Interim Condensed Consolidated Financial Statements 2014

30 June

Unlocking the potential.

Key figures

	For the six months ended 30 June	
CHF million	2014	2013
Total operating income	881.0	746.7
Total operating expenses	–755.6	–642.4
Share of profit of associate	14.1	11.9
Net financial result	11.5	0.3
Earnings before interest and tax (EBIT)	151.0	116.6
Group net profit	130.7	93.1

CHF million	30/06/2014	31/12/2013
Total assets	10,098.1	7,985.0
Total liabilities	7,850.2	5,800.3
Total equity	2,248.0	2,184.7

	For the six months ended 30 June	
CHF million	2014	2013
Cash flow from operating activities	1,092.2	771.7
Cash flow from investing activities	97.7	–196.6
Cash flow from financing activities	–119.9	–291.9

Workforce (full-time equivalents) [1]	30/06/2014	31/12/2013
Swiss Exchange	166.2	262.1
Securities Services	373.7	378.8
Financial Information	1,078.7	1,166.2
Payment Services	1,181.2	1,319.5
Corporate	1,020.1	650.7
Total SIX	**3,819.8**	**3,777.3**

	For the six months ended 30 June	
Ratios	2014	2013
Earnings per share (CHF)	6.83	4.81
EBIT margin (%)	17.1	15.6
Return on equity (%, average [2])	11.8	8.5
Equity ratio [3] (%, average [2])	71.8	82.0

[1] For variations from previous year please refer to note 5 Segment information
[2] Average balance sheet items in the reporting period
[3] Total equity/(total adjusted liabilities + total equity); total adjusted liabilities (2014: CHF 870.6 million/2013: CHF 478.1 million) equal total average liabilities (2014: CHF 6,825.2 million/2013: CHF 5,976.5 million) less average payables from clearing & settlement (2014: CHF 5,863.0 million/2013: CHF 5,408.7 million) less average negative replacement values from clearing & settlement (2014: CHF 91.6 million/2013: CHF 89.7 million). The decrease in the equity ratio in comparison to previous year is mainly due to the increase in the total adjusted liabilities which is primarily caused by the increase in the balance sheet position trade and other payables.

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Mid-year report of SIX as at 30 June 2014

SIX increases its results in the first half of 2014 thanks to significant operational progress

Higher activity on the financial markets and an expansion of the international business in Payment Services led in the first half to an 18.0% increase in operating income to CHF 881.0 million. The Austrian PayLife Bank, which was acquired at the end of September 2013, contributed 16.1% to this growth. Operating expenses rose 17.6% to CHF 755.6 million, primarily due to the integration of PayLife Bank. However, because costs grew disproportionately to operating income, operating profit increased by 20.2% to CHF 125.4 million.

The net financial result rose to CHF 11.5 million (previous year CHF 0.3 million) due to positive investment performance. Earnings before interest and tax (EBIT) improved by 29.5% or CHF 34.4 million to CHF 151.0 million. In addition to the net financial result, higher income from operating activities and strict cost control each made equal contributions to this improvement. The EBIT margin climbed from 15.6% to a very good 17.1%.

The Group net profit was CHF 130.7 million (CHF 93.1 million in the previous year), which represents a sharp increase of CHF 37.6 million or 40.4%.

Performance of the business areas

In the **Swiss Exchange** business area, a higher level of trading activity compared with the same period last year led to a 6.0% increase in the number of stock exchange transactions to 18.9 million. Together with higher prices, this resulted in a 6.5% rise in stock exchange trading volume to CHF 575.0 billion. Due to price reductions in trading and listing, operating income increased only slightly, rising by 0.8% to CHF 101.9 million. EBIT increased by 11.4% to CHF 54.7 million. At 66.6%, the average market share in trading Swiss blue chip stock was slightly lower year-on-year (68.0%).

The **Securities Services** business area posted robust growth in the first half. Due to stronger volumes on international stock exchanges, cross-border settlement transactions were higher, too, rising 13.1% to 5.8 million transactions. In clearing services, SIX was able to offer its customers access to additional stock exchanges. As a result, the number of transactions in the first half grew by 42.7 million to 154.3 million. This 38% increase illustrates the consequent expansion of business volume beyond country borders. Thanks to positive market trends, the deposit volume, at CHF 3,013 billion, was 8.1% higher year-on-year. Operating income rose 7.3% to CHF 138.7 million, whereas EBIT increased 36.7% to CHF 23.1 million. This improvement reflects the cost-cutting measures that were implemented in the prior year.

The **Financial Information** business area posted a 2.5% year-on-year increase in operating income to CHF 196.8 million. This is primarily attributable to the reference data business in Switzerland. Thanks to stronger volumes, lower costs and a better net financial result, profitability was sharply higher. EBIT rose to CHF 21.9 million, which compares to only a break-even result in the first half of 2013 caused by impairments.

