

Valartis Group  
Half-Year Report 2010

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# Board of Directors and Group Management

## Board of Directors

Prof. Dr. Erwin W. Heri, President  
Dr. Stefan Holzer, Vice-President  
Jean-François Ducrest  
Philipp LeibundGut

## Group Management

Gustav Stenbolt, CEO  
Eric Berthelot, Head Private Banking  
Dr. Hanspeter Kaspar, CFO

# Letter to Shareholders

Dear Shareholders,

Valartis Group's net profit for the first six months of 2010 was CHF 7.0 million. In all three business segments, Private Banking, Asset Management and Investment Banking, progress has been made towards the goal of increasing the recurring income stream.

The financial volatility has continued during the first half of 2010 despite improved economic numbers from most countries. The loss of confidence in the Euro and the loss of confidence in the more indebted European Community countries caused a sharp decline in the Euro, in interest rates and in increased credit spreads for both sovereign as well as corporate borrowers. Whereas in 2009 we were able to benefit from narrowing credit spreads (income from trading of CHF 29 million for the 1st semester 2009), the renewed rise generated a trading loss of CHF 17 million this year. Both on a fundamental and historical basis, however, we still regard credit spreads as very attractive. It remains the policy of Valartis to place its liquidity principally with a large number of investment grade high quality corporate, sovereign and financial borrowers. This diversification continues to be the most attractive cash management policy in a volatile financial environment with historically low interest rates.

At the end of 2009, Valartis Group acquired Valartis Bank (Liechtenstein) AG. The integration process is on-going and we expect to complete this process at the beginning of 2011. The bank will continue to operate on an independent basis with common services in certain areas like equity and fixed income execution, derivatives, foreign exchange, treasury, etc.

In the Private Banking area, we reported a significant inflow of new assets in 2009. This trend continues with an increase of Private Banking assets under management of CHF 287 million for the first half of 2010. We expect further inflows to come from our investments in new Relationship Managers in Austria, Liechtenstein and Switzerland. The Investment Banking segment having been reorganized last year continues its focus on client execution in mainly equities, fixed income and foreign exchange for the private banks as well as on brokerage. Our M&A advisory team services institutional clients mainly from Western and Eastern Europe as well as our private client base on varied transactions. The Asset Management division also continues to perform in a difficult market environment. The Valartis Russian and Swiss specialty funds showed a sharp outperformance during 2009 and the funds are

positioned once again in the top quartile in 2010 compared with its peers. The shopping, leisure and office complex in Algeria opened its doors on August 5th with great success, having 80'-100'000 clients visiting per day in the first weeks.


In May 2010, Valartis Group acquired 72.5% of the Jelmoli Bonus Card AG giving Valartis 100% of the Jelmoli Bonus Card AG. The company is issuing the Visa Bonus Card as well as the SBB Visa Card in combination with the SBB Half-Fare travelcard. The Visa Bonus Card was launched in 2006 as one of the first free Visa cards in Switzerland. The development of the credit card business has been strong with a double digit growth rate generated by an increased number of active Visa cards as well as an increasing turnover per card.

Valartis has made significant investments in organic growth as well as growth through acquisitions. We are gradually seeing positive results from these investments and expect this trend to continue in the coming year.

Baar ZG, 24 August 2010



Erwin W. Heri  
Chairman of the  
Board of Directors



Gustav Stenbolt  
Chief Executive Officer



Valartis Group  
Consolidated Financial Statements as at 30.06.2010  
(unaudited)

# Consolidated Income Statement

	Note	1.1.–30.6.2010 CHF 1,000	1.7.–31.12.2009 CHF 1,000	1.1.–30.6.2009 CHF 1,000
Interest and discount income		33,721	26,928	16,234
Dividend income		269	76	640
Interest expense		-7,123	-7,733	-8,453
<b>Income from interest and dividend business</b>	1	<b>26,867</b>	<b>19,271</b>	<b>8,421</b>
Commission income from loan business		2,202	289	388
Commission income from securities and investment business		27,252	23,922	23,870
Commission expense		-6,880	-2,213	-4,293
<b>Income from commission and service fee business</b>	2	<b>22,574</b>	<b>21,998</b>	<b>19,965</b>
<b>Income from trading</b>	3	<b>-17,016</b>	<b>48,054</b>	<b>29,375</b>
Income from business combination (negative goodwill)		10,110	-350	350
Income from participations		5,901	-27,364	40,619
Other income		8,232	1,544	867
<b>Other ordinary income</b>	4	<b>24,243</b>	<b>-26,170</b>	<b>41,836</b>
<b>Total operating income</b>		<b>56,668</b>	<b>63,153</b>	<b>99,597</b>
Personnel expense	5	28,308	22,711	23,132
General expense	6	17,579	13,515	12,161
<b>Administrative expense</b>		<b>45,887</b>	<b>36,226</b>	<b>35,293</b>
<b>Gross operating profit</b>		<b>10,781</b>	<b>26,927</b>	<b>64,304</b>
Depreciation / amortisation of property, plant and equipment and intangible assets	7	8,012	6,066	5,889
Valuation adjustments, provisions and losses	8	-475	1,460	79
<b>Net profit before taxes</b>		<b>3,244</b>	<b>19,401</b>	<b>58,336</b>
Taxes	9	-3,552	-618	11,766
Net profit		6,796	20,019	46,570
Net profit attributable to minority interests		244	-2,754	-1,069
<b>Net profit attributable to shareholders of Valartis Group AG</b>		<b>7,040</b>	<b>17,265</b>	<b>45,501</b>
Undiluted earnings per share of Valartis Group AG (in CHF)		1.54	3.75	9.52
Diluted earnings per share of Valartis Group AG (in CHF)		1.46	3.56	9.05

