

## Media Release

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### **SIX Exchange Regulation reaches an agreement with SHL Telemedicine Ltd.**

**SIX Exchange Regulation has reached an agreement with SHL Telemedicine Ltd. in connection with a breach of the accounting standards (IFRS) in the 2015 annual financial statements. The identified deficiencies relate to the revenue recognition and disclosure for performance-based contracts as well as the recognition of expenses. As part of the agreement, the company has committed itself to correct the errors, to adjust the disclosures in the 2016 annual financial statements and to make a payment of CHF 15,000 to the IFRS-Foundation.**

In the 2015 IFRS annual financial statements, SHL Telemedicine Ltd. reversed revenue recognized in relation to a specific performance-based contract for the years 2013, 2014 and 2015. However, already in 2014 data indicating that revenue recognized relating to this contract in the years 2013 and 2014 was too high became available. This was not adequately taken into consideration at this time. Therefore, a portion of the revenue adjustment recorded in the 2015 IFRS annual financial statements amounting to USD 2'506 thousand should have been recognized already in the 2014 IFRS annual financial statements. In this context, SHL Telemedicine Ltd. did also not disclose the accrued income related to performance-based contracts separately from accounts receivable in its 2015 IFRS annual financial statements.

Furthermore, expenses for the renewal of a customer contract in the amount of USD 789 thousand should have been accrued and recorded in the 2015 IFRS annual financial statements rather than in 2016. As a result of these errors, the net loss for the year ending 31 December 2015 was overstated by USD 1'717 thousand and the loss per share was overstated by USD 0.17 (both approximately 11.5%).

<b>Financial statement position</b>	<b>Amounts as stated in the 2015 IFRS annual financial statements</b>	<b>Amounts after the correction of errors</b>	<b>Effect</b>
Net loss	KUSD -16'635	KUSD -14'918	KUSD +1'717 (+11.5%)
Loss per share	USD -1.59	USD -1.42	USD +0.17 (+11.5%)

As part of the agreement, SHL Telemedicine Ltd. has committed itself to correct and disclose the errors as well as to adjust the disclosures in the 2016 IFRS annual financial statements. It was agreed that the public is informed by SIX Exchange Regulation with this public notification at the date of the publication of the 2016 annual financial statements of SHL Telemedicine Ltd. In addition, the company will make a payment of CHF 15,000 to the IFRS-Foundation as part of the agreement.

The investigation opened by SIX Exchange Regulation against SHL Telemedicine Ltd. in connection with the 2015 IFRS annual financial statements and 2016 IFRS interim financial statements has been terminated with the conclusion of the agreement. Since the errors are not considered a serious violation of the listing rules and as this course of action results in a more timely public information than would have been the case with a duly completed sanction proceeding.

This and previous publications of agreements in connection with financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/publications/explorer/communiqués.html>

#### **Obligations concerning financial reporting**

Periodic financial reporting is part of the information required under the Financial Market Infrastructure Act and the Listing Rules to ensure a functional market. As part of this process, issuers must comply with the applicable financial reporting standards.

Information on the field of financial reporting can be found at:

<https://www.six-exchange-regulation.com/en/home/issuer/obligations/financial-reporting.html>

#### **Relevant accounting standards in assessing the case in question:**

According to IAS 18p20, revenue from the rendering of services shall be recognized when the outcome of a transaction can be estimated reliably. Pursuant to IAS 8p34, an estimate needs to be revised if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. The effects of changes in accounting estimates shall be recognized prospectively in the period of the change according to IAS 8p36.

Paragraph 4.49 of the Conceptual Framework requires the recognition of expenses in the income statement, when a decrease in future economic benefits related to an increase of a liability has arisen and this decrease can be measured reliably.

Furthermore, IAS 1p78(b) states that receivables shall be disaggregated based on the size, nature and function of the amounts involved.

Should you have any questions, please feel free to contact Jürg Schneider, Media Relations.

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### **SIX Exchange Regulation**

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

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

[www.six-exchange-regulation.com](http://www.six-exchange-regulation.com)

### **SIX**

SIX operates the infrastructure underpinning the Swiss financial sector and offers a comprehensive range of services around the world in the fields of securities trading and settlement, financial information and payment transactions. The company is owned by its users (approximately 130 banks of various orientation and size). Its workforce of over 4,000 employees and presence in 25 countries throughout the world generated operating income of CHF 1.8 billion and a Group net profit of CHF 221.1 million in 2016.

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