Interim Condensed Consolidated Financial Statements 2019

30 June

SIX Key Figures

CHF million	For the six months ended 30 June 2019	2018	Change in %
Income statement			
Total operating income	551.7	572.5	−3.6%
Total operating expenses	−451.9	−429.7	5.2%
Earnings before interest, tax, depreciation and amortization (EBITDA)	99.9	142.8	−30.1%
Operating profit	55.8	112.1	−50.3%
Net financial result	−28.8	−1.3	n/a
Share of profit or loss of associates	31.9	−8.6	n/a
Earnings before interest and tax (EBIT)	58.8	102.2	−42.4%
Net interest and tax expenses	−26.4	−27.4	−3.5%
Profit for the period from continuing operations	32.4	74.8	−56.7%
Group net profit	32.4	100.7	−67.8%
Cash flow statement			
Cash flow from operating activities	−719.6	251.2	n/a
Cash flow from investing activities	−285.8	−43.9	n/a
Cash flow from financing activities	−426.4	−133.5	n/a

CHF million	30/06/2019	31/12/2018	Change in %
Balance sheet			
Total assets	13,723.1	12,671.2	8.3%
Total liabilities	8,813.5	7,298.2	20.8%
Total equity	4,909.6	5,373.0	−8.6%
Equity ratio (in %, average) [1]	87.2%	81.8%	5.4 pp
Return on equity (in %, average) [2]	2.1%	5.1%	−3.0 pp

	30/06/2019	30/06/2018	Change in %
Shareholders' key figures			
Earnings per share (in CHF)	1.70	5.30	−67.9%
Earnings per share from continuing operations (in CHF)	1.70	3.93	−56.7%
Ordinary dividend paid per share (in CHF)	4.10	7.00	−41.4%
Extraordinary dividend paid per share (in CHF)	17.30	–	n/a
Operating key figures			
Workforce (full-time equivalents)	2,538.4	3,690.6	−31.2%
Workforce (headcount)	2,649	3,886	−31.8%
Stock exchange trading turnover (in CHF billions)	693.2	733.7	−5.5%
Market share of trading in SLI stocks (in %, average)	71.4%	71.2%	0.3%
Deposit volume (in CHF millions, average)	3,326,271	3,280,953	1.4%
Number of SIC transactions (in 1,000s)	318,171	297,075	7.1%
Number of financial instruments (business unit Financial Information) (in millions)	31.5	29.6	6.4%

[1] Equity ratio = average equity previous 12 months / (average adjusted liabilities previous 12 months + average equity previous 12 months). The adjustments of the liabilities include the positions "payables from clearing & settlement" and "negative replacement values from clearing & settlement".

[2] Return on equity = profit previous 12 months / average equity previous 12 months. Return on equity 2018 adjusted for gain from disposal of cards business.

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Mid-year Report of SIX as at 30 June 2019

SIX reports solid operational performance for first half of 2019

- In the first six months of 2019 SIX generated CHF 551.7 million in operating income and CHF 99.9 million in earnings before interest, taxes, depreciation and amortization (EBITDA).
- Reflecting substantial investments following last year's strategic realignment, M&A activities and price reductions, EBITDA was lower than in the first half of the previous year.
- The non-operating financial result was heavily influenced by the stake in Worldline whereby a negative accounting effect outweighed profit participation. Subsequently, SIX reports a Group net profit of CHF 32.4 million for the first half of 2019.
- The fair value of SIX' 27% stake in Worldline has increased since the signing of the transaction from CHF 2.5 billion to CHF 3.5 billion.

After completing the strategic realignment last year, a resized but more focused SIX generated CHF 551.7 million in operating income in the first half of 2019. With the new organizational structure in place, SIX has undertaken a series of strategic investments in new products and innovation. In light of these developments SIX recorded a solid operational performance in terms of profit, which is lower compared to previous year's period but proportionate to the new setup and the resized company.

Financial highlights

SIX recorded a solid operational performance for the period January – June 2019. The slight year-on-year decrease in operating income (CHF 551.7 million, –4% YoY) was due to price reductions granted mid-2018 in accordance with the new mandate.

In the first six months of 2019 SIX generated CHF 99.9 million in EBITDA. Apart from the price reductions, EBITDA was lower compared to the previous year's period (–30% YoY) mainly due to increased strategic investments in the Innovation & Digital unit and the newly formed Banking Services unit. Strategic investments also included SIX Digital Exchange 'SDX', the fully integrated issuance, trading, settlement and custody infrastructure for digital assets and regulatory costs. These investments led, as anticipated, to an increase of operating expenses.

The non-operating financial result was heavily influenced by the participation in Worldline. In line with the strategic realignment SIX entered into a strategic partnership with Worldline in 2018, bringing its existing card business into the partnership.

As a consequence of the strategic partnership with Worldline SIX's revenues have practically halved. Instead SIX has participated in Worldline's profit via its 27% stake in the French company appearing as a positive contribution to share of profit or loss of associates. In addition, the transaction with Worldline has also had a negative accounting effect on the net financial result as a result of the revaluation of a contingent cash consideration that was part of the original Worldline transaction. A value increase of the strategic liquidity partly offset that effect.

The fair value of the 27% stake in Worldline has increased since the signing of the transaction on 14 May 2018 from CHF 2.5 to 3.5 billion (as of 28 June 2019). As the participation is accounted for using the equity method, this had, however, no effect on the income statement or balance sheet.

Excluding the total impact of the Worldline participation, Group net profit almost equalled previous year's figure (CHF 81.3 million, –1% YoY).

Business unit performances

The trading and post-trading business of **Securities & Exchanges** reported a profit contribution of CHF 81.4 million (–25% YoY). The year-on-year profit decline is mainly due to the granted price reductions as well as higher expenses due to large investments such as in SIX Digital Exchange 'SDX'. SIX recorded three IPOs (Medacta, Stadler Rail, Aluflex) and one direct listing (Alcon) in the first half of 2019. Proceeds raised from these listings were CHF 2.3 billion, ranking SIX second in Europe (after LSE Group and no. 8 in the world).

Banking Services, the business unit founded last year from the Swiss captive payment business, performed well and basically held its year-on-year profit contribution of CHF 20.3 million (–1% YoY). Higher expenses as a result of ramping up the business were compensated by higher income for eBill and Direct Debit as well as the acquisition of Swiss Euro Clearing Bank (SECB) GmbH. A second transaction was completed in acquiring PostFinance's 25% minority stake in SIX Interbank Clearing (SIC) AG (SIX now holds 100% of the shares).

Financial Information is below year-on-year comparison with a profit contribution of CHF 46.2 million (–21% YoY) due to price reductions granted to Swiss banks and FX effects. However, revenues of new services have shown strong growth, such as the Sanctioned Securities Monitoring Service due to the ongoing changing geopolitical sanctions landscape.

Balance sheet as at 30 June 2019

As at 30 June 2019, total assets stood at CHF 13,723.1 million, an increase of CHF 1,051.9 million compared with 31 December 2018. Liabilities totaled CHF 8,813.5 million as at the balance sheet date, an increase of CHF 1,515.3 million. These changes were significantly impacted by the full acquisition of SECB, which had a material effect on the following positions: cash and cash equivalents (CHF +311.8 million), current financial assets (CHF +166.9 million), non-current financial assets (CHF +1,813.8 million) and payables from clearing & settlement (CHF +1,708.9 million).