# Consolidated Statement of Comprehensive Income

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
<b>Net profit in the income statement</b>	<b>6,796</b>	<b>20,019</b>	<b>46,570</b>
Net unrealised gain / loss from financial assets available for sale	-648	214	-861
Income from financial assets available for sale transferred to the income statement	231	-241	468
Foreign exchange translation differences	-16,758	-5,639	1,615
<b>Net income for the financial year recognised directly in equity</b>	<b>-17,175</b>	<b>-5,666</b>	<b>1,222</b>
<b>Net income for the financial year recognised in the income statement and in equity</b>	<b>-10,379</b>	<b>14,353</b>	<b>47,792</b>
<b>Allocation</b>			
Shareholders of Valartis Group AG	-10,171	11,824	46,764
Minority interests	-208	2,529	1,028



# Consolidated Balance Sheet

## Assets

	Note	30.6.2010 CHF 1,000	31.12.2009 CHF 1,000	30.6.2009 CHF 1,000
Cash		351,168	290,870	49,736
Due from banks		430,089	770,481	354,092
Due from clients		351,989	185,068	125,040
Trading portfolio assets		1,021,407	1,131,733	926,678
Financial assets available for sale		59,591	63,656	58,242
Financial assets held to maturity		18,646	19,516	0
Other financial assets at fair value		1,011	974	923
Associated companies		143,188	134,037	153,426
Property, plant and equipment		77,092	153,107	107,938
Accrued and deferred assets		31,855	44,806	21,586
Positive replacement values		16,475	7,690	3,905
Other assets		4,835	7,976	13,033
Goodwill and other intangible assets		103,423	97,207	84,690
Deferred tax assets		19,740	16,323	20,575
<b>Total assets</b>		<b>2,630,509</b>	<b>2,923,444</b>	<b>1,919,864</b>

## Liabilities and shareholders' equity

### Liabilities

Due to banks		251,063	484,163	441,701
Cash deposits for repurchase agreements		303,389	263,497	131,164
Due to clients		1,645,533	1,730,635	936,972
Negative replacement values		18,427	5,630	1,984
Taxes		3,891	10,117	9,702
Accrued and deferred liabilities		18,212	20,091	15,874
Other liabilities		5,105	8,592	8,943
Valuation adjustments and provisions		7,500	8,746	8,872
Deferred tax liabilities		36,182	35,222	38,049
<b>Total liabilities</b>		<b>2,289,302</b>	<b>2,566,693</b>	<b>1,593,261</b>

### Shareholders' equity

Share capital	10	5,000	5,000	5,000
Reserves		307,767	303,865	287,794
Foreign exchange translation differences		-22,667	-6,961	-1,546
Unrealised income from financial assets available for sale		-3,814	-3,371	-3,344
Treasury shares		-5,609	-12,192	-8,333
<b>Shareholders' equity of the shareholders of Valartis Group AG</b>		<b>280,677</b>	<b>286,341</b>	<b>279,571</b>
Minority interests		60,530	70,410	47,032
<b>Total shareholders' equity (including minority interests)</b>		<b>341,207</b>	<b>356,751</b>	<b>326,603</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,630,509</b>	<b>2,923,444</b>	<b>1,919,864</b>