The **Payment Services** business area achieved the highest growth, posting a 39.1% increase in operating income. This growth is largely the result of the acquisition of the Austrian PayLife Bank. Adjusted for this effect, organic growth amounted to 2.2%. In acquiring, payments processed via SIX totaled CHF 33.0 billion, or 42.7% more than in the previous year. In the processing business, the number of debit and credit card transactions in the first half went up by 11.4% to 1.5 billion. Operating income increased by 39.1% to CHF 453.8 million, whereas EBIT declined by 8.9% to CHF 42.2 million. This is attributable to strong pressure on margins in the Swiss acquiring business as well as restructuring costs and write-offs incurred in connection with the integration of PayLife Bank.

Outlook

SIX expects that the environment will continue to be challenging. Both economic as well as regulatory and political pressure on the financial sector will remain high. For SIX this means, among other things, that there is strong pressure on margins. This environment requires, first, strict cost control, and second, innovative, customer-specific solutions. SIX anticipates that the positive trend in the first half of the year will continue until the end of 2014.

Interim consolidated income statement

CHF million	Notes*	For the six months ended 30 June 2014	2013
Commission revenues		311.0	251.0
Transaction revenues		221.6	180.5
Service revenues		302.7	286.3
Net interest income from banking business		2.0	1.8
Other operating income		43.6	27.1
Total operating income		**881.0**	**746.7**
Personnel expenses	13	–294.5	–285.1
Other operating expenses		–414.0	–300.5
Depreciation, amortization and impairment	11, 12	–47.0	–56.9
Total operating expenses		**–755.6**	**–642.4**
Operating profit		**125.4**	**104.4**
Share of profit of associate		14.1	11.9
Financial income		21.2	17.1
Financial expenses		–9.7	–16.8
Earnings before interest and tax (EBIT)		**151.0**	**116.6**
Interest income		8.6	6.4
Interest expenses		–2.9	–1.8
Earnings before tax (EBT)		**156.8**	**121.1**
Income tax expenses	6	–26.1	–28.0
Group net profit		**130.7**	**93.1**
of which attributable to shareholders of SIX Group Ltd		129.2	90.9
of which attributable to non-controlling interests		1.4	2.1
Earnings per share (CHF)			
Basic profit for the period attributable to shareholders of SIX Group Ltd		6.83	4.81
Diluted profit for the period attributable to shareholders of SIX Group Ltd		6.83	4.81

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

Interim consolidated statement of comprehensive income

CHF million	Notes*	For the six months ended 30 June 2014	2013
Group net profit		**130.7**	**93.1**
Change in actuarial gains/losses on defined benefit plan recognized in the reporting period		32.7	–0.8
Income taxes on changes in actuarial gains/losses on defined benefit plan		–7.2	0.2
Change in actuarial gains/losses on defined benefit plan, net of tax		**25.5**	**–0.6**
Total items that will not be reclassified to profit or loss		**25.5**	**–0.6**
Translation adjustment recognized in the reporting period (incl. share of associates)		–0.9	1.6
Currency translation adjustment		**–0.9**	**1.6**
Changes in fair value of cash flow hedges recognized in the reporting period		0.4	–1.6
Fair value of cash flow hedges reclassified to balance sheet	4	2.9	–
Income taxes on changes in fair value of cash flow hedges		–	–0.1
Change in fair value of cash flow hedge, net of tax		**3.3**	**–1.7**
Total items that are or may be subsequently reclassified to profit or loss		**2.4**	**–0.1**
Total other comprehensive income, net of tax		**27.9**	**–0.7**
Total comprehensive income for the period		**158.6**	**92.4**
of which attributable to shareholders of SIX Group Ltd		157.1	90.0
of which attributable to non-controlling interests		1.4	2.4

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

Interim consolidated balance sheet

CHF million	Notes*	30/06/2014	31/12/2013
Assets			
Cash and cash equivalents	7	4,683.3	3,595.6
Trade and other receivables	8	712.4	787.8
Receivables from clearing & settlement	9	2,667.9	1,882.0
Financial assets	10	804.1	540.9
Inventories		17.9	18.3
Current income tax receivables	6	3.8	5.9
Other current assets		84.2	57.6
Current assets		**8,973.6**	**6,888.1**
Property, plant and equipment	11	230.6	242.0
Intangible assets	12	216.9	208.5
Investments in associates		217.1	217.9
Financial assets	10	336.0	337.4
Assets from pension fund benefits		104.9	74.7
Other non-current assets		8.9	6.4
Deferred tax assets		10.1	10.0
Non-current assets		**1,124.5**	**1,096.9**
Total assets		**10,098.1**	**7,985.0**
Liabilities			
Bank overdrafts	7	60.8	47.7
Trade and other payables		330.6	330.6
Payables from clearing & settlement	9	6,823.9	4,902.1
Financial liabilities	10	162.3	98.3
Provisions	13	13.1	10.0
Current income tax payables	6	7.7	31.9
Other current liabilities		322.7	254.5
Current liabilities		**7,721.1**	**5,675.0**
Financial liabilities	10	6.7	6.7
Provisions		31.6	33.0
Other non-current liabilities		13.7	13.9
Deferred tax liabilities		77.0	71.7
Non-current liabilities		**129.0**	**125.3**
Total liabilities		**7,850.2**	**5,800.3**
Equity			
Share capital		19.5	19.5
Capital reserves		385.4	480.0
Other reserves		–26.8	–29.2
Retained earnings		1,863.7	1,708.9
Shareholders' equity		**2,241.8**	**2,179.3**
Non-controlling interests		6.1	5.4
Total equity		**2,248.0**	**2,184.7**
Total liabilities and equity		**10,098.1**	**7,985.0**

