Exchange Regulation

Media Release

29 June 2012

SIX Exchange Regulation
SIX Swiss Exchange Ltd
Selnaustrasse 30
P.O. Box 1758
CH-8021 Zurich
www.six-exchange-regulation.com

Media Relations:
T +41 58 399 2227
F +41 58 499 2710
pressoffice@six-group.com

New Value Ltd sanctioned for errors in financial statements

SIX Exchange Regulation imposes a fine of CHF 25,000 on New Value Ltd in connection with several errors in the company's annual financial statements for 2010/2011 and its interim financial statements for 2011 prepared in accordance with IFRS. The errors include the failure to record an impairment on a financial asset, the overstatement of cash and cash equivalents, the overstatement of own shares, and the omission of various disclosures from the financial statements.

In its 2010/2011 financial statements as at 31 March 2011, New Value Ltd was in violation of IFRS and the additional requirements for investment companies as follows:

1. The reported amount of cash and cash equivalents was overstated by CHF 3 million (1685%) due to a loan receivable being incorrectly classified as a time deposit.

2. No disclosures were made with regard to the nature and extent of default, liquidity and market risk in relation to a loan receivable of CHF 10 million.

3. The fact that New Value Ltd violated the company's own investment rules by granting a loan over CHF 13 million to a borrower with insufficient creditworthiness rules was not disclosed.

Additionally, the 2011 interim financial statements of New Value Ltd as at 30 September 2011 contained the following breaches of IFRS:

4. An impairment of CHF 8 million on the unsecured portion of a loan receivable was not reported. This resulted in the loan receivable being overstated by 347% and the loss reported for the half-year being understated by 310%.

5. The portfolio of own shares was overstated by 156,894 shares (71%), resulting in an incorrect calculation of earnings per share.

Overall, New Value Ltd materially violated the requirements of IFRS and of the additional requirements for investment companies. The errors in the 2010/2011 annual financial statements and 2011 interim financial statements are a result of significant flaws in New Value Ltd's organizational structure.

Consequently, SIX Exchange Regulation has issued a sanction notice against New Value Ltd and imposed a fine of CHF 25,000 on the company. New Value Ltd has accepted the sanction notice and will correct the errors in accordance with the provisions of IFRS in its 2011/2012 annual financial statements and 2012 interim statements.
Following these violations, New Value Ltd has replaced its Board of Directors entirely. The newly appointed board cooperated with the investigation.

Previous sanctions in the area of financial reporting can be found at:
http://www.six-exchange-regulation.com/enforcement/media_releases/sanctions/financial_reporting_en.html

Appendix regarding the accounting standards
Periodic financial reporting is part of the information required under the Stock Exchange Act and the Listing Rules to ensure a functioning market. As part of this process, issuers must comply with the applicable accounting standards.
Information regarding financial reporting can be found at:
http://www.six-exchange-regulation.com/obligations/financial_reporting_en.html

The following accounting standards were relevant for the assessment of the case in question:
(based on the numbering used above)

1. IAS 7p6 defines cash and cash equivalents as cash on hand and demand deposits. These are highly liquid financial instruments that can be converted into known amounts of cash at any time and the value is subject only to a minor risk of fluctuation. A loan receivable does not meet these criteria.

2. In accordance with IFRS 7p31, a company must ensure that its disclosures regarding the nature and extent of risks arising from financial instruments are provided in such a way that users of the financial statements can evaluate these risks. Additionally, IFRS 7p32 stipulates that the information required in accordance with IFRS 7p33-42 includes, in particular, default risk, liquidity risk and market risk.

3. Pursuant to item 2.9.7 of the additional requirements for investment companies, additional disclosures need to be included in the notes to the audited annual financial statements. According to these requirements any deviation from the company's investment policy that occurred during the reporting period must be disclosed and justified.

4. IAS 39p58 states that on every reporting date a company must determine whether there is objective evidence of a financial asset having been impaired. Objective evidence of impairment in the case of a financial asset could for example take the form of significant financial difficulties affecting the relevant issuer or borrower. Under the terms of IAS 39p63, any impairment affecting financial assets that are carried at amortized cost should be recognized in profit or loss. Pursuant to IAS 39p63 the recognized loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flow discounted at the asset's original effective interest rate.

5. IAS 32p33 stipulates that a company's own shares should be deducted from the figure reported as equity. Additionally, companies are required to disclose their earnings per share (EPS) in line with the provisions of IAS 33p66. According to IAS 33p19, the calculation should be based on the weighted average of the number of shares outstanding during the reporting period. Inaccurate reporting of the portfolio of own shares consequently results in the earnings per share being calculated incorrectly.

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

Phone: +41 58 399 2675
Fax: +41 58 499 2710
E-mail: pressoffice@six-group.com

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

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

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

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