# Statement of Changes in Shareholders' Equity

	Share capital	Treasury shares	Capital reserves	Retained earnings
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
<b>2009</b>				
<b>Opening balance at 1 January 2009</b>	<b>5,000</b>	<b>-3,965</b>	<b>-8,288</b>	<b>252,304</b>
Gains / losses from financial assets available for sale				
Foreign exchange translation differences				
Net profit				45,501
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,501</b>
Dividend payments				-2,500
Change in treasury shares		-4,368	1,025	
Change in scope of consolidation				
Transactions with minority shareholders			3	-251
<b>Ownership-related changes</b>	<b>0</b>	<b>-4,368</b>	<b>1,028</b>	<b>-2,751</b>
<b>Total shareholders' equity at 30 June 2009</b>	<b>5,000</b>	<b>-8,333</b>	<b>-7,260</b>	<b>295,054</b>
<b>2010</b>				
<b>Opening balance at 1 January 2010</b>	<b>5,000</b>	<b>-12,192</b>	<b>-7,251</b>	<b>311,116</b>
Gains / losses from financial assets available for sale				
Foreign exchange translation differences				
Net profit				7,040
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,040</b>
Dividend payments				-2,500
Change in treasury shares		6,583	430	
Change in scope of consolidation				
Employee participation plan			157	
Transactions with minority shareholders				-1,225
<b>Ownership-related changes</b>	<b>0</b>	<b>6,583</b>	<b>587</b>	<b>-3,725</b>
<b>Total shareholders' equity at 30 June 2010</b>	<b>5,000</b>	<b>-5,609</b>	<b>-6,664</b>	<b>314,431</b>

Net unrealised gains/(losses) on financial instruments CHF 1,000	Foreign exchange translation difference CHF 1,000	<b>Total equity (exclusive minority interests) CHF 1,000</b>	Minority interests CHF 1,000	Foreign exchange effect on minority interests CHF 1,000	<b>Total minority interests CHF 1,000</b>	<b>Total shareholders' equity CHF 1,000</b>
<b>-2,951</b>	<b>-3,202</b>	<b>238,898</b>	<b>46,795</b>	<b>195</b>	<b>46,990</b>	<b>285,888</b>
-393		<b>-393</b>			<b>0</b>	<b>-393</b>
	1,656	<b>1,656</b>		-41	<b>-41</b>	<b>1,615</b>
		<b>45,501</b>	1,069		<b>1,069</b>	<b>46,570</b>
<b>-393</b>	<b>1,656</b>	<b>46,764</b>	<b>1,069</b>	<b>-41</b>	<b>1,028</b>	<b>47,792</b>
		<b>-2,500</b>			<b>0</b>	<b>-2,500</b>
		<b>-3,343</b>			<b>0</b>	<b>-3,343</b>
		<b>0</b>			<b>0</b>	<b>0</b>
		<b>-248</b>	-986		<b>-986</b>	<b>-1,234</b>
<b>0</b>	<b>0</b>	<b>-6,091</b>	<b>-986</b>	<b>0</b>	<b>-986</b>	<b>-7,077</b>
<b>-3,344</b>	<b>-1,546</b>	<b>279,571</b>	<b>46,878</b>	<b>154</b>	<b>47,032</b>	<b>326,603</b>
<b>-3,371</b>	<b>-6,961</b>	<b>286,341</b>	<b>70,481</b>	<b>-71</b>	<b>70,410</b>	<b>356,751</b>
-444		<b>-444</b>	27		<b>27</b>	<b>-417</b>
	-16,767	<b>-16,767</b>		9	<b>9</b>	<b>-16,758</b>
		<b>7,040</b>	-244		<b>-244</b>	<b>6,796</b>
<b>-444</b>	<b>-16,767</b>	<b>-10,171</b>	<b>-217</b>	<b>9</b>	<b>-208</b>	<b>-10,379</b>
		<b>-2,500</b>	-902		<b>-902</b>	<b>-3,402</b>
		<b>7,013</b>			<b>0</b>	<b>7,013</b>
	1,061	<b>1,061</b>	-8,834	64	<b>-8,770</b>	<b>-7,709</b>
		<b>157</b>			<b>0</b>	<b>157</b>
		<b>-1,225</b>			<b>0</b>	<b>-1,225</b>
<b>0</b>	<b>1,061</b>	<b>4,506</b>	<b>-9,736</b>	<b>64</b>	<b>-9,672</b>	<b>-5,166</b>
<b>-3,814</b>	<b>-22,667</b>	<b>280,677</b>	<b>60,528</b>	<b>2</b>	<b>60,530</b>	<b>341,207</b>

# Consolidated Cash Flow Statement

	30.6.2010 CHF 1,000	30.6.2009 CHF 1,000
Net profit before taxes (including minority interests)	3,244	58,336
<b>Cash flow from operating activities</b>	<b>54,268</b>	<b>-484,659</b>
<b>Cash flow from investment activities</b>	<b>-5,693</b>	<b>-31,308</b>
<b>Cash flow from financing activities</b>	<b>3,636</b>	<b>-2,459</b>
Effect of foreign exchange translation differences (including minority interests)	-2,620	309
<b>(Decrease) increase in cash and cash equivalents</b>	<b>49,591</b>	<b>-518,117</b>
Position at 1 January	512,106	769,334
Position at 30 June	561,697	251,217
<b>For the purpose of the cash flow statement, cash and cash equivalents are made up of the following accounts:</b>		
Cash	351,168	49,736
Due from banks at sight / callable	210,529	201,481
<b>Total cash and cash equivalents</b>	<b>561,697</b>	<b>251,217</b>