*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 2014	**19.5**	**480.0**	**–29.2**
Group net profit			
Total other comprehensive income			2.4
Total comprehensive income for the year			**2.4**
Dividends paid		–94.6	
Contribution by and distribution to owners of SIX		**–94.6**	
Balance at 30 June 2014	**19.5**	**385.4**	**–26.8**

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**

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

Treasury shares	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Other reserves					
−23.3	−3.3	−2.5	**1,708.9**	**2,179.3**	**5.4**	**2,184.7**
			129.2	129.2	1.4	130.7
	3.3	−0.9	25.5	27.9	−0.0	27.9
	3.3	−0.9	**154.8**	**157.1**	**1.4**	**158.6**
				−94.6	−0.7	−95.3
				−94.6	**−0.7**	**−95.3**
−23.3	–	−3.4	**1,863.7**	**2,241.8**	**6.1**	**2,248.0**

Treasury shares	Hedging reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Other reserves					
−23.3	–	−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**

Interim consolidated statement of cash flows

CHF million	For the six months ended 30 June 2014	2013
Group net profit (incl. non-controlling interests)	130.7	93.1
Adjustments for:		
Depreciation, amortization and impairment	47.0	56.9
Increase/(decrease) in provisions	1.8	–0.5
(Increase)/decrease in pension fund assets and liabilities	2.3	0.3
Share of profit of associate	–14.1	–11.9
Net financial result	–11.5	–0.3
(Gain)/loss on sale of property, plant, equipment and intangible assets	0.4	0.3
Income tax expense	26.1	28.0
Changes in:		
Inventories	0.3	3.4
Trade and other receivables	72.4	38.6
Trade and other payables	2.2	–13.3
Receivables from clearing & settlement	–787.9	215.8
Payables from clearing & settlement	1,727.0	458.4
Current financial assets	–158.8	–223.8
Current financial liabilities	51.7	108.3
Other current assets	–26.0	–17.2
Other current liabilities	71.0	73.2
Interest paid	–0.5	–0.1
Interest received	8.3	3.0
Income tax (paid)/received	–50.1	–40.5
Net cash flow from operating activities	**1,092.2**	**771.7**
Investments in subsidiaries (net of cash acquired incl. bank overdrafts)	127.0	–
Purchase of property, plant, equipment and intangible assets	–43.7	–36.9
Sale proceeds from property, plant, equipment and intangible assets	0.0	0.6
Investment in non-current financial assets	–0.8	–181.4
Divestment of non-current financial assets	0.1	0.1
Net change in other non-current assets	–2.5	0.3
Dividends received	17.6	20.6
Net cash flow from/(used in) investing activities	**97.7**	**–196.6**
Acquisition of non-controlling interests	–24.6	–
Dividends paid to shareholders of the parent company	–94.6	–290.5
Dividends paid to non-controlling interests	–0.7	–1.3
Net cash flow from/(used in) financing activities	**–119.9**	**–291.9**
Net impact of foreign exchange rate differences on cash	4.6	–2.6
Net change in cash and cash equivalents	**1,074.6**	**280.6**
Balances of cash and cash equivalents		
Cash and cash equivalents at 1 January	3,547.9	4,044.9
Cash and cash equivalents at 30 June	4,622.5	4,325.5

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

Notes to the interim consolidated 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 approximately 140 national and international financial institutions.

The interim consolidated financial statements of SIX as at and for the six months ended 30 June 2014 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").

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual consolidated financial statements. Accordingly this report should be read in conjunction with the consolidated annual financial report as at 31 December 2013. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

Foreign currency translation

The main exchange rates at the closing dates are:

Currency	30/06/2014	31/12/2013
EUR	1.2158	1.2250
GBP	1.5178	1.4649
USD	0.8912	0.8883
SEK	13.2213	13.8264

The main average exchange rates are:

	For the six months ended 30 June	
Currency	2014	2013
EUR	1.2215	1.2302
GBP	1.4872	1.4453
USD	0.8911	0.9365
SEK	13.6440	14.4212

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new and revised standards and interpretations effective as of 1 January 2014. The Group has applied, for the first time, the following new interpretations and amendments:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39)
- IFRIC 21 Levies
- Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36)

The Group has adopted the following amendments early, which have been issued but are not yet effective:

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

The adoption of the new interpretations and amendments has no or no significant impact on the consolidated financial statements of the Group as at 30 June 2014.

