

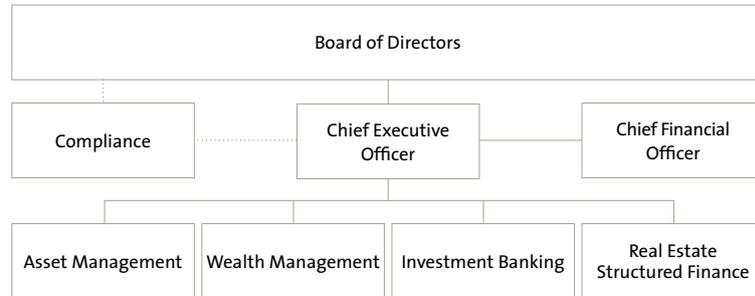


Annual Report 2006

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Group Structure



Key Figures

	2006	2005 ¹⁾
	Million CHF	Million CHF
Income statement		
Income from trading	11.7	25.8
Commission income	90.0	65.5
Other income	4.2	3.3
Total income	105.9	94.6
Gross profit	54.2	54.1
Group profit	45.3	50.1

	31.12.2006	31.12.2005
	Million CHF	Million CHF
Balance sheet		
Total assets	381.2	461.6
Liabilities	172.0	296.5
Shareholders' equity	209.2	165.1

	31.12.2006	31.12.2005
	CHF	CHF
Key figures		
Group profit per share (undiluted)	9.2	10.0
Group profit per share (diluted)	8.7	9.5
Equity per share	41.8	33.0
Dividend per share	2.75 ²⁾	2.75

Stock exchange price Valartis bearer share	84.95	88.00
Market capitalization (million CHF)	424.8	440.0

Return on equity	24.2%	29.4%
Dividend yield	3.2%	3.1%
Cost / income ratio	42.4%	33.5%
Self-financing ratio	54.9%	35.8%

Total assets under management (million CHF)	3,825	3,474
Staff	60	47

1) Group financial statements 2005 (pro forma)

2) Proposal of the Board of Directors to the shareholders' meeting

Letter to the Shareholders

Dear Shareholders

Another challenging year is behind us. Valartis Group was exposed to the elements of a turbulent stock market. Even if we don't like to remember it, at least the second quarter with its temporary setback on the global stock markets was a challenge, to say the least. Perhaps you remember our interim report in which we had commented on a securities loss of almost CHF 10 million. The forecast we made then, regarding a normalization of the exorbitant volatilities in certain securities, which would improve our result significantly, has mostly come true. As a matter of fact, we were able to turn the negative securities result into a double-digit profit in the second half of the year. Nevertheless, the misarrangements made in early summer leave their marks in the annual result.

Strengthening the commissions business

It was exactly because of these volatilities in the securities business that we decided a few years ago to redirect our strategy more towards the commissions business. Today we are beginning to reap some of the benefits of this rigorous diversification strategy.

With the restructuring of our Group, the relation between the securities business and the commissions business will gain a new quality. While the proportion of commissions will basically rise, the commissions business itself will increase in volatility due to the growing number of performance-oriented products.

Demanding back office

2006 was characterized by construction work on the various integration projects which were triggered by the merger with MCT Group. A lot of this work took place in the background and not on the brightly lit stage of the glorious stock markets. The work done here deserves a great deal of recognition. What good is a stock purchase, even if it is ever so successful, if it isn't handled properly «at the back» and, consequently, causes an investor just as much of a headache as joy? The performance of a bank or an asset manager is also reflected in the way the back office works. And it is certainly also in accordance with the wishes of the shareholders to thank our employees in the back office for their work and commitment. Circumstances weren't always easy in the past year; the projects, which had often to be handled at the same time, were demanding, and, finally, we are bursting at the seams at our old location in Pfäffikon. Our move to Zurich will soon improve this situation.

The individual segments

We were very successful with our products in asset management. The net asset value of the MC Russian Market Fund – one of our flagships – rose around 60%. In addition, two innovative new investment products were launched which, on the one hand, offer investors the opportunity to participate in the European energy markets and, on the other hand, offer them interesting opportunities in Eastern Europe and the countries of the Commonwealth of Independent States.

Investment banking was once again able to place a substantial number of interesting call options. Furthermore, we were active in the increasingly dynamic market for structured products and issued a first long/short certificate, the LSOZA, which had an excellent market entry and generated an outstanding performance. In corporate finance, we were, among other things, lead manager in the capital increase of StarragHeckert Holding AG, co-lead manager in the capital increase of Eastern Property Holdings (EPH), and we accompanied Marazzi in the company's sale to Losinger Construction AG.

We further broadened our income base at mid-year by beginning to build up of a division for special financings in the real estate sector (real estate structured finance). We employed a team which has the task of establishing our Bank as a provider of comprehensive services in the field of structured financings. In 2007 we will build up the necessary structures, develop an underwriting pipeline and launch a first investment vehicle for mezzanine capital.

And finally we launched an international credit card last year, the Visa Bonus Card, in cooperation with Jelmoli Bonus Card AG. This way we seized an opportunity in consumer banking for the first time. As part of this transaction, Valartis Bank AG took a 27.5% participation in Jelmoli Bonus Card AG, the issuer of the Visa Bonus Card. As Principal Member of VISA, the world's largest credit card organization, we are responsible for the money transfer between Jelmoli Bonus Card AG and the VISA organization.

These are just a few of the activities which shaped the last year. They show that we are involved in very diverse fields and, as a matter of course, still have a number of construction sites. But we are getting ahead well both in our integration efforts and in the buildup which will lead to a complete repositioning of our Company.

The «bottom line»

Back to the figures. The numerous building and integration activities and the related additional investments show that 2006 was an intermediate year. Still, we were almost able to reach the previous year's record result. Our Group profit for 2006 of over CHF 45 million was less than 10% below the previous year's figure. Operationally, commissions income was almost 40% above the previous year's result. The only scratch we got was from trading, whose income was, as mentioned before, significantly below the previous year's figure. Due to the new structure and the significantly higher number of employees, the cost/income ratio rose to 42%.

Due to the Group's good income situation, the Board of Directors decided to propose an unchanged dividend compared to the previous year of CHF 2.75 per share.

New corporate identity, new name

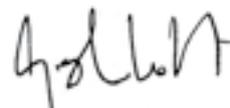
The present annual report is the first one with a new corporate identity, which the shareholders approved at the extraordinary general meeting in January this year. There, we explained in detail why we decided to change the name and give us a new corporate identity. Today, our business model only partly reflects what OZ Bankers originally stood for: an abbreviation for «Optionen Zürich». In the meantime we have expanded internationally and into completely new lines of business. And even if the OZ brand may have had a certain recognition value on a local level, it positioned us rather in the sphere of «the Wizard of OZ» than as a modern financial institution.

We believe that we will be better able to live up to our own expectations in the coming years as Valartis Group and with a new corporate identity: to continuously increase the value of our Company by developing innovative investment products and delivering specialized banking services.

Baar ZG, 6 February 2007



Erwin W. Heri
Chairman
of the Board of Directors



Gustav Stenbolt
Vice-Chairman
of the Board of Directors

CREATIVE AND INDIVIDUAL

Valartis is not a universal bank which offers its clients all kinds of products. Rather, our goal is to establish ourselves on the market with innovative and tailored products and services. And that's why we sometimes venture into a different direction.





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Business Segments

Asset Management



An active management approach

As asset managers, our vision is to progressively identify compelling investment opportunities – satellites – and to launch dedicated vehicles with which to benefit from these opportunities. We seek excess returns through active management and a value biased investment process. Our investment strategies result in deviations from index investments and thereby creating the opportunity for outperformance.

Funds, investment companies and alternative products

Over the past decade, the Group has launched a range of specialized regional and sector funds and investment companies across multiple asset classes. Furthermore, we have combined our established capabilities in the derivatives markets and trading to create a number of alternative investment products. Within all these asset classes we manage portfolios for institutional clients on a tailor-made basis to meet their specific needs.

Experienced team

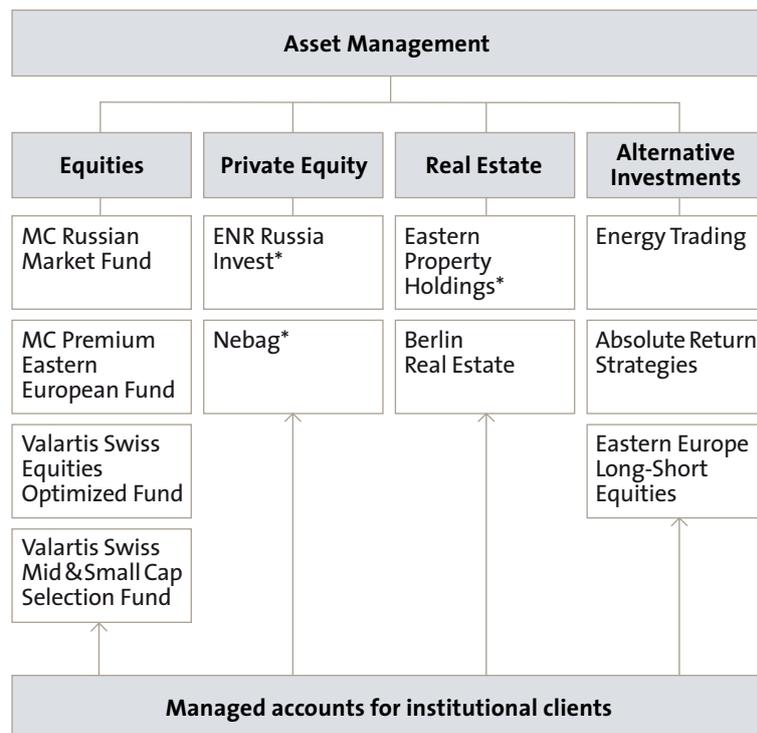
Valartis Asset Management brings together an experienced and focused team of more than 30 portfolio managers, analysts, traders and associated professionals based in Geneva, Zurich and Moscow.

Business development 2006 and outlook 2007

2006 marked the asset management division’s strongest performance ever. Not only have the Group’s principal investment products generated strong returns for investors, but we have accomplished our goals of raising overall assets under management. Important milestones include a significant capital increase for the SWX-listed Eastern Property Holdings, effectively doubling the company’s asset base. In Russia, the net assets of our MC Russian Market Fund rose around 60%, which made it one of the top funds once again.

Also in 2006 the Group successfully launched two innovative new products for institutional investors, a unique trading vehicle providing investors exposure through financial contracts to Europe’s power exchanges and a long/short fund investing in Eastern Europe and the CIS. In Germany, our residential property fund now has a portfolio of more than 2400 apartments in Berlin. Finally, our Swiss equity funds performed well in 2006.