# Consolidated Statement of Off-Balance-Sheet Items

	30.6.2010 CHF 1,000	31.12.2009 CHF 1,000	30.6.2009 CHF 1,000
Credit guarantees	13,373	11,951	0
Warranties	0	0	0
Other contingent liabilities	49,547	25,671	28,613
<b>Total contingent liabilities</b>	<b>62,920</b>	<b>37,622</b>	<b>28,613</b>
<b>Irrevocable commitments</b>	<b>184</b>	<b>184</b>	<b>8,499</b>
<b>Loan commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Call commitments and additional funding obligations</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Positive replacement values</b>	<b>16,475</b>	<b>7,690</b>	<b>3,905</b>
<b>Negative replacement values</b>	<b>18,427</b>	<b>5,630</b>	<b>1,984</b>
<b>Contract volume</b>	<b>1,343,612</b>	<b>1,427,659</b>	<b>993,995</b>
<b>Fiduciary transactions</b>	<b>224,514</b>	<b>237,203</b>	<b>67,927</b>

# Information on the Consolidated Financial Statements

## 1. Description of Business

The Valartis Group is a Swiss banking group whose parent company, Valartis Group AG, Baar, Canton of Zug, Switzerland, is listed on the SIX Swiss Exchange. In its three core activities – Asset Management, Private Banking and Investment Banking – the Valartis Group focuses on developing and managing innovative investment and niche products and providing specialised banking services. Geographically, the Group is primarily active in Switzerland and other European countries, in particular in central and eastern Europe.

## 2. Accounting Principles

This half-year report was prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34). This standard does not require the same amount of information as for the Group annual report, and should therefore be read in conjunction with the 2009 Annual Report.

The consolidated financial statements are in Swiss francs (CHF).

The following exchange rates are used for the major currencies:

	30.6.2010 Balance sheet date rate	1.1.–30.6.2010 Average rate	30.6.2009 Balance sheet date rate	1.1.–30.6.2009 Average rate
EUR	1.3214	1.4360	1.5242	1.5051
USD	1.0772	1.0829	1.0856	1.1308
GBP	1.6112	1.6522	1.7871	1.6855

As a financial group, the Valartis Group is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA).

The half-year report is based on uniformly prepared individual financial statements of the Group companies. With the exception of subsequent amendments, the same accounting principles were applied as in the preparation of the annual financial statements as at 31 December 2009.

## 3. Changes to Accounting Policies

### 3.1 Implemented international financial reporting standards and interpretations

The Valartis Group applied no new or revised standards and interpretations for the first time in the first half of 2010.

The following new or revised standards have no effect on the Valartis Group:

<b>IAS 39</b>	Risk positions that qualify for hedge accounting
<b>IFRS 2</b>	Group Cash-Settled Share-based Payment Annual Improvements Project (2009 publication)

### 3.2 Other changes

#### Share participation plan

The bonus model of the Valartis Group stipulates that performance-related remuneration in excess of CHF 50,000 is paid out as follows: 50% of the total bonus is paid out immediately in cash. An additional 20% for members of the Executive Board is allocated in the form of shares in the company (bonus shares). Half of these vest to the eligible party after one year and the remaining half after two years; the first half are blocked for two years and the second half for one. The remaining portion of the bonus of 30%, also in the form of shares in the company (super bonus shares), vests to the member of staff after three years and is dependent on the performance of the Valartis Group over this period. The remuneration model as described for the Group Executive Board basically also applies to all employees in Switzerland. When implemented in other countries, local practices and regulations are followed. In terms of the bonus shares and super bonus shares, the market-related volumes are fixed at the time the rights to these shares are acquired and are not adjusted for the entire length of the vesting period. By contrast, the volumes that cannot be observed on the market are continually reassessed during the vesting period based on current developments. The estimated expense for the bonus shares and super bonus shares as at the balance sheet date is charged pro rata temporis to personnel costs for the entire vesting period.

### Property, plant and equipment

Property, plant and equipment includes properties, undeveloped land and fixtures in third-party properties, IT and telecommunications equipment, software (including software in development) and other fixed assets. Acquisition and production costs are carried as an asset if future economic income is likely to flow from them to the Group and the costs can be identified and reliably determined. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life as follows:

Property	Maximum 100 years
Fixtures in third-party properties	Maximum 10 years
IT and telecommunications equipment	Maximum 5 years
Software	Maximum 5 years *
Other fixed assets	Maximum 5 years

No depreciation is taken on undeveloped land. Impairment tests are performed on property, plant and equipment if events or circumstances suggest that the carrying amount may have been impaired. If the carrying amount exceeds the achievable income, the carrying amount is written down.