Aside from this, the decrease in current assets (CHF –770.4 million) was mainly due to the ordinary movements in giro balances with the Swiss National Bank (SNB) and clearing houses approved by the SNB or central banks (CHF –1,720.4 million without the impact of SECB), receivables from clearing & settlement (post-trading: CHF +86.0 million; banking services: CHF +199.1 million) and financial assets at fair value (CHF +94.5 million). The increase in non-current assets (CHF 1,822.3 million) is mainly related to the increase in property, plant and equipment (CHF 158.8 million), primarily due to the adoption of IFRS 16 Leases with effect from 1 January 2019 (see note 2 for further details).

The movements in current liabilities (CHF +1,318.7 million) relate mainly to the full acquisition of SECB, as mentioned above, and to the ordinary movements in payables from clearing & settlement (post-trading: CHF –714.9 million; banking services: CHF +237.0 million without the impact of SECB). The increase in non-current liabilities (CHF 196.5 million) is due to the increase in non-current financial liabilities, which is also linked to the adoption of IFRS 16 Leases mentioned above.

Equity decreased by CHF 463.4 million to CHF 4,909.6 million during the reporting period. This decrease was mainly driven by the dividends paid (CHF –405.8 million) and by the total comprehensive income for the first half of 2019 (CHF –41.9 million).

Interim Consolidated Income Statement

CHF million	Notes*	For the six months ended 30 June 2019	2018 restated[1]
Transaction revenues		251.4	269.3
Service revenues		267.8	282.0
Net interest income from interest margin business		26.3	16.3
Other operating income		6.2	4.9
Total operating income	**6**	**551.7**	**572.5**
Employee benefit expenses		–234.9	–229.5
Other operating expenses		–217.0	–200.2
Total operating expenses		**–451.9**	**–429.7**
Earnings before interest, tax, depreciation and amortization (EBITDA)		**99.9**	**142.8**
Depreciation, amortization and impairment		–44.1	–30.7
Operating profit		**55.8**	**112.1**
Financial income		55.5	13.5
Financial expenses		–84.3	–14.8
Share of profit or loss of associates		31.9	–8.6
Earnings before interest and tax (EBIT)		**58.8**	**102.2**
Interest income		1.5	1.8
Interest expenses		–6.2	–2.9
Earnings before tax (EBT)		**54.2**	**101.0**
Income tax expenses	7	–21.7	–26.2
Profit for the period from continuing operations		**32.4**	**74.8**
Profit for the period from discontinued operations, net of tax	15	–	25.9
Group net profit		**32.4**	**100.7**
of which attributable to shareholders of SIX Group Ltd		*32.2*	*100.2*
of which attributable to non-controlling interests		*0.3*	*0.5*
Earnings per share (CHF)			
Basic profit for the period attributable to shareholders of SIX Group Ltd		1.70	5.30
Diluted profit for the period attributable to shareholders of SIX Group Ltd		1.70	5.30
Earnings per share (CHF) – continuing operations			
Basic profit for the period from continuing operations attributable to shareholders of SIX Group Ltd		1.70	3.93
Diluted profit for the period from continuing operations attributable to shareholders of SIX Group Ltd		1.70	3.93

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

[1] The presentation of the consolidated income statement has been voluntarily changed. The prior year's figures have been restated accordingly. See note 2 for further information.

Interim Consolidated Statement of Comprehensive Income

CHF million	For the six months ended 30 June 2019	2018
Group net profit	**32.4**	**100.7**
Change in actuarial gains/(losses) on defined benefit plans recognized in the reporting period	−41.5	7.2
Income taxes on changes in actuarial gains/(losses) on defined benefit plans	8.9	−1.6
Total items that will not be reclassified to profit or loss	**−32.6**	**5.7**
Translation adjustment of foreign operations recognized in the reporting period	−4.4	−1.5
Share of other comprehensive income of associates	−39.5	−0.2
Accumulated translation adjustments of associates reclassified to the income statement	2.1	–
Total items that are or may subsequently be reclassified to profit or loss	**−41.8**	**−1.7**
Total other comprehensive income, net of tax	**−74.3**	**3.9**
Total comprehensive income for the period	**−41.9**	**104.7**
of which attributable to shareholders of SIX Group Ltd	*−42.2*	*104.1*
of which attributable to non-controlling interests	*0.3*	*0.5*

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

Interim Consolidated Balance Sheet

CHF million	Notes*	30/06/2019	31/12/2018 restated[1]
Assets			
Cash and cash equivalents	8	4,051.6	5,496.9
Trade and other receivables	9	163.0	130.6
Receivables from clearing & settlement	10	2,984.7	2,699.6
Financial assets	11	1,082.8	823.8
Current income tax receivables		41.2	23.7
Other current assets		176.9	96.1
Current assets		**8,500.3**	**9,270.7**
Property, plant and equipment	12	401.9	243.1
Intangible assets	13	122.7	116.0
Investments in associates	14	2,625.0	2,656.1
Financial assets	11	2,047.7	354.0
Other non-current assets		15.9	16.6
Deferred tax assets		9.6	14.6
Non-current assets		**5,222.8**	**3,400.5**
Total assets		**13,723.1**	**12,671.2**
Liabilities			
Trade and other payables	11	29.1	25.2
Payables from clearing & settlement	10	7,956.4	6,725.4
Financial liabilities	11	177.5	110.1
Provisions	16	3.4	5.0
Contract liabilities		91.0	29.0
Current income tax payables		18.8	27.5
Other current liabilities		171.9	207.2
Current liabilities		**8,448.1**	**7,129.4**
Financial liabilities	11	155.5	–
Provisions	16	13.2	14.0
Contract liabilities		45.4	50.4
Other non-current liabilities		124.4	77.1
Deferred tax liabilities		27.0	27.3
Non-current liabilities		**365.3**	**168.8**
Total liabilities		**8,813.5**	**7,298.2**
Equity			
Share capital		19.5	19.5
Capital reserves		234.1	234.1
Other reserves		–95.8	–54.0
Retained earnings		4,750.6	5,163.9
Shareholders' equity		**4,908.5**	**5,363.5**
Non-controlling interests		1.2	9.5
Total equity		**4,909.6**	**5,373.0**
Total liabilities and equity		**13,723.1**	**12,671.2**

* The accompanying notes are an integral part of the consolidated financial statements.
[1] See note 2 (under "Changes and amendments of existing accounting policies - listing fees") for further information on the restatement.

Interim Consolidated Statement of Changes in Equity

CHF million	Share capital	Capital reserves	Other reserves
Balance at 1 January 2019	**19.5**	**234.1**	**–54.0**
Changes in accounting policies through adoption of new standards [1]			
Adjusted balance at 1 January 2019	**19.5**	**234.1**	**–54.0**
Group net profit			
Total other comprehensive income			–41.8
Total comprehensive income for the year			**–41.8**
Dividends paid			
Acquisition of non-controlling interests			
Balance at 30 June 2019	**19.5**	**234.1**	**–95.8**

CHF million	Share capital	Capital reserves	Other reserves
Balance at 1 January 2018	**19.5**	**234.1**	**–36.6**
Changes in accounting policies through adoption of new standards			
Changes in existing accounting policies (restatement) [2]			
Adjusted balance at 1 January 2018	**19.5**	**234.1**	**–36.6**
Group net profit			
Total other comprehensive income			–1.7
Total comprehensive income for the year			**–1.7**
Dividends paid			
Balance at 30 June 2018	**19.5**	**234.1**	**–38.4**

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

[1] See note 2 (under "Changes to the Group's accounting policies through adoption of new standards") for further information on the changes in accounting policies.

