



Half-year Report 2007

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Board of Directors and Group Executive Board

Board of Directors

Prof. Dr. Erwin W. Heri, Chairman

Gustav Stenbolt, Vice-Chairman

Georg von Opel

Dr. Stefan Holzer

Timothy Rogers

Philipp LeibundGut

Group Executive Board

Prof. Dr. Erwin W. Heri, CEO ad interim

Dr. Lorenzo Trezzini, CFO

Reto Peczinka, Head Investment Banking

Henrik Bartl, Head Real Estate Structured Finance

Timothy Rogers, Head Asset Management

Michel Arni, Head Wealth Management

Letter to the Shareholders

Dear Shareholders

Basically, the first half of 2007 was benign for the stock markets: a good start, a fierce correction at the end of February and historic highs at mid-year. Since then, the stock market engine has started stuttering. The U.S. mortgage crisis which has badly affected a number of hedge funds and is slowly beginning to impact global property prices, increasingly troubles the stock markets. The coming weeks and months will show the potential for damage which the U.S. subprime market can have on the global financial markets. While, fundamentally, stock valuations are not low, corporate results justify a certain optimism. Nevertheless the question must be asked, whether or not the problems in the U.S. mortgage sector will affect consumer sentiment and the U.S. economic outlook as a whole. The hope that today such a scenario would – unlike in the past – not impact the global economy is wishful thinking. Experience shows that all correlations increase in times of crises, including the one for global economic trends.

Valartis Group did very well in the first half of 2007, a positive period on the stock markets, as mentioned. Net income including performance fees reached CHF 62.8 million, exceeding the previous year's figure (CHF 29.0 million) by CHF 33.8 million or 116.4%. The securities business made a significant contribution to this advance with an income of CHF 25.6 million (CHF -8.9 million). In a positive market environment the welcome development of this activity was, in particular, due to the active management of Swiss small & mid cap stocks, a core competence of Valartis Bank.

In the commission business, the Group's most important source of revenue, income grew to CHF 36.5 million (CHF 35.7 million) despite lower performance fees. Apart from the brokerage and derivatives operations, asset-management activities dominated the commission business. At the end of June the Group's assets under management amounted to CHF 4.5 billion (CHF 3.6 billion), mainly in the form of actively managed investment companies and investment funds.

We were also very successful in the field of alternative investments. Our investment vehicle which allows professional investors to participate in the performance of the European energy markets has meanwhile grown to over CHF 100 million and generates a systematic return of almost 1% a month. Furthermore we issued five structured products in the same segment on energy and/or CO₂-certificates. Our numerous discount certificates on Swiss small & mid caps, which are particularly popular in today's market environment, were equally successful.

Our investment vehicles for Central and Eastern Europe as well as Russia also continue doing well. The MC Russian Market Fund, one of the most successful Russian fund of all, clearly outperformed its benchmark and generated a positive return even in a difficult environment. Our fund for Eastern European equities, the MC Premium Eastern European Equities,

achieved a performance of over 17% in the first six months of the current year and also beat its benchmark. The corresponding information can be found with daily updates on our webpage www.valartis.ch (subscriptions are possible on a daily basis).

In short: The first half of 2007 was good, not just for Valartis Group but especially so for our fund- and investment-company investors.

And, let's not forget, all of this was achieved while far-reaching structural changes were implemented: In spring Valartis Bank moved from Pfäffikon to Zurich – not exactly an everyday operation, particularly for a bank. We also expanded our capacities in investment banking and created new investment products in asset management. Furthermore, certain business activities, such as private banking or the structuring of real estate financings, are still "under construction". All of these sometimes fundamental changes entailed a significant expansion of our staff numbers over the past 12 months, from 50 to 85, which resulted in higher operating expenses. Since the increase in expenses was more than compensated by the disproportionate increase in operating income, the cost/income ratio fell to 36.8% in the first half of 2007 from 41.4% in the first half of 2006.

