

HALF-YEAR REPORT 2014



CONTENTS

4	Key Figures at a Glance
5	Letter to Shareholders
6	Comments on Business Development
8	Valartis Group

CONSOLIDATED FINANCIAL STATEMENTS

10	Consolidated Income Statement
11	Consolidated Statement of Comprehensive Income
12	Consolidated Statement of Financial Position
14	Consolidated Statement of Changes in Equity
16	Consolidated Cash Flow Statement

NOTES

19	Notes to the Consolidated Financial Statements
20	Notes to the Consolidated Income Statement
25	Notes to the Consolidated Statement of Financial Position
29	Business Segments
31	Additional Information
32	Discontinued Operations
35	Addresses

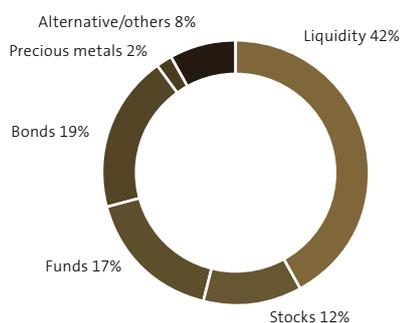
KEY FIGURES AT A GLANCE

in CHF million	1.1.–30.6.2014	1.1.–30.6.2013
Total operating income	21.9	31.3
Income from interest and dividend	4.8	8.4
Income from commission and service fee	21.8	20.9
Income from trading book	-5.9	-0.3
Other ordinary income	1.2	2.3
Administrative expense	-27.8	-24.9
Personnel expense	-17.5	-16.4
General expense	-10.3	-8.5
Gross income/loss	-5.8	6.4
Depreciation, valuation adjustments and provisions	-5.0	-5.5
Income taxes	-0.4	-0.5
Net profit/loss from continued operations	-11.2	0.4
Net loss from discontinued operations	-9.5	-0.2
Net profit/loss	-20.7	0.1
attributable to shareholders of Valartis Group AG	-21.6	-1.0
attributable to non controlling interests	0.9	1.1
Total assets	3,083	3,083
Total liabilities	2,783	2,766
Total shareholders' equity (including non-controlling interests)	300	317
Return on shareholders' equity	-6.5%	0.1%
BIS Tier-I Ratio	13.2%	14.6%
Total client assets	8,033	7,898
Continued operations	6,163	5,863
Discontinued operations	1,870	2,035
Net new money	62	125
Continued operations	144	307
Discontinued operations	-82	-182
Commission margin, in basis points	68	69
Employees, as full-time equivalents (FTE)	271	288
Continued operations	208	220
Discontinued operations	63	68
Cost/Income ratio continued operations	127%	80%
Closing price of VLRT bearer shares, in CHF	20.35	19.95

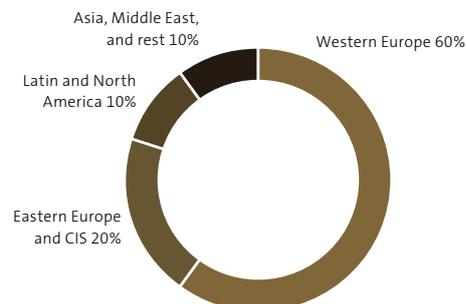
Assets under management by business segment



Assets under management by asset class



Assets under management by region



LETTER TO SHAREHOLDERS

Dear Shareholders, dear Ladies and Gentlemen

Against a background of political and economic framework conditions, the market environment for Valartis Group remained challenging in the first half-year 2014. For the half-year 2014, Valartis Group has posted a Group loss for continued operations amounting to CHF 11.2 million, in accordance with International Financial Reporting Standards (IFRS) (30.6.2013 on a comparable basis: Group profit of CHF 0.4 million). For continued and discontinued operations, the consolidated statement shows an overall Group loss of CHF 20.7 million, after consideration of non-recurring, exceptional factors (30.6.2013 on a comparable basis: Group profit of CHF 0.1 million). The exceptional factors are in connection with the special depreciation of CHF 7.3 million as a result of the divestment of Valartis Bank AG, Switzerland, together with a fair value adjustment amounting to CHF 7.9 million to contingent consideration from the 2012 sale of Eastern Property Ltd. (EPH) based on the terms of the contract and due to the development of the Russian property market in 2014. Significantly lower interest income placed an additional burden on the Group result.

Continued operations posted net new assets inflow amounting to CHF 144 million (30.6.2013 on a comparable basis: CHF 308 million) and client assets under management rose to CHF 6.2 billion (30.6.2013 on a comparable basis: CHF 5.9 billion).

Interest income was reduced to CHF 4.8 million (30.6.2013: CHF 8.4 million). The reduction can be attributed to the sale at end-2013 of a major portion of the bonds portfolio, together with the continuing low-level interest rate environment. However, income from commissions rose satisfactorily by 4 per cent to CHF 21.8 million (30.6.2013: CHF 20.9 million). Operating income amounted to CHF 21.9 million (30.6.2013: CHF 31.3 million) and gross loss to CHF 5.8 million (30.6.2013: Gross profit of CHF 6.4 million). The first half-year result for 2014 is clarified in detail in "Comments on Business Activities", see page 6.

Implementation of the strategic transformation process

The strategic realignment of the business model and streamlining of structures embarked upon in 2013 was aimed at achieving a sustainable and more reliable orientation toward profitability for the Group. As a consequence, in August 2013, the Board of Directors of Valartis Group ruled to spin Valartis Bank AG, Switzerland, off from the Group. Since this decision was taken, the Board and management of Valartis Group remained committed to the pursuit of the most favourable resolution on behalf of shareholders, clients and personnel. On 16 May 2014, we were able to present an excellent agreement with our new partner, Banque Cramer & Cie SA. We are convinced that, together with Banque Cramer, we have found the optimal, long-term and attractive solution for Valartis Bank AG, Switzerland. It was of central importance to us to find a private banking partner with a robust history, professional management and a similar culture with values comparable to ours. The Board and the management are confident that the fusion of the two banks will form the basis for a solid platform for future growth. We expect integration of

Valartis Bank AG, Switzerland, and Valartis Wealth Management SA into Banque Cramer & Cie SA to be completed and the corresponding closure of the transaction in the second half of 2014.

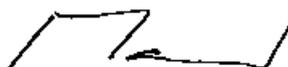
Following closure of the transaction, as of end-2014, Valartis Group will take over a minority holding (around 25 per cent) in Norinvest Holding SA, the parent company of Banque Cramer, which is listed on the Swiss Stock Exchange, SIX Swiss Exchange, thereby emphasising the continued importance of Switzerland as a financial centre.

In addition to targeted cost management and efficiency enhancement, the strategic focus will remain on the two business segments "Private Clients" (private banking and wealth management) at the Private Banks in Liechtenstein and Austria and "Institutional Clients". The objective is resolutely to further develop and consolidate the activities of the continued Private Banks, together with the fields of asset management and corporate finance, as well as the business area real estate management and private equity. In order to expedite and to successfully complete the transformation process, and to achieve a basis for future, sustainable Group success by means of the appropriate and required measures, the Board of Directors has already reconstituted the Group Executive Management as of 9 April 2014. Since then, Gustav Stenbolt, Group CEO, George M. Isliker, Group CFO/CRO, and Vincenzo Di Pierri, Deputy Group CEO as well as CEO of Valartis Bank AG, Switzerland, have been represented in the Group Executive Management.