[2] See note 2 (under "Changes and amendments of existing accounting policies - listing fees") for further information on the restatement.

Other reserves					
Treasury shares	Translation reserves	**Retained earnings**	**Shareholders' equity**	**Non-controlling interests**	**Total equity**
–23.3	**–30.7**	**5,175.9**	**5,375.5**	**9.5**	**5,385.0**
		–15.8	–15.8		–15.8
–23.3	**–30.7**	**5,160.1**	**5,359.7**	**9.5**	**5,369.3**
		32.2	32.2	0.3	32.4
	–41.8	–32.6	–74.3	–0.0	–74.3
	–41.8	**–0.4**	**–42.2**	**0.3**	**–41.9**
		–404.8	–404.8	–1.0	–405.8
		–4.3	–4.3	–7.6	–11.9
–23.3	**–72.5**	**4,750.6**	**4,908.5**	**1.2**	**4,909.6**

Other reserves					
Treasury shares	Translation reserves	**Retained earnings**	**Shareholders' equity**	**Non-controlling interests**	**Total equity**
–23.3	**–13.3**	**2,449.0**	**2,666.0**	**9.9**	**2,675.9**
		6.8	6.8		6.8
		–12.0	–12.0		–12.0
–23.3	**–13.3**	**2,443.8**	**2,660.8**	**9.9**	**2,670.7**
		100.2	100.2	0.5	100.7
	–1.7	5.7	3.9	0.0	3.9
	–1.7	**105.9**	**104.1**	**0.5**	**104.7**
		–132.4	–132.4	–1.1	–133.5
–23.3	**–15.0**	**2,417.3**	**2,632.6**	**9.3**	**2,641.9**

Interim Consolidated Statement of Cash Flows

CHF million	Notes*	For the six months ended 30 June 2019	2018
Group net profit (incl. non-controlling interests)		32.4	100.7
Adjustments for:			
Depreciation, amortization and impairment		44.1	40.1
Increase/(decrease) in provisions		–2.3	–8.6
Increase/(decrease) in pension fund assets and liabilities		5.2	7.7
Share of profit of associates		–31.9	8.6
Net financial result		50.8	15.6
(Gain)/loss on sale of property, plant, equipment and intangible assets		0.1	1.2
Income tax expense	7	21.7	36.6
Changes in:			
Inventories		–	–0.9
Trade and other receivables		–32.6	–17.2
Trade and other payables		3.9	–71.9
Receivables from clearing & settlement		–284.2	50.8
Payables from clearing & settlement		–480.1	344.8
Current financial assets		61.2	–128.0
Current financial liabilities		–0.1	–6.1
Contract liabilities		57.7	76.8
Other current assets		–73.7	–63.6
Other current liabilities		–42.7	–45.7
Interest paid		–5.7	–3.2
Interest received		1.4	2.0
Income tax (paid)/received		–44.8	–88.7
Net cash flow from/(used in) operating activities		**–719.6**	**251.2**
Investments in subsidiaries (net of cash acquired incl. bank overdrafts)		–172.3	–
Investments in associates		–2.0	–32.4
Disposal of subsidiaries and associates (net of cash disposed)		–	0.3
Purchase of property, plant, equipment and intangible assets	12, 13	–37.7	–35.0
Sale proceeds from property, plant, equipment and intangible assets		0.0	0.6
Investments in non-current financial assets		–81.8	–5.0
Divestments of non-current financial assets		2.5	19.6
Investments in other non-current assets		–0.1	–0.3
Divestments of other non-current assets		0.7	1.5
Other financial income received		–	0.1
Dividends received		4.9	6.9
Net cash flow from/(used in) investing activities		**–285.8**	**–43.9**
Payment of non-current financial liabilities		–0.3	–
Payment of lease liabilities [1]		–8.3	–
Net change in other non-current liabilities		–0.1	–0.0
Acquisition of non-controlling interests		–11.9	–
Dividends paid to shareholders of the parent company	17	–404.8	–132.4
Dividends paid to non-controlling interests		–1.0	–1.1
Net cash flow from/(used in) financing activities		**–426.4**	**–133.5**
Net impact of foreign exchange rate differences on cash		–13.4	–23.9
Net change in cash and cash equivalents		**–1,445.3**	**49.8**
Balances of cash and cash equivalents			
Cash and cash equivalents at 1 January	8	5,496.9	4,461.5
Cash and cash equivalents at 30 June	8	4,051.6	4,511.4

* The accompanying notes are an integral part of the consolidated financial statements.
[1] See note 2 for further information on the changes in accounting policies.

Notes to the Interim Condensed 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, at Hardturmstrasse 201. The company is owned by 123 national and international financial institutions.

The interim condensed consolidated financial statements of SIX as at and for the six months ended 30 June 2019 relate to SIX Group Ltd (the "Company"), which is the parent company, its subsidiaries and its 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, these interim financial statements of the Group are regarded as condensed and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2018. 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 2018.

Foreign currency translation

The main exchange rates at the closing dates were the following:

Currency	30/06/2019	31/12/2018
EUR	1.1089	1.1259
GBP	1.2365	1.2497
USD	0.9759	0.9853

The main average exchange rates were the following:

	For the six months ended 30 June	
Currency	2019	2018
EUR	1.1294	1.1698
GBP	1.2937	1.3298
USD	0.9996	0.9662

Group accounting policies

The accounting policies adopted in the preparation of the interim condensed 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 2018, except for the changes and amendments outlined below and the adoption of new standards.

Changes and amendments to existing accounting policies

Listing fees (change)

In the first quarter of 2019, the IFRIC discussed stock exchanges' listing fees. The IFRIC observed that the listing service transferred to the customer is the same on initial listing and on all subsequent days for which the customer remains listed. Based on the IFRIC observations, SIX concluded that listing fees must be recognized on a straight-line basis over the listing period, rather than distributing the fees based on the entity's efforts or inputs to satisfy a performance obligation. The accounting policies have therefore been changed accordingly. The effect on the income statement as at 31 December 2018 and as at 30 June 2019 was not material. Based on the accounting policy change, contract liabilities and deferred tax assets were restated as at 1 January 2018 by CHF 15.3 million and CHF 3.3 million, respectively. The net impact on retained earnings as at 1 January 2018 was CHF 12.0 million (decrease in retained earnings).

Changes to the Group's accounting policies through adoption of new standards

SIX adopted IFRS 16 Leases with effect from 1 January 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single, on-balance-sheet accounting model for lessees. The accounting policies for SIX as lessor were substantially unchanged. The new accounting policies for SIX as lessee are set out below.

Leases

Upon inception of a contract, SIX assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

SIX as lessee

SIX is a lessee of premises, IT equipment and vehicles. Leases are accounted for by recognizing a right-of-use asset and a lease liability at the lease commencement date. SIX has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Upon inception or reassessment of a contract that contains a lease component and one or more additional lease or non-lease components, SIX allocates the consideration in the contract to each lease component based on the relative stand-alone prices of the lease and non-lease components. SIX has elected not to separate non-lease components from lease components for all classes of underlying assets.

Lease liabilities are initially measured at the present value of the following lease payments that are not paid at the commencement date:

- fixed payments
- variable lease payments that depend on an index or rate using the index or rate at the commencement date
- lease payments in an optional renewal period or any penalties payable for terminating a lease, if SIX is reasonably certain to exercise a purchase, extension or termination option

Variable lease payments that do not depend on an index or rate are expensed in the period to which they relate.