With a group profit of CHF 31.9 million – corresponding to CHF 6.5 (CHF 2.8) per bearer share – the Group's shareholders' equity rose to CHF 226.2 million by the end of June 2007 (end of 2006: CHF 209.2 million). On the basis of weighted shareholders' equity, which, inter alia, includes the dividend payment of CHF 13.75 million in April 2007, Valartis Group generated an annualized return on equity of 28.8% in the first six months of the current year.

And what about the second half of the year? It goes without saying that we cannot make any predictions with regard to the short-term trends on the stock markets. The economic environment has been described above. No really relevant problems but a number of swords of Damocles.

In any case, Valartis Group will continue its efforts to strengthen the commission business and will keep searching for opportunities to create innovative products for discerning clients. The challenges in the international investment business have not diminished – but neither have the opportunities.

Baar ZG, 6 August 2007



Erwin W. Heri
Chairman of the
Board of Directors



Gustav Stenbolt
Vice-Chairman of the
Board of Directors

Valartis Group

Group Financial Statements

Consolidated Income Statement

	1.1.-30.6.2007	1.1.-30.6.2006
	CHF	CHF
Interest and discount income	1,463,747	1,066,891
Dividend income	1,542,622	1,709,171
Interest expenses	- 1,159,140	- 551,984
<i>Income from interest business</i>	<i>1,847,229</i>	<i>2,224,078</i>
Commission income from loan business	52,155	0
Commission income from securities and investment business	36,273,435	31,283,772
Commission expenses	- 4,424,179	- 3,201,599
<i>Income from commission and fee business</i>	<i>31,901,411</i>	<i>28,082,173</i>
<i>Income from trading</i>	<i>25,591,000</i>	<i>- 8,896,447</i>
Income from associated companies	- 1,151,637	0
<i>Other ordinary income</i>	<i>- 1,151,637</i>	<i>0</i>
Total operating income	58,188,003	21,409,804
Personnel expense	15,456,898	5,924,102
General expense	6,735,019	5,531,053
<i>Operating expense</i>	<i>22,191,917</i>	<i>11,455,155</i>
Gross profit (operating result)	35,996,086	9,954,649
Depreciation of property, equipment and intangible assets	895,905	549,254
Group profit before tax	35,100,181	9,405,395
Taxes	7,540,694	2,309,086
Group profit¹⁾	27,559,487	7,096,309
Group profit allocation		
Group profit allocated to shareholders of Valartis Group AG	27,565,345	7,096,309
Group profit allocated to minority interest	- 5,858	0
Group profit per share of Valartis Group AG (undiluted)	5.58	1.45
Group profit per share of Valartis Group AG (diluted)	5.31	1.38

1) Taking performance fees into account, Valartis Group generated a Group profit of CHF 31,924,064 in the first half of 2007 (previous year: CHF 14,205,668).

Consolidated Balance Sheet

Assets	Notes	30.6.2007	31.12.2006
		CHF	CHF
Cash		5,607,206	3,479,291
Cash deposits for borrowed securities		5,000,000	4,000,000
Due from banks		111,001,626	69,655,530
Due from clients		24,851,323	35,445,420
Trading securities		279,202,210	203,698,178
Financial investments – available-for-sale		2,298,937	0
Associated companies		2,557,863	3,709,500
Property and equipment		13,684,020	0
Accrued and deferred assets		9,564,384	20,255,961
Positive replacement values		22,171,979	2,580,291
Other assets		514,850	439,811
Goodwill and other intangible assets		40,959,396	34,646,108
Other financial assets at fair value		345,850	3,293,789
Total assets		517,759,644	381,203,879

Liabilities and Shareholders' Equity

Liabilities

Due to banks		45,865,298	4,634,844
Due to clients		111,075,363	65,453,058
Due from trading		2,120,754	831,695
Negative replacement values		48,372,302	14,831,429
Taxes		10,561,251	5,046,145
Accrued and deferred liabilities		20,535,896	26,671,215
Other liabilities		8,323,008	564,962
Valuation adjustments and provisions		1,423,000	1,423,000
Deferred tax liabilities		4,138,088	3,062,947
Other financial liabilities at fair value		43,493,666	49,510,144
Total liabilities		295,908,626	172,029,439