\* The software of the newly acquired Jelmoli Bonus Card AG is being amortised over ten years because it is a specific proprietary development for the credit card business of Jelmoli Bonus Card AG where no standard software exists due to of the small size of the market. There are no external requirements to carry out software updates on proprietary developments provided functionality is assured.

## 4. Approval of the Consolidated Financial Statements

The unaudited 2010 Half-Year Report was released by the Board of Directors on 24 August 2010. There were no significant events up until that date requiring disclosure.

# Notes to the Consolidated Financial Statements

## 1. Income from Interest and Dividend Business

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Interest income from banking business	2,954	1,210	7,110
Interest income from client business	3,185	2,045	2,141
Interest and dividend income from the trading portfolio	27,160	22,964	7,001
Interest income from mortgage business	270	525	507
Interest and dividend income from financial assets available for sale	47	0	0
Interest and dividend income from financial assets held to maturity	176	0	0
Interest and dividend income from financial assets at fair value	61	88	90
Other interest income	137	172	25
<b>Total interest and dividend income</b>	<b>33,990</b>	<b>27,004</b>	<b>16,874</b>
Interest expense from banking business	-4,084	-5,987	-1,631
Interest expense from client business	-2,147	-1,213	-6,494
Interest expense from the trading portfolio	0	0	-36
Other interest expense	-892	-533	-292
<b>Total interest expense</b>	<b>-7,123</b>	<b>-7,733</b>	<b>-8,453</b>
<b>Total</b>	<b>26,867</b>	<b>19,271</b>	<b>8,421</b>

## 2. Income from Commission and Service Fee Business

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Commission income from loan business	2,202	289	388
Brokerage fees	5,600	2,991	3,033
Custody account fees	3,975	2,550	1,645
Commission on investment advice and asset management	9,578	13,997	14,270
Issuing business	454	533	1,441
Commission income from fiduciary business	465	568	320
Commission income from retrocessions	212	258	272
Other commission income	6,968	3,025	2,889
<b>Total income from commission and service fee business</b>	<b>29,454</b>	<b>24,211</b>	<b>24,258</b>
Brokerage expense	-1,679	-1,255	-857
Asset management / fund management by third parties	-321	-356	-401
Commission expense to client intermediaries and representatives	-1,521	-851	-714
Other securities trading expense	-367	-326	-91
Commission expense on retrocessions to third parties	-955	-258	-253
Other commission and service fee expense	-2,037	833	-1,977
<b>Total expense from commission and service fee business</b>	<b>-6,880</b>	<b>-2,213</b>	<b>-4,293</b>
<b>Total</b>	<b>22,574</b>	<b>21,998</b>	<b>19,965</b>



### 3. Income from Trading

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Interest rate instruments	-49,362	23,893	17,277
Securities	8,947	20,286	12,377
Currencies and precious metals	23,409	3,875	-279
Funds	-10	0	0
<b>Total</b>	<b>-17,016</b>	<b>48,054</b>	<b>29,375</b>

### 4. Other Ordinary Income

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Income from real estate	95	121	121
Income from business combination (negative goodwill)	10,110	-350	350
Income from the sale of tangible and intangible assets	12	0	0
Income from the sale of financial assets	259	-239	466
Income from participations	5,901	-27,364	40,619
Other income	7,866	1,662	280
<b>Total</b>	<b>24,243</b>	<b>-26,170</b>	<b>41,836</b>

### 5. Personnel Expense

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Salaries and bonuses	21,299	18,022	17,813
Social security benefits	3,059	2,024	2,500
Contributions to occupational pension plans	1,366	1,294	1,244
Share-based payments	159	0	0
Other personnel expense	2,425	1,371	1,575
<b>Total</b>	<b>28,308</b>	<b>22,711</b>	<b>23,132</b>

### 6. General Expense

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Occupancy expense	2,594	2,010	2,293
IT and information expense	4,845	3,283	3,660
Office and business expense	8,045	7,473	5,229
Other general expense	2,095	749	979
<b>Total</b>	<b>17,579</b>	<b>13,515</b>	<b>12,161</b>

## 7. Depreciation and Amortisation

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Depreciation of property, plant and equipment	4,570	3,468	3,310
Amortisation on intangible assets	3,442	2,598	2,579
<b>Total</b>	<b>8,012</b>	<b>6,066</b>	<b>5,889</b>

## 8. Valuation Adjustments, Provisions and Losses

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Impairments	880	2,063	168
Impairment reversals	-1,487	-721	-93
Change of provisions	132	118	4
<b>Total</b>	<b>-475</b>	<b>1,460</b>	<b>79</b>