Our outlook for 2007 is positive given the stable economic environment within our core markets and sectors. We have identified several compelling investment opportunities, particularly in emerging-market private equity, high yield fixed income and global real estate. We intend to match these opportunities with our portfolio management expertise in order to structure and launch a number of specialized investment products in the coming years.



* Listed on the SWX Swiss Exchange.

Wealth Management



Open to diversity

Our investment process is shaped around conceptual model portfolios designed to fit different lifestyle objectives. We recommend, however, a custom-fit approach, driven by our high respect for the individuality of clients' investment personalities and by our desire to offer the most customized investment strategies.

Open to tradition

Our first loyalty is to our clients, and we seek to establish a long-term trustful investment partnership with them. We share their respect for their wealth and the complexity and unpredictability of a rapidly evolving environment. Our approach to private wealth is strongly focused on risk control and the preservation of capital, even for more aggressive investors.

Open to initiative

We complement our own skills with the talents and proven capabilities of selected external managers by investing in successful external products. Our way of diversifying between various traditional and alternative asset classes enables us to apply a different value perspective to the asset-allocation process. When suitable, the recommended asset selection can be supplemented by our innovative in-house investment solutions.

Open to vision

Our wealth managers are mainly focused – as a logical response to historical experience – on strategic and tactical asset allocation, the most important element of the investment process. We trust diversification as a well-established concept, and we are close to the concept of absolute-return investing. We also believe that occasionally successful investing requires patient inactivity.

Private banking and family office

Valartis Wealth Management offers its services to selected high net worth individuals and family offices as well as private banking clients in the form of either managed accounts or as advisory mandates. Protecting and increasing the real wealth of our clients by achieving superior returns is our objective. We work on an agreed level of risk which is the result of a thorough analysis of the client's needs. Valartis Wealth Management has grown out of our institutional asset management expertise. Our investment process is global and based on specialists' skills either from outside sources or in-house knowledge. All accounts and mandates are tailor-made solutions.

Business development 2006 and outlook 2007

In the past year the wealth management division continued expanding its platform for the business with wealthy individuals and family offices. The managed portfolios once again performed well, differing depending on the chosen strategy and portfolio currency. The most important building blocks for this success were investments in the energy and gold sectors, Russia, a number of hedge funds as well as selected individual securities, in particular European stocks.

In the current year, the wealth management team wants to further improve the division's profitability. This goal shall be achieved, for instance, by employing additional portfolio managers who are attracted by the Valartis wealth management platform. In January 2007 we made a further step in the direction of expanding our business by acquiring Valaxis Asset Management S.A., an independent wealth management company in Geneva with CHF 190 million assets under management. As a niche player, the Valartis wealth management team will continue to invest in «themes» which are less exposed to the general economic environment than the large majority; these themes include, for example, water, health and renewable energies.



Investment Banking



With focus and experience

Valartis Bank has been active in the Swiss equity market since its establishment as a derivatives boutique in 1988. It has established itself as brand in particular in the small & mid cap segment. On this basis the Bank develops creative investment ideas for institutional investors and, at the same time, works out sustainable financing solutions for corporate clients.

Derivatives as core competence

One of Valartis Bank's core competences is the derivatives business. We apply this know-how in various forms to our products and solutions; this enables us to react flexibly and cost-efficiently to our clients' needs.

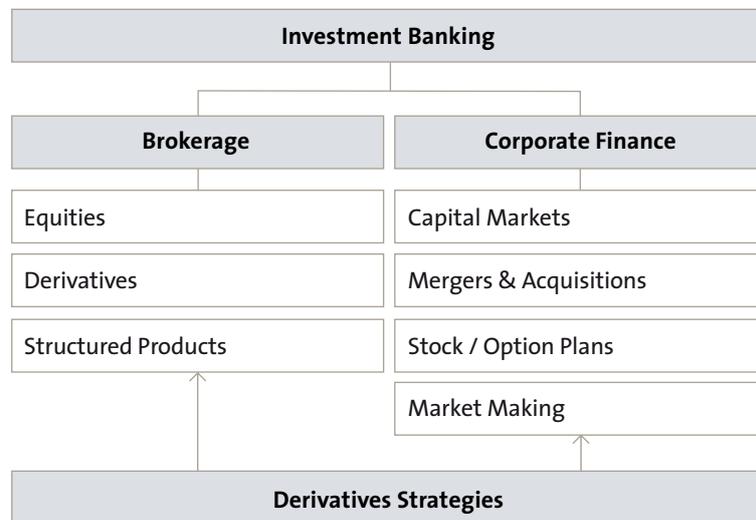
Creativity and reliability

In addition to creativity in the development of products, professional and discerning clients also expect reliability in the implementation. As an established Swiss bank the quality-conscious processing of product ideas and transactions is a matter of course for Valartis Bank.

Business development 2006 and outlook 2007

The Swiss stock market and the small & mid cap segment in particular (the relevant market for the investment banking segment) performed well in 2006. Rising prices were due to various factors, such as strong corporate results, substantial capital flows into the small & mid cap market as well as immense M&A activities. Trading volumes in stocks, derivatives and structured products were above average throughout. In this environment the Valartis investment banking team was again able to leave its mark on the market: Corporate finance accompanied for example the capital increase of StarragHeckert Holding AG as sole lead manager, in a number of stocks we were able to expand our position as a provider of structured options and discount certificates; in the field of structured products we issued innovative constructions, such as the long/short certificate LSOZA.

We are optimistic about 2007. The investment banking team plans a number of initiatives. Our stock research, for internal use only in the past, will change its outfit and basically focus on Swiss small & mid caps. We will continue to improve our trading activities while further expanding our derivatives activities.



Real Estate Structured Finance



Worldwide commercial real estate financing

We consider ourselves as a special provider of commercial real estate financing worldwide. Our current focus is on Europe including the Russian Federation as well as North America and Mexico.

Markets with potential

In addition to these key markets we operate in those markets where attractive risk-return relationships and growth potential can be identified. We apply our global real estate know-how to strategically exploit first-mover effects.

Services under one roof

We strive to offer a comprehensive package that addresses the entire range of real estate financing needs. In particular we offer mezzanine- and equity-financing solutions as well as senior loans.

Fund in preparation

A specialized fund will be set up in which our mezzanine loans will be bundled and structured as an investment vehicle.

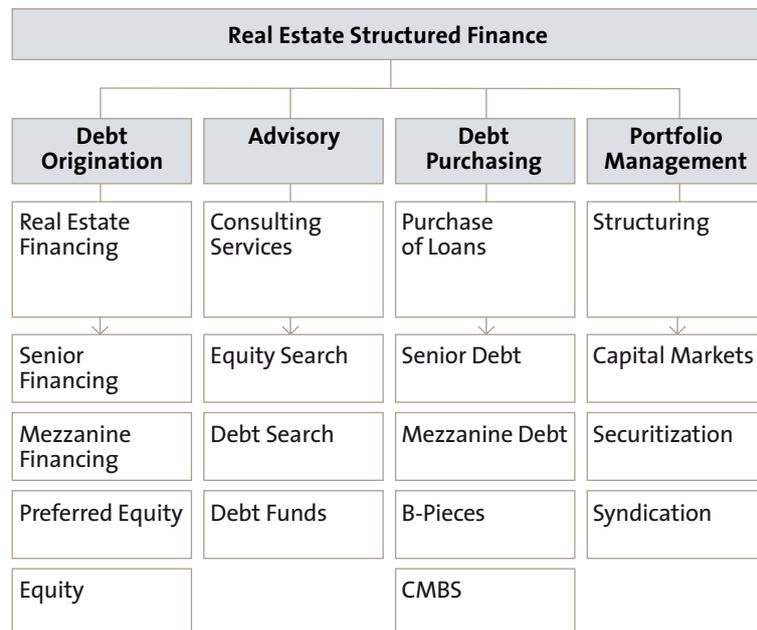
Tailored products

The experience and know-how of our team, resulting from real estate financings of over EUR 20 billion in over 20 countries, as well as our extensive industry network, enable us to offer highly customized financing products and make us a reliable, independent and flexible partner.

Business development 2006 and outlook 2007

In 2006, Valartis Bank AG began building up the real estate structured finance division. To this end, the Bank employed a team of seasoned specialists in this field. It is our goal to establish Valartis Bank AG as a provider of comprehensive services for senior debt and mezzanine financing. As a niche player the Bank will focus primarily on market opportunities which bigger competitors pay less attention to. In the past, members of the real estate structured finance team have carried out transactions in all major real estate asset classes in over 25 jurisdictions. The second pillar of the real estate structured finance division are consulting services, in particular for arranging and structuring outside capital. In 2006, we were already able to acquire three mandates in this field.

Our goal for 2007 is to implement the operational structures in a way that will allow us to further strengthen the division and the underwriting pipeline. Another goal is the launch of a fund for mezzanine capital. This will allow us to even further advance the expansion of the real estate credit portfolio.



Visa Bonus Card



Valartis Bank's free Visa credit card

Since 2006, Valartis Bank AG has had its own international credit card, the «Visa Bonus Card». The card is issued by Jelmoli Bonus Card AG. Valartis Bank AG acts as Principal Member of the VISA credit card organization and hold a 27,5% participation in Jelmoli Bonus Card AG.

As an Associate Member of VISA, Jelmoli Bonus Card AG is responsible for the entire processing and settlement of all card transactions. Valartis Bank AG acts as a Principal Member vis-à-vis the VISA organization and is responsible for the processing and settlement of a daily collective payment of Jelmoli Bonus Card AG to VISA.



Client retention has a long tradition at Jelmoli

Bonus Card is a well established Swiss charge card which has been used in Switzerland as a major client retention instrument for the Jelmoli retail companies as well as important partner companies for several decades. The Bonus Card is a welcome means of payment at 2500 points of sale within the national partner network.

Jelmoli laid the foundation for its client retention program by means of a special stamp in the 1940s. Ever since, client retention has played an important role at Jelmoli. It remains a core element in this respect and is continually developed further and adapted to changing market environments. Consequently it contributes substantially to the company's success.

Jelmoli Bonus Card AG

In 2006 the Bonus Card division was transferred with all its activities to the newly established Jelmoli Bonus Card AG. The transfer was made because of the expansion of the activities and the related new product strategy. The new company provides services in the credit card business; majority shareholder is Jelmoli Holding AG.

Launch of the Visa Bonus Card

In order to further strengthen the market position, the Visa credit card functions were added to the Bonus Card in the fall of 2006. The existing partner companies were involved to a significant degree in the distribution of the card after its successful launch. During the first four months after its start on the Swiss market, 45,000 Visa Bonus Cards were issued.