Shareholders' equity

Share capital	1	5,000,000	5,000,000
Reserves		221,598,102	206,797,954
Translation adjustments		147,287	76,486
Unrealized gains from financial investments – available-for-sale		56,700	0
Own shares	2	– 5,015,549	– 2,700,000
Shareholders' equity of Valartis Group AG shareholders		221,786,540	209,174,440
Minority interest		64,478	0
Total shareholders' equity		221,851,018	0
Total liabilities and shareholders' equity		517,759,644	381,203,879

Statement of Changes in Equity

	30.6.2007	30.6.2006
	CHF	CHF
Share capital		
Position at the beginning of the accounting year	5,000,000	5,000,000
Change in share capital	0	0
Position at the end of the reporting period	5,000,000	5,000,000
Capital reserves		
Position at the beginning of the accounting year	- 8,537,140	- 9,711,037
Income from the sale of own shares and of derivatives on own shares	984,803	1,106,012
Position at the end of the reporting period	- 7,552,337	- 8,605,025
Translation adjustments		
Position at the beginning of the accounting year	76,486	3,790
Change during the reporting period	70,801	9,788
Position at the end of the reporting period	147,287	13,578
Retained earnings		
Position at the beginning of the accounting year	215,335,094	183,744,180
Group profit	27,565,345	7,096,309
Dividend payment	- 13,750,000	- 13,750,000
Position at the end of the reporting period	229,150,439	177,090,489
Unrealized gains from financial investments – available-for-sale		
Position at the beginning of the accounting year	0	0
Unrealized gains from financial investments – available-for-sale	56,700	0
Position at the end of the reporting period	56,700	0
Own shares		
Position at the beginning of the accounting year	- 2,700,000	- 13,900,000
Change in own shares	- 2,315,549	10,800,000
Position at the end of the reporting period	- 5,015,549	- 3,100,000
Minority interest		
Position at the beginning of the accounting year	0	0
Change of minority interest in shareholders' equity	81,873	0
Minority interest in Group profit	- 5,858	0
Translation adjustments	- 11,537	0
Position at the end of the reporting period	64,478	0

Consolidated Cash Flow Statement

	Notes	1.1.-30.6.2007	1.1.-30.6.2006
		CHF	CHF
Group profit of Valartis Group AG		27,565,345	7,096,309
Minority interest in Group profit		- 5,858	0
Depreciation on intangible assets		783,537	495,890
Depreciation on property and equipment		112,368	53,364
Income from associated companies		1,151,637	0
(Increase) decrease accrued and deferred assets		10,691,577	20,072,438
(Decrease) increase accrued and deferred liabilities		- 6,135,319	- 11,152,127
(Increase) decrease trading securities		- 75,504,032	- 2,368,496
(Decrease) increase amounts due to trading		1,289,059	- 41,566,314
(Increase) decrease amounts due from clients		11,091,678	43,735,478
(Decrease) increase amounts due to clients		45,538,886	- 47,622,161
(Increase) decrease amounts due from banks		4,605,689	- 8,845,150
(Decrease) increase amounts due to banks		41,230,454	- 10,640,786
(Increase) decrease cash deposits for borrowed securities		- 1,000,000	29,000,000
(Increase) decrease positive replacement values		- 19,591,688	2,368,770
(Decrease) increase negative replacement values		33,540,873	15,879,061
(Increase) decrease other financial assets at fair value		2,947,939	0
(Decrease) increase other financial liabilities at fair value		- 6,016,478	- 10,296,921
(Increase) decrease other assets		- 44,869	- 494,234
(Decrease) increase other liabilities		1,648,769	103,372
(Decrease) increase deferred tax liabilities		- 170,631	- 108,854
(Decrease) increase taxes		5,515,106	- 353,985
Net cash flow from operating activities		79,244,042	- 14,644,346
Acquisition of property and equipment		- 13,796,388	- 53,364
Acquisition of goodwill and other intangible assets		- 168,089	0
Net increase in financial investments – available-for-sale		- 2,242,237	0
Acquisition of subsidiaries minus acquired cash	7	- 18,019	0
Net cash flow from investing activities		- 16,224,733	- 53,364
Dividends		- 13,750,000	- 13,750,000
Change in own shares and derivatives on own shares		- 1,330,746	11,906,012
Effect of translation adjustments (including minority interest)		59,264	9,788
Change in minority interest in shareholders' equity		81,873	0
Net cash flow from financing activities		- 14,939,609	- 1,834,200