Outlook

Over the next few years, our financial Group will continue to face major economic and regulatory challenges. From the current point of view, we are assured that Valartis Group will again achieve a profit from operational business activities after 2013 and 2014 being years of adjustments for the Group. Once we have successfully completed the organisational transformation, established a sustainable cost basis and rigorously concentrated all our energy on our strategic alignment the strategic initiatives which are being implemented will have positive, lasting effects, and with a further adjusted business model, Valartis Group will have continued success in the future.

Baar (Zug), 14 August 2014



Urs Maurer-Lambrou
Chairman of the Board of Directors



Gustav Stenbolt
Chief Executive Officer

COMMENTS ON BUSINESS DEVELOPMENT

In the first half-year 2014, Valartis Group posted a Group loss for continued operations of CHF 11.2 million in accordance with International Financial Reporting Standards (including the rules of discontinued operations IFRS 5) (result for the previous year on a comparable basis: Group win of CHF 0.4 million). For continued operations and discontinued operations, the consolidated financial statement shows an overall Group loss of CHF 20.7 million taking into consideration non-recurring, exceptional factors (previous year on a comparable basis: Group win of CHF 0.1 million). The non-recurring, exceptional factors include a special depreciation from discontinued operations amounting to CHF 7.3 million in connection with the divestment of Valartis Bank AG, Switzerland (capitalised tax losses carried forward and personnel pension assets together with other fair value adjustments), as well as a fair value adjustment amounting to CHF 7.9 millions due to contingent consideration from the 2012 sale of Eastern Property Ltd. (EPH) based on the terms of the contract and due to the development of the Russian property market in 2014 amounting to CHF 7.9 million.

As on 30 June 2014, Valartis Group's continued operations posted net new asset inflow amounting to CHF 144 million (previous year on a comparable basis: CHF 308 million). Income from commissions and services from continued operations increased by 4 per cent, or from CHF 21.8 million to CHF 20.9 million over the previous period. Operating expenses for the last half-year rose significantly by 11 per cent as a result of sales costs in connection with divestment of the Swiss Bank.

Continued strategic focusing

Within the framework of the strategic orientation embarked upon in 2008, following development of its private banking business, Valartis Group focused business activities in 2011 and 2012 on wealth management activities by means of two tactical divestments. In 2012 and 2013, in addition to an increase in assets under management in the Private Clients segment, implementation of further targeted cost reduction measures were at the centre of Valartis Group's continued strategic focusing. In order to achieve a sustainable future-driven cost/yield basis (in a range of 65 to 70 per cent) Group-wide, an operational divestment resolution for the Swiss Bank subsidiary, Valartis Bank AG, Switzerland, was explored. The Bank, with close to 70 employees, manages only around one-fifth of Valartis Group's client assets, but generates 30 per cent of costs.

Discontinued operations

In the course of the realignment of structures, on 26 August, 2013, the Valartis Group Board of Directors ruled to spin off the Valartis Bank AG, Switzerland from the Group. By the first half-year 2013, it had emerged that the acquisition capacity of Valartis Bank AG, Switzerland could not be augmented at the planned rate, despite the newly aligned front office organisation, and that the Bank would not attain the appropriate critical mass within the foreseen timeframe. Valartis Bank AG, Switzerland is a wholly owned subsidiary of Valartis Group AG, with offices in Zurich, Geneva

and Lugano. The sale of the Bank on 16 May 2014 to Banque Cramer & Cie SA represents a very successful solution for the Swiss Bank. In addition to the Swiss Bank, Valartis Wealth Management SA, Geneva, will also be spun off. The fusion of the Swiss Bank and Banque Cramer & Cie SA will be closed in the second half of 2014. Deferred charges and provisions amounting to CHF 1.5 million were generated in connection with the divestment.

As in the case of the Annual Report 2013, the half-yearly report 2014 of Valartis Group has been compiled in accordance with International Financial Reporting Standards (IFRS) for continued and discontinued operations (IFRS 5). Affirmation of the results as arising from the correct application of accounting principles therefore equates these with a fiscal result.

Transaction summary

Banque Cramer & Cie SA, a wholly owned subsidiary of Norinvest Holding SA, is taking over 100 per cent of Valartis Bank AG, Switzerland, and Valartis Wealth Management SA. These business divisions are wholly owned subsidiaries of Valartis Group AG. The fusion will put client assets managed by Banque Cramer & Cie SA at a new level of around CHF 4.8 billion. In return, Valartis Group will maintain a minority holding of around 25 per cent in Norinvest Holding SA.

All share purchases will be made exclusively on the basis of respective equity capital plus adjustments, and in cash. Valartis Group will use purchase price proceeds to reduce obligations in connection with other Group companies.

As a shareholder in Norinvest Holding SA, Valartis Group will be represented with one seat each in the Supervisory Boards of Norinvest Holding SA and Banque Cramer & Cie SA. Norinvest Holding SA is also listed on the Swiss Stock Exchange, SIX Swiss Exchange. This transaction has been signed subject to approval by the Swiss Financial Market Supervisory Authority (FINMA) and is anticipated to close in the second half of 2014.

CLIENT ASSETS

Orientation towards the Private Client segment has developed at a significantly slower rate due to adjustments in front office organisation. Valartis Group thus posted net new assets inflow from continued operations amounting to CHF 144 million as of 30 June 2014 (previous year on a comparable basis: CHF 308 million). Taking into account client assets for the Group, continued and discontinued operations, market and currency-related asset growth for the first half-year 2014 amounted to CHF 15 million; asset growth remained modest due to the high levels of foreign currency and gold held by clients. Custody assets and assets in partially leveraged funds remain stable and amount to CHF 0.7 billion for the first half of 2014, the same level as for the comparable period. Total client assets managed by Valartis Group amount to CHF 8.0 billion as at 30 June 2014 (previous year on a comparable basis:

CHF 7.9 billion). Client assets under management in continued operations amount to CHF 6.2 billion for the first half-year 2014 (previous year: CHF 5.9 billion).

Group client assets for both client segments (continued and discontinued operations) on 30 June, 2014 are as follows:

- Private Clients: CHF 7.0 billion or 87 per cent (no per cent change over the comparable period)
- Institutional Clients: CHF 1.0 billion or 13 per cent

INCOME STATEMENT

Gross profit

The portion of the bonds portfolio, with a volume of around CHF 400 million, which was sold in 2013 and the lack of reinvestment opportunities in bonds had negative effects on interest revenue. As a result, interest income was lowered from CHF 8.4 million by 43 per cent to CHF 4.8 million for the first half-year 2014. In the second half of FY 2013, the main portion of the bonds portfolio, categorised as Held to Maturity, was successfully divested in order to significantly reduce Valartis Group's risk profile. This meant it was possible to meet capitalisation requirements, which were tightened by FINMA as of 31 December 2013.