New IFRS standards and amendments 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 by SIX
Defined Benefit Plans: Employee Contributions (Amendment to IAS 19)	Annual periods beginning on or after 1 July 2014	Financial year 2015[1]
IFRS 14 Regulatory Deferral Accounts	Annual periods beginning on or after 1 January 2016	Financial year 2016[1]
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2017	Financial year 2017[2]
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018	Financial year 2018[3]

[1] The adoption of the new standard and the amendment is not expected to have any impact, or any significant impact, on the consolidated financial statements of SIX.
[2] The impact on the consolidated financial statements of SIX has not yet been assessed.
[3] SIX has already adopted the requirements regarding classification and measurement of IFRS 9 which were determined in phase 1 of the standard-setting process. The impact of the other elements of IFRS 9 on the consolidated financial statements of SIX has not yet been assessed.

3. Significant accounting judgments, estimates and assumptions

The application of some accounting policies requires 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 results may differ from these assumptions and estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2013.

4. Changes in the composition of the Group

Acquisitions in 2014

Oslo Clearing ASA

The acquisition of 100% of the shares and voting interests in Oslo Clearing ASA from Norway's Oslo Børs VPS Holding ASA, which was announced in December 2012, was closed on 2 May 2014. Oslo Clearing ASA is authorized to act as a central counterparty in accordance with the Norwegian Securities Trading Act and currently carries out central counterparty clearing of financial derivatives, equities and securities lending products. With this step, SIX continues to expand its service offering across Europe. The consolidation of additional volumes and clients onto a single platform is expected to reduce costs and increase flexibility for clients. In addition, clearing business often opens the door to selling additional services such as settlement and/or custody to the same clients.

The interim consolidated financial statements include the results of Oslo Clearing ASA from the acquisition date to 30 June 2014. Oslo Clearing ASA contributed CHF 1.1 million of revenues and CHF 0.4 million of profit to the Group. Assuming that the acquisition had occurred on 1 January 2014, management estimates the revenues and the profit would have been higher, i.e. CHF 2.5 million and CHF 0.6 million respectively.

The Group incurred acquisition-related costs of CHF 0.6 million relating to external legal fees and due diligence costs. These were included in other operating expenses, representing CHF 0.1 million, in the six months ended 30 June 2014.

Identifiable assets acquired and liabilities assumed
The following table summarizes the provisionally recognized amounts of assets acquired and liabilities assumed on the acquisition date. The fair value of the acquired client relationships is provisional pending receipt of the valuation of these assets. No value has therefore been attributed to client relationships.

CHF million	Notes	Fair value recognized on acquisition
Cash and cash equivalents		156.6
Trade and other receivables		0.5
Receivables from clearing & settlement		0.1
Financial assets	10	104.5
Other current assets		0.8
Current assets		**262.5**
Property, plant and equipment		0.0
Intangible assets	12	1.4
Deferred tax assets		0.4
Non-current assets		**1.8**
Total assets		**264.3**
Trade and other payables		0.2
Payables from clearing & settlement		202.2
Financial liabilities	10	38.3
Current income tax payables		0.2
Other current liabilities		1.2
Current liabilities		**242.1**
Deferred tax liabilities		0.1
Non-current liabilities		**0.1**
Net assets acquired		**22.1**
Goodwill – provisional	12	10.5
Total purchase price		**32.6**
Purchase price hedge	10	–2.9
Total consideration transferred in cash only		**29.7**

Trade and other receivables
Trade and other receivables comprise gross contractual amounts of CHF 0.5 million, none of which were expected to be uncollectible at the date of acquisition.

Goodwill
The provisional goodwill amount of CHF 10.5 million corresponds to 32.2% of the purchase price of CHF 32.6 million. None of the goodwill recognized is expected to be deductible for income tax purposes.

Update on acquisitions in 2013

Non-controlling interest in CETREL SA

In February 2009, SIX acquired 50% of CETREL SA. The agreement also entailed call options to increase the share held by SIX to 80% or 100%. The conditions precedent for the call option were met after 17 December 2013. As a result, SIX eliminated the non-controlling interest subject to the call options and recognized the estimated redemption amount of CHF 25.5 million as a financial liability as at 31 December 2013. In the interim period ended 30 June 2014, the call option was exercised and the liability settled which resulted in a gain of CHF 0.9 million. This amount has been included in financial income.

Other changes in the composition of the Group

In the six months ended 30 June 2014, SIX Financial Information Ltd, Zurich, was merged into Telekurs Holding Ltd, Zurich. The merger has no impact on the consolidated figures of the Group as at 30 June 2014.

5. 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 the internal financial reporting to the chief operating decision maker (CODM). For the purpose of internal reporting, SIX is broken down 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 reportable operating segments under 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". The five reportable segments offer the following products and services:

Segment	Product 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 – Share register service – Electronic transactions between land registries, notaries and banks
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 issuers and acquirers – Interbank clearing and e-bill payments
Corporate	– Corporate services such as communication, strategic development, human resources, finance & risk, legal & compliance, IT & logistics

Since April 2014, SIX has been consolidating the IT-related activities of the Swiss Group entities within Global IT. Global IT now comprises all IT functions of the Swiss Group entities, including IT infrastructure, software development and operations. Software development and IT applications were previously decentralized and part of the activities of the operating business segments. It is also planned to transfer the IT-related activities of the Group entities abroad to Global IT in the near future.