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Consolidated Cash Flow Statement

continued from previous page

	1.1.-30.6.2007	1.1.-30.6.2006
	CHF	CHF
(Decrease) increase in cash and cash equivalents	48,079,700	- 16,531,910
Position at the beginning of the reporting period	6,876,932	31,194,971
Position at the end of the reporting period	54,956,632	14,663,061

For the purpose of the cash flow statement, cash and cash equivalents are made up of the following accounts:

Cash	5,607,206	9,233,689
Amounts due from banks at sight / callable	49,349,426	5,429,372
Total cash and cash equivalents¹⁾	54,956,632	14,663,061

Dividends received	1,542,622	1,709,171
Interest received	1,427,785	720,711
Interest paid	1,159,142	204,392
Taxes paid	766,836	2,909,165

¹⁾ The composition of the fund was changed. The previous year's figures of the positions "Due from banks (under 3 months)" and "Due to banks" are no longer included in the fund "Cash and cash equivalents". The changes in the balance sheet presentation, which were made to increase transparency, have been taken into account in the presentation of the consolidated cash flow statement. These changes have no effect on the Group results or the Group's equity. The previous year's figures were adjusted accordingly.

Notes to the Group Financial Statements

1. Clarifications to Business Activity

Valartis Group is a Swiss banking group whose parent company, Valartis Group AG, Baar ZG, Switzerland, is listed on the SWX Swiss Exchange. In its core activities asset management, wealth management, investment banking and real estate structured finance, Valartis Group concentrates on developing and managing innovative investment and niche products as well as providing specialized banking services. Geographically the Group is primarily active in Switzerland as well as Europe, including Central and Eastern Europe.

2. Principles of Accounting

The interim report is based on the uniformly prepared individual financial statements of the Group companies, drawn up according to the same accounting and valuation principles as the 2006 annual report. With the goal of increasing transparency, changes in the balance sheet presentation were made in the reporting period with regard to the positions treated according to the fair value option as well as the statement of securities borrowing and lending operations. Compared to the 2006 annual report, the presentation of the "Statement of Changes in Equity" was also modified to take minority interest into account as was the position "Unrealized gains from financial investments – available-for-sale". The previous year's figures were adjusted accordingly. These changes in the presentation have no effect on the Group results or the equity of Valartis Group. The Group financial statements are in Swiss francs (CHF).

The interim report was prepared in compliance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". This does not include all the information as it is contained in the consolidated annual report and should therefore be read in connection with the 2006 annual report.

3. Modifications of the Accounting Principles

3.1 Implemented International Financial Reporting Standards and Interpretations

The following new and revised International Financial Reporting Standards as well as their interpretation have been implemented by Valartis Group since 1 January 2007:

*IFRS 7 – Financial instruments: information
as well as IAS 1 – presentation of financial statements*

In August 2005 the IASB published IFRS 7. The contents of this new standard concern the disclosure provisions for financial instruments. IFRS 7 replaces therefore the requirements of IAS 30 relevant for banks and other financial institutions. The disclosure provisions of IAS 32 – financial instruments: information and presentation were also taken over and modified.

IFRS 7 requires information about the significance of financial instruments for the asset and earnings situation of companies. Furthermore, the standard contains new prerequisites regarding reporting about risks which are connected with financial instruments. Concurrent with the approval of IFRS 7, IAS 1 regarding the disclosure provisions for targets, methods and procedures for capital management was also expanded. Both standards became effective as per 1 January 2007. They will have no effect on the Group results and equity of Valartis Group.