Income from commissions and services, however, increased to CHF 21.8 million, around 4 per cent (previous year: CHF 20.9 million). The individual income positions developed as follows:

- Income from asset management and investments: minus 8 per cent
- Income from commissions: stable at previous year's level
- Custody fees: plus 28 per cent
- Income from other services: plus 7 per cent

The trading performance closed at a loss of CHF 5.9 million, significantly lower than the previous year (loss of CHF 0.3 million). Valartis Group was negatively affected by a fair value adjustment due to contingent consideration from the 2012 sale of Eastern Property Ltd. (EPH) based on the terms of the contract and due to the development of the Russian property market in 2014 amounting to CHF 7.9 Mio.

In summary, for the first half of 2014, operating income amounted to CHF 21.9 million and the gross loss to CHF 5.8 million, in comparison to operating income of CHF 31.3 million and a gross profit of CHF 6.4 million for the half-year 2013.

Expenditure

Personnel expenditure rose in comparison to the previous year by around 7 per cent from CHF 16.4 million to CHF 17.5 million, which can mainly be attributed to continued development of the front office organisation at the bank in Liechtenstein. As at the first half-year 2014, Valartis Group employed 271 (adjusted for part-time employees) (minus 6 per cent in comparison to the comparable period with 288 employees [adjusted for part-time

employees]) and in continued operations 208 employees (comparable period: 220 employees).

In material expenditure, the additional advisory and project costs arising out of the process of divestment of the Swiss Bank in the first half of 2014 impacted, and there was a significant increase from CHF 8.5 million to 10.3 million.

Depreciation/amortisation, value adjustments, provisions and losses

Depreciation and amortisation were significantly lower than the comparable period due to the lapse of amortisation from earlier acquisitions and amounted in total to CHF 4.0 million (previous year: CHF 5.3 million).

This means that the total burden from depreciation/amortisation, value adjustments, provisions and losses amounted to CHF 5.0 million over the comparable half-year of 2013, at CHF 5.5 million.

Group loss

For the first half of 2014, for continued and discontinued operations, Valartis Group has posted a Group loss of CHF 20.7 million taking into account all non-recurring, exceptional factors (fusion of Valartis Bank AG, Switzerland, and a fair value adjustment amounting due to contingent consideration from the 2012 sale of EPH based on the terms of the contract and due to the development of the Russian property market in 2014.) in comparison with a slight plus of CHF 0.1 million for the comparable period.

VALARTIS GROUP

Swiss finance group with international orientation

Valartis Group is an internationally active financial group. Its focus is on wealth management for wealthy private clients and institutional investors. In addition to classical wealth management and investment advisory services, Valartis Group develops, manages and markets innovative niche investment products and offers specialised product combinations. These provide a broad range of traditional private banking services, specialised advisory and banking services in the fields of asset management, corporate finance and private equity, together with innovative investment products in the categories Stocks, Fixed Income, Alternative Investments and Real Estate.

After the merger between the Swiss Bank and Banque Cramer & Cie SA in the second half of 2014, Valartis Group will include the two Private Banks in the Principality of Liechtenstein and in Vienna, Austria, together with the business divisions Corporate Finance and Asset Management, Real Estate and Private Equity. The Group's private banking operations will be combined in Valartis Finance Holding AG, Vaduz, Liechtenstein, which will be subject to consolidated monitoring by the Financial Market Authority Liechtenstein (FMA).

The parent company of Valartis Group, Valartis Group AG, is a joint-stock company under Swiss Law with headquarters in Baar in Canton Zug, Switzerland. The Valartis Group AG bearer shares (ISIN CH0001840450) are listed on the Swiss Stock Exchange, SIX Swiss Exchange. Valartis Group AG has direct and indirect holdings in several fully consolidated companies (see Annual Report 2013, page 186). The major shareholder in Valartis Group AG, with 50.2 per cent of capital and voting rights, is MCG Holding SA in Baar.

Valartis Group currently has 208 employees (without the Swiss Bank with 63 employees) and offers its services to two business segments, Private Clients and Institutional Clients, in offices in Liechtenstein, Vienna, Zurich, Geneva, Luxembourg and Moscow. As of end-June 2014, Valartis Group's continued operations manage assets amounting to CHF 6.2 billion.

Strategic decisions set a new course

In the course of the strategic realignment of its business model in 2013 and 2014 and the streamlining of structures since 2011, on 26 August 2013, the Board of Directors of Valartis Group AG decided to divest Valartis Bank AG, Switzerland. On 16 May 2014, Valartis Group presented their optimal solution for shareholders, clients and personnel. Valartis Bank AG, Switzerland, and Valartis Wealth Management SA are currently being fully integrated in the new owner organisation, Banque Cramer & Cie SA and in the Norinvest Group, respectively. The transaction will be completed in the second half of 2014.

Valartis Group has a minority holding of around 25 per cent in Norinvest Holding SA, the parent company of Banque Cramer, which means the Group will continue to be indirectly represented in Switzerland.

In future, Valartis Group will strategically focus on the internationally oriented business segments Private Clients, with private banking and wealth management in Liechtenstein and Austria, and Institutional Clients, with its international core activities Corporate Finance, Asset Management, Real Estate and Private Equity.

Continued business model and streamlined organisation

The Valartis Group advisors offer sustainable added value to discerning, wealthy and international private clients and institutional investors of the next generation: they regard themselves as "Financial Coaches" – personally and discreetly assisting and supporting clients in the long term. In addition to classical wealth management and investment advisory services, the Valartis Group financial professionals design individual, tailored private banking solutions together with specialised, innovative investment products in the categories Stocks, Fixed Income, Alternative Investments and Real Estate. They also have many years of experience and high levels of expertise in asset management, real estate management and private equity. Comprehensive skills, discretion, individual client liaison and support and high-quality advisory services, together with in-depth knowledge of international markets and cultures also characterise Valartis Group advisors.

As well as the traditional private banking High-Net-Worth Individuals (HNWI), in its respective domestic markets Valartis Group also serves the segment Affluent Clients, who also appreciate the high-standard, professional and individual services they receive. A further target segment offered specific services and products by Valartis Group are institutional investors as well as independent wealth managers, custodians and Foundations or Trusts.

The Valartis Banks have many years of experience in cross-border partnering with external wealth managers.

Valartis Group's core markets include Central and Eastern Europe, the Near East and individual countries in North and South America and Asia.

The Valartis Group business model

Valartis Group's operating activities focus on the two main client segments, Private Clients and Institutional Clients, and all back-office services are assigned to the Corporate Center.

Streamlined organisation

In the course of the strategic realignment to achieve a sustainable future orientation for Valartis Group, the Board of Directors has reconstituted the Group Executive Management as of 9 April 2014 as follows: Gustav Stenbolt, Group CEO, George M. Isliker, Group CFO and CRO, and Vincenzo Di Pierri, Deputy Group CEO and CEO, Valartis Bank AG, Switzerland.