Lease liabilities are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, which is usually the case, using the Group's incremental borrowing rate available at the contract commencement date.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in an index or rate, or if there is a change in the lease term because the Group changes its assessment of whether or not it will exercise an extension or termination option.

When a lease liability is remeasured for one of these reasons, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount has been reduced to zero. When a lease contract is modified and the scope of a lease is decreased, any gain or loss is recognized in the income statement.

Right-of-use assets are initially measured at the initial amount of the lease liability, less any lease incentives received, plus any lease payments made at or before commencement of the lease, initial direct costs incurred and the estimated amount of costs to dismantle, remove or restore the underlying asset.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the useful life or the end of the lease term, whichever is earlier. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset may be reduced by impairment losses or adjusted for certain remeasurements of the lease liability.

SIX recognizes right-of-use assets within property, plant and equipment, and lease liabilities within financial liabilities.

Intra-group leases

Intra-group leases are accounted for as operating leases by the lessor and lessee.

Voluntary change in the presentation of the consolidated income statement

SIX has enhanced the presentation of its consolidated income statement by including the subtotal “Earnings before interest, tax, depreciation and amortization (EBITDA)”. Depreciation, amortization and impairment are consequently no longer included in the subtotal “Total operating expenses”. In addition, lump-sum expenses (30 June 2019: CHF 0.7 million; 30 June 2018: CHF 1.3 million) are now presented within employee benefit expenses instead of other operating expenses. Comparison figures for 2018 have been restated accordingly.

New standards, interpretations and amendments adopted by the Group

The adoption of the following amendments has no impact, or at least no significant impact, on the interim condensed consolidated financial statements of the Group as at 30 June 2019.

- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendment to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The adoption of IFRS 16 Leases had the following effects:

SIX adopted IFRS 16 with effect from 1 January 2019 using the modified retrospective approach. Under this method, the cumulative effect of the initial application is recognized in equity, with no restatement of comparison data.

Upon initial application of IFRS 16, SIX elected to apply the practical expedient of grandfathering the assessment of which transactions are or contain leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were therefore not reassessed for the existence of a lease. The definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. Additionally, SIX applied the following practical expedients on initial recognition of IFRS 16:

- not to recognize right-of-use assets and liabilities for leases whose terms end within 12 months of the date of initial application (apply short-term lease accounting);
- to rely on an assessment of whether a lease is onerous by applying IAS 37 immediately before the date of initial application;
- to exclude initial direct costs from the measurement of right-of-use assets at the date of initial application;
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

As a lessee, SIX previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets.

Upon initial application, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rates at the date of initial application. SIX applied this approach to the three largest leases of office space.
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized at 31 December 2018. SIX applied this approach to all other leases.

SIX was not required to make any adjustments on transition to IFRS 16 for leases in which it acts as lessor.

Impacts on financial statements

The following table summarizes the impact of adopting IFRS 16 on the balance sheet and the income statement:

CHF million	Impact of adopting IFRS 16
Balance sheet	
Prepayments	–2.8
Property, plant and equipment	164.4
Deferred tax assets	1.1
Total assets	**162.7**
Lease liabilities	167.6
Accrued expenses	–1.2
Total liabilities	**166.4**
Impact on retained earnings as at 1 January 2019	**–3.8**
Income statement	
Operating expenses	8.3
Depreciation	–7.8
Impact on EBIT as at 30 June 2019	**0.5**
Interest expenses	**–1.5**
Impact on EBT as at 30 June 2019	**–1.0**

The nature of expenses related to leases recognized on the balance sheet changed because SIX recognizes a depreciation charge for right-of-use assets and interest expenses on lease liabilities. In the prior year, SIX recognized operating lease expenses on a straight-line basis over the term.

The average incremental borrowing rate applied on the adoption of IFRS 16 was 1.7%.

The following table provides a reconciliation of the operating lease commitments disclosed under IAS 17 and the lease liabilities recognized under IFRS 16:

CHF million	Reconciliation from IAS 17 to IFRS 16
Lease commitments of SIX at 31 December 2018 as disclosed in the Group's financial statements	**190.2**
Discounting using the incremental borrowing rate at 1 January 2019	–26.5
Recognition exemption for short-term leases	–0.4
Recognition exemption for low-value assets	–1.1
Extension and termination options reasonably certain to be exercised by SIX	5.4
Lease liabilities recognized at 1 January 2019	**167.6**

New IFRS standards and amendments that have been issued 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 condensed consolidated financial statements.

Standard/interpretation	Effective date	Date planned for adoption by SIX
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	A date to be determined by the IASB	To be determined by SIX[1]
Conceptual Framework for Financial Reporting	Annual periods beginning on or after 1 January 2020	Financial year 2020[2]
Definition of Business (Amendments to IFRS 3)	Annual periods beginning on or after 1 January 2020	Financial year 2020[2]
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after 1 January 2020	Financial year 2020[2]

[1] The impact on the consolidated financial statements of SIX has not yet been fully assessed.

[2] The adoption of the amendment is not expected to have any significant impact on the consolidated financial statements of SIX.

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 2018.

4. Changes in the Composition of the Group

Changes in the composition of the Group during 2019

SIX Management Ltd

SIX Management Ltd was merged with SIX Group Services Ltd in the first half of 2019. The merger had no impact on the Group's consolidated figures as at 30 June 2019.

SIX Corporate Bonds Ltd

SIX Corporate Bonds Ltd was merged with SIX Swiss Exchange Ltd in the first half of 2019. The merger had no impact on the Group's consolidated figures as at 30 June 2019.

SIX SIS Nominee U.K. Ltd

SIX SIS Nominee U.K. Ltd was merged with SIX SIS Ltd in the first half of 2019. The merger had no impact on the Group's consolidated figures as at 30 June 2019.

SECB Swiss Euro Clearing GmbH

On 31 January 2019, SIX obtained control of SECB Swiss Euro Clearing Bank GmbH (SECB) by acquiring the remaining 75% of the shares and voting interests in the company. Previously, SIX had held a 25% stake in SECB and accounted for the investment as an associate by applying the equity method. The other shareholders were the Swiss banks UBS, Credit Suisse and PostFinance, with a 25% holding each. The cash consideration paid for the 75% stake totaled EUR 71.3 million (CHF 81.4 million). The fair value of the 25% stake previously held was CHF 27.1 million.

The purpose of SECB's business is to support the Swiss euroSIC system and to provide access to TARGET2 and SEPA, primarily for banks and financial institutions in Switzerland and Liechtenstein. SECB is part of the Banking Services business unit.

The acquisition is part of SIX's strategy to underpin its role as a competence center for operations in, the development of and innovation in the Swiss payment system. The transaction lays the foundations for providing new services and strengthening the role of the Banking Services business unit as an infrastructure provider.

From the date of acquisition, the business contributed CHF 9.6 million of revenues and positively impacted Group profit before tax by CHF 2.2 million in the first half of 2019. Assuming that the acquisition had taken place on 1 January 2019, management estimates that Group revenues and profit would have been CHF 1.9 million and CHF 0.8 million higher, respectively.

The transaction costs of the acquisition, which totaled CHF 0.7 million, were mainly recognized in other operating expenses and personnel expenses in 2018.

Identifiable assets acquired and liabilities assumed

The following table summarizes the assets acquired and liabilities assumed on the acquisition date.