The disclosure requirements according to IFRS 7 will be implemented for the first time in the 2007 annual report.

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 10 addresses an existing inconsistency between IAS 34 "Interim Financial Reporting" and the requirements regarding the recognition of impairment losses on business or company value in IAS 36 "Impairment of Assets" and for impairment losses for equity instruments classified as available for sale in IAS 39 "Financial Instruments: Recognition and Measurement". The interpretation states that the specific provisions of IAS 36 and 39 have precedence over the more general provisions of IAS 34. Consequently, impairment losses which are recognized for these assets during an interim reporting period cannot be reversed in subsequent interim reporting periods. IFRIC 10 must first be applied for annual reporting periods beginning on or after 1 November 2006. IFRIC 10 has no effect on Valartis Group's profit or equity during the reporting period.

3.2 Other Standards and Interpretations

The other new and revised International Financial Reporting Standards as well as their interpretations which must first be applied on or after 1 January 2007 have no effect on Valartis Group's profit or equity.

4. Approval of the Group Financial Statements

The unaudited 2007 interim Group financial statements were released by the Board of Directors on 6 August 2007. Up until that date, no significant events are to be reported.

5. Major Accounting Principles

5.1 Consolidation principles

The Group financial statements include, in addition to the values of Valartis Group AG, Baar ZG, Switzerland, the balances of the shareholdings according to the following rules:

Fully consolidated companies

Group companies which are directly or indirectly controlled by Valartis Group are fully consolidated according to the method of full consolidation. Acquired Group companies are consolidated from the time control is transferred to the Group and deconsolidated from the time control is lost.

Method of consolidation

All Group internal claims and obligations, earnings and expenses as well as off-balance-sheet transactions are eliminated in the Group financial statements. The equity of the consolidated company is stated at the book value of the participation at the parent company at the time of purchase respectively at the time of establishment. After the initial consolidation, changes resulting from business operations which are included in the result for the reporting period, are allocated to retained earnings. Minority interest in equity and Group results are stated separately in the consolidated balance sheet and income statement.

Investments in associates

Group companies over which Valartis Group can exercise a substantial influence are included according to the equity method under the item «Associated companies». Influence is considered as a rule substantial when the Group holds a shareholding of between 20% and 50% of the voting rights.

According to the equity method of accounting, the interest acquired in a company is stated at cost in the balance sheet upon acquisition. Subsequently the carrying amount of the associated company is increased or decreased depending on the Group's share of the profit or loss of the associated company.

Changes in consolidated companies

At the end of January 2007 Valartis Group AG acquired Valaxis Asset Management SA, domiciled in Geneva, retroactively as of 1 January 2007. Detailed information related to this acquisition can be found in the Notes on page 19. In addition, in March 2007, Darsi Investment Ltd., BVI, was established as a wholly owned subsidiary of Valartis International Ltd. Also during the first half of 2007 Société des Centres Commerciaux d'Algérie, Algeria, was established. Valartis International Ltd. holds 55% of the capital and the votes of this company.

Consolidation period

The consolidation period for all Group companies is the calendar year. The closing date for the interim financial statements is 30 June.

5.2 Basic principles

Foreign currency translation

The assets and liabilities denominated in foreign currencies of the foreign Group companies are translated into Swiss francs at the respective exchange rates on the balance sheet date. For the profit and loss statement, the annual average exchange rate is used. Any exchange differences resulting from consolidation are reported as translation adjustments in equity.

In the individual financial statements of the Group companies, transactions in foreign currency are recognized at the corresponding daily exchange rate. Monetary assets are converted and booked in the income statement at the exchange rate valid on the balance sheet day.

The following exchange rates are used for the major currencies:

	30.6.2007 Balance sheet day rates	1.1.–30.6.2007 Annual average rates	30.6.2006 Balance sheet day rates	1.1.–30.6.2006 Annual average rates
EUR	1.6540	1.6319	1.5662	1.5613
USD	1.2220	1.2327	1.2249	1.2657
GBP	2.4516	2.4196	2.2624	2.2725

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement contain liquid assets (petty cash, post check balances and deposits at the Swiss National Bank) as well as amounts due from banks at sight / callable.