VALARTIS GROUP
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	1.1.–30.6.2014	1.1.–1.06.2013 restated ¹⁾
Interest and discount income		7,162	12,796
Dividend income		30	-129
Interest expense		-2,426	-4,256
Income from interest and dividends	1	4,766	8,411
Commission income from loan business		260	303
Commission income from securities and investment business		28,342	27,314
Commission expense		-6,792	-6,717
Income from commission and service fees	2	21,810	20,900
Income from trading	3	-5,892	-294
Income from associates		-70	1,055
Other income		1,316	1,272
Other ordinary income	4	1,246	2,327
Total operating income		21,930	31,344
Personnel expense	5	-17,463	-16,351
General expense	6	-10,297	-8,547
Administrative expense		-27,760	-24,898
Gross profit/loss		-5,830	6,446
Depreciation/amortisation of property, plant and equipment and intangible assets	7	-4,016	-5,254
Valuation adjustments, provisions and losses	8	-975	-278
Net profit/loss from continued operations before taxes		-10,821	914
Income taxes	9	-380	-542
Net profit/loss from continued operations		-11,201	372
Net loss from discontinued operations after tax	17	-9,457	-236
Net profit/loss		-20,658	136
Net loss attributable to shareholders of Valartis Group AG		-21,576	-1,002
Net profit attributable to non-controlling interests		918	1,138
Earnings per share		in CHF	in CHF
Undiluted earnings attributable to shareholders of Valartis Group AG		-4.70	-0.22
Diluted earnings attributable to shareholders of Valartis Group AG		-4.70	-0.22
Earnings per share – continued operations			
Undiluted earnings attributable to shareholders of Valartis Group AG		-2.64	-0.16
Diluted earnings per share attributable to shareholders of Valartis Group AG		-2.64	-0.16
Earnings per share – discontinued operations			
Undiluted earnings attributable to shareholders of Valartis Group AG		-2.06	-0.05
Diluted earnings per share attributable to shareholders of Valartis Group AG		-2.06	-0.05

1) In 2013 part of the Group is classified as discontinued operations according to IFRS 5. The prior-year figures in the consolidated income statement and in the corresponding notes have been restated accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Net profit/loss in the income statement	-20,658	136
Unrealised gains/losses from financial assets available for sale ¹⁾	5,084	2,582
Gains/losses on financial assets available for sale transferred to the income statement ¹⁾	-66	10
Foreign exchange translation differences	-785	2,508
Other comprehensive income that will be reclassified to the income statement	4,233	5,100
Remeasurement of defined benefit pension plans ²⁾	-792	758
Other comprehensive income that will not be reclassified to the income statement	-792	758
Total other comprehensive income, after tax	3,441	5,858
Total comprehensive income ³⁾	-17,217	5,994
<i>Allocation of total comprehensive income</i>		
Shareholders of Valartis Group AG	-18,151	4,864
Non-controlling interests	934	1,130

1) The gains/losses on financial instruments available for sale before tax amounts to TCHF 5,136 (gain) and the income tax to TCHF -118 (tax expense). In the previous year the gain on financial instruments available for sale before tax was TCHF 3,229 (gain) and the income tax TCHF -637 (tax expense).

2) The result of the remeasurement for defined benefit pension plans before tax is TCHF -915 and the tax effect TCHF 123 (previous year: pre-tax TCHF 897, tax effect TCHF -139).

3) The results of the discontinued operations, which are part of the comprehensive income, are disclosed in Note 17.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In CHF 1,000	Note	30.6.2014	31.12.2013
Cash		522,874	568,607
Due from banks		1,129,329	1,134,578
Due from clients		219,535	201,351
Trading portfolio assets		81,963	106,862
Financial assets available for sale		149,907	41,853
Financial assets held to maturity		89,857	57,174
Other financial assets at fair value		27,169	36,742
Associated companies		25,109	25,534
Property, plant and equipment		44,656	45,659
Accrued and deferred assets		10,624	9,355
Derivative financial instruments		842	477
Other assets		27,720	27,737
Goodwill and other intangible assets		46,638	49,490
Deferred tax assets		7,740	8,217
		2,383,963	2,313,636
Assets classified as held for sale	17	698,738	712,995
Total assets		3,082,701	3,026,631
Total subordinated assets		3,462	3,284
of which discontinued operations		3,462	3,005
Total amounts due from holders of qualified participations		258	

LIABILITIES AND SHAREHOLDERS' EQUITY

In CHF 1,000	Note	30.6.2014	31.12.2013
Liabilities			
Due to banks		33,466	29,476
Due to clients		2,020,240	1,913,274
Derivative financial instruments		347	904
Current income taxes		2,317	1,647
Accrued and deferred liabilities		12,803	13,981
Other liabilities		6,154	3,548
Issued debt instruments		12,152	12,268
Provisions	10	2,518	2,096
Deferred tax liabilities		13,755	14,697
		2,103,752	1,991,891
Liabilities directly associated with the assets classified as held for sale	17	679,287	715,536
Total liabilities		2,783,039	2,707,427
Shareholders' equity			
Share capital	11	5,000	5,000
Reserves		265,001	286,644
Foreign exchange translation differences		-32,524	-31,740
Unrealised income from financial assets available for sale		6,929	1,928
Treasury shares	12	-7,566	-8,850
Shareholders' equity of the shareholders of Valartis Group AG		236,840	252,982
Non-controlling interest		62,822	66,222
Total shareholders' equity (including non-controlling interests)		299,662	319,204
Total liabilities and shareholders' equity		3,082,701	3,026,631
Total subordinated liabilities		36,694	37,044
of which discontinued operations			
Total amounts due to holders of qualified participations		387	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2013 In CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings
Opening balance at 1 January 2013	5,000	-9,626	-4,094	297,105
Restatement opening balance ¹⁾				-31
Restated opening balance at 1 January 2013	5,000	-9,626	-4,094	297,074
Gains/losses from financial assets available for sale				
Foreign exchange translation differences				
Remeasurement of defined benefit pension plans				
Other comprehensive income				
Net profit/loss				-1,002
Comprehensive income	0	0	0	-1,002
Dividend payments				-5,000
Change in treasury shares		638	31	
Employee participation plan			-311	
Transaction with non-controlling interests			24	-216
Owner-related changes	0	638	-256	-5,216
Total shareholders' equity at 30 June 2013	5,000	-8,988	-4,350	290,856
2014				
Opening balance at 1 January 2014	5,000	-8,850	-4,042	289,538
Gains/losses from financial assets available for sale				
Foreign exchange translation differences				
Remeasurement of defined benefit pension plans				
Other comprehensive income ²⁾	0	0	0	0
Net profit/loss				-21,576
Comprehensive income	0	0	0	-21,576
Dividend payments				
Change in treasury shares		1,284	298	
Employee participation plan			233	
Transaction with non-controlling interests				194
Owner-related changes	0	1,284	531	194
Total shareholders' equity at 30 June 2014	5,000	-7,566	-3,511	268,156

1) Restated due to retrospectively implementation of IAS 19 revised.

2) The share of discontinued operations on other comprehensive income in equity is disclosed in Note 17.