As a result of this change in the internal organization, approximately 370 FTEs were transferred from the four reportable operating business segments to "Corporate". The services provided by Global IT are charged to the other business segments. The internal reorganization therefore has no impact on the operating income, operating expenses and EBIT of the four reportable operating segments. The only impact of the change in the internal organization is an increase in the inter-segment revenue and an equivalent increase in the operating expenses of the segment "Corporate". The change therefore has no impact on the EBIT of the segment

"Corporate". As inter-segment revenue and expenses have been eliminated, there is no impact either on the operating income or operating expenses of the Group. It is assumed that the impact on the prior-year operating income and operating expenses of the segment "Corporate" would approximate CHF 8.0 million for the six-month period ended 30 June 2013.

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

For the six months ended 30 June 2014

CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
Revenues from external customers	97.9	134.9	191.5	451.2	5.6	881.0	–	881.0
Inter-segment revenues	4.1	3.8	5.3	2.6	177.4	193.2	–193.2	–
Total operating income	**101.9**	**138.7**	**196.8**	**453.8**	**183.0**	**1,074.2**	**–193.2**	**881.0**
Total operating expenses	**–60.4**	**–115.6**	**–177.5**	**–413.3**	**–182.0**	**–948.8**	**193.2**	**–755.6**
Share of profit of associate	12.3	–	–	–	1.8	14.1	–	14.1
Financial income	1.0	0.0	3.0	2.4	14.8	21.2	0.0	21.2
Financial expenses	–0.1	–0.1	–0.4	–0.7	–8.4	–9.7	–0.0	–9.7
Earnings before interest and tax (EBIT)	**54.7**	**23.1**	**21.9**	**42.2**	**9.1**	**151.0**	**–**	**151.0**
Interest income								8.6
Interest expenses								–2.9
Earnings before tax (EBT)								**156.8**
Income tax expenses								–26.1
Group net profit								**130.7**

For the six months ended 30 June 2013

CHF million	Swiss Exchange	Securities Services	Financial Information	Payment Services	Corporate	Total segments	Elimination	Total SIX
Revenues from external customers	99.8	126.5	188.1	325.2	7.0	746.7	–	746.7
Inter-segment revenues	1.3	2.8	3.9	0.9	138.0	147.0	–147.0	–
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 associate	11.0	–0.5	–	–	1.4	11.9	–	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**	**–**	**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**

6. Income taxes

As at 30 June 2014, total income tax expenses were CHF 26.1 million, which resulted in an effective tax rate of 16.6%, compared with income tax expenses of CHF 28.0 million and an effective tax rate of 23.1% in the previous year. The decrease in the effective tax rate is mainly due to the use of previously unrecognized tax losses.

7. Cash and cash equivalents

CHF million	30/06/2014	31/12/2013
Cash at bank and on hand	4,569.1	3,473.9
Short-term bank deposits	114.2	121.7
Cash and cash equivalents	**4,683.3**	**3,595.6**

Cash at bank includes giro balances with the Swiss National Bank (SNB) of CHF 3,236.1 million (31 December 2013: CHF 2,528.4 million) and giro balances with clearing houses approved by the SNB of CHF 700.8 million (31 December 2013: CHF 633.8 million).

Cash and cash equivalents include the following items for the purpose of the statement of cash flows:

CHF million	30/06/2014	31/12/2013
Cash and cash equivalents	4,683.3	3,595.6
Bank overdrafts	–60.8	–47.7
Cash and cash equivalents in the statement of cash flows	**4,622.5**	**3,547.9**

8. Trade and other receivables

CHF million	30/06/2014	31/12/2013
Trade and other receivables, gross	724.5	799.7
Allowance for receivables individual impairment	–12.1	–11.8
Allowance for receivables collective impairment	–0.1	–0.1
Total trade and other receivables, net	**712.4**	**787.8**

9. Receivables and payables from clearing & settlement

CHF million	30/06/2014	31/12/2013
Receivables from clearing & settlement	1,562.2	690.0
Receivables from reverse repurchase agreements	521.4	351.6
Fed funds placements	196.0	524.1
Total receivables from clearing & settlement – Securities Services	**2,279.5**	**1,565.6**
Total receivables from clearing & settlement – Payment Services	**388.3**	**316.4**
Total receivables from clearing & settlement	**2,667.9**	**1,882.0**
Payables from clearing & settlement	4,583.3	3,691.8
Payables from settled suspense	398.3	134.7
Collateral	1,013.9	633.0
Total payables from clearing & settlement – Securities Services	**5,995.6**	**4,459.4**
Total payables from clearing & settlement – Payment Services	**828.3**	**442.7**
Total payables from clearing & settlement	**6,823.9**	**4,902.1**

Receivables and payables from clearing & settlement – Securities Services

The receivables and payables from clearing & settlement in the Securities Services business area result from SIX x-clear Ltd, SIX SIS Ltd and Oslo Clearing ASA acting as a Central Counterparty (CCP) or Central Security Depository (CSD) for securities trading. The CCP steps into the contracts as intermediary and represents the buyer to each seller and the seller to each buyer. To fulfill the contract, SIX SIS Ltd must settle cash and securities from one trading party to another.