5.3 Financial instruments**Other financial instruments at fair value (fair value option)**

In its issuing business, Valartis Group reports issued structured products which include a debt instrument and an embedded derivative in the position "Other financial liabilities at fair value". In compliance with the fair value option as defined in IAS 39, the requirement to split the structured products into underlying contract and embedded derivative and to report them separately does not apply. On the other hand, inasmuch as existing, fund shares as well as acquired structured products are reported outside the trading operations in the position "Other financial assets at fair value". This enables a consistent treatment of issued products and attributable hedging operations. Further these positions are managed at fair value.

Financial investments – available-for-sale

The category "Financial investments – available-for-sale" includes financial instruments which are held for an indefinite period. Their sale allows the management to react to liquidity squeezes respectively interest rate, exchange rate or equity price fluctuations. These may comprise equity instruments including specific private-equity investments and debt instruments.

Available-for-sale financial investments are reported at fair value. Unrealized gains or losses from available-for-sale financial investments (after deferred taxes) are booked in "Shareholders' equity" in the position "Unrealized gains from financial investments – available-for-sale" until the financial investments are derecognized or impaired.

At the sale of an available-for-sale financial investment, the accumulated unrealized gains or losses which were hitherto reported in equity are transferred to the income statement in the position "Other ordinary income" for the reporting period.

5.4 Property and equipment

Property and equipment include undeveloped land and fixtures in third-party properties, information and telecommunications equipment as well as other fixed assets. The acquisition and manufacturing costs are capitalized when probable future economic income can flow from them to the Group and the costs can be identified and reliably determined. Property and equipment is depreciated on a straight-line basis over their estimated useful life as follows:

Fixtures in third-party properties	10 years
Information and telecommunications equipment	max. 3 years
Other property and equipment	max. 5 years

No depreciation is made on undeveloped land.

Comment on the Group Financial Statements

1. Share Capital	30.6.2007	31.12.2006
	CHF	CHF
Share capital	5,000,000	5,000,000
Number of bearer shares	5,000,000	5,000,000
Nominal value per share	1	1
Equity per share	46	42 ¹⁾

The share capital is fully paid in. For the business year 2006 a dividend of CHF 2.75 per share was distributed (previous year: CHF 2.75).

2. Own Shares	Number
Position at 1.1.2006	168,206
Purchases	334,736
Sales	- 470,458
Position at 30.6.2006	32,484
Purchases	248,105
Sales	- 251,349
Position at 31.12.2006	29,240
Purchases	403,587
Sales	- 379,350
Position at 30.6.2007	53,477

During the reporting period 403,587 shares were bought at CHF 93.97 each and 379,350 shares were sold at CHF 94.65 each. During the previous period 334,736 shares were bought at CHF 99.28 and 470,458 shares were sold at CHF 98.43 each (average prices).

3. Shareholder Structure

MCG Holding SA, Baar ZG	50,00%	50,00% ²⁾
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4. Performance Fees

In the period from 1 January to 30 June 2007 Valartis Group generated performance related net income (performance fees) totaling CHF 4,571,127 (previous year: CHF 7,586,208). According to current contracts, these performance fees are only due at the end of the year and are therefore, in compliance with valid IFRS regulations, not included in the Group results.

Taking performance fees into account, Valartis Group generated a Group profit of CHF 31,924,064 in the first half of 2007 (previous year: CHF 14,205,668).

1) Prior to appropriation of profit.

2) Economic beneficiaries of MCG Holding SA is a shareholder group consisting of Hansa AG, Baar ZG (controlled 100% by Georg von Opel, Wollerau SZ), Gustav Stenbolt, Geneva, Philipp LeibundGut, Steinhausen ZG, Timothy Rogers, Geneva, Michel Houmard, Geneva, and Tudor Global Trading LLC, Greenwich, USA. Qualified participations are a) Gustav Stenbolt, who holds 20.04% of the voting rights (resp. 14.80% of the capital) of Valartis Group AG through MCG Holding SA, Baar ZG, b) Hansa AG, Baar ZG (controlled 100% by Georg von Opel), who holds 16.64% of the voting rights (resp. 19.28% of the capital) of Valartis Group AG through MCG Holding SA, Baar ZG, and c) Philipp LeibundGut, who holds 5.00% of the votes (resp. 5.79% of the capital) of Valartis Group AG through MCG Holding SA, Baar ZG.