Net unrealised gains/losses on financials available for sale	Foreign exchange translation difference	Remeasurement defined benefit pension plans	Total equity shareholders of the Valartis Group AG	Non-controlling interests	Foreign exchange effect on non-controlling interests	Total non-controlling interests	Total shareholders' equity
-133	-34,528	0	253,724	63,872	-21	63,851	317,575
	-5	-1,567	-1,603			0	-1,603
-133	-34,533	-1,567	252,121	63,872	-21	63,851	315,972
2,602			2,602	-10		-10	2,592
	2,506		2,506		2	2	2,508
		758	758				758
2,602	2,506	758	5,866	-10	2	-8	5,858
			-1,002	1,138		1,138	136
2,602	2,506	758	4,864	1,128	2	1,130	5,994
			-5,000	-1,140		-1,140	-6,140
			669			0	669
			-311			0	-311
			-192	895		895	703
0	0	0	-4,834	-245	0	-245	-5,079
2,469	-32,027	-809	252,151	64,755	-19	64,736	316,887
1,928	-31,740	1,148	252,982	66,249	-27	66,222	319,204
5,001			5,001	17		17	5,018
	-784		-784		-1	-1	-785
		-792	-792			0	-792
5,001	-784	-792	3,425	17	-1	16	3,441
			-21,576	918		918	-20,658
5,001	-784	-792	-18,151	935	-1	934	-17,217
			0	-3,040		-3,040	-3,040
			1,582			0	1,582
			233			0	233
			194	-1,294		-1,294	-1,100
0	0	0	2,009	-4,334	0	-4,334	-2,325
6,929	-32,524	356	236,840	62,850	-28	62,822	299,662

CONSOLIDATED CASH FLOW STATEMENT

In CHF 1,000	30.6.2014	30.6.2013
Net profit/loss before taxes from continued operations	-10,821	914
Net loss before taxes from discontinued operations	-11,574	-337
Net profit/loss before taxes	-22,395	577
Cash flow from operating activities	-5,820	-323,624
Cash flow from investment activities	-33,308	48,169
Cash flow from financing activities	-2,039	8,363
Effect of foreign exchange translation differences (including non-controlling interests)	-1,054	5,153
(Decrease)/increase in cash and cash equivalents	-42,221	-261,939
Position at 1 January	1,184,323	1,001,373
Position at 30 June	1,142,102	739,434
Cash and cash equivalents comprise the following assets:		
Cash	687,855	410,094
Due from banks at sight/callable	454,247	329,340
Total cash and cash equivalents	1,142,102	739,434

In the cash flow statement there is no separation of the discontinued operations. The cash flows of the discontinued operations are disclosed in Note 17.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION OF BUSINESS

Valartis Group is an internationally active banking and finance group whose parent company, Valartis Group AG, is domiciled in Baar, canton of Zug, Switzerland, and is listed on the SIX Swiss Exchange. As its core competence, the Group concentrates on wealth management in the Privat Clients business segment. Its Institutional Clients business covers the development, implementation, and management of innovative niche investment products and provides specialised banking services. Geographically, Valartis Group operates in Switzerland, Central and Eastern Europe, the Middle East, and selected countries in North and South America as well as Asia.

ACCOUNTING PRINCIPLES

The 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 2013 Annual Report.

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

The consolidated financial statements are in Swiss Francs (CHF). The following exchange rates are used for the major currencies:

	30.6.2014 Balance sheet date rate	1.1.–30.6.2014 Annual average rate	31.12.2013 Balance sheet date rate	1.1.–30.6.2013 Annual average rate
EUR	1.2152	1.2213	1.2268	1.2299
USD	0.8893	0.8909	0.8903	0.9366
GBP	1.5168	1.4871	1.4726	1.4445
DZD	1.1200	1.1352	1.1400	1.1886

The half-year report is based on individual financial statements for the Group companies which have been compiled in accordance with unified accounting standards. The report was compiled in accordance with the accounting standards applied for the Annual Report as at 31 December 2013 with the exception of the following.

CHANGES TO ACCOUNTING POLICIES

Implemented international financial reporting standards and interpretations

The following new, or revised standards and interpretations became applicable on 1 January 2014 and upon their initial application have had no effect on, or were of no significance for, the consolidated financial statement for Valartis Group:

- IFRS 10 – Investment Entities,
- IAS 32 – Offsetting of financial instruments,
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting,
- IFRIC 21 – Levies.

ESTIMATES, ASSUMPTIONS, AND EXERCISE OF DISCRETION BY MANAGEMENT

No material changes.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The statutory auditor has reviewed the half-year report and it was approved by the Board of Directors on 14 August 2014.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. INCOME FROM INTEREST AND DIVIDEND BUSINESS

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Interest income from banking business	2,252	3,279
Interest income from client business	1,953	2,100
Interest and dividend income from the trading portfolio	1,895	2,293
Interest income from mortgage business	64	21
Interest and dividend income from financial assets available for sale	333	558
Interest income from financial assets held to maturity	706	4,373
Interest and dividend income from financial assets at fair value	-11	39
Other interest income	0	4
Total interest and dividend income	7,192	12,667
Interest expense from banking business	-1,627	-2,892
Interest expense from client business	-562	-1,339
Other interest expense	-1	-3
Interest expense for issued debt instruments	-236	-22
Total interest expense	-2,426	-4,256
Total	4,766	8,411

2. INCOME FROM COMMISSION AND SERVICE FEE BUSINESS

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Commission income from loan business	260	303
Brokerage fees	4,298	3,921
Custody account fees	3,392	2,640
Commission on investment advice and asset management	9,577	10,358
Commission income from service fee business	6,198	5,334
Commission income from fiduciary business	201	519
Commission income from retrocession	383	343
Other commission income	4,293	4,199
Total income from commission and service fee business	28,602	27,617
Brokerage expense	-527	-507
Asset management/fund management by third parties	-2,989	-3,072
Commission expense to client intermediaries and representatives	-398	-551
Other securities trading expense	-7	-96
Commission expense on retrocession to third parties	-2,360	-1,953
Other commission and service fee expense	-511	-538
Total expense from commission and service fee business	-6,792	-6,717
Total	21,810	20,900

3. INCOME FROM TRADING

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Debt instruments	-8,605	-643
Securities	-921	-1,127
Currencies and precious metals	3,538	2,220
Funds	96	-744
Total	-5,892	-294
thereof trading	-199	-1,373
thereof designated at fair value	-5,693	1,079

In the loss from debt instruments a fair value adjustment of CHF 7.9 million on contingent considerations from the share purchase agreement of the sale of shares on Eastern Property Holdings Ltd

(EPH) in December 2012 (see also Note 13) is included. This adjustment of CHF 7.9 million is based on the terms of the contract and due to the development of the Russian property market.

4. OTHER ORDINARY INCOME

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Income from associates	-70	1,055
Income from real estate	95	281
Income from the sale of tangible and intangible assets	32	19
Income from the sale of financial assets available for sale	0	-2
Income from Sale of participations	1,000	0
Other income	189	974
Total	1,246	2,327

5. PERSONNEL EXPENSE

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Salaries and bonuses	-11,982	-13,134
Social security benefits	-1,758	-1,782
Contributions to occupational pension plans	-2,783	-917
Share-based payments	-367	-337
Other personnel expense	-573	-181
Total	-17,463	-16,351

6. GENERAL EXPENSE

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Occupancy expense	-1,513	-1,583
IT and information expense	-2,254	-1,702
Office and business expense	-4,812	-3,469
Other general expense	-1,718	-1,793
Total	-10,297	-8,547

7. DEPRECIATION AND AMORTISATION

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Depreciation of property, plant and equipment	-1,385	-2,858
Amortisation of intangible assets	-2,631	-2,396
Total	-4,016	-5,254

8. VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Impairments	-270	-119
Impairment reversals	369	200
Losses	-160	-264
Change in provisions	-914	-95
Total	-975	-278

9. TAXES

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Current income taxes	-878	-822
Change in deferred taxes	2,615	381
Total	1,737	-441
Income tax as disclosed in the consolidated income statement	-380	-542
Income tax attributable to discontinued operations	2,117	101
	1,737	-441

10. PROVISIONS

The total balance of provisions has been raised from CHF 0.4 million to CHF 2.5 million in comparison to end 2013. This takes into consideration the risks of legal proceedings arising in connection

with normal business activities. For provisions for discontinued business operations, please see Note 17.