## 9. Taxes

	1.1.-30.6.2010 CHF 1,000	1.7.-31.12.2009 CHF 1,000	1.1.-30.6.2009 CHF 1,000
Current income taxes	489	-694	2,081
Deferred taxes	-3,938	91	9,685
Taxes on the comprehensive income	-103	-15	0
<b>Total</b>	<b>-3,552</b>	<b>-618</b>	<b>11,766</b>

# Share Capital

## 10. Share Capital

	30.6.2010 CHF	31.12.2009 CHF	30.6.2009 CHF
Share capital	5,000,000	5,000,000	5,000,000
Number of bearer shares	5,000,000	5,000,000	5,000,000
Nominal value per share	1	1	1
Equity per share (attributable to shareholders of Valartis Group AG, before appropriation of profit)	59	63	60

The capital is fully paid up. A dividend of CHF 0.50 per share was distributed for financial year 2009 (previous year: CHF 0.50).

## 11. Treasury Shares

Valartis Group AG	Number
Position at 01.01.2009	74,982
Purchases	326,635
Sales	-74,621
Position at 30.06.2009	326,996
Purchases	153,678
Sales	-32,504
Position at 31.12.2009	448,170
Purchases	33,578
Sales	-277,823
<b>Position at 30.06.2010</b>	<b>203,925</b>

During the reporting period, 33,578 shares were purchased at CHF 31.61 each and 277,823 shares were sold at CHF 29.06 each. In the prior-year period, 326,635 shares were purchased at CHF 15.02 each and 74,621 shares were sold at CHF 15.90 each (average price).

# Major Transactions

## 12. Major Transactions

### Acquisition of Jelmoli Bonus Card AG

Valartis Group AG completed the takeover of Jelmoli Bonus Card AG, Zurich, on 28 May 2010. Through this full acquisition, the Valartis Group is taking the opportunity to consolidate and expand its involvement in the credit card business.

In the transaction, Valartis Group AG, Baar, acquired 72.5% of the voting rights and capital of Jelmoli Bonus Card AG; the remaining voting rights and capital were already held by Valartis Bank AG, Zurich.

The carrying amounts and fair values of the assets and liabilities acquired in this context were as follows as at the acquisition date:

in CHF 1,000	Carrying amount 31.5.2010	Step-up to fair value	Fair value
Cash	14,353		14,353
Due from banks	0		0
Due from clients	149,191		149,191
Property, plant and equipment	3,152	4,551	7,703
Intangible assets	0	14,458	14,458
Deferred tax assets	230	1,417	1,647
Accrued and deferred assets	868		868
<b>Total assets</b>	<b>167,794</b>	<b>20,426</b>	<b>188,220</b>
Due to banks	142,001		142,001
Due to clients	15,821		15,821
Deferred tax liabilities	0	3,802	3,802
Accrued and deferred liabilities	1,586		1,586
<b>Total liabilities</b>	<b>159,408</b>	<b>3,802</b>	<b>163,210</b>
Fair Value of acquired net assets (100%)	8,386	16,624	25,010
Purchase price paid for 72.5%			-10,803
Existing equity participation(27.5%)			-4,097
Negative goodwill arising from acquisition			10,110

The total purchase price of the acquisition was CHF 10.8 million.

If the acquisition had taken place at the beginning of 2010, operating income would have been CHF 68.9 million (instead of CHF 56.7 million) and Group net profit would have been CHF 8.1 million (instead of CHF 7.0 million).

The operating income and net profit of Jelmoli Bonus Card AG since the acquisition on 28 May 2010 were CHF 2.0 million and CHF 0.1 million respectively.

The carrying amount of the 27.5% stake in Jelmoli Bonus Card AG held by Valartis Bank AG was CHF 2.3 million immediately before

the acquisition date. Based on the CHF 25.0 million fair value of 100% of the net assets acquired, the existing stake of 27.5% enjoyed a valuation gain totalling CHF 4.6 million. This is included in the income statement under "Other ordinary income".

The fair value and carrying amount of the receivables acquired was CHF 149.2 million, while the gross amount was CHF 150.9 million.

The negative goodwill of CHF 10.1 million resulting from the transaction was booked to the consolidated income statement under "Income from business combination (negative goodwill)" and essentially comprises the value of the Bonus Card partner network.

### Sale of majority stake in Darsi International Ltd., Tortola

Valartis Group AG completed the sale of its 65.36% stake in Darsi International Ltd., Tortola, on 30 June 2010. The transaction led to the deconsolidation of Darsi International Ltd. and its subsidiaries, SCCA Finance Ltd., Tortola and Société des Centres Commerciaux Algérie SPA, Alger.