5. Property and Equipment

In the period from 1 January to 30 June 2007 Valartis Group acquired property and equipment worth CHF 13,796,388. These include acquisitions of undeveloped land totaling CHF 9,872,697. In the same period depreciations totaling CHF 112,368 accrued. No depreciation is made on undeveloped land.

6. Business Segments

Valartis Group is divided into the four operational business segments «Asset Management», «Wealth Management», «Investment Banking» and «Real Estate Structured Finance». The operational business segment «Real Estate Structured Finance» did not have a duty to report in the first half of 2007; therefore it was integrated in the business segment «Investment Banking». Balance-sheet and profit-and-loss-statement items are, inasmuch as allowable and material, directly allocated to these business segments. Items which cannot be directly allocated to the segments are recognized in the "Corporate Center". Furthermore consolidation items are included in the "Corporate Center".

Segment reporting

1.1. – 30.6.2007

	Investment Banking CHF	Asset Management CHF	Wealth Management CHF	Corporate Center CHF	Total CHF
Income	29,675,342	33,156,468	1,595,533	- 656,021	63,771,322
Expenses	- 10,347,633	- 13,946,493	- 1,417,073	- 2,064,037	- 27,775,236
Gross profit	19,327,709	19,209,975	178,460	- 2,720,058	35,996,086
Depreciation	- 71,734	- 45,871	- 1,607	- 776,693	- 895,905
Segment result before taxes	19,255,975	19,164,104	176,853	- 3,496,751¹⁾	35,100,181
Taxes					- 7,540,694
Group profit					27,559,487
thereof shareholders of Valartis Group AG					27,565,345
thereof minority interest					- 5,858
Total assets	327,594,236	124,844,042	5,072,090	60,249,276	517,759,644
Total liabilities	214,491,555	21,296,168	5,382,506	54,738,397	295,908,626
Total investments	12,646,350	1,142,641	7,397	0	13,796,388
Assets under management 30.6.2007	1,248,274,666	2,796,124,853	421,205,515 ²⁾	0	4,465,605,034
Staff numbers at 30.6.2007	20	35	6	24	85

1) Income from the associated company is included in full in the segment result before taxes and amounts to CHF - 1,151,637 (previous year: CHF 0).

2) As of 1 January 2007 Valartis Group acquired Valaxis Asset Management SA, an asset management company domiciled in Geneva. The acquired assets under management amount to CHF 188 million.

Segment reporting

1.1.-30.6.2006

	Investment Banking CHF	Asset Management CHF	Wealth Management CHF	Corporate Center CHF	Total CHF
Income	2,668,157	22,505,353	0	- 10,123	25,163,387
Expenses	- 6,314,910	- 7,723,860	0	- 1,169,968	- 15,208,738
Gross profit	- 3,646,753	14,781,493	0	- 1,180,091	9,954,649
Depreciation	- 532,097	- 17,157	0	0	- 549,254
Segment result before taxes	- 4,178,850	14,764,336	0	- 1,180,091	9,405,395
Taxes					- 2,309,086
Group profit					7,096,309
thereof shareholders of Valartis Group AG					7,096,309
thereof minority interest					0
Total assets	296,728,703	72,558,811	0	- 8,171,471	361,116,043
Total liabilities	186,298,794	10,740,022	0	- 6,321,815	190,717,001
Total investments	36,207	17,157	0	0	53,364
Assets under management 30.6.2006	1,060,683,265	2,567,511,666	0	0	3,628,194,931
Staff number at 30.6.2006	22	28	0	0	50

In the first half of 2006 the Group was exclusively active in the two operational business segments "Investment Banking" and "Asset Management". "Corporate Center" contains consolidation positions.