11. SHARE CAPITAL

In CHF	30.6.2014	31.12.2013
Share capital, fully paid in	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 (attributable to shareholders of Valartis Group AG, before appropriation of profit)	50.9	55.1

For the financial year 2013 no dividend was distributed (for 2012 a dividend of CHF 1.00 per share was distributed).

12. TREASURY SHARES

	Number
Position at 1 January 2013	434,567
Purchases	20,398
Sales	-60,586
Position at 30 June 2013	394,379
Purchases	21,220
Sales	-9,559
Position at 31 December 2013	406,040
Purchases	10,239
Sales	-69,022
Position at 30 June 2014	347,257

During the reporting period, 10,239 shares were purchased at CHF 21.44 each and 69,022 shares with a historical average price of CHF 21.80 were sold at average price CHF 21.79 each. In financial year 2013, 41,618 shares were purchased at CHF 19.25 each and

70,145 shares were sold with a historical average price of CHF 22.15 at average price CHF 21.90 each. As per balance sheet date, the Valartis Group had 347,257 treasury shares at a weighted average acquisition price of CHF 21.79 per share.

13. FAIR VALUE

Determination of fair value

Valartis Group measures part of the financial instruments and the financial liabilities as well as individual non-financial assets at fair value at each balance sheet date. Fair value is defined as being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an orderly arm's length transaction.

The fair values are used either to determine the carrying amount or for the disclosures in the notes.

All assets and liabilities that are reported at fair value or for which the fair value is disclosed in the notes are categorised within the fair value hierarchy, described as follows below.

Level 1 instruments

Level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category comprises almost all equity and debt instruments held by the Group. Investment funds for which a binding net asset value is published at least daily, exchange-traded derivatives and precious metals are also categorised as level 1 instruments.

Closing prices are used for the valuation of debt instruments in the trading book. In the case of equity instruments, listed investment funds and exchange-traded derivatives, the closing or settlement prices of the relevant exchanges are used. In the case of unlisted investment funds, the published net asset values are used. In the case of currencies and precious metals, generally accepted prices are applied. No valuation adjustments are made in the case of level 1 instruments.

Level 2 instruments

Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active. The same categorisation is used where the fair value is determined using a valuation method where significant inputs are observable, either directly or indirectly. This category essentially comprises forex and interest-rate derivatives as well as illiquid debt instruments and investment funds for which a binding net asset value is not published on a daily basis.

If no active market exists, the fair value is determined on the basis of generally accepted valuation methods. If all of the significant inputs are directly observable in the market, the instrument is deemed to be a level 2 instrument.

The valuation models take account of the relevant input such as the contract specifications, market price of the underlying asset, the foreign exchange rate, the corresponding yield curve, default risks, and volatility.

The valuation of interest rate instruments for which no quoted prices exist is carried out using generally recognised methods. For the valuation of OTC derivatives, generally recognised option pricing models and quoted prices in markets that are not active are used. In the case of investment funds, the published net asset values are used. The credit risk is only taken into account when market participants would take it into account when determining prices.

Level 3 instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These essentially comprise equity instruments and/or investment funds for which a binding net asset value is not published at least quarterly. The fair value of these positions is based on the estimates of external experts or on audited financial statements. Where possible, the underlying assumptions are supported by observed market quotes.

Fair value of contingent considerations

On 20 December, 2012, Valartis Group AG sold off its entire holding of 40 percent in the associated company Eastern Property Holdings Ltd (EPH). As part of the transaction, the Valartis Group is expected to receive a total of approximately USD 110 million in cash over a period of four years. The payments will be received in several instalments. Part of the contractual obligations is the sale of the projects over time. To date, Valartis Group has received cash settlements amounting to about CHF 60 million paid in 2012 and 2013. The remaining instalments were posted as "other financial assets at fair value" and "other assets" and are secured in escrow accounts. The impact of the fair value adjustments for these contingent considerations on the half-year result as per 30 June 2014 is disclosed in Note 3.

The categorisation of the financial instruments and financial liabilities in the described fair value hierarchy level 1 to 3 and the movements of the financial instruments in level 3 is shown in the tables on the next pages.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fair value of financial instruments

In CHF 1,000	30.6.2014			31.12.2013		
	Book value	Fair value	Deviation	Book value	Fair value	Deviation
Assets						
Cash	522,874	522,874		568,607	568,607	
Due from banks	1,129,329	1,129,329		1,134,578	1,134,578	
Due from clients	219,535	219,857	322	201,351	201,719	368
Financial assets held to maturity	89,857	90,592	735	57,174	58,251	1,077
Accrued and deferred assets	10,624	10,624		9,355	9,355	
Other assets	27,720	27,720		27,737	27,737	
Financial assets at amortised costs	1,999,939	2,000,996	1,057	1,998,802	2,000,247	1,445
Trading portfolio assets	81,963	81,963		106,862	106,862	
Financial assets available for sale	149,907	149,907		41,853	41,853	
Derivative financial instruments	842	842		477	477	
Other financial assets at fair value	27,169	27,169		36,742	36,742	
Financial assets at fair value	259,881	259,881	0	185,934	185,934	0
Liabilities						
Due to banks	33,466	33,466		29,476	29,476	
Due to clients	2,020,240	2,020,240		1,913,274	1,913,274	
Accrued and deferred liabilities	12,803	12,803		13,981	13,981	
Other liabilities	6,154	6,154		3,548	3,548	
Issued debt instruments	12,152	12,605	453	12,268	12,458	190
Financial liabilities at amortised costs	2,084,815	2,085,268	453	1,972,547	1,972,737	190
Derivative financial instruments	347	347		904	904	
Financial liabilities at fair value	347	347	0	904	904	0

Valuation methods of financial instruments

2014 In CHF 1,000	Quoted market prices (Level 1)	Valuation method based on market data (Level 2)	Valuation method not based on market data (Level 3)	30.6.2014
Assets				
Cash	522,874			522,874
Due from banks		1,129,329		1,129,329
Due from clients		219,857		219,857
Financial assets held to maturity	90,592			90,592
Accrued and deferred assets			10,624	10,624
Other assets			27,720	27,720
Financial assets at amortised costs	613,466	1,349,186	38,344	2,000,996
Trading portfolio assets	56,896	16,985	8,082	81,963
Financial assets available for sale	126,573	1,002	22,332	149,907
Other financial assets at fair value	168		27,001	27,169
Derivative financial instruments		842		842
Financial assets at fair value	183,637	18,829	57,415	259,881
Total financial assets	797,103	1,368,015	95,759	2,260,877
Liabilities				
Due to banks		33,466		33,466
Due to clients		2,020,240		2,020,240
Accrued and deferred liabilities			12,803	12,803
Other liabilities			6,154	6,154
Issued debt instruments			12,605	12,605
Financial liabilities at amortised costs	0	2,053,706	31,562	2,085,268
Derivative financial instruments		347		347
Total financial liabilities at fair value	0	347	0	347
Total financial liabilities	0	2,054,053	31,562	2,085,615

In the event of changes in the availability of market prices and/or market liquidity, reclassifications are made at the end of the period under review. There was no transfer between level 1 and 2 during the reporting period.