With the Visa Bonus Card, Jelmoli Bonus Card AG offers its clients an international and safe means of payment with an attractive bonus system. The new Visa Bonus Card is free of charge from an annual turnover of CHF 300 and gives the more than 320,000 Bonus Card owners access to the world's largest credit card system, Visa, with more 24 million accepting outlets in approximately 240 countries. Clients benefit from a cash discount of up to 3% on their shopping worldwide. With a PIN and chip technology, the Visa Bonus Card meets the highest international safety standards.

Outlook and goals 2007

Jelmoli Bonus Card will continue to focus on what the clients really need. The core competences needed in the credit card business will be maintained and strengthened. The launch of additional innovative products and services as well as the establishment and expansion of the client retention system will remain at the top of the agenda. Apart from expanding the existing partner network, finding new and activating existing customers will remain primary goals.

FOUR PILLARS

Valartis Group stands on four pillars: Asset management, wealth management, investment banking and real estate structured finance. Within these lines of business, the Group focuses on profitable market niches, which it exploits and develops with seasoned teams of specialists.





Banking with
a Plus



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Corporate Governance

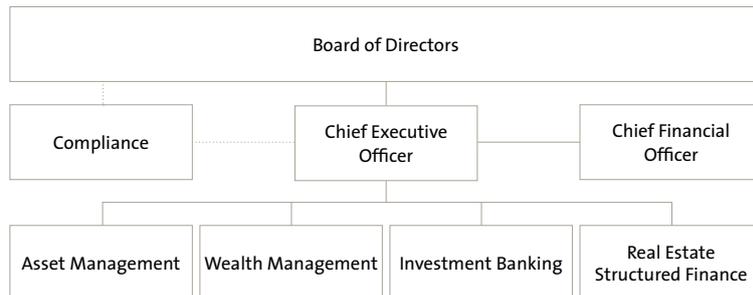
Corporate Governance

Group and Shareholder Structure

Group structure

Valartis Group AG¹⁾ is a public limited company under Swiss law. It holds a 100% shareholding in Valartis Bank AG. Since 14 December 2005, Valartis Group AG also holds a 100% shareholding in Valartis Asset Management S.A.²⁾, Valartis Wealth Management S.A.²⁾, Valartis S.A.²⁾, Valartis International Ltd²⁾, Eastern Property Management Ltd., MCT Luxembourg Management S.à.r.l. and Valartis Fund Advisory S.A.²⁾. The 27,5% participation in Jelmoli Bonus Card AG is taken into consideration in the financial statements according to the equity method. The stock exchange capitalization of Valartis Group AG as per 31 December 2006 equals CHF 424.8 million. Out of the total of 5,000,000 outstanding shares, 0.59% are owned by the Company itself.

The domicile of Valartis Group AG is Baar ZG, Switzerland. The bearer shares of Valartis Group AG (ISIN CH0001840450) are traded on the SWX Swiss Exchange.



1) Formerly OZ Holding AG.

Resolution of the Extraordinary Shareholders Meeting on 18 January 2007.

2) For the name changes see chapter «Group companies» on page 78.

Asset management

In asset management Valartis Group focuses on actively managed portfolios (satellites) in the asset classes equities, private equity, real estate and other alternative investments. It has many years experience on the capital markets of Russia, Eastern Europe and Switzerland, where it structures specific products in the form of listed investment companies, investment funds and individual mandate solutions.

Wealth management

We offer wealthy individuals private-banking and family-office services in the form of asset-management or advisory mandates. Our wealth management team works independently; it can, however, draw on the investment know-how and research capacities of the Group.

Investment banking

With Valartis Bank AG, the Group has broad know-how of the Swiss equity market, where it has established itself as a leading issuer of listed warrants and other structured products. Both in brokerage and in its corporate-finance activities the Bank focuses on small & mid caps.

Real estate structured finance

On the international real estate market, Valartis Bank AG specializes in complex financing solutions. As manager and arranger of senior-debt financings it focuses on the higher yielding mezzanine and equity segments.

Consolidated companies

The consolidated companies of the Group are listed with information as to name and domicile, capital, stock exchange listing and shareholding percentage in the Notes to the Group Financial Statements on page 78.

Major shareholders

MCG Holding S.A., Baar ZG, holds 50% of the capital and the voting rights of Valartis Group AG. Economic beneficiary of MCG Holding S.A. is a shareholder group consisting of Hansa AG, Baar ZG (controlled 100% by Georg von Opel, Wollerau SZ), Gustav Stenbolt, Geneva, Philipp LeibundGut, Steinhausen ZG, Timothy Rogers, Geneva, Pierre Michel Houmard, Geneva, and Tudor Global Trading LLC, Greenwich, USA. There are no additional shareholders who have a shareholding greater than 5% of the shares entitled to vote.

Cross-over shareholdings

There are no cross-over shareholdings with other corporations between Valartis Group AG and its subsidiaries.

Combination of the Operations of Valartis Group AG and MCG Holding S.A.

After MCG Holding S.A. had acquired 630,000 bearer shares of Valartis Group AG (corresponding to 18% of the votes and the capital) on the market in October 2005, MCG Holding S.A. and Valartis Group AG agreed on 21 October 2005 to merge their operations by MCG Holding S.A. selling, respectively transferring, seven of its subsidiaries which operate in the financial services sector («MCT Companies») to Valartis Group AG in a two-step transaction with a non-cash contribution.

To conclude the transaction, Valartis Group AG and MCG Holding S.A. signed a contract on 21 October 2005. In this contract MCG Holding S.A. sold 30% of its stake in the MCT Companies to Valartis Group AG. In return, Valartis Group AG agreed to pay MCG Holding S.A. CHF 53,550,000 in cash and to deliver 120,000 bearer shares of Valartis Group AG from its own holdings, corresponding to 3.4% of the votes and the capital of Valartis Group AG.

MCG Holding S.A. also agreed to sell, respectively transfer, the remaining 70% of the shares, respectively share equivalents, of the MCT Companies to Valartis Group AG. In return, Valartis Group AG agreed to purchase these shares, respectively share equivalents, by delivering 1,750,000 bearer shares of Valartis Group AG. In their transaction contract the parties agreed that all of the own shares which were to be delivered by Valartis Group AG should be issued in a capital increase excluding shareholders' subscription rights.

The execution of the purchase, respectively the transfer of the 70% participation in the MCT Companies took place under the following suspensive conditions: The Extraordinary General Meeting of Valartis Group AG accepts the capital increase as proposed by the Board of Directors, the SWX Swiss Exchange approves the listing of the new shares issued due to the capital increase, the Extraordinary General Meeting of Valartis Group AG approves the election of the representatives appointed by MCG Holding S.A. (Georg von Opel, Gustav Stenbolt, Timothy Rogers und Philipp LeibundGut) to the Board of Directors, and the necessary supervisory approvals are issued.

Due to the market development, the parties agreed on 18 November 2005 to issue only 1,500,000 new bearer shares of Valartis Group AG at the Extraordinary General Meeting on 14 December 2005 and that Valartis Group AG purchases the remaining 250,000 bearer shares of Valartis Group AG from third parties and would transfer them to MCG Holding S.A. on the transaction date.

In accordance with the contract of 21 October 2005 and the amended contract of 18 November 2005, the Extraordinary General Meeting of Valartis Group AG on 14 December 2005 decided to increase the share capital of Valartis Group AG by CHF 1,500,000 by issuing 1,500,000 bearer shares of Valartis Group AG with a nominal value of CHF 1 each and an issuing price of CHF 1 each, excluding existing shareholders' subscription rights, against a non-cash contribution of 60% of the shareholding in the MCT Companies, and it elected the representatives appointed by MCG Holding S.A. to the Board of Directors. The listing of the newly issued shares within the framework of the capital increase was applied for at the SWX Swiss Exchange as of 28 December 2005 and it was approved.

Capital Structure

Capital

The share capital of Valartis Group AG amounts to CHF 5,000,000, divided into 5,000,000 bearer shares entitled to dividends and voting rights with a par value of CHF 1 each. All bearer shares of Valartis Group AG are fully paid in and traded on the main segment of the SWX Swiss Exchange.

With the exception of the conditional capital, there are no instruments outstanding which would result in a dilution.

Conditional capital

At its Extraordinary General Meeting on 14 December 2005, Valartis Group AG approved the creation of conditional capital amounting to CHF 250,000 (divided into 250,000 bearer shares of Valartis Group AG with a nominal value of CHF 1 each) for staff participation programs as follows: Excluding existing shareholders' subscription rights, the Company's share capital shall be increased at most by CHF 250,000 by issuing a maximum of 250,000 bearer shares, to be fully paid, with a nominal value of CHF 1 each; this shall be carried out by means of options rights granted to employees of the Company or one of its Group companies or to Members of the Board of Directors within the framework of a staff participation plan to be approved by the Board of Directors. Issuance below market price is permitted. The Board of Directors shall specify the details.

After introduction of the conditional capital, a staff participation plan was set up. The exercise of these options will have a diluting effect. Authorization to carry out the capital increase will end on 18 March 2011.

The formal listing of the bearer shares of Valartis Group AG stemming from the conditional capital was applied for at the SWX Swiss Exchange as of 28 December 2005 and approved by the SWX Swiss Exchange.

Authorized capital

Valartis Group AG has no authorized capital.

Capital changes

As at 31 December 2004 Valartis Group AG had a share capital of CHF 4,000,000, divided into 4,000,000 bearer shares with a nominal value of CHF 1 each as well as a holding of 500,000 own shares.

At the Annual General Meeting of 23 February 2005 a decrease in share capital of CHF 500,000 by cancelling 500,000 shares was approved. The decrease was entered into the Commercial Register in May 2005, taking into account the regulations of Art. 734 of the Swiss Code of Obligations.

At the Extraordinary General Meeting of Valartis Group AG on 14 December 2005 an increase in share capital from CHF 3,500,000 to CHF 5,000,000 by issuing 1,500,000 new bearer shares of Valartis Group AG with a nominal value of CHF 1 each, excluding shareholders' subscription rights, was approved. At the same Extraordinary General Meeting, the creation of conditional share capital amounting to CHF 250,000 was approved and added to the Company's Articles of Association.

Participation certificates

Valartis Group AG has no participation certificates.

Limitation of transferability and nominee registrations

There are no registered shares; therefore there are also no limitations on transferability and no limitations regarding nominees.

Convertible bonds and options

Valartis Group AG has not issued any convertible bonds. Options on its own bearer shares have been issued within the scope of the creation of conditional capital (see «Conditional capital» on page 28).