7. Acquisition

As of 1 January 2007 Valartis Group acquired a 100% participation in the asset management company Valaxis Asset Management SA domiciled in Geneva.

Details with regard to the fair value of the acquired net assets, the goodwill and intangible assets:

<i>Purchase price</i>	CHF
Purchase price paid (in cash)	1,268,592
Maximal purchase price to be paid in subsequent years (in shares)	5,662,600
Direct expenses related to the acquisition	27,761
Total	6,958,953
<i>consisting of</i>	
Due from banks	1,278,334
Due from clients	497,581
Other assets	30,170
Due to clients	- 83,419
Other liabilities	- 446,677
Subtotal	1,275,989
Intangible assets with a limited life span (client relationships)	5,662,600
Intangible assets with an unlimited life span	0
Goodwill (excluding deferred taxes)	20,364
Total	6,958,953
Goodwill (according to IAS 12, 19 and 66 with regard to deferred tax liabilities on intangible assets)	1,245,772
Total	8,204,725

The purchase price to be paid in subsequent years will be in shares of Valartis Group AG. The maximal number of shares to be paid is 61,550. Fair value per share has been determined to be CHF 92 and corresponds to the stock market price at the time of the acquisition.

8. Related Parties and Companies

Related parties and companies are individuals or companies which have the capability to control the Group or have a significant influence on operational and financial decisions. As part of regular business operations, transactions (such as securities business, money transfer etc.) are also carried out with related parties.

Members of the Board of Directors as well as employees have staff conditions with regard to the securities business (brokerage commissions and custody charges). The other transactions with related parties are at market conditions.

The following tables offer an overview of transactions with related parties and companies.

Related parties and companies

6 months to 30.6.2007	TCHF
Due from clients	15,862
Due to clients	17,192
Interest income	0
Interest expense	33
Other income	17,118
Other expenses	2,517

6 months to 30.6.2006

Due from clients	8,238
Due to clients	2,147
Interest income	2
Interest expense	4
Other income	6,638
Other expenses	917

Based on an investment advisory and services agreement, Valartis Group acts as investment advisor to Hansa AG. The corresponding conditions and stipulations conform to the market.

9. Contingent Liabilities	30.6.2007	31.12.2006
	CHF	CHF
Contingent liabilities vis-à-vis third parties	8,537,900	8,811,270
Irrevocable commitments	18,706,587	932,000

10. Post-Balance-Sheet Events

There are no events to report since 30 June 2007.

Addresses

Valartis Group AG

Blegistrasse 11a
CH-6340 Baar ZG
Phone +41 43 336 81 11
Fax +41 43 336 81 00

Valartis Bank AG

Sihlstrasse 24
CH-8021 Zurich
Phone +41 43 336 81 11
Fax +41 43 336 81 00

Valartis Asset Management SA

2-4 place du Molard
CH-1211 Geneva 3
Phone +41 22 716 10 00
Fax +41 22 716 10 01

Valartis Wealth Management SA

2-4 place du Molard
CH-1211 Geneva 3
Phone +41 22 716 10 85
Fax +41 22 716 10 01

Valartis International Ltd.

The Teachers Co-Operative
Savings Bank Building
Mesolongiou Street, Flat 35
Limassol 3032
Cyprus

Eastern Property Management Ltd.

c/o Euro American Trust
and Management Services Ltd.
P.O. Box 3161
Road Town Tortola
BVI-British Virgin Islands

Valartis Fund Advisory SA

11, rue Aldingen
L-1118 Luxembourg

MCT Luxembourg Management S.à.r.l.

6, rue Dicks
L-1417 Luxembourg

Valartis International Ltd.

Petrovka Street 5
107031 Moscow
Russia

Valartis Market Information

Reuters: VLRT.S
Bloomberg: VLRT SW
www.valartis.ch

Auditors

Ernst & Young AG
Badenerstrasse 47
CH-8022 Zurich
Phone +41 58 286 31 11