2013 In CHF 1,000	Quoted market prices (Level 1)	Valuation method based on market data (Level 2)	Valuation method not based on market data (Level 3)	31.12.2013
<i>Assets</i>				
Cash	568,607			568,607
Due from banks		1,134,578		1,134,578
Due from clients		201,719		201,719
Financial assets held to maturity	57,626	625		58,251
Accrued and deferred assets			9,355	9,355
Other assets			27,737	27,737
Financial assets at amortised costs	626,233	1,336,922	37,092	2,000,247
Trading portfolio assets	76,464	22,272	8,126	106,862
Financial assets available for sale	23,910		17,943	41,853
Other financial assets at fair value	102		36,640	36,742
Derivative financial instruments		477		477
Financial assets at fair value	100,476	22,749	62,709	185,934
Total financial assets	726,709	1,359,671	99,801	2,186,181
<i>Liabilities</i>				
Due to banks		29,476		29,476
Due to clients		1,913,274		1,913,274
Accrued and deferred liabilities			13,981	13,981
Other liabilities			3,548	3,548
Issued debt instruments			12,458	12,458
Financial liabilities at amortised costs	0	1,942,750	29,987	1,972,737
Derivative financial instruments		904		904
Total financial liabilities at fair value	0	904	0	904
Total financial liabilities	0	1,943,654	29,987	1,973,641

Changes of financial instruments in level 3

2014 In CHF 1,000	1.1.2014	Recognised in the income statement ¹⁾	Net income recognised in shareholders' equity ²⁾	Transfer from level 1 and level 2	Purchase	Sales	30.6.2014
Trading portfolio assets	8,125	-174			131		8,082
Financial assets available for sale continued operations	17,943		4,389				22,332
Other financial assets at fair value	36,640	-9,639					27,001

2013 In CHF 1,000	1.1.2013	Recognised in the income statement ¹⁾	Net income recognised in shareholders' equity ²⁾	Transfer from level 1 and level 2	Purchase	Sales	30.06.2013
Trading portfolio assets	6,410	435			1,743		8,588
Derivative financial instruments	5			-5			0
Financial assets available for sale	16,418		112	-13,123			3,407
Other financial assets at fair value	43,267	1,332					44,599

1) The unrealised trading loss recorded in the income statement for trading portfolio held at half year 2014 amounts to TCHF -141 (previous year gain TCHF 435), the unrealised loss of other financial assets at fair value to TCHF -9,639 (previous year gain of TCHF 1,332).

2) The unrealised gain on financial assets available for sale held at half year 2014 recorded in shareholders equity amounts to TCHF 4'389 (previous year unrealised gain TCHF 112).

14. CONSOLIDATED STATEMENT OF OFF-BALANCE-SHEET ITEMS

In CHF 1,000	30.6.2014	31.12.2013
Credit guarantees	8,824	8,861
Warranties	0	0
Other contingent liabilities	7,772	8,395
Total contingent liabilities	16,596	17,256
Irrevocable commitments	0	0
Loan commitments	0	0
Call commitments and additional funding obligations	0	0
Derivative financial instruments (assets)	842	477
Derivative financial instruments (liabilities)	347	904
Contract volume	217,655	222,588
Fiduciary transactions	298,259	293,075

This table is based on the FINMA circular 2008/2. The contingent liabilities do not qualify as contingent liabilities in accordance with IAS 37.

BUSINESS SEGMENTS

15. SEGMENT REPORTING

Valartis Group is divided into two business segments, Private Clients and Institutional Clients, as well as Corporate Center. Indirect costs for internal services rendered between the segments are accounted for as expense by the recipient of the services and

as a reduction in expense by the provider, in accordance with the originator principle. Consolidation items are assigned to Corporate Center.

1.1.–30.6.2014 In CHF 1,000	Private Clients	Institutional Clients	Corporate Center	Total
Income from interest and dividends	3,751	2,586	-1,571	4,766
Income from commission and service fees	19,098	2,901	-189	21,810
Income from trading	3,190	-10,142	1,060	-5,892
Other ordinary income	1,058	808	-620	1,246
Service from/to other segments	-656	-425	1,081	0
Operating income	26,441	-4,272	-239	21,930
Personnel expense	-12,050	-3,303	-2,110	-17,463
General expense	-5,670	-2,077	-2,550	-10,297
Administrative expense	-17,720	-5,380	-4,660	-27,760
Gross income/loss	8,721	-9,652	-4,899	-5,830
Depreciation and amortisation	-897	-46		-943
Valuation adjustments, provisions and losses	-975			-975
Segment result before amortisation	6,849	-9,698	-4,899	-7,748
Amortisation of tangible and intangible assets (PPA) ¹⁾	-3,073			-3,073
Segment result from continued operations after amortisation	3,776	-9,698	-4,899	-10,821
Income taxes				-380
Net loss from continued operations				-11,201
Net loss after tax from discontinued operations				-9,457
Net loss				-20,658
Net loss attributable to shareholders of Valartis Group AG				-21,576
Net profit attributable to non-controlling interests				918
Total assets from continued operations	2,284,613	345,113	-245,763	2,383,963
Total liabilities from continued operations	2,124,789	110,705	-131,742	2,103,752
Assets under management from continued operations, in CHF million	5,463	700		6,163
Net new money from continued operations, in CHF million	144			144
Employees from continued operations, full-time equivalents	165	28	15	208

1) The amortisation of the additionally activated tangible and intangible assets due to the purchase price allocation is disclosed separately.

1.1.–30.6.2013	Private Clients	Institutional Clients	Corporate Center	Total
In CHF 1,000				
Income from interest and dividends	4,118	2,853	1,440	8,411
Income from commission and service fees	16,350	4,752	-202	20,900
Income from trading	3,145	-3,163	-276	-294
Other ordinary income	1,363	2,471	-1,507	2,327
Service from/to other segments	-532	-485	1,017	0
Operating income	24,444	6,428	472	31,344
Personnel expense	-10,832	-3,646	-1,873	-16,351
General expense	-5,296	-2,082	-1,169	-8,547
Administrative expense	-16,128	-5,728	-3,042	-24,898
Gross income/loss	8,316	700	-2,570	6,446
Depreciation and amortisation	-944	-88		-1,032
Valuation adjustments, provisions and losses	-277	-1		-278
Segment result before amortisation	7,095	611	-2,570	5,136
Amortisation of tangible and intangible assets (PPA) ¹⁾	-4,222			-4,222
Segment result from continued operations after amortisation	2,873	611	-2,570	914
Income taxes				-542
Net profit from continued operations				372
Net loss from discontinued operations				-236
Net profit				136
Net loss attributable to shareholders of Valartis Group AG				-1,002
Net profit attributable to non-controlling interests				1,138
Total assets from continued operations	2,193,736	375,362	-406,359	2,162,739
Total liabilities from continued operations	1,844,328	121,202	-200,028	1,765,502
Assets under management from continued operations, in CHF million	5,090	772	0	5,862
Net new money from continued operations, in CHF million	308	0	0	308
Employees from continued operations, full-time equivalents	171	34	15	220

For the footnote we refer to page 29.