CHF million	Fair value recognized on acquisition
Cash and cash equivalents	521.7
Trade and other receivables	0.6
Receivables from clearing & settlement	1.0
Financial assets	97.3
Current income tax receivables	2.0
Other current assets	8.4
Current assets	**631.0**
Property, plant and equipment	1.3
Intangible assets	0.3
Financial assets	1,892.1
Non-current assets	**1,893.7**
Total assets	**2,524.7**
Payables from clearing & settlement	2,381.5
Financial liabilities	0.2
Current income tax payables	0.9
Other current liabilities	1.8
Current liabilities	**2,384.4**
Financial liabilities	0.9
Deferred tax liabilities	12.9
Non-current liabilities	**13.8**
Net assets acquired	**126.6**
Fair value of pre-existing interest	27.1
Cash consideration	81.4
Gain from bargain purchase	**18.0**

Trade and other receivables
Trade and other receivables comprised gross contractual amounts of CHF 0.6 million, none of which were expected at the date of acquisition to be uncollectible.

No assets and liabilities were identified in the context of the purchase price allocation (PPA). The acquisition resulted in a gain from bargain purchase of CHF 18.0 million, included in financial income, as the fair value of the assets acquired and liabilities assumed exceeded the sum of the fair value of the consideration paid and the pre-existing equity interest. The economic transfer of the remaining 75% of the shares and voting interests to SIX took effect on 1 January 2018 and is the main reason for the gain from bargain purchase.

SIX Interbank Clearing Ltd
On 27 March 2019, SIX acquired the remaining 25% of the shares in SIX Interbank Clearing Ltd, increasing its ownership from 75% to 100%. The cash consideration paid was CHF 11.9 million. SIX recognized a decrease in non-controlling interests of CHF 7.6 million and a decrease in retained earnings of CHF 4.3 million.

5. Segment Information

	For the six months ended 30 June 2019						
CHF million	**Securities & Exchanges**	**Banking Services**	**Financial Information**	**Total business units**	**Corporate & Others**	**Elimination**	**Total SIX**
Revenues from external customers	246.7	84.9	182.4	**514.0**	37.7	–	**551.7**
Income from other business units and Corporate	–0.2	3.0	1.8	**4.7**	–	–4.7	**–**
Total operating income	**246.6**	**87.9**	**184.2**	**518.7**	**37.7**	**–4.7**	**551.7**
Depreciation, amortization and impairment	–0.3	–0.4	–0.7	**–1.4**	–25.9	–	**–27.3**
Other operational expenses	–164.9	–67.2	–137.3	**–369.4**	–248.0	151.7	**–465.7**
Total operational expenses	**–165.2**	**–67.6**	**–138.0**	**–370.8**	**–273.9**	**151.7**	**–493.0**
Profit contribution	**81.4**	**20.3**	**46.2**	**147.9**	**–236.2**	**147.0**	**58.7**
Other expenses							–3.0
Financial income							55.5
Financial expenses							–84.3
Share of profit or loss of associates							31.9
Earnings before interest and tax (EBIT)							**58.8**
Interest income							1.5
Interest expenses							–6.2
Earnings before tax (EBT)							**54.2**
Income tax expenses							–21.7
Profit for the period							**32.4**

	For the six months ended 30 June 2018									
CHF million	Securities & Exchanges	Banking Services	Financial Infor-mation	Cards[1]	Total business units	Corporate & Others[1]	Elimi-nation	Total SIX	Discon-tinued operations	Con-tinuing operations
Revenues from external customers	261.9	74.3	200.7	461.0	**997.9**	2.8	–	**1,000.7**	428.2	**572.5**
Income from other business units and Corporate[2]	4.0	1.0	5.0	19.4	**29.5**	–	–29.5	**–**	–	**–**
Total operating income[2]	**265.9**	**75.3**	**205.7**	**480.4**	**1,027.4**	**2.8**	**–29.5**	**1,000.7**	**428.2**	**572.5**
Depreciation, amortization and impairment	–0.0	–	–0.5	–7.4	**–7.9**	–19.7	–	**–27.5**	–9.0	**–18.6**
Other operational expenses	–156.8	–54.8	–146.4	–420.8	**–778.8**	–296.4	247.1	**–828.1**	–385.2	**–442.9**
Total operational expenses	**–156.8**	**–54.8**	**–146.8**	**–428.2**	**–786.6**	**–316.1**	**247.1**	**–855.6**	**–394.1**	**–461.5**
Profit contribution[3]	**109.2**	**20.5**	**58.9**	**52.1**	**240.7**	**–313.3**	**217.6**	**145.0**	**34.1**	**111.0**
Other income										1.1
Financial income										13.5
Financial expenses										–14.8
Share of profit or loss of associates										–8.6
Earnings before interest and tax (EBIT)										**102.2**
Interest income										1.8
Interest expenses										–2.9
Earnings before tax (EBT)										**101.0**
Income tax expenses										–26.2
Profit for the period from continuing operations										**74.8**

[1] Discontinued operations is included in Cards and Corporate & Others. See note 15 for further details.

[2] Prior-year figures have been reclassified to match the current year's presentation. In 2018, income from other business units and Corporate was split into product-related income and non-product-related income from other business units. Non-product-related income from other business units was not included in total operating income.

[3] Profit contribution was previously called "operational profit".

6. Operating Income

CHF million	Transaction revenues	Service revenues	Net interest income from interest margin business	Other operating income	Total
					For the six months ended 30 June 2019
Securities & Exchanges					
Trading	67.1	7.8	–	0.0	74.9
Custody business	89.7	4.5	17.5	–	111.7
Data	–	16.2	–	–	16.2
CCP clearing	10.1	3.1	4.4	0.0	17.6
Other services	19.1	7.1	0.0	0.2	26.4
Total Securities & Exchanges	**186.0**	**38.7**	**21.9**	**0.2**	**246.7**
Banking Services					
E-billing, direct debit and interbank payments	27.0	3.8	4.4	0.1	35.3
ATM and debit processing	38.4	9.0	–	–	47.4
Other services	–	2.2	–	–	2.2
Total Banking Services	**65.4**	**15.0**	**4.4**	**0.1**	**84.9**
Financial Information					
Reference data & pricing	–	112.4	–	–	112.4
Market data & display	–	39.7	–	0.0	39.7
Tax & regulatory services	–	14.9	–	–	14.9
Indices	–	7.3	–	–	7.3
Other services	–	8.1	–	0.0	8.1
Total Financial Information	**–**	**182.4**	**–**	**0.0**	**182.4**
Corporate & Others					
Other services	–	31.7	–	6.0	37.7
Total Corporate & Others	**–**	**31.7**	**–**	**6.0**	**37.7**
Total operating income	**251.4**	**267.8**	**26.3**	**6.2**	**551.7**

