5
Contributions			–15.1		–15.1

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	30/06/13
Balance sheet					
Cash and cash equivalents	489.9				489.9
Trade receivables/receivables from clearing & settlement	66.8	2.9			69.8
Deferred income		0.5			0.5
Trade payables/payables from clearing & settlement	1,334.1				1,334.1
Borrowings				23.1	23.1
Contributions payable			0.5		0.5
Employer contribution reserves			69.6		69.6

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	01/01–30/06/12
Income statement					
Commission revenues	49.4				49.4
Transaction revenues	50.3				50.3
Service revenues	42.5	4.9			47.4
Net interest income from banking business	0.1				0.1
Other operating income	0.5	0.1			0.6
Other operating expenses	–0.3	–4.0		–0.4	–4.8
Contributions			–16.6		–16.6

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	31/12/12
Balance sheet					
Cash and cash equivalents	440.5				440.5
Trade receivables/receivables from clearing & settlement	60.9	1.7			62.6
Deferred income		1.1			1.1
Trade payables/payables from clearing & settlement	976.3				976.3
Borrowings				23.6	23.6
Employer contribution reserves			69.6		69.6

Transactions with related parties and companies are made at terms equivalent to those that prevail in arm's length transactions. Receivables from clearing & settlement due from related parties in the amount of CHF 27.1 million are collateralized (31 December 2012: CHF 42.0 million). There have been no guarantees provided or received for any related party receivables or payables. No impairment allowances of receivables relating to amounts owed by related parties have been recorded as at 30 June 2013 and 31 December 2012.

Transactions and outstanding balances with related parties as stated in the following table are included in SIX's consolidated interim balance sheet and statement of comprehensive income as at and for the six months ended 30 June 2013 and for the respective prior year period.

SWX Europe Holdings Ltd is being considered as related party to SIX. In compliance with the regulatory requirements of the Financial Services Authorities (FSA), SIX Swiss Exchange AG has committed itself to providing SWX Europe Holdings Ltd with sufficient financial resources at all times.

17. Events after the reporting date

No material events occurred between the balance sheet date and the approval of the consolidated interim financial statements on 14 August 2013 which might adversely affect the information content of the 2013 consolidated interim financial statements and which would require disclosure.

Auditor’s review report

To the Board of Directors of SIX Group AG, Zurich
Zurich, 14 August 2013

Report on the review of interim condensed consolidated financial statements

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements (interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated balance sheet, interim consolidated statement of cash flows, interim consolidated statement of changes in equity and notes) of SIX Group AG for the period from 1 January 2013 to 30 June 2013. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”.

Ernst & Young Ltd

Thomas Schneider
Licensed audit expert
(Auditor in charge)

Pascal Berli
Licensed audit expert

SIX Group Ltd
Selnaustrasse 30
P.O. Box 1758
8021 Zurich

www.six-group.com