Under a reverse repurchase agreement, SIX SIS Ltd buys securities and agrees to sell them in the future. The cash delivered is derecognized and a corresponding receivable recorded.

SIX SIS Ltd places cash balances in USD with third banks as fed funds placements. These placements are overnight borrowings between banks and other institutions used for liquidity management purposes.

Payables from settled suspense relate to cross border transactions where a seller is short of securities. In such an event, SIX SIS Ltd borrows the securities required and recognizes a corresponding liability.

Collateral includes collateral related to secured instruments (COSIs) and other collateral from clients. COSIs involve the collateralization of certificates and is a service offered by SIX Swiss Exchange Ltd to issuers of structured products. The provider of collateral – generally the issuer of the product – pledges a defined amount of cash, which equals the current value of the outstanding COSI products. SIX SIS Ltd acts as a depository for the pledged collateral.

Receivables and payables from clearing & settlement – Payment Services

Receivables from clearing & settlement include receivables due from card schemes and issuers of debit and credit cards. The payables from clearing & settlement include payables due to merchants and ATM providers.

10. Financial instruments

Additions and disposals

Financial assets total CHF 1,140.1 million as at 30 June 2014, which represents an increase of CHF 261.9 million compared to 31 December 2013. Financial liabilities increased by CHF 64.0 million to CHF 169.0 million as at 30 June 2014. The increase is attributable to the following main factors.

As a result of the acquisition of Oslo Clearing ASA, financial assets increased by CHF 104.5 million. The position consists of CHF 66.1 million in debt instruments at amortized cost and CHF 38.3 million in positive replacement values of financial derivatives and equities from clearing and settlement. The increase in financial liabilities by CHF 38.3 million relates to the corresponding negative replacement values of financial derivatives and equities. In May 2014, a forward contract, which had been entered into in December 2012 to hedge the foreign currency exposure relating to the acquisition, was executed. The corresponding loss of the hedge of CHF 2.9 million is part of the purchase price of Oslo Clearing ASA. Further information on the acquisition of Oslo Clearing ASA is provided in note 4.

In addition to an increased clearing volume, holdings of financial assets increased from CHF 78.0 million as at 31 December 2013 to CHF 147.3 million as at 30 June 2014 as a result of late settlements. The positive and negative replacement values developed in parallel, increasing sharply in the first half of 2014. Positive replacement values increased by CHF 52.0 million to CHF 99.6 million as at 30 June 2014, while the negative replacement values of derivative instruments increased by CHF 50.2 million to CHF 99.6 million. In both cases, the whole amount is covered by collateral deposited by the clearing members. Financial liabilities as at 31 December 2013 comprised CHF 25.5 million for an option right originally granted in 2009 in conjunction with the acquisition of CETREL SA. In the interim period ended 30 June 2014, this liability was settled. Please refer to note 4 for further information.

During the first half of 2014, CHF 50.7 million in debt securities matured or were disposed of (30 June 2013: CHF 27.3 million). SIX has recognized a loss arising from the derecognition of CHF 1.2 million (30 June 2013: CHF 0.9 million). In the same period, debt securities totaling CHF 65.8 million were acquired. Additional movements in financial assets comprise additions and disposals of financial assets at fair value of CHF 74.2 million and CHF 52.9 million respectively.

Fair value of financial instruments

			30/06/2014			31/12/2013
CHF million	Carrying amount	Fair value	Deviation	Carrying amount	Fair value	Deviation
Assets						
Cash and cash equivalents	4,683.3	4,683.3	–	3,595.6	3,595.6	–
Trade and other receivables	712.4	712.4	–	787.8	787.8	–
Receivables from clearing & settlement	2,667.9	2,667.9	–	1,882.0	1,882.0	–
Debt instruments [1]	438.8	448.4	9.6	364.0	363.2	–0.9
Loans	2.3	2.3	–	1.9	1.9	–
Financial assets at amortized cost	**8,504.6**	**8,514.3**	**9.6**	**6,631.3**	**6,630.5**	**–0.9**
Equity instruments at FVtPL [2]	47.7	47.7	–	47.1	47.1	–
Units in investment funds at FVtPL [3]	366.2	366.2	–	339.8	339.8	–
Financial instruments from settlement business [4]	147.3	147.3	–	78.0	78.0	–
Derivative financial instruments	137.9	137.9	–	47.6	47.6	–
Financial assets at fair value	**699.0**	**699.0**	**–**	**512.4**	**512.4**	**–**
Total financial assets	**9,203.7**	**9,213.3**	**9.6**	**7,143.7**	**7,142.9**	**–0.9**
of which current	8,867.7			6,806.3		
of which non-current	336.0			337.4		
Liabilities						
Bank overdrafts	60.8	60.8	–	47.7	47.7	–
Trade and other payables	330.6	330.6	–	330.6	330.6	–
Payables from clearing & settlement	6,823.9	6,823.9	–	4,902.1	4,902.1	–
Borrowings [5]	31.1	31.1	–	30.2	30.2	–
Other financial liabilities [6]	–	–	–	25.5	25.5	–
Financial liabilities at amortized cost	**7,246.4**	**7,246.4**	**–**	**5,336.1**	**5,336.1**	**–**
Derivative financial instruments	137.9	137.9	–	49.4	49.4	–
Financial liabilities at fair value	**137.9**	**137.9**	**–**	**49.4**	**49.4**	**–**
Total financial liabilities	**7,384.3**	**7,384.3**	**–**	**5,385.4**	**5,385.4**	**–**
of which current	7,377.6			5,378.7		
of which non-current	6.7			6.7		