Board of Directors

Members of the Board of Directors

The Board of Directors currently consists of six members and is made up as follows:

Name	Function	Executive / Non-Executive Member	Nationality	Elected until	First election	Basis of election
Prof. Dr. Erwin W. Heri	Chairman	Executive Member	CH	2009	2003	Individually elected
Gustav Stenbolt	Vice-Chairman	Non-Executive Member	N	2008	2005	Individually elected
Georg von Opel	Member	Non-Executive Member	D	2008	2005	Individually elected
Dr. Stefan Holzer	Member	Non-Executive Member	CH	2009	2003	Individually elected
Timothy Rogers	Member	Executive Member	CAN	2008	2005	Individually elected
Philipp LeibundGut	Member	Non-Executive Member	CH	2008	2005	Individually elected



Erwin W. Heri, born 1954

Dr. rer. pol. University of Basel. Associate professor for financial market theory at the University of Basel and visiting professor at the University of Geneva; Chairman of the investment committee of Publica (federal pension fund); among others he is Member of the Board of Directors of Hilti AG, Schaan, Ciba Specialty Chemicals Ltd., Basel, and Losinger Construction AG, Bern; Chairman of the Board of Directors of Valartis Group AG and Valartis Bank AG as well as interim CEO of Valartis Group AG since 1 November 2006. From 1995 to 2002 Erwin W. Heri was Chief Investment Officer of «Winterthur Versicherungen» and after the takeover of «Winterthur» by Credit Suisse, Chief Financial Officer of Credit Suisse Financial Services. He has been an independent business consultant since 2003.



Gustav Stenbolt, born 1957

Lic. rer. pol. University of Fribourg. Executive Member of the Board of Directors as well as President of the Executive Committee of Jelmoli Holding AG, Zurich, and further companies of the Jelmoli group; Chairman of the Board of Directors of Valartis Asset Management S.A. and Valartis Wealth Management S.A., Geneva, which acts, among other things, as management company of Hansa AG, Baar ZG, and Pelham Investments S.A., Geneva. Gustav Stenbolt is Vice-Chairman of the Board of Directors of Pelham Investments S.A., Geneva, ENR Russia Invest S.A., Geneva, Valartis Group AG and Valartis Bank AG. Furthermore Gustav Stenbolt is a Member of the Board of Directors of Eastern Property Holdings Ltd., Tortola (BVI), Anglo Chinese Group, Hong Kong, and Hypercenter Investments S.A., Luxembourg. In 1996, Gustav Stenbolt founded MCT Group.



Georg von Opel, born 1966

Studied business administration and economics at the University of Rhode Island in the United States and at American InterContinental University in London. Owner and Member of the Board of Directors of Hansa AG, Baar ZG, and Member of the Board of Directors of Valartis Group AG and Jelmoli Holding AG, Zurich.



Stefan Holzer, born 1961

Dr. rer. pol. University of Basel. Co-founder (1999) and co-owner of the investment company H&H Holding. Member of the Board of Directors of Valartis Group AG, Valartis Bank AG and Jelmoli Bonus Card AG, Zurich, as well as Member of the Board of Directors of Burkhalter Holding AG, Zurich. From 1994 to 1999 Stefan Holzer worked for BZ Trust AG, eventually as deputy managing director.



Timothy Rogers, born 1966

Graduate of the University of Alberta, Canada. Has worked for various Valartis companies since 1996; Member of the Valartis Group Executive Board and Member of the Board of Directors of Valartis Group AG, Valartis Asset Management S.A., Geneva, Valartis Wealth Management S.A., Geneva, and MC Premium SICAV, Luxembourg.



Philipp LeibundGut, born 1973

Graduate of the Technical College of Basel-Land and Basel-Stadt. Member of the Executive Board of Valartis Asset Management S.A., Geneva, from 2002 to 2006; Member of the Board of Directors of Valartis Group AG and Eastern Property Holdings Ltd., Tortola (BVI). From August 1998 to December 2001 he worked for Hansa AG, Baar ZG.

Additional activities and interests

The additional activities and interest commitments of the individual Members of the Board of Directors are listed under «Members of the Board of Directors».

Interlocking relationships

Mutual commitments in the Board of Directors of Valartis Group AG and other traded companies are listed in the section «Members of the Board of Directors».

Election and period of office

The Members of the Board of Directors are elected by the Shareholders' Meeting for an office period of three years, meaning up to and including the third Ordinary Shareholders' Meeting after their election. Each Member is elected individually. Re-election is allowed. In the event a Member withdraws before the expiration of his period of office, the next Shareholders' Meeting shall elect a replacement. Should the number of Members of the Board of Directors fall below three, an Extraordinary Shareholders' Meeting must be held within a reasonable period for holding additional elections. The Member elected as a replacement enters into the period of office of his predecessor. The first election date and the expiration of the period of office are listed in the section «Members of the Board of Directors». The Board of Directors shall organize itself and appoints from among its Members a Chairman. It can appoint a Vice-Chairman and a Secretary.

Internal organization

The Board of Directors is the highest governing body of Valartis Group AG. It is responsible for the Company's overall management and decides on all matters which are not delegated to the Shareholders' Meeting according to the law or the Articles of Association. Subject to the reservation of non-transferable and irrevocable powers, parts of the duties of the Board of Directors may be transferred to individual Members (Delegates) or to a circle of Members (Committees) or to third parties. In the business year 2006 there were no Board Committees.

The Board of Directors consists of three or more Members. The convening of the Board of Directors is done by the Chairman, or in the event of his prevention from doing so, by the Vice-Chairman so often as business requires, in addition upon request of one of its Members or the Auditors. The Board of Directors passes its resolutions with an absolute majority of Members present. In the event of a tie, the Chairperson shall decide.

Minutes are to be taken regarding the discussions of the Board of Directors. The Secretary is designated by the Board of Directors. He does not have to be a Member of the Board of Directors.

Regulation regarding powers

The Board of Directors is responsible for the supervision and control of the Group's management. It fulfills the duties according to law (Art. 716a CO, Swiss Code of Obligations). The Board of Directors has ultimate responsibility for the Company's medium- and long-term orientation and issues the necessary directives and regulations. It is responsible for personnel decisions at the top management level. Furthermore the Board of Directors defines the Group's basic risk principles and has to approve investments and other pecuniary decisions and legal transactions which pass a certain limit. The Board of Directors also has to approve entering and ending strategic cooperations with third parties, the acquisition of participations which pass a certain limit as well as the establishment, acquisition and sale of companies and substantial parts of companies, including subsidiaries.

Information and control instruments

The Board of Directors shall meet as often as the business of the Company requires, at a minimum however once per quarter. In the year 2006 four ordinary meetings were held. The ordinary meetings as a rule take at least half a day. At the meetings also the President of the Group Executive Board (CEO), the Chief Financial Officer (CFO) and, depending on the agenda item, additional Members of the Group Executive Board attend. The Board of Directors is informed on a monthly basis regarding the assets and liabilities, financial, liquidity and income situation and the risks associated therewith. The risk policy and its reasonableness are constantly examined. It forms the basis for risk management. The Board of Directors examines the control systems, compliance with limits as well as the principles of accounting and reporting. In doing this it relies on its own inquiries and the work of internal and external auditors.

Group Executive Board

Members of the Group Executive Board

The Valartis Group Executive Board consists of six Members and is made up as follows:

Name	Function	Nationality
Prof. Dr. Erwin W. Heri	Chief Executive Officer (CEO) ¹⁾	CH
Dr. Lorenzo Trezzini	Chief Financial Officer (CFO)	CH
Reto Peczinka	Head Investment Banking	CH
Henrik Bartl	Head Real Estate Structured Finance	D
Timothy Rogers	Head Asset Management	CAN
Michel Houmard	Head Wealth Management	CH

1) The operative overall responsibility for Valartis Group has been taken over on an interim basis by Erwin W. Heri on 1 November 2006. Peter Rüegg gave up his position as CEO and stepped down from the Group Executive Board as at 20 October 2006.



Erwin W. Heri, born 1954

See «Members of the Board of Directors» on page 30.



Lorenzo Trezzini, born 1968

Dr. oec. University of Zurich and Swiss certified accountant. CFO, responsible for administration, back office and reporting since 1 January 2005; previously manager at Deloitte & Touche in the field of auditing, at Ernst & Young in corporate finance and at Invision AG in venture capital; Member of the Group Executive Board and Member of the Executive Board of Valartis Bank AG since 1 January 2005.



Reto Peczinka, born 1970

Lic. oec. publ. University of Zurich. Responsible for the division «Investment Banking»; training as a certified financial analyst CFA; Member of the Group Executive Board and Member of the Executive Board of Valartis Bank AG since 1 January 2006.



Henrik Bartl, born 1968

B.Sc. Cornell University. Responsible for the division «Real Estate Structured Finance»; previously Managing Director at Aareal Bank AG and staff member of HVS International in London and Vancouver; Member of the Group Executive Board and Member of the Executive Board of Valartis Bank AG since 1 January 2007.



Timothy Rogers, born 1966

Responsible for the division «Asset Management» (see «Members of the Board of Directors» on page 31).



Michel Houmard, born 1938

Bachelor degree in political and economic sciences University of Neuchâtel. Responsible for the division «Wealth Management». From 1996 to 2000 Michel Houmard was Director of Forvest Trust S.A., Geneva, and Delegate of Univalor S.A., Geneva. Since 2000 he has been working for the Valartis Companies, Geneva. Member of the Group Executive Board since 1 January 2007.

Markus Eberle, Member of the Executive Board of Valartis Bank AG, and Alexander Nikolaev, Member of the Executive Board of Valartis International Ltd., no longer sit on the Group Executive Board. Michael Levy left the Group at the end of June 2006. Philipp LeibundGut, Member of the Board of Directors of Valartis Group AG, stepped down from his executive position in 2006.

Additional activities and interest obligations

The additional activities and interest obligations of the individual Members of the Management are listed in the section «Members of the Group Executive Board».

Management contracts

Valartis Group AG and its subsidiaries have not transferred any management powers of the management to third parties.

Compensation, Shareholdings and Loans

Contents and procedures for fixing compensation and participation programs

The Members of the Board of Directors of Valartis Group AG are paid a fixed compensation for their activities which is determined by the Board of Directors. No additional attendance fee for meetings is given.

Compensation for the Members of the Group Executive Board consists of a base salary and variable bonus which is newly defined annually with the character of a one-time payment and/or an allocation of bearer shares of Valartis Group AG and/or options on bearer shares of Valartis Group AG. The individual bonus allocation is, in principle, performance and result oriented. The decision regarding the compensation of the Group Executive Board Members is in the responsibility of the Board of Directors. The variable portion of the compensation is, in principle, determined and paid, resp. deferred, in the last month of the business year.