	For the six months ended 30 June 2018				
CHF million	Transaction revenues	Service revenues	Net interest income from interest margin business	Other operating income	Total
Securities & Exchanges					
Trading	75.8	4.9	–	0.1	80.7
Custody business	102.0	4.9	13.5	0.0	120.5
Data	–	16.9	–	–	16.9
CCP clearing	8.9	3.4	2.8	0.0	15.1
Other services	18.6	9.4	–	0.8	28.8
Total Securities & Exchanges	**205.3**	**39.6**	**16.3**	**0.8**	**261.9**
Banking Services					
E-billing, direct debit and interbank payments	21.8	3.8	–	0.0	25.5
ATM and debit processing	42.1	6.3	–	–	48.4
Other services	0.1	0.1	–	0.0	0.3
Total Banking Services	**64.0**	**10.2**	**–**	**0.0**	**74.3**
Financial Information					
Reference data & pricing	–	122.6	–	–	122.6
Market data & display	–	43.3	–	0.1	43.4
Tax & regulatory services	–	13.7	–	–	13.7
Indices	–	6.8	–	–	6.8
Other services	–	10.4	–	3.8	14.2
Total Financial Information	**–**	**196.8**	**–**	**3.9**	**200.7**
Cards					
Merchant services	374.4	10.7	–	31.5	416.6
Financial industry services	27.7	10.3	–	1.6	39.6
Other services	0.0	4.7	–	–	4.7
Total Cards [1]	**402.1**	**25.7**	**–**	**33.1**	**461.0**
Corporate & Others					
Other services	–	2.7	–	0.1	2.8
Total Corporate & Others	**–**	**2.7**	**–**	**0.1**	**2.8**
Total operating income (incl. discontinued operations)	**671.4**	**275.1**	**16.3**	**37.9**	**1,000.7**
of which discontinued operations	402.1	–7.0	–	33.1	428.2
Total operating income	**269.3**	**282.0**	**16.3**	**4.9**	**572.5**

[1] Differences versus the total operating income in the income statement for Cards in note 15 are due to the intercompany elimination practice for discontinued operations described in note 2.

7. Income Taxes

As at 30 June 2019, total income tax expenses were CHF 21.7 million, which resulted in an effective tax rate of 40.1%, compared with income tax expenses of CHF 26.2 million and an effective tax rate of 25.9% in the previous year.

The increase in the effective tax rate was mainly due to the non-taxable expenses resulting from the decrease in the fair value of the additional consideration in connection with the sale of the cards business, and deferred tax not recognized on tax losses for the current period.

8. Cash and Cash Equivalents

CHF million	30/06/2019	31/12/2018
Cash at bank and on hand	3,848.6	5,476.3
Short-term bank deposits	203.0	20.6
Cash and cash equivalents	**4,051.6**	**5,496.9**

Cash at bank includes giro balances with the Swiss National Bank (SNB) of CHF 3,216.7 million (31 December 2018: CHF 4,087.2 million) and giro balances with clearing houses approved by the SNB or central banks of CHF 128.9 million (31 December 2018: CHF 850.0 million).

9. Trade and Other Receivables

CHF million	30/06/2019	31/12/2018
Trade receivables	129.1	110.7
Unbilled receivables	21.2	17.2
Other receivables	14.4	4.3
Trade and other receivables, gross	**164.7**	**132.2**
Lifetime expected credit losses	–1.7	–1.6
Total trade and other receivables, net	**163.0**	**130.6**

10. Receivables and Payables from Clearing & Settlement

CHF million	30/06/2019	31/12/2018
Receivables from clearing & settlement	1,082.8	1,110.8
Receivables from reverse repurchase agreements	1,466.7	1,352.8
Total receivables from clearing & settlement – Securities & Exchanges	**2,549.6**	**2,463.6**
Receivables from ATM and debit processing	434.3	236.0
Receivables from euro clearing business	0.8	–
Total receivables from clearing & settlement – Banking Services	**435.1**	**236.0**
Total receivables from clearing & settlement	**2,984.7**	**2,699.6**
Payables from clearing & settlement	2,161.4	2,249.4
Payables from settled suspense	481.2	863.9
Collateral	3,145.0	3,389.3
Total payables from clearing & settlement – Securities & Exchanges	**5,787.6**	**6,502.5**
Payables from ATM and debit processing	459.9	222.9
Payables from euro clearing business	1,708.9	–
Total payables from clearing & settlement – Banking Services	**2,168.8**	**222.9**
Total payables from clearing & settlement	**7,956.4**	**6,725.4**

Receivables and payables from clearing & settlement – Securities & Exchanges

Receivables and payables from clearing & settlement in the post-trading area included in Securities & Exchanges derive from SIX x-clear Ltd and SIX SIS Ltd acting as a central counterparty (CCP) or central securities 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.

Receivables and payables from clearing & settlement – Banking Services

Receivables from clearing & settlement include receivables due from issuers of debit cards and receivables from the euro clearing business. Payables from clearing & settlement include payables due to ATM providers, card schemes, acquirers and participants in the euro clearing business, where SIX acts through its subsidiary SECB, which serves as a correspondent bank.

11. Financial Instruments

Changes in financial assets

The following table shows the changes in financial assets per category:

CHF million	Financial assets measured at FVtPL	Financial assets at amortized cost	Total
			2019
Carrying amount at 1 January	**877.6**	**300.2**	**1,177.9**
Business combinations	0.3	1,979.0	1,979.3
Additions	16.5	161.9	178.3
Change in value recognized in profit and loss	–47.4	–5.5	–52.8
Change in forward contracts from clearing & settlement	62.9	–	62.9
Impairments, net	–	–2.3	–2.3
Disposals/matured financial assets	–55.5	–106.8	–162.3
Translation adjustments	–0.1	–50.5	–50.6
Carrying amount at 30 June	**854.4**	**2,276.1**	**3,130.5**
of which current	*805.9*	*276.9*	*1,082.8*
of which non-current	*48.5*	*1,999.2*	*2,047.7*

CHF million	Financial assets measured at FVtPL	Financial assets at amortized cost	Total
			2018
Carrying amount at 1 January	**750.8**	**264.0**	**1,014.9**
Impact of changes in accounting policies	–	–0.3	–0.3
Adjusted carrying amount at 1 January	**750.8**	**263.7**	**1,014.5**
Additions	150.7	139.3	290.0
Change in value recognized in profit and loss	12.1	–5.2	6.9
Change in forward contracts from clearing & settlement	51.4	–	51.4
Impairments, net	–	0.0	0.0
Disposals/matured financial assets	–53.4	–87.9	–141.3
Disposals due to changes in the scope of consolidation	–33.9	–9.8	–43.7
Translation adjustments	–0.2	0.2	0.0
Carrying amount at 31 December	**877.6**	**300.2**	**1,177.9**
of which current	*711.3*	*112.5*	*823.8*
of which non-current	*166.3*	*187.8*	*354.0*

During the first half of 2019, financial assets measured at FVtPL decreased by CHF 23.2 million. This was mainly related to the decrease of CHF 77.6 million in the fair value of the additional consideration in connection with the sale of the cards business. Lower clearing volumes also produced a fall in financial instruments from settlement business – which are a result of late settlements – from CHF 194.2 million as at 31 December 2018 to CHF 155.9 million as at 30 June 2019. This was partially offset by forward contracts from open clearing & settlement transactions, which increased by CHF 62.9 million.

Financial assets measured at amortized cost increased by CHF 1,975.9 million in the first half of 2019, which was mainly related to the acquisition of SECB GmbH.

Fair value of financial instruments

The table below 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.