1 Debt instruments mainly include government and corporate bonds as well as European medium term notes (EMTNs) denominated in CHF, EUR, USD and JPY. According to the internal investment strategy, the requirements regarding counterparty creditworthiness are based on a minimum rating of A (Standard & Poor's) or A2 (Moody's).
2 Equity instruments primarily include unlisted shares in other entities which are held to invest the liquidity in excess of operating liquidity.
3 SIX holds certain investments in equity funds, fixed income funds, real estate funds and funds of hedge funds denominated in foreign currencies with the aim of diversifying its investments and taking advantage of foreign markets' performance.
4 These financial instruments represent quoted equity instruments which SIX usually acquires as a result of failure by a counterparty to deliver its side of a transaction.
5 As at 30 June 2014, SIX had outstanding borrowings due to related parties with a nominal value of CHF 24.3 million (31 December 2013: CHF 23.5 million).
6 Other financial liabilities as at 31 December 2013 comprise CHF 25.5 million for an option right originally granted in 2009 in conjunction with the acquisition of CETREL SA. As at 31 December 2013, SIX has eliminated the non-controlling interest subject to the call options and recognized the expected redemption amount as a financial liability. In the interim period ended 30 June 2014, this liability was settled. Please refer to note 4 for further information.

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 interim consolidated balance sheet. The fair values are based on the valuation methods and assumptions explained 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, either directly or indirectly, on observable marked data 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	30/06/2014
Debt instruments	448.4	2.3	–	450.7
Equity instruments	20.8	–	26.8	47.7
Units in investment funds	366.2	–	–	366.2
Financial instruments from settlement business	147.3	–	–	147.3
Derivative financial instruments	–	137.9	–	137.9
Total financial assets	**982.7**	**140.2**	**26.8**	**1,149.7**
Derivative financial instruments	–	137.9	–	137.9
Total financial liabilities	**–**	**137.9**	**–**	**137.9**

CHF million	Listed market prices Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3	31/12/2013
Debt instruments	363.2	1.9	–	365.0
Equity instruments	19.3	–	27.7	47.1
Units in investment funds	339.7	–	0.1	339.8
Financial instruments from settlement business	78.0	–	–	78.0
Derivative financial instruments	0.0	47.6	–	47.6
Total financial assets	**800.2**	**49.5**	**27.8**	**877.4**
Derivative financial instruments	–	49.4	–	49.4
Total financial liabilities	**–**	**49.4**	**–**	**49.4**

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, and receivables and payables from clearing and settlement, it is assumed that the carrying amount corresponds to their fair value.
- The fair value of quoted equity and debt instruments (e.g. bonds) and of 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. Such financial assets therefore fall under level 1 of the fair value hierarchy.
- If there is no observable market data 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 were to increase, the price per share would increase 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 assigned to level 3 of the fair value hierarchy. An increase or decrease of 10% in the estimated liquidation proceeds would lead to an increase or decrease of approximately 10% in the fair value of the financial asset.
- Derivative financial instruments include forward contracts from the clearing and settlement business of SIX as well as foreign exchange swaps and forwards which are not traded publicly. The inputs into the calculation include values of the underlyings, 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, derivative financial instruments are categorized as level 2 instruments.

Transfer between levels

SIX recognizes transfers between the levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. During the six-month period ended 30 June 2014, there were no transfers between level 1 and 2 to report and no transfers into or out of level 3.

Movements in level 3 instruments

The only movements in level 3 equity instruments since 31 December 2013 have been a partial liquidation proceeds of CHF 2.0 million and a fair value increase of CHF 0.9 million, which has been recorded as an unrealized gain in the income statement under financial income (31 December 2013: CHF 0.1 million net unrealized loss).

11. Property, plant and equipment

During the six months ended 30 June 2014, SIX acquired items of property, plant and equipment at a cost of CHF 10.0 million (31 December 2013: CHF 29.9 million). Investments in property, plant and equipment primarily relate to midrange and mainframe servers, payment terminals and the expansion of technical building equipment.

Items of property, plant and equipment with a net book value of CHF 0.4 million were disposed of by SIX during the six months ended 30 June 2014 (31 December 2013: CHF 0.9 million), resulting in a net loss on disposal of CHF 0.4 million (31 December 2013: CHF 0.9 million), which has been included in other operating expenses in the interim consolidated income statement.