Compensation to the acting members of the governing bodies

The compensation to acting Members of the governing bodies is made up as follows:

Participants	2006 TCHF	2005 TCHF
Non-Executive Members of the Board of Directors	1,563	848
Number of beneficiaries	4	4
Executive Members of the Board of Directors and Members of the Group Executive Board	2,451	3,614
Number of beneficiaries	4	8
Total	4,014	4,462

No termination compensation was paid to any Executive or Non-Executive Member of the Board of Directors or Group Executive Board who ended his function in the business year which exceeded regular salaries or pension payments. There are no contracts which contain compensation for termination.

Compensation to former members of the governing bodies

Compensation to members of the governing bodies during the reporting period for activities in the previous period or earlier are made up as follows:

Participants	2006 TCHF
Non-Executive Members of the Board of Directors	0
Executive Members of the Board of Directors and Members of the Group Executive Board	0
Total	0

Shares and options allocations

Shares were allocated in 2005 and 2006 as follows:

Participants	Number of allocated bearer shares 2006	Number of allocated bearer shares 2005	Nominal value in CHF
Non-Executive Members of the Board of Directors	1,303	4,730	1
Executive Members of the Board of Directors and Members of the Group Executive Board	6,700	16,200	1
Total	8,003	20,930	
thereof blocked till 15.12.2010	0	17,910	
thereof blocked till 27.12.2009	4,870	0	
thereof blocked till 28.8.2009	1,830	0	
thereof blocked till 15.12.2008	0	3,020	

No allocations to associated persons were made.

Options were allocated in 2005 and 2006 as follows:

Participants	Allocation year	Expiration date	Strike price in CHF	Number of options	Ratio (options/shares)	Blocking period in years
Non-Executive Members of the Board of Directors	December 2005	18.03.11	85	20,000	1:1	3
Executive Members of the Board of Directors and Members of the Group Executive Board	December 2005	18.03.11	85	52,000	1:1	3
Total				72,000		
				thereof blocked till 15.1.2009		72,000

Participants	Allocation year	Expiration date	Strike price in CHF	Number of options	Ratio (options/shares)	Blocking period in years
Non-Executive Members of the Board of Directors	January 2006	18.03.11	85	25,000	1:1	3
Executive Members of the Board of Directors and Members of the Group Executive Board	January 2006	18.03.11	85	10,000	1:1	3
Total				35,000		
				thereof blocked till 15.1.2009		35,000

No allocations to associated persons were made.

Possession of shares and options

Possession of shares and options is listed on page 76.

Additional fees and remuneration

Members of the Board of Directors and the Group Executive Board, resp. their associated persons have received in the 2006 business year no fees or other remunerations for additional services for Valartis Group AG or one of its Group companies which equals or exceeds half of the ordinary compensation amount.

Loans to governing bodies

Loans to Executive Members of the Board of Directors and the Group Executive Board as per 31 December 2006 amounted to CHF 0 (previous year: CHF 1,100,000). Benefiting from the company loan was one Member of the Group Executive Board. Involved was a collateral loan which was granted in April 2005 with interest of 1.5% p.a. and which was paid back in May 2006.

Contracts with governing bodies

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

Highest overall compensation

The highest overall compensation to a Member of the Board of Directors for 2005 and 2006 was as follows:

Business year	Overall compensation in CHF	Number of allocated shares	Number of allocated options	Expiration date	Strike price in CHF	Ratio (options/shares)
2006	1,360	0	10,000	18.03.2011	85	1:1
2005	1,680	13,180	50,000	18.03.2011	85	1:1

Shareholders' Rights of Participation

Voting limitations and representation

The shareholders' rights of participation correspond to the statutory regulations of the Swiss Code of Obligations. There are no limitations on voting rights.

Statutory quorum

There are no regulations which deviate from Art. 704 of the Swiss Code of Obligations.

Convening of the Shareholders' Meeting

There are no provisions in the Articles of Association which deviate from the law for convening the Shareholders' Meeting.

Agenda

The Articles of Association provide that an agenda item for the Shareholders' Meeting can be requested in writing with information as to the item to be discussed and motions submitted by one or more shareholders who together represent at least 3% of the share capital, whereby this agenda request must be received by the Company at least 45 days before the Shareholders' Meeting.

Recording in share register

There are no registered shares; therefore no share register is kept.

Change in Control and Defense Measures

Opting out

An acquirer of the shares of the Company is not obligated to make a public purchase offer pursuant to Articles 32 and 52 of the Swiss Federal Law regarding the Stock Exchange and Securities Dealing.

Change in control clause

There are no contractual termination compensations for Members of the Board of Directors or employees of Valartis Group.



Auditors

The Group financial statements as well as the annual financial statements of Valartis Group AG and its subsidiaries are audited by Ernst & Young AG. The Auditor of Valartis Group AG, resp. the Group auditor are elected at the Ordinary Shareholders' Meeting in each case for one year.

Duration of mandate and period of office of the managing auditor

The election of Ernst & Young AG occurred the first time at the establishment of Valartis Group AG in the year 1988. Mandate head is Cataldo Castagna who has exercised this function since the 2004 business year.

Auditor's fee

Ernst & Young AG invoiced Valartis Group in the 2006 business year CHF 657,825 (previous year: CHF 644,112) for services in connection with the auditing of the annual financial statements and the Group financial statements of Valartis Group and the Valartis Group companies. Included in the amount for 2005 were also the expenses for auditing the trading prospectus dated 28 December 2005 and the additional work required thereby.

Additional fees

In addition, Ernst & Young AG invoiced Valartis Group for other services in the areas of legal matters, tax, risk policy and information technology the amount of CHF 58,330 (previous year: CHF 454,007).

Supervision and control instruments vis-à-vis the auditors

The Board of Directors has the responsibility to supervise and control the external auditors and Group auditor. Within the scope of this responsibility is the handling of the reports of the internal and external auditors.

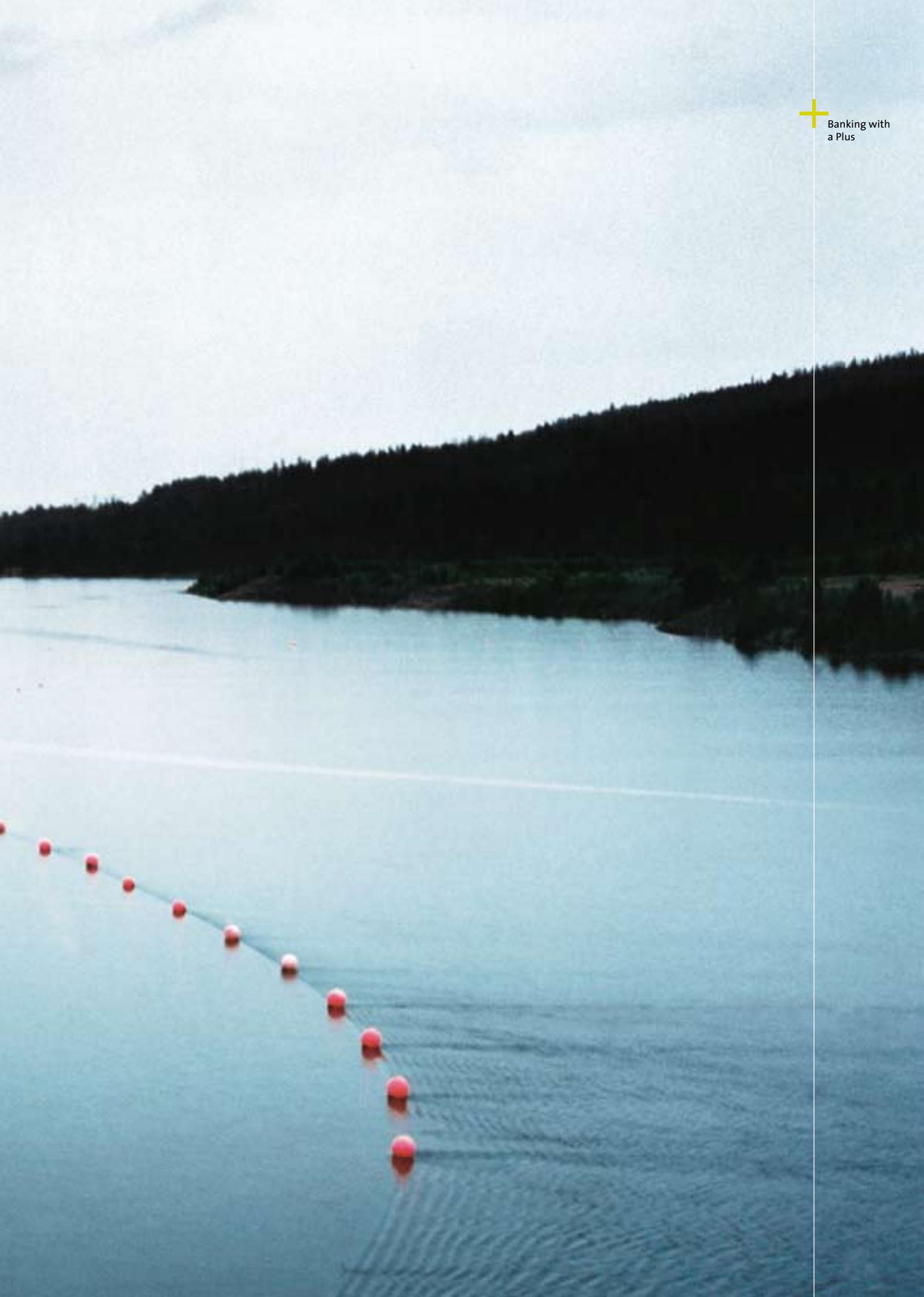
Information Policy

The Group balance sheet and profit and loss statement are published bi-annually according to IFRS accounting standards. In addition to electronic communication, the report is also sent in written form to those interested or can be downloaded from the homepage www.valartis.ch. The contact addresses are listed on page 129.

STRONG IN THE HOME MARKET SWITZERLAND

Valartis Bank has been established in Switzerland for almost twenty years. During this time it has made a name for itself as a renowned broker and provider of corporate-finance services, particularly in the field of small & mid caps. In 2006, it expanded its range of products to the structuring of complex financings on the international real estate market.





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Valartis Group

Group Financial Statements 2006 and 2005 (pro forma¹⁾)

¹⁾ The unaudited 2005 Group financial statements (pro forma) were drawn up on a voluntary basis to show Valartis Group's income situation in the business year 2005. This shall enable a comparison with the business year 2006 which would be otherwise more difficult due to the reverse-takeover considerations.