			30/06/2019			31/12/2018
CHF million	Carrying amount	Fair value	Deviation	Carrying amount	Fair value	Deviation
Assets						
Equity instruments at FVtPL	59.0	59.0	–	47.5	47.5	–
Units in investment funds at FVtPL	407.4	407.4	–	391.8	391.8	–
Financial instruments from settlement business [1]	155.9	155.9	–	194.2	194.2	–
Derivative financial instruments at FVtPL	176.1	176.1	–	111.0	111.0	–
Debt instruments at FVtPL	55.9	55.9	–	133.0	133.0	–
Financial assets at fair value	**854.4**	**854.4**	**–**	**877.6**	**877.6**	**–**
Cash and cash equivalents	4,051.6	4,051.6	–	5,496.9	5,496.9	–
Trade and other receivables	163.0	163.0	–	130.6	130.6	–
Receivables from clearing & settlement	2,984.7	2,984.7	–	2,699.6	2,699.6	–
Bonds	2,271.9	2,300.3	28.4	295.2	296.2	1.0
Other debt instruments	4.3	4.3	–	5.1	5.0	–0.0
Financial assets at amortized cost	**9,475.5**	**9,503.9**	**28.4**	**8,627.3**	**8,628.3**	**1.0**
Total financial assets	**10,329.8**	**10,358.2**	**28.4**	**9,504.9**	**9,505.9**	**1.0**
of which current	*8,282.2*			*9,150.9*		
of which non-current	*2,047.7*			*354.0*		
Liabilities						
Derivative financial instruments at FVtPL	167.1	167.1	–	110.1	110.1	–
Financial liabilities at fair value	**167.1**	**167.1**	**–**	**110.1**	**110.1**	**–**
Trade and other payables	29.1	29.1	–	25.2	25.2	–
Payables from clearing & settlement	7,956.4	7,956.4	–	6,725.4	6,725.4	–
Lease liabilities	162.2	162.2	–	–	–	–
Borrowings	3.7	3.7	–	–	–	–
Financial liabilities at amortized cost	**8,151.4**	**8,151.4**	**–**	**6,750.6**	**6,750.6**	**–**
Total financial liabilities	**8,318.5**	**8,318.5**	**–**	**6,860.7**	**6,860.7**	**–**
of which current	*8,163.1*			*6,860.7*		
of which non-current	*155.5*			*–*		

[1] These financial instruments represent quoted equity instruments that SIX acquires as a result of failure by a counterparty to deliver its side of a transaction.

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 reporting 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.

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

- For cash and cash equivalents including bank overdrafts, trade and other receivables, receivables and payables from clearing & settlement, trade and other payables, short-term loans and borrowings and lease liabilities, it is assumed that the carrying amount corresponds to their fair value.
- The fair value of listed equity and debt instruments (e.g. bonds) and of units in investment funds is determined by reference to published price quotations at the reporting 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.
- The fair value of unlisted shares – which may be classified as equity or debt instruments depending on the rights attached to the instrument – is derived from the proportionate net asset value of the entity. Such 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 proportionately.
- The fair value of unlisted bonds such as promissory notes is determined by discounting the expected future payments at a risk and maturity-adjusted discount rate. As the input factors are readily available in the market, these instruments are assigned to level 2 of the fair value hierarchy.
- For other debt instruments measured at FVtPL, the fair value is determined by discounting the expected future payments at a risk-adjusted discount rate. As the input factors are not readily available in the market, these instruments are assigned to level 3 of the fair value hierarchy. An increase or decrease of 10% in the estimated cash flows would lead to an increase or decrease of approximately 10% in the fair value. The estimated fair value would increase if the risk-adjusted discount rate were lower.
- Foreign exchange swaps and forwards are not traded publicly. The inputs into the calculation include foreign exchange spot rates and interest rates. 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.
- For forward contracts from the clearing and settlement business as CCP, the fair value is determined as the difference between the fair value of the underlying instrument at the trade date and its fair value at the reporting date. With the exception of forward contracts from the clearing and settlement of options, all other forward contracts from clearing and settlement are assigned to level 2 of the fair value hierarchy, as the inputs used are readily available in the market.

- For forward contracts from the clearing and settlement of options, the fair value is determined based on the Black-Scholes formula. The inputs into the calculation include share price, strike price, risk-free interest rate and historical volatility. With the exception of historical volatility, the inputs are readily observable in the market. Historical volatility therefore represents a level 3 input, as it does not reflect market participants’ expectations. As such, forward contracts from the clearing and settlement of options are assigned to level 3 of the fair value hierarchy. The positive fair values of forward contracts from the clearing and settlement of options equal the negative fair values. Accordingly, changes in the fair value of the forward contracts from the clearing and settlement of options impact neither profit or loss nor total comprehensive income.
- For contingent considerations which are connected to a share price for a reference period, the fair value is determined based on the Black-Scholes formula. The inputs into the calculation include share price, strike price, risk-free interest rate and historical volatility. As described above, historical volatility represents a level 3 input, and therefore the contingent considerations are assigned to level 3 of the fair value hierarchy. An increase or decrease of 2.5% in historical volatility would lead to an increase of approximately 6% or a decrease of approximately 7% in the fair value.

The following table shows the fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

Financial instruments in the fair value hierarchy

				30/06/2019
	Listed market prices	Valuation methods based on market data	Valuation methods not based on market data	
CHF million	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity instruments at FVtPL	54.6	–	4.4	59.0
Units in investment funds at FVtPL	398.6	8.8	–	407.4
Financial instruments from settlement business	155.9	–	–	155.9
Derivative financial instruments at FVtPL	–	157.6	18.5	176.1
Debt instruments at FVtPL	–	–	55.9	55.9
Financial assets at fair value	**609.2**	**166.4**	**78.8**	**854.4**
Bonds	2,125.8	174.4	–	2,300.3
Financial assets for which fair values are disclosed	**2,125.8**	**174.4**	**–**	**2,300.3**
Derivative financial instruments at FVtPL	–	–148.6	–18.5	–167.1
Financial liabilities at fair value	**–**	**–148.6**	**–18.5**	**–167.1**

				31/12/2018
	Listed market prices	Valuation methods based on market data	Valuation methods not based on market data	
CHF million	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity instruments at FVtPL	43.5	–	4.0	47.5
Units in investment funds at FVtPL	382.2	9.6	–	391.8
Financial instruments from settlement business	194.2	–	–	194.2
Derivative financial instruments at FVtPL	–	80.3	30.7	111.0
Debt instruments at FVtPL	–	–	133.0	133.0
Financial assets at fair value	**620.0**	**89.8**	**167.8**	**877.6**
Bonds	296.2	–	–	296.2
Financial assets for which fair values are disclosed	**296.2**	**–**	**–**	**296.2**
Derivative financial instruments at FVtPL	–	–79.4	–30.7	–110.1
Financial liabilities at fair value	**–**	**–79.4**	**–30.7**	**–110.1**

Transfer between levels

SIX recognizes transfers between 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 2019, there were no transfers between level 1 and level 2 or between level 2 and level 3 (2018: none).

Changes in level 3 instruments

The following table shows the changes in level 3 financial assets:

CHF million	30/06/2019	31/12/2018
Carrying amount at the beginning of the year	**167.8**	**51.1**
Additions	0.8	112.9
Disposals	–	–2.2
Business combinations	0.3	–
Change in forward contracts from clearing & settlement	–12.2	12.8
Losses recognized in the income statement	–77.8	–0.4
Gains recognized in the income statement	0.2	27.6
Disposals due to changes in scope of consolidation	–	–33.9
Translation adjustments	–0.2	–0.1
Carrying amount at closing	**78.8**	**167.8**
Income on holdings at closing		
Unrealized losses recognized in the income statement	–77.8	–0.4
Unrealized gains recognized in the income statement	0.2	26.1

As at 30 June 2019, SIX had CHF 18.5 million (31 December 2018: CHF 30.7 million) of outstanding forward contracts from clearing and settlement activities in its capacity as a central counterparty in derivative trading of options in the course of fulfilling its task of matching buy and sell orders. As such, the positive fair values of the outstanding option contracts equal the negative fair values. Accordingly, the decrease in the fair value of the option contracts from clearing and settlement in derivative trading of CHF 12.2 million (31 December 2018: decrease of CHF 12.8 million) impacted neither profit or loss nor total comprehensive income.