In the transaction, Valartis International Ltd., Tortola, sold 65.36% of the voting rights and capital of Darsi International Ltd. to outside investors. The Valartis Group now holds a 34.64% stake in Darsi International Ltd. Together with its 20% stake directly held by Valartis International Ltd., Valartis Group holds a stake of 38.66% (including 18.66% indirectly via Darsi International Ltd.) in SCCA Finance Ltd.

and Société des Centres Commerciaux Algérie SPA, in which Darsi International Ltd. still holds a controlling majority of 53.86%. Since 30 June 2010, the three companies Darsi International Ltd., SCCA Finance Ltd. and Société des Centres Commerciaux Algérie SPA have been treated as associates.

The proceeds from selling the majority stake in Darsi International Ltd. came to CHF 6.045 million (EUR 4.575 million) and were paid in cash.

With sales proceeds of CHF 6.045 million and the fair value of the net assets sold standing at CHF 3.825 million, the gain on the sale was CHF 2.22 million. This is included in the consolidated income statement under the item "Income from participations".

Darsi International Ltd. - consolidated in CHF 1,000	Carrying amount 30.6.2010
Cash	16
Due from banks	0
Property, plant and equipment	87,394
Other assets	4,026
<b>Total assets</b>	<b>91,436</b>
Due to banks	41,121
Due to clients	11,102
Accrued and deferred liabilities	1,042
Other liabilities	18,551
<b>Total liabilities</b>	<b>71,816</b>
Fair value of total net assets (incl. minority interests)	19,620
Minority interests	13,767
Fair value of net assets of Darsi International Ltd. shareholders (100%)	5,853
<b>Fair value of sold net assets (65.36%)</b>	<b>3,825</b>
<b>Sell price</b>	<b>6,045</b>
<b>Gain on sale</b>	<b>2,220</b>

# Business Segments

## 13. Primary Segment Reporting

### Business Segments

The Valartis Group is divided into three operational business segments: Asset Management, Private Banking and Investment Banking. To the extent permissible and material, the balance sheet and income statement items are directly allocated to these business segments.

### Corporate Center

Items that cannot be directly allocated to the segments are recognised under "Corporate Center". Consolidation items are also included in the Corporate Center.

	Investment Banking CHF 1,000	Asset Management CHF 1,000	Private Banking CHF 1,000	Corporate Center CHF 1,000	Total CHF 1,000
<b>1.1. – 30.6.2010</b>					
Operating income	1,500	29,462	26,745	-1,039	56,668
Administrative expense	-5,576	-9,274	-22,549	-8,488	-45,887
Service from / to other segments	-3,191	-587	-3,863	7,641	0
<b>Gross operating profit</b>	<b>-7,267</b>	<b>19,601</b>	<b>333</b>	<b>-1,886</b>	<b>10,781</b>
Depreciation and amortisation	-25	-144	-1,428	-790	-2,387
Valuation adjustments, provisions and losses	1,436	0	-961	0	475
<b>Segment result before amortisation</b>	<b>-5,856</b>	<b>19,457</b>	<b>-2,056</b>	<b>-2,676</b>	<b>8,869</b>
Amortisation of tangible and intangible assets (PPA) <sup>1</sup>	-500	0	-5,125	0	-5,625
<b>Segment result after amortisation</b>	<b>-6,356</b>	<b>19,457</b>	<b>-7,181</b>	<b>-2,676</b>	<b>3,244</b>
Taxes					3,552
Net profit					6,796
Net profit attributable to minority interests					244
<b>Net profit attributable to shareholders of Valartis Group AG</b>					<b>7,040</b>
<b>Total assets</b>	<b>1,595,470</b>	<b>390,466</b>	<b>2,190,274</b>	<b>-1,545,701</b>	<b>2,630,509</b>
<b>Total liabilities</b>	<b>1,473,099</b>	<b>98,068</b>	<b>1,979,901</b>	<b>-1,261,766</b>	<b>2,289,302</b>
<b>Assets under management at 30 June 2010</b>	<b>683,947</b>	<b>1,174,861</b>	<b>4,608,972</b>	<b>0</b>	<b>6,467,780</b>
Number of employees at 30 June 2010	32	66	243	31	372

<sup>1</sup>) The additional amortisation of tangible and intangible assets that are capitalised using the purchase price allocation approach is recognised separately.