Consolidated Balance Sheet 2006 and 2005

	Notes	31.12.2006 CHF	31.12.2005 CHF
Assets			
Cash		3,479,291	15,432,279
Due from banks		73,655,530	115,873,806
Due from clients		35,445,420	51,426,460
Trading securities	1	203,698,178	204,940,274
Positive replacement values	2	5,874,080	6,375,948
Accrued and deferred assets		20,255,961	31,441,264
Associated companies	23	3,709,500	0
Goodwill and other intangible assets	3	34,646,108	35,646,108
Other assets		439,811	476,510
Total assets		381,203,879	461,612,649

Liabilities and Shareholders' Equity

Liabilities

Due to banks		4,634,844	13,845,306
Due to clients		65,453,058	127,491,763
Due from trading	1	831,695	46,580,343
Negative replacement values	2	64,341,573	80,132,668
Accrued and deferred liabilities	4	26,671,215	20,152,751
Taxes	5	5,046,145	2,667,942
Deferred taxes	6	3,062,947	3,282,459
Provisions	7	1,423,000	1,318,000
Other liabilities		564,962	1,004,484
Total liabilities		172,029,439	296,475,716

Shareholders' equity

Share capital	17	5,000,000	5,000,000
Reserves		206,797,954	174,033,143
Translation adjustments		76,486	3,790
Own shares	18	- 2,700,000	- 13,900,000
Total shareholders' equity		209,174,440	165,136,933
Total liabilities and shareholders' equity		381,203,879	461,612,649

Consolidated Income Statement 2006 and 2005 (pro forma)

	Notes	1.1.-31.12.2006	1.1.-31.12.2005 pro forma
Income and Expenses		CHF	CHF
<i>Income from interest business</i>			
Interest and discount income		2,301,430	1,668,780
Dividend income		2,258,752	1,647,091
Interest expense		- 871,490	- 435,797
<i>Subtotal net interest income</i>		<i>3,688,692</i>	<i>2,880,074</i>
<i>Income from commission and fee business</i>			
Commission income loan business		1,000	0
Commission income securities and investment business		89,964,513	65,500,272
Commission expense		- 13,644,346	- 14,164,705
<i>Subtotal net income commission and fee business</i>		<i>76,321,167</i>	<i>51,335,567</i>
<i>Income from trading</i>		<i>11,697,981</i>	<i>25,750,361</i>
<i>Other ordinary income</i>			
Income from associated companies		- 388,000	0
<i>Administrative expenses</i>			
Personnel expense	10	23,561,381	15,794,999
Business and office expenses		13,581,394	10,117,270
<i>Subtotal administrative expenses</i>		<i>37,142,775</i>	<i>25,912,269</i>
Gross profit		54,177,065	54,053,733
Depreciation on fixed assets	11	1,565,277	846,721 ¹⁾
Valuation adjustments, provisions and losses	11	105,000	1,318,000
Taxes	12	7,165,874	1,814,842 ²⁾
Group profit		45,340,914	50,074,170

1) Imputed depreciation of intangible assets with a limited lifespan has been accounted for during the period from 15 December 2005 to 31 December 2005. As from 1 January 2006, these will be written off over a period of ten years.

2) Tax expense includes, inter alia, reimbursements from the definitive assessments for the financial years 2003 and 2004.

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Valartis Group
Group Financial Statements 2006

Consolidated Balance Sheet

	Notes	31.12.2006 CHF	31.12.2005 CHF
Assets			
Cash		3,479,291	15,432,279
Due from banks		73,655,530	115,873,806
Due from clients		35,445,420	51,426,460
Trading securities	1	203,698,178	204,940,274
Positive replacement values	2	5,874,080	6,375,948
Accrued and deferred assets		20,255,961	31,441,264
Associated companies	23	3,709,500	0
Goodwill and other intangible assets	3	34,646,108	35,646,108
Other assets		439,811	476,510
Total assets		381,203,879	461,612,649

Liabilities and Shareholders' Equity

Liabilities

Due to banks		4,634,844	13'845,306
Due to clients		65,453,058	127,491,763
Due from trading	1	831,695	46,580,343
Negative replacement values	2	64,341,573	80,132,668
Accrued and deferred liabilities	4	26,671,215	20,152,751
Taxes	5	5,046,145	2,667,942
Deferred taxes	6	3,062,947	3,282,459
Provisions	7	1,423,000	1,318,000
Other liabilities		564,962	1,004,484
Total liabilities		172,029,439	296,475,716

Shareholders' equity

Share capital	17	5,000,000	5,000,000
Reserves		206,797,954	174,033,143
Translation adjustments		76,486	3,790
Own shares	18	- 2,700,000	- 13,900,000
Total shareholders' equity		209,174,440	165,136,933
Total liabilities and shareholders' equity		381,203,879	461,612,649

Consolidated Income Statement

	Notes	1.1.-31.12.2006	1.1.-31.12.2005
		CHF	CHF
Income and Expenses			
<i>Income from interest business</i>			
Interest and discount income		2,301,430	388,882
Dividend income		2,258,752	0
Interest expenses		- 871,490	- 40,485
<i>Subtotal income from interest business</i>		<i>3,688,692</i>	<i>348,397</i>
<i>Income from commission and fee business</i>			
Commission income from loan business		1,000	0
Commission income from securities and investment business	9	89,964,513	41,056,412
Commission expenses		- 13,644,346	- 10,280,049
<i>Subtotal income from commission and fee business</i>		<i>76,321,167</i>	<i>30,776,363</i>
<i>Income from trading</i>		<i>11,697,981</i>	<i>5,381,593</i>
<i>Other ordinary income</i>			
Income from associated companies		- 388,000	0
<i>Administrative expenses</i>			
Personnel expense	10	23,561,381	8,340,371
Business and office expenses		13,581,394	2,658,291
<i>Subtotal administrative expenses</i>		<i>37,142,775</i>	<i>10,998,662</i>
Gross profit		54,177,065	25,507,691
Depreciation on fixed assets	11	1,565,277	355,319
Valuation adjustments, provisions and losses	11	105,000	1,318,000
Taxes	12	7,165,874	365,889
Group profit		45,340,914	23,468,483¹⁾
Group profit per share (undiluted)	13	9.2	11.7
Group profit per share (diluted)	13	8.7	10.4

¹⁾ On the assumption that the company acquisition would have taken place as at 1 January 2005, Group profit would be CHF 50,074,170. As from 1 January 2006, intangible assets with a limited useful life are written off over a period of ten years. The Group income statement (pro forma) 2005 can be found on page 47.

Consolidated Cash Flow Statement

	Notes	1.1.-31.12.2006 CHF	1.1.-31.12.2005 CHF
Group profit		45,340,914	23,468,483
Depreciation on intangible assets	11	1,000,000	46,575
Depreciation on property and equipment	11	565,277	308,744
Change in provisions	11	105,000	1,318,000
Income from associated companies (other ordinary income)	23	388,000	0
(Increase) decrease accrued and deferred assets		11,185,303	- 19,442,564
(Decrease) increase accrued and deferred liabilities		6,518,464	5,213,651
(Increase) decrease trading securities		1,242,096	21,132,879
(Decrease) increase in amounts due to trading		- 45,748,648	- 1,588,507
(Decrease) increase amounts due to clients		- 62,038,705	- 31,193,317
(Increase) decrease amounts due from clients		15,981,040	61,930,397
(Increase) decrease amounts due from banks (over 3 months)		111,114	0
(Increase) decrease positive replacement values		501,868	- 992,127
(Decrease) increase negative replacement values		- 15,791,095	- 1,056,198
(Increase) decrease other assets		36,699	- 145,116
(Decrease) increase other liabilities		- 439,522	1,725,667
(Decrease) increase deferred taxes		- 219,512	0
(Decrease) increase taxes		2,378,203	2,665,622
Net cash flow from operating activities		- 38,883,504	63,392,189
Acquisition of property and equipment		- 565,277	- 17,971
Acquisition of associated companies		- 4,097,500	0
Acquisition minus cash		0	57,967,715
Net cash flow from investment activities		- 4,662,777	57,949,744
Capital increase		0	119,500
Dividends		- 13,750,000	- 500,000
Change in own shares		12,373,897	- 10,255,759
Translation adjustments		72,696	3,753
Net cash flow from financing activities		- 1,303,407	- 10,632,506

continued on next page

Consolidated Cash Flow Statement

continued from previous page

	1.1.-31.12.2006	1.1.-31.12.2005
	CHF	CHF
(Decrease) increase «Cash and banks under 3 months»	- 44,849,688	110,709,427
Position at 1 January	117,349,665	6,640,238
Position at 31 December	72,499,977	117,349,665
<i>«Cash and banks under 3 months»</i>		
<i>consists of cash and amounts receivable minus amounts payable:</i>		
Cash	3,479,291	15,432,279
Due from banks at sight / callable	7,559,170	15,762,692
Due from banks (under 3 months)	66,096,360	100,000,000
Due to banks at sight / callable	- 4,634,844	- 13,845,306
Total «Cash and banks under 3 months»	72,499,977	117,349,665
Dividends received	2,258,752	0
Interest received	2,287,602	268,780
Interest paid	871,490	26,737
Taxes paid	5,072,258	33,682

Statement of Changes in Equity

	Share capital	Capital reserves	Translation adjustments	Retained earnings	Own shares	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF	CHF
Position at 31.12.2004	4,171,653	2,000,000	37	18,093,242	0	24,264,932
Dividend payment	0	0	0	- 8,750,000	0	- 8,750,000
Change in own shares	0	699,694	0	0	29,880,000	30,579,694
Capital decrease	- 500,000	0	0	- 38,500,000	0	- 39,000,000
Capital increase	1,619,500	0	0	0	0	1,619,500
Change from acquisition	- 291,153	- 12,410,731	0	189,436,208	- 43,780,000	132,954,324
Translation adjustments	0	0	3,753	- 3,753	0	0
Group profit	0	0	0	23,468,483	0	23,468,483
Position at 31.12.2005	5,000,000	- 9,711,037	3,790	183,744,180	- 13,900,000	165,136,933
Dividend payment	0	0	0	- 13,750,000	0	- 13,750,000
Change in own shares	0	1,173,897	0	0	11,200,000	12,373,897
Translation adjustments	0	0	72,696	0	0	72,696
Group profit	0	0	0	45,340,914	0	45,340,914
Position at 31.12.2006	5,000,000	- 8,537,140	76,486	215,335,094	- 2,700,000	209,174,440

There are no minority shareholdings.

According to the proposal of the Board of Directors to the Shareholders' Meeting, the dividend for the business year 2006 shall be CHF 13,750,000 (CHF 2.75 per share). In the previous year, the dividend was CHF 13,750,000 (CHF 2.75 per share).

Clarifications to Business Activity

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

Principles of Accounting

The Group financial statements of Valartis Group are prepared in compliance with International Financial Reporting Standards (IFRS) and correspond to the provisions of the trading regulations of the Swiss Stock Exchange. Valartis Group is subject as a financial group to the consolidated supervision by the Swiss Federal Banking Commission.

Consolidation is based on uniformly prepared individual financial statements of the Group companies. The Group financial statements are in Swiss francs (CHF).