ADDITIONAL INFORMATION

16. ASSETS UNDER MANAGEMENT

In CHF 1,000	30.6.2014	31.12.2013
Assets in self-managed funds	785,561	745,611
Assets with management mandates	338,323	336,420
Other client assets	4,326,483	4,258,585
Total assets under management ¹⁾	5,450,367	5,340,616
of which double counts	170,857	201,698
Net new money inflow ²⁾	143,876	437,404
Custody assets	165,248	117,922
Assets in leveraged funds ³⁾	547,540	575,458
Total assets under management (incl. leveraged funds and custody assets)	6,163,155	6,033,996

1) According to FINMA's accounting rules (Table Q).

2) Net new assets 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.

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

17. DISCONTINUED OPERATIONS

In CHF 1,000	1.1.–30.6.2014	1.1.–30.6.2013
Income statement of discontinued operations		
Operating income	9,696	13,069
Administrative expense	-13,414	-11,949
Gross loss/income	-3,718	1,120
Depreciation/amortisation of property, plant and equipment, and intangible assets		-1,446
Impairment loss recognised on the remeasurement to fair value less costs to disposal	-7,284	
Increase of provisions	-572	-11
Net loss from discontinued operations before tax	-11,574	-337
Income taxes	2,117	101
Net loss from discontinued operations	-9,457	-236
Other comprehensive income of discontinued operations		
Unrealised gains/losses from financial assets available for sale	433	265
Employee participation plan	-	-64
Remeasurement of defined benefit plans	-762	-560
Total recognised in other comprehensive income	-329	-359
Cash flow from discontinued operations		
Cash flow from operating activities	-8,221	-220,451
Cash flow from investment activities	-	9,606
Cash flow from financing activities	0	-
Net cash flow	-8,221	-210,845
Earnings per share – discontinued operations		
In CHF	1.1.–30.6.2014	1.1.–30.6.2013
Undiluted earnings attributable to shareholders of Valartis Group AG	-2.06	-0.05
Diluted earnings attributable to shareholders of Valartis Group AG	-2.06	-0.05

On 16 May 2014 Valartis Group communicated that Valartis Bank AG and Valartis Wealth Management SA will be fully acquired by Banque Cramer & Cie SA, a 100 per cent subsidiary of Norinvest Holding SA. In addition, Valartis Group AG has agreed to take a stake of approximately 25 per cent in Norinvest Holding SA.

All share purchases will be made exclusively on the basis of respective equity capital (Swiss GAAP) plus adjustments, and in cash. The transaction has been signed subject to the approval of the Swiss Financial Market Supervisory Authority (FINMA) and is expected to be completed in the second half of 2014.

In accordance with IFRS 5, Valartis Bank AG, Switzerland and Valartis Wealth Management SA are classified as discontinued operations until completion of the transaction.

The fair value less cost of disposal for the assets classified as held for sale was adjusted downwards with an impact of CHF 7.3 million in profit and loss and CHF 0.8 million in other comprehensive income (equity). At the same time deferred tax liabilities of CHF 2.1 million could be released in profit and loss.

Provisions and accrued/deferred liabilities had to be increased of CHF 1.5 million for discontinued operations to satisfy conditions of the share purchase agreement with Banque Cramer & Cie SA. For this purpose only conditions for which the obligation has been occurred before 30 June 2014 have been recognised.

In CHF 1,000	30.6.2014	31.12.2013
<i>Assets classified as held for sale</i>		
Cash	164,981	168,144
Due from banks and clients	489,524	491,877
Trading portfolio assets	31,863	31,142
Financial assets available for sale	4,878	4,342
Property, plant and equipment	2,409	3,264
Derivative financial instruments	2,007	1,708
Accrued and deferred assets including other assets	3,005	8,052
Goodwill and other intangible assets	0	0
Deferred tax assets	71	4,466
Total assets classified as held for sale	698,738	712,995
<i>Liabilities directly associated with the assets classified as held for sale</i>		
Due to banks and clients	666,992	699,337
Derivative financial instruments	4,144	7,902
Accrued and deferred liabilities including other liabilities	7,357	5,789
Provisions	610	594
Current and deferred tax liabilities	184	1,914
Total liabilities directly associated with the assets classified as held for sale	679,287	715,536

18. EVENTS AFTER THE BALANCE SHEET DATE

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



ADDRESSES

Group Headquarters

Valartis Group AG
Blegistrasse 11a
CH-6340 Baar ZG
Tel. +41 41 760 70 20
Fax +41 41 760 70 19

Office Geneva

Valartis Advisory Services SA
2-4 place du Molard
CH-1211 Geneva 3
Tel. +41 22 716 10 00
Fax +41 22 716 10 01

Valartis Bank SA

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

Office Zurich

Valartis Advisory Services SA
St. Annagasse 18
CH-8001 Zurich
Tel. +41 43 336 81 11
Fax +41 43 336 81 00

Valartis Bank AG, Switzerland

Sihlstrasse 24
CH-8001 Zurich
Tel. +41 43 336 81 11
Fax +41 43 336 81 00

Principality of Liechtenstein

Valartis Finance Holding AG
Marktgass 11
FL-9490 Vaduz

Valartis Bank (Liechtenstein) AG

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

Austria, Vienna

Valartis Bank (Austria) AG
Rathausstrasse 20
A-1010 Vienna
Tel. +43 (0)57789
Fax +43 57789 200

Asset Management Liechtenstein

Valartis Fund Management (Liechtenstein) AG
Schaaner Strasse 27
FL-9487 Gamprin-Bendern
Tel. +423 388 10 00
Fax +423 388 10 01

Asset Management Austria

Valartis Asset Management (Austria)
Kapitalanlagegesellschaft m.b.H.
Rathausstrasse 20
A-1010 Vienna
Tel. +43 (0)577 89
Fax +43 577 89 270

Asset Management Luxembourg

MCT Luxembourg Management S.à.r.l.
5, avenue Monterey
L-2163 Luxembourg
Tel. +352 26 20 25 94
Fax +352 26 20 25 84

Asset Management Russia

Valartis International Ltd.
Petrovka Street 5
RU-107031 Moscow
Tel. +7495 730 35 25
Fax +7495 730 35 26

Investor & Media Relations

Valartis Group AG
Corporate Communications
Blegistrasse 11a
CH-6340 Baar ZG
Tel. +41 43 336 81 11
corporate.communications@valartisgroup.com

Valartis Market Information

Bearer Shares listed on: SIX Swiss Exchange, Zurich
Symbol on SIX: VLRT
Reuters: VLRT.S
Bloomberg: VLRT SW
ISIN: CH0001840450
www.valartisgroup.com

The English Valartis Group Half-Year Report is a translation of the German original. Only the German original is legally binding.