<b>1.1. – 30.6.2009</b>	Investment Banking CHF 1,000	Asset Management CHF 1,000	Private Banking CHF 1,000	Corporate Center CHF 1,000	Total CHF 1,000
Operating income	29,827	57,431	15,249	-2,910	99,597
Administrative expense	-10,580	-11,367	-10,476	-2,870	-35,293
Service from / to other segments	-3,726	-532	-1,018	5,276	0
<b>Gross operating profit</b>	<b>15,521</b>	<b>45,532</b>	<b>3,755</b>	<b>-504</b>	<b>64,304</b>
Depreciation and amortisation	-529	-99	-233	-223	-1,084
Valuation adjustments, provisions and losses	-83	1	3	0	-79
<b>Segment result before amortisation</b>	<b>14,909</b>	<b>45,434</b>	<b>3,525</b>	<b>-727</b>	<b>63,141</b>
Amortisation of tangible and intangible assets (PPA) <sup>1)</sup>	-500	0	-4,305	0	-4,805
<b>Segment result after amortisation</b>	<b>14,409</b>	<b>45,434</b>	<b>-780</b>	<b>-727</b>	<b>58,336</b>
Taxes					-11,766
Net profit					46,570
Net profit attributable to minority interests					-1,069
<b>Net profit attributable to shareholders of Valartis Group AG</b>					<b>45,501</b>
<b>Total assets</b>	<b>1,019,637</b>	<b>528,260</b>	<b>1,304,328</b>	<b>-932,361</b>	<b>1,919,864</b>
<b>Total liabilities</b>	<b>917,309</b>	<b>243,669</b>	<b>1,153,566</b>	<b>-721,283</b>	<b>1,593,261</b>
<b>Assets under management at 30 June 2009</b>	<b>589,776</b>	<b>1,482,372</b>	<b>2,287,982</b>	<b>0</b>	<b>4,360,130</b>
Number of employees at 30 June 2009	47	81	113	17	258

<sup>1)</sup> The additional amortisation of tangible and intangible assets that are capitalised using the purchase price allocation approach is recognised separately.

# Additional Information

## 14. Assets under Management

	30.6.2010 CHF 1,000	31.12.2009 CHF 1,000
Assets in self-managed funds	375,524	278,749
Assets with management mandates	918,089	1,229,214
Other client assets	4,288,049	3,928,607
<b>Total assets under management<sup>1)</sup></b>	<b>5,581,662</b>	<b>5,436,570</b>
of which double counts	-8,475	-52,660
Net new assets inflow (outflow) <sup>2)</sup>	201,577	1,565,047
Custody assets	4,439	2,962
Assets in leveraged funds <sup>3)</sup>	881,679	938,604
<b>Total assets under management (incl. leveraged funds and custody assets)</b>	<b>6,467,780</b>	<b>6,378,136</b>

1) According to FINMA's accounting rules.

2) First half year 2010 and second half year 2009; net new asset inflow (outflow) includes all deposits and withdrawals plus inward and outward deliveries of non-monetary assets. In particular, performance-related changes in value and interest and dividend payments do not constitute inflows or outflows. This item includes the acquired client assets of Valartis Bank (Liechtenstein) AG of CHF 1.46 billion as at 31.12.2009.

3) Leveraged funds that exceed the internal gross profitability criteria.

## 15. Events after the Balance Sheet Date

There were no events after the balance sheet date that had a material effect on the consolidated financial statements.





# Addresses

## **Valartis Group AG**

Blegistrasse 11a  
CH-6340 Baar ZG  
Telephone +41 41 760 70 20  
Fax +41 41 760 70 19

## **Valartis Bank AG**

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

## **Valartis Bank AG, Geneva**

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

## **Valartis Asset Management S.A.**

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

## **Valartis Bank (Liechtenstein) AG**

Schaaner Strasse 27  
FL-9487 Gamprin-Bendern  
Telephone +423 265 56 56  
Fax +423 265 56 99

## **Valartis Europe AG**

Mariannengasse 14  
A-1090 Vienna  
Telephone +43 12 11 55  
Fax +43 12 11 18 00

## **Valartis Bank (Austria) AG**

Rathausstrasse 20  
A-1010 Vienna  
Telephone +43 577 89  
Fax +43 577 89 200

## **Valartis Asset Management (Austria) Kapitalanlagegesellschaft**

Rathausstrasse 20  
A-1010 Vienna  
Telephone +43 577 89 291  
Fax +43 577 89 270

## **MCT Luxembourg Management S.à.r.l.**

5, avenue Monterey  
L-2163 Luxembourg  
Telephone +352 26 20 25 94  
Fax +352 26 20 25 84

## **Valartis International Ltd. – Moscow**

Petrovka Street 5  
RU-107031 Moscow  
Telephone +7495 730 35 25  
Fax +7495 730 35 26

## **Valartis International Ltd. – St. Petersburg**

Finlyandsky Prospect 4 liter A  
RU-194044 St. Petersburg  
Telephone +7812 332 15 35  
Fax +7812 332 14 60

## **Valartis market information**

Reuters: VLRT.S  
Bloomberg: VLRT SW  
[www.valartis.ch](http://www.valartis.ch)

## **Auditors**

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