

## Media Release

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### SIX Exchange Regulation reaches an agreement with Meier Tobler Group Ltd.

**SIX Exchange Regulation has reached an agreement with Meier Tobler Group Ltd. in connection with a breach of the Swiss GAAP FER accounting standards in the 2017 annual financial statements. The identified deficiency relates to the accounting treatment of inventory revaluations in the course of an acquisition, which were recognised as extraordinary expense upon sale of the inventory. As part of the agreement, the company has undertaken to correct the error in the 2018 Swiss GAAP FER interim and annual financial statements and to make a payment of CHF 27,000 to the Swiss Foundation for Accounting and Reporting Recommendations.**

In the course of the acquisition of Tobler Building Technology Inc., Meier Tobler Group Ltd. revalued the inventories of Tobler Building Technology Inc. from their carrying amounts to the current net selling prices in accordance with the Swiss GAAP FER accounting standards. When those inventories were subsequently sold, the revaluations were recognized under extraordinary expenses instead of costs of materials. However, Swiss GAAP FER does not provide for breaking down inventory costs into ordinary costs of materials and an extraordinary revaluation component. Furthermore, inventory sales are neither extremely rare nor unpredictable for Meier Tobler Group Ltd. and thus cannot be characterised as extraordinary events.

As a result of this reclassification, earnings before interest, taxes, depreciation and amortisation (EBITDA), earnings before interest and taxes (EBIT) and ordinary result were overstated in the 2017 Swiss GAAP FER annual financial statements. Accordingly, the extraordinary income was understated, and the consolidated loss remains unchanged.

Line item	Amounts posted in the 2017 Swiss GAAP FER annual financial statements	Adjusted amounts	Impact (posted amount x% too high)
EBITDA	KCHF 35,784	KCHF 29,182	KCHF 6,602 (18.4% too high)
EBIT	KCHF 18,297	KCHF 11,695	KCHF 6,602 (36.1% too high)
Ordinary result	KCHF 15,126	KCHF 8,524	KCHF 6,602 (43.6% too high)

Line item	Amounts posted in the 2017 Swiss GAAP FER annual financial statements	Adjusted amounts	Impact (posted amount x% too high)
Consolidated loss	KCHF -3,063	KCHF -3,063	None

The same items were already overstated by KCHF 5,924 in the 2017 Swiss GAAP FER interim financial statements (EBITDA 49.0% too high, EBIT 110.3% too high, ordinary income 144.7% too high, consolidated loss not affected).

As part of the agreement with SIX Exchange Regulation, Meier Tobler Group Ltd. has undertaken to correct and disclose the error in the 2018 Swiss GAAP FER interim and annual financial statements. In addition, the company will make a payment of CHF 27,000 to the Foundation for Accounting and Reporting Recommendations.

The investigation opened by SIX Exchange Regulation against Meier Tobler Group Ltd. in connection with the 2017 Swiss GAAP FER annual financial statements was closed when the agreement was reached.

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:**

Expenses and income are only considered as extraordinary in accordance with Swiss GAAP FER 3/22 if they arise extremely rarely in the context of the ordinary operations and were not predictable. At the time of an acquisition, assets and liabilities taken over have to be revalued to actual values according to Swiss GAAP FER 30/14 and 30/60. Inventories shall be measured at acquisition or production costs according to Swiss GAAP FER 17/3. Impairments of inventories are charged to the result of the period according to Swiss GAAP FER 17/5 and are to be recognised as raw material expense or as changes in inventory of finished and unfinished goods (Swiss GAAP FER 17/27). According to Swiss GAAP FER 3/7, these positions form part of the ordinary result.

Should you have any questions, please feel free to contact Stephan Meier, Head Media Relations SIX.

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### **SIX Exchange Regulation Ltd**

SIX Exchange Regulation Ltd 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 Ltd imposes sanctions in so far as it is authorized to do so by the regulations, or submits sanction requests to SIX Swiss Exchange's Sanction Commission. SIX Exchange Regulation Ltd's independence of the operating business of SIX Swiss Exchange Ltd, SIX Corporate Bonds Ltd and SIX Repo Ltd is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation Ltd consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement, responsible for the monitoring of trading.

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### **SIX**

SIX operates and develops infrastructure services in the Securities & Exchanges, Payments and Financial Information business units with the aim of raising efficiency, quality and innovative capacity across the entire value chain of the Swiss financial center. The company is owned by its users (127 banks). With a workforce of some 4,000 employees and a presence in 23 countries, it generated operating income in excess of CHF 1.9 billion and Group net profit of CHF 207.2 million in 2017.

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