12. Property, Plant and Equipment

Due to the adoption of IFRS 16 Leases with effect from 1 January 2019, property, plant and equipment increased by CHF 164.4 million (see note 2 for further details).

During the six months ended 30 June 2019, additions to property, plant and equipment totaled CHF 18.0 million (30 June 2018: CHF 18.2 million). Investments in property, plant and equipment primarily related to midrange and mainframe servers, leasehold improvements and the expansion of technical installations.

13. 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 2019, there was no indication requiring an assessment of the recoverable amount of goodwill.

Software and other intangible assets

As in the previous year, expenses for certain development activities have been capitalized, as they satisfy the recognition criteria for internally generated intangible assets. Capitalized expenditure on development projects as intangible assets in the first six months of 2019 was CHF 13.7 million (30 June 2018: CHF 14.4 million).

Investments in intangible assets consisted of the development of technical adjustments to platforms, such as new functionalities, increased capacity and adjustments for requirements on regulated markets.

14. Investments in Associates

During the first half of 2019, investments in associates decreased by CHF 31.1 million, which was mainly related to the share of profit (CHF +31.3 million) and other comprehensive income including currency translation adjustments (CHF –39.8 million) from the investment in Worldline SA. The remainder of the change relates to the acquisition of the remaining 75% of the shares and voting interests in SECB. Previously, SIX had held a 25% stake in SECB and accounted for the investment as an associate. The carrying amount as at 31 December 2018 was CHF 24.1 million.

15. Discontinued Operations

On 15 May 2018, SIX and Worldline announced that they had signed a binding agreement to enter into a strategic partnership. The transaction was closed on 30 November 2018. SIX brought its existing cards business (merchant acceptance & acquiring and international card processing) into the partnership and received a 27% stake in Worldline SA. Under the partnership agreement, the post-closing adjustment process determines the final payment based on closing statements. In order not to interfere with the cooperative negotiations between SIX and Worldline and to avoid prejudicing the partnership, SIX will not disclose any further information on the contingent liability.

In the first half of 2018, the cards business was classified as a disposal group held for sale and as discontinued operations. The cards business was included in the Cards operating segment (entire segment) and in Corporate & Others.

The results of discontinued operations for the first six months of 2018 are presented below. Intercompany transactions between continuing and discontinued operations which continued to exist post-disposal have been eliminated against discontinued operations. Total operating income (i.e. charges from SIX to discontinued operations) of CHF 33.4 million and operating expenses (i.e. charges from discontinued operations to SIX) of CHF 19.4 million related to continuing operations have been eliminated against discontinued operations. Accordingly, operating income and operating expenses totaled CHF 481.0 million and CHF 446.5 million, respectively, prior to intercompany elimination.

CHF million	For the six months ended 30 June 2018 restated[1]
Total operating income	**428.2**
Employee benefit expenses	–87.0
Other operating expenses	–297.2
Total operating expenses	**–384.2**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**44.0**
Depreciation, amortization and impairment	–9.5
Operating profit	**34.5**
Financial income	6.8
Financial expenses	–4.5
Earnings before interest and tax (EBIT)	**36.8**
Interest income	0.2
Interest expenses	–0.7
Earnings before tax (EBT)	**36.3**
Income tax expenses	–10.4
Profit for the period from discontinued operations, net of tax	**25.9**
Earnings per share (CHF)	
Basic profit for the period from discontinued operations	1.37
Diluted profit for the period from discontinued operations	1.37

[1] The presentation of the consolidated income statement has been voluntarily changed. The prior year's figures have been restated accordingly. See note 2 for further information.

The net cash flows incurred by the disposal group were as follows:

	For the six months ended 30 June 2018
Cash flow from operating activities	25.5
Cash flow from investing activities	9.9
Cash flow from financing activities	–7.3
Net cash flows for the period	**28.1**

16. Provisions (Current and Non-current)

During the six months ended 30 June 2019, the provisions for restructuring related to the Financial Information business in France decreased by CHF 1.7 million, mainly because of their utilization.

17. Dividends Proposed and Paid

On 20 May 2019, the Annual General Meeting approved the distribution of an ordinary dividend of CHF 4.10 (2018: CHF 7.00) and an extraordinary dividend of CHF 17.30 per registered share. The total amount distributed to holders of outstanding shares was CHF 404.8 million (2018: CHF 132.4 million), and this has been recorded against retained earnings, as in the prior year.

18. Related Party Disclosures

SIX defines related parties as:
- shareholders that have significant influence by delegating a member onto the Board of Directors of SIX or have control over the activities of SIX
- associated companies that are significantly influenced by SIX
- post-employment benefit plans for the benefit of SIX employees
- key management personnel, close family members of key management personnel
- entities that are directly or indirectly controlled or jointly controlled by key management personnel or their close family members

123 banks hold shares in SIX, but no bank holds more than 20% of the Group's total equity. 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. The price schedules for transactions with third parties also apply to transactions with related parties.

Receivables from clearing & settlement due from related parties of CHF 20.3 million are collateralized (31 December 2018: CHF 12.0 million). No provisions for doubtful debts (i.e. no lifetime expected credit losses according to stage 3 of the applied impairment model) relating to amounts owed by related parties were recorded as at 30 June 2019 or 31 December 2018.

Transactions and outstanding balances with related parties of SIX, as stated in the following tables, are included in the Group's consolidated balance sheet and statement of comprehensive income as at and for the six months ended 30 June 2019, and for the prior-year period.

	For the six months ended 30 June 2019			
CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Total
Income statement				
Operating income	149.4	31.1	–	180.5
Other operating expenses	–0.4	–21.9	–	–22.3
Net interest income	–1.1	–	–	–1.1
Contributions	–	–	–21.5	–21.5

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Total
				30/06/2019
Balance sheet				
Cash and cash equivalents	228.2	–	–	228.2
Trade receivables/receivables from clearing & settlement	47.3	9.3	–	56.6
Financial assets	227.7	–	–	227.7
Other current assets	0.1	0.5	–	0.6
Trade payables/payables from clearing & settlement	1,640.8	300.4	0.1	1,941.3
Other liabilities	18.3	88.4	–	106.7

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Total
				For the six months ended 30 June 2018
Income statement				
Operating income	173.6	0.4	–	173.9
Other operating expenses	–0.9	–1.3	–	–2.3
Net interest income	–0.3	–	–	–0.3
Contributions	–	–	–26.1	–26.1

CHF million	Qualifying shareholders	Associates	Post-employment benefit plans	Total
				31/12/2018
Balance sheet				
Cash and cash equivalents	409.7	850.0	–	1,259.7
Trade receivables/receivables from clearing & settlement	81.7	6.0	–	87.7
Financial assets	207.5	–	–	207.5
Other current assets	0.0	1.6	–	1.6
Trade payables/payables from clearing & settlement	1,667.1	123.5	0.1	1,790.7
Other liabilities	0.1	93.2	–	93.3

19. Events after the Balance Sheet Date

As at 19 August 2019, the date of approval for issue of the interim condensed consolidated financial statements, the Group had undergone no subsequent events warranting a modification of the value of the assets and liabilities or an additional disclosure.

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