Modification of the Accounting Principles

Not yet implemented International Financial Reporting Standards

Various new and revised International Financial Reporting Standards as well as their interpretation are to be implemented as per 1 January 2007 or later. Valartis Group does not apply these standards prematurely.

IFRS 7 – Financial instruments: information

as well as IAS 1 – presentation of financial statements

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

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

Implemented International Financial Reporting Standards

The following new and revised International Financial Reporting Standards as well as their interpretations have been implemented by Valartis Group since 1 January 2006:

IAS 39 – Revised fair value option

In June 2005 the IASB published a revised fair value option which is to be used as per 1 January 2006. The revised provisions allow the allocation of financial instruments into the category «Other financial assets at fair value» or «Other financial obligations at fair value» only when certain criteria are fulfilled. Valartis Group does not make use of this possibility. The revised IAS 39 has no effect on the Group results or the equity of the Group.

Other standards and interpretations

The other new and revised International Financial Reporting Standards as well as their interpretations which are to be applied with effect from 1 January 2007 or later should have no effect on the Group results or equity of Valartis Group.

Approval of the Group Financial Statements

The 2006 Group financial statements were released by the Board of Directors on 6 February 2007. They are subject to the approval of the Shareholders' Meeting on 3 April 2007.

Reverse Takeover

Basis

Pursuant to IFRS 3 in the event of a business merger the takeover company (acquirer) must be identified. That company which has the possibility of control over the other company is classified as acquirer. Due to the situation that former shareholders of MCG Holding S.A. as from 14 December 2005 had the majority of Board Members on the Board of Directors of Valartis Group AG and the situation that MCG Holding S.A. held a capital and voting right percentage of 50% in Valartis Group AG, it can be presumed that MCG Holding S.A. could determine the business and financial policy of Valartis Group AG. According to the accounting provisions of IFRS 3, MCG Holding S.A. (resp. the MCT companies) qualifies therewith as acquirer, whereas Valartis Group AG is treated as the acquired company. Such a consolidation is designated pursuant to IFRS 3 as a reverse takeover.

The effects of this reverse takeover view on accounting is varied. The entering of the takeover in the books was done in the 2005 business year as if the MCT companies had taken over Valartis Group AG. The balance sheet as per 31 December 2005 shows the consolidated figures of the new Valartis Group, while the consolidated profit and loss statement as well as the cash flow statement for 2005 primarily show the results of the MCT companies.

Major Accounting Principles

Consolidation principles

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

Fully consolidated companies: Group companies which are directly or indirectly controlled by Valartis Group are fully consolidated. Acquired Group companies are consolidated from the time control is transferred to the Group. A complete list of these companies can be found in the appendix on page 78.

All Group internal claims and obligations, earnings and expenses as well as off-balance-sheet transactions are eliminated in the Group financial statements. Both the Group profit and the equity are shown including any possible minority shareholdings. In the business year as well as the previous year there were no minority shareholdings in the Group companies.

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

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

Consolidation period: The consolidation period for all Group companies is the calendar year. The closing date for the financial statements is 31 December.

Accounting and Valuation Principles

Basic principles

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

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

The following exchange rates are used for the major currencies:

	2006 Balance sheet day rates	2006 Annual average rates	2005 Balance sheet day rates	2005 Annual average rates
EUR	1.609	1.573	1.556	1.548
USD	1.220	1.249	1.316	1.252
GBP	2.388	2.308	2.260	2.267

Segments (business areas and regions): Valartis Group differentiates between primary and secondary segment reporting. The business segments form the primary format for the segment reporting, while the geographical segments present the secondary reporting format.

Valartis Group is divided into four operational business segments «Asset Management», «Wealth Management», «Investment Banking» and «Real Estate Structured Finance». The operational business segment «Real Estate Structured Finance» did not have a duty to report in 2006; therefore it was integrated in the business segment «Investment Banking». Balance sheet and profit and loss statement items are, as far as possible, directly allocated to these segments. In the regional segment reporting, the regions Switzerland and abroad are shown. Reporting is based on operating locations.

Items which cannot directly be allocated to the segments are recognized in the «Corporate Center». Furthermore consolidation items are included in «Corporate Center».

Cash and cash equivalents: Cash and cash equivalents in the cash flow statement contain liquid assets (petty cash, post check balances and deposits at the Swiss National Bank) as well as amounts due from banks with a term of less than 3 months.

Accrual of earnings: Income from services is recorded when the services are provided. Individual transactions, in particular when they fall into the area of corporate finance, are then recognized when the services are completed. Interest is accrued according to the period. Dividends are recognized upon receipt of payment.

Financial instruments

Initial recognition: Purchases and disposals of financial assets are recognized in the balance sheet at the trade date. At the time of initial recognition, financial assets or financial liabilities are allocated pursuant to the criteria of IAS 39 to the corresponding category and measured at the fair value of the given, resp. received consideration.

Determining fair value: The determination of the fair value of financial instruments is based after the initial recognition on the quoted market price or price quotes by brokers, provided that the financial instrument is traded in an active market. For the remaining financial instruments, the fair value is determined exclusively by means of generally accepted valuation models which are supported by input parameters observable on the market.

Trading securities: Trading securities are basically valued and recognized at fair value. Fair value corresponds to the price on a price-efficient and liquid market («mark to market») or to the price determined according to a valuation model («mark to model»). Profits and losses from valuation are recognized under «Income from trading». Interest and dividend income are shown in «Income from interest business».

Derivative financial instruments: The valuation of derivative financial instruments is stated at fair value. They are presented in the balance sheet as positive or negative replacement values. The fair value is based on market rates, price quotes from brokers, discounted cash flow or options price models. There are no netting agreements so that there is no offsetting of positive and negative replacement values vis-à-vis the same counterparty. The Group deals in transactions with derivative financial instruments only for trading purposes. The realized and unrealized gains and losses are recognized in «Income from trading».

Securities lending and borrowing transactions: Securities received and delivered within the scope of securities borrowing transactions and securities lending transactions are recognized on or removed from the balance sheet only if control over the contractual rights connected to the securities is transferred. The recording in the balance sheet is done at market value.

Due from banks and clients: First time recognition into the balance sheet is done at fair value, incl. transaction costs which correspond as a rule to the nominal value. Claims at risk, meaning claims where it is unlikely that the counterparty is able to fulfill its future obligations, are valued on an individual basis, and specific valuation adjustments are made for the impaired amounts. The valuation adjustment is measured based on the difference between the carrying amount of the claim and the prospective recoverable amount taking into consideration the net proceeds from the realization of any collateral securities. Specific valuation adjustments are offset in the balance sheet directly against the respective receivables.

Loans are at the latest classed as at risk when the contractual payments of principal and/or interest is outstanding for more than 90 days. Interest which is more than 90 days outstanding is considered overdue. Overdue interest and interest whose receipt is at risk are no longer collected but instead directly allocated to valuation adjustments and provisions. Loans are fixed without interest when the yielding of the interest is so doubtful that an accrual no longer can be considered reasonable. Increase or dissolution of the valuation adjustments are booked in the profit and loss statement.

Other accounting and valuation principles

Property and equipment: Property and equipment include, inasmuch as existing, information and telecommunications equipment as well as other fixed assets. The acquisition and manufacturing costs are capitalized when probable future economic income can flow from them to the Group and the costs can be identified and reliably determined. Property and equipment is depreciated on a straight-line basis over their estimated useful life of two to five years. Insubstantial investments in property and equipment are directly depreciated in the profit and loss statement. Property and equipment are reviewed periodically for impairment.

Goodwill: Goodwill is the amount paid by the Group in excess of fair value of the interest acquired in the net assets of a subsidiary or associated company.

In accordance with IFRS 3, goodwill is capitalized and allocated to the corresponding cash-generating unit «CGU». This is subject annually or more often, inasmuch as the indications point to a decrease in value, to an impairment test.

For this purpose the carrying amount of the cash-generating unit which goodwill was allocated to is compared with its recoverable amount. The recoverable amount shows the higher amount from the fair value of the CGU less costs to sell and its value in use.

Fair value less costs to sell is the amount which could be realized by the sale of a cash-generating unit in a transaction at market conditions between experienced contractual parties after deduction of the sales costs.

The value in use is the present value of future cash flows expected to be derived from a cash-generating unit.

Should the carrying amount of the cash-generating unit exceed the recoverable amount, an adjustment of goodwill in the income statement will be recognized. The business segments «Investment Banking» and «Asset Management» have been identified as cash-generating units.

Intangible assets: This position includes both intangible assets with finite useful lives as well as intangible assets with indefinite useful lives.

Under intangible assets with finite useful lives are mainly shown the long-term client relationships acquired from the acquisition of the company. These assets are depreciated on a straight-line basis over a 10-year period. When necessary, a value adjustment to the income statement is made in addition to the depreciation.

The intangible assets with indefinite useful lives include assets in connection with the bank license. Valartis Group expects no end to the economic use from these assets. They are correspondingly not depreciated. These assets are, however, reviewed regarding their sustainable value on a yearly basis, or more often should indications point to a possible reduction in value. Should the carrying amount exceed the recoverable amount, a reduction in value is made.

Valuation adjustments: Valuation adjustments are recognized, when there are objective indications that claims cannot be brought in with their respective equivalent amount. Valuation adjustments are calculated based on the estimated recoverable amount. The recoverable amount corresponds to the cash value of the expected future cash flows, discounted according to the original effective interest rate. Valuation adjustments are shown in the balance sheet as a reduction of the carrying amount of the claims and booked in the income statement under «Valuation adjustments, provisions and losses».

Provisions: A provision is recognized if the Group has, as a result of past events, a current liability on the balance sheet which is likely to result in the outflow of resources and whose amount can be reliably estimated.

Taxes and deferred taxes: Income taxes are based on the tax laws of each fiscal authority and recognized as expense in the period in which the related profits are made. Capital taxes are included in administrative expenses. The current tax rate is used on the annual profit. Tax effects arising from temporary differences between the carrying amount of assets and liabilities in the Group balance sheet and their corresponding tax values are recognized as «Deferred taxes». These are calculated at the tax rates which are expected to apply in the period in which the assets will be realized or liabilities are to be paid. Changes to deferred taxes are shown as tax expenses in the income statement.

Own shares: Shares of Valartis Group AG held by the Group are recognized at weighted average acquisition value and deducted as «Own shares» from equity. The difference between the sales proceeds from own shares and the corresponding acquisition cost is recorded under «Capital reserves».