12. Intangible assets

Goodwill
During the six months ended 30 June 2014, SIX recognized provisional goodwill of CHF 10.5 million arising from the acquisition of Oslo Clearing ASA (see note 4).

Software and other intangible assets
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 18.2 million during the first half of 2014 (30 June 2013: CHF 18.6 million).

As a result of the acquisition of Oslo Clearing ASA, other intangible assets increased by CHF 1.4 million (see note 4).

Investments in intangible assets consist of the development of technical adjustments to its platforms, such as new functionalities, increased capacity and adjustments for requirements on regulated markets. Particularly significant larger development projects in the Swiss Exchange and Payment Services business areas, include the "New SIC Architecture"-project, the "Innovative Index Product Services"-project to implement the new index calculation platform and the "SIX Group/Cetrel IT Plattform Integration"-project.

13. Restructuring activities

In 2014, the Group has continued to implement restructuring initiatives to position the business for the future, notably in the Payment Services business area in Austria. The organizational realignment establishes the basis for providing market-oriented services to demanding clients in a challenging environment.

The restructuring expenses are comprised of termination benefits. Restructuring expenses of CHF 3.2 million were recognized initially. CHF 1.0 million has been reclassified from legal claims to restructuring provisions, as legal claims by employees for the extension of the notice period became part of the social plan. As at 30 June 2014, the provision for restructuring amounted to CHF 4.0 million which is expected to be utilized within the next twelve months.

In the previous period ended 30 June 2013, SIX recognized restructuring expenses of CHF 2.7 million related to an organizational realignment in the Securities Services business area. The related provision for restructuring as at 30 June 2013 amounted to CHF 1.9 million and was fully utilized by 30 June 2014. Additionally, as a result of a plan curtailment that arose as part of the restructuring, service costs decreased by CHF 0.8 million during the six months ended 30 June 2013.

No significant provisions for the costs of restructuring were reversed through profit and loss in the six months ended 30 June 2014.

14. Dividends proposed and paid

On 16 May 2014, the Annual General Meeting approved the distribution of a dividend of CHF 5.00 (2013: CHF 15.36) per registered share. The total amount distributed to holders of outstanding shares amounted to CHF 94.6 million (2013: CHF 290.5 million) and has been recorded against capital reserves as in the prior year.

15. Related party disclosures

SIX defines related parties as:
– shareholders which have significant influence by delegating a member onto the SIX 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,
– 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.

Approximately 140 banks hold shares in SIX, but no bank holds more than 20% of the total equity of SIX. The shares are widely distributed, i.e. no single owner or bank category has an absolute majority. All shareholders are bound by a shareholders' agreement.

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 39.3 million are collateralized (31 December 2013: CHF 26.8 million).

Guarantees have been provided to Group entities and to SWX Europe Holdings Ltd. In compliance with the regulatory requirements of the Financial Conduct Authority (FCA), SIX Swiss Exchange Ltd has committed itself to providing SWX Europe Holdings Ltd with sufficient financial resources at all times.

No impairment allowances of receivables relating to amounts owed by related parties were recorded as at 30 June 2014 and 31 December 2013.

Transactions and outstanding balances with related parties as stated in the following tables are included in SIX's interim consolidated balance sheet and statement of comprehensive income as at and for the six months ended 30 June 2014 and for the respective prior-year period.

	For the six months ended 30 June 2014				
CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
Income statement					
Commission revenues	43.0	–	–	–	43.0
Transaction revenues	63.9	–	–	–	63.9
Service revenues	40.5	4.3	–	–	44.7
Net interest income from banking business	0.2	–	–	–	0.1
Other operating income	0.7	0.0	–	–	0.7
Other operating expenses	–0.4	–0.3	–	–	–0.7
Contributions	–	–	–16.5	–	–16.5

	30/06/2014				
CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
Balance sheet					
Cash and cash equivalents	334.5	700.8	–	–	1,035.3
Trade receivables/receivables from clearing & settlement	89.9	1.3	–	–	91.2
Deferred income	0.0	0.5	–	–	0.5
Trade payables/payables from clearing & settlement	1,198.4	–	0.1	–	1,198.5
Accrued expenses	21.8	0.4	–	–	22.2
Borrowings	–	–	–	24.3	24.3
Employer contribution reserves	–	–	69.6	–	69.6

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Other related parties	Total
					For the six months ended 30 June 2013
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	Total
					31/12/2013
Balance sheet					
Cash and cash equivalents	252.1	643.2	–	–	895.3
Trade receivables/receivables from clearing & settlement	86.4	0.1	–	0.1	86.5
Deferred income	–	0.3	–	–	0.3
Trade payables/payables from clearing & settlement	1,406.1	–	0.2	–	1,406.3
Borrowings	–	–	–	23.5	23.5
Employer contribution reserves	–	–	69.6	–	69.6

16. Events after the balance sheet date

No material events occurred between the balance sheet date and the approval of the interim consolidated financial statements on 18 August 2014 which might adversely affect the information content of the 2014 interim consolidated financial statements and which would require disclosure.

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