Assets under management: The calculation and identification of client assets is done according to the guidelines of the Swiss Federal Banking Commission to the auditing provisions (RRV-EBK). Assets under management include all assets of private and business clients as well as institutional clients managed or held for investment purposes as well as assets in self-managed funds and investment companies of the Group. Included therein are, basically, all liabilities due to clients, fixed deposits and fiduciary assets as well as all appraised assets. Client assets which are deposited with third parties are also included, inasmuch as they are managed by a Group company. Pure custody assets (strict clearing accounts), on the other hand, are not included in the calculation of assets under management. Double counts show those assets which are added up more than once, i.e. in several discloseable categories of assets under management.

Pension plans: For the employees of Valartis Group there are employee pension plans. Involved are both defined contribution as well as defined benefit oriented plans. For the defined benefit oriented plans, independent experts do the actuarial calculations.

Estimates, Assumptions and Exercise of Discretion by Management

Principle

In applying the accounting principles, the Management is required to make numerous estimates and assumptions and discretionary decisions which can influence the level of reported expenses and income and assets and liabilities as well as the disclosure of contingent assets and liabilities. The actual results can deviate from these estimates.

Valartis Group is convinced that the Group financial statements present a picture of the assets, financial and income situation which corresponds to the actual situation.

The Management reviews its estimates and assumptions on a continual basis and adapts them to new findings which can have an effect inter alia on the following areas in the Group financial statements:

Goodwill and intangible assets

On 31 December 2006 the net carrying amount of goodwill from the acquisition of companies was CHF 20,692,683 while the intangible assets constituted CHF 13,953,425. The value of goodwill and the intangible assets are inter alia substantially determined by the cash flow prognosis, the interest discount factor (WACC) as well as the maintaining of long-term client relationships. The essential assumptions are specified in the «Comment on the Group Financial Statements». A change in the assumptions can lead to the identification of a value reduction in the subsequent year.

Income taxes

The current tax obligations shown as per the balance sheet date as well as the current tax expenses resulting for the reporting period are based in part on estimates and assumptions and can therefore deviate from the amounts determined in the future by the tax authorities. The deferred taxes are calculated at the tax rates which are expected to be used for the accounting period in which the asset will be realized or the obligations will be paid. Changes in the expected tax rates as well as any unexpected reductions in value of the goodwill and intangible assets can lead to a substantial influence on the income statement.

Provisions

Valartis Group recognizes provisions for imminent proceedings when according to the opinion of the responsible specialists the probability is greater that losses will be suffered than the probability that they will not and when their amount can be estimated in a reliable manner. In judging whether the creation of a reserve and its amount is reasonable, the best possible estimates and assumptions as per the balance sheet date are made use of which, if necessary, at a later period will be adjusted for new findings and circumstances. Substantial expenses can arise due to such new findings.

Assumptions based on actuarial calculations

For the defined benefit plans, statistical assumptions are made to estimate future developments. Included here inter alia are assumptions and estimates in regard to discount rates and expected salary increase rates. The actuaries also use statistical information such as mortality tables and retirement probabilities in their actuarial calculations to determine the pension obligations. Should these parameters change due to a changed economic situation or new market conditions, the later results can deviate significantly from the actuarial reports and calculations. These deviations can in the medium term have an influence on the expenses and revenue arising from the personnel pension plans.

Risk Management and Risk Control

Basis for risk management is the risk policy. This includes the targets, the overall organizational conditions and the risk management processes of Valartis Group. Responsibility for risk is with the Board of Directors. For the implementation of the risk policy, resp. risk management, the Management is responsible. For the management of the risks, the business area «Trading» is responsible, for risk control the business area «Controlling» is responsible. The Board of Directors is regularly informed about assets and liabilities, liquidity and income as well as the concurrent risks.

Market risks

Market risks include potential losses from unexpected changes in the prices of the financial instruments. The market risks are divided into share price risk, volatility risk, interest rate change risk, commodities risk and currency risk.

Valartis Bank AG concentrates on the Swiss share and options market which is why risks associated with share prices and volatility are the primary concern. Valuation of the items in «Trading» and the monitoring of market risks, including the given limits, is constantly done and concentrated in Valartis Bank AG. The securities and derivative financial instruments held as trading items are as a rule listed on the stock exchange or are able to be estimated by means of options valuation models.

In the issuing business, all Valartis options are issued in its own name but for account of the options writers. In the case of call options, the options writer pledges all underlying securities to Valartis Group to secure and cover all liabilities. In the case of put options, the options writer pays Valartis Group a margin or delivers a collateral.

Asset management of Valartis Group is done in the name and on behalf of third parties. Therefore price fluctuations do not have a direct effect on equity. However, commission proceeds and in particular the profit share contained therein are subject to market risks and can, therefore, fluctuate significantly depending on market developments. Since one main emphasis of asset management is in the Eastern European growth markets, the commission income is in particular dependent on the developments in these markets.

Liquidity risks

Liquidity risks include the danger that the Group does not have sufficient liquid funds available in order to fulfill its obligations. This risk can be minimized by the holding of easily realizable assets. Valartis Group endeavors to always have enough liquid funds which clearly exceed the necessary minimum values.

Credit risks

The credit risks correspond to the danger of losses due to the fact that a counterparty does not fulfil its contractual obligations. It includes deficit risks from direct credit transactions, deficit risks within the scope of transactions which are connected to credit risks (such as OTC derivatives transactions, money market transactions, securities lending and borrowing etc.) as well as deficit risks in processing.

Credit risks vis-à-vis individual clients are entered into on a limited basis using adequate margins. Credit risks vis-à-vis professional clients are only undertaken with first-class counterparties. Commercial credit transactions were undertaken by Valartis Group in the business year 2006 to an insubstantial degree.

Operational risks

Operational risks include all possible losses within the scope of the operational business activities. Such risks can arise inter alia due to faulty internal processes, procedures and systems, inappropriate behavior of employees or external influences. The operational risks are limited by the systematic analysis of the important business procedures, by organizational measures, by securing an adequate internal control system as well as by internal regulations and instructions. The IT systems of Valartis Group are constantly modernized.

Comment on the Group Financial Statements

		31.12.2005	31.12.2006
		CHF	CHF
1. Trading Securities			
Debt securities	Long	9,753,036	2,717,860
Equities	Long	185,809,634	160,127,222
Funds	Long	9,377,604	40,853,096
<i>Total</i>	<i>Long</i>	<i>204,940,274</i>	<i>203,698,178</i>
Equities	Short	- 46,580,343	- 831,695
<i>Total</i>	<i>Short</i>	<i>- 46,580,343</i>	<i>- 831,695</i>
Net trading securities		158,359,931	202,866,483

2. Open Derivative Instruments (Trading Instruments)

Replacement values (remaining time to maturity)	< 3 months		3-12 months		1-5 years		> 5 years		Total	
	pos.	neg.	pos.	neg.	pos.	neg.	pos.	neg.	pos.	neg.
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
<i>Equities / indexes</i>										
Options (OTC)	11,375	7,202,308	1,226,680	7,257,363	95,133	0	693,000	0	2,026,188	14,459,671
Options (exchange traded)	0	0	0	0	0	0	0	0	0	0
Structured products (certificates)	0	2,612,404	3,274,333	45,359,140	19,456	1,538,600	0	0	3,293,789	49,510,144
Total 31.12.2006	11,375	9,814,712	4,501,013	52,616,503	114,589	1,538,600	693,000	0	5,319,977	63,969,815
Total 31.12.2005	450,250	5,554,442	5,240,363	30,233,535	0	44,266,091	685,335	78,600	6,375,948	80,132,668

Other forward contracts

Currency forward contracts	253,000	0	0	0	0	0	0	0	253,000	0
Commodities forward contracts	73,621	371,051	227,482	0	0	707	0	0	301,103	371,758
Total 31.12.2006	326,621	371,051	227,482	0	0	707	0	0	554,103	371,758
Total 31.12.2005	0	0	0	0	0	0	0	0	0	0

Overall total 31.12.2006	337,996	10,185,763	4,728,495	52,616,503	114,589	1,539,307	693,000	0	5,874,080	64,341,573
Overall total 31.12.2005	450,250	5,554,442	5,240,363	30,233,535	0	44,266,091	685,335	78,600	6,375,948	80,132,668

Contract volume	31.12.2005	31.12.2006
	CHF	CHF
<i>Equities / indexes</i>		
Options (OTC)	216,060,380	89,078,415
Options (exchange traded)	23,150,400	0
Structured products (certificates)	63,251,790	52,803,932
Total	302,462,570	141,882,347

Other forward contracts

Currency forward contracts	0	12,199,000
Commodities forward contracts	0	672,861
Total	0	12,871,861

Overall total	302,462,570	154,754,208
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3. Goodwill and Other Intangible Assets

Goodwill	Total
	CHF
<i>Acquisition costs</i>	
Carrying amount at 1.1.2005	0
Investments	20,692,683
Disinvestments	0
Carrying amount at 31.12.2005	20,692,683
Investments	0
Disinvestments	0
Carrying amount at 31.12.2006	20,692,683
<i>Cumulative impairment</i>	
Carrying amount at 1.1.2005	0
Losses from impairment	0
Carrying amount at 31.12.2005	0
Losses from impairment	0
Carrying amount as 31.12.2006	0
Net carrying amount of goodwill at 31.12.2006	20,692,683
Net carrying amount of goodwill at 31.12.2005	20,692,683

Calculation of goodwill

The net carrying amount of the goodwill can be calculated according to the reverse-takeover method prescribed by IFRS 3 as follows:

Acquisition cost of Valartis Group AG	212,500,000
minus fair value of the consolidated net assets of the acquired company at the time of the acquisition (excl. intangible assets)	- 180,100,000
Carrying amount of goodwill and other intangible assets at the date of the acquisition	32,400,000
minus fair value of the intangible assets (prior to deduction of deferred taxes)	- 15,000,000
plus deferred taxes on intangible assets	3,292,683
Net carrying amount of goodwill at the acquisition date	20,692,683

Examination of impairment for cash-generating unit with goodwill portion

The carrying amount of the goodwill equals CHF 20,69 million. From this amount CHF 14,1 million is applied to the segment «Investment Banking» and CHF 6,59 million to the segment «Asset Management». To implement the impairment review, goodwill is allocated to the cash-generating units. Valartis Group carried out its review as per 31 December 2006.

In conformity with IFRS 3, goodwill is allocated to the respective cash-generating unit (CGU) which is subject annually to an impairment test. For calculation of any impairment, the carrying amount of the unit is compared with the recoverable amount. The basis of the recoverable amount of the unit is the higher of both amounts from the corresponding present value less costs to sell and value in use.

Basis for the determination of the value in use are the cash flow estimates of the cash-generating unit. Basis for the preparation of the cash flow estimates are the financial plans prepared by Management. These are built on justifiable assumptions which present the best made assessment of Management regarding the economical development of the CGU. The cash flow estimates outside of the five-year period is taken into consideration by means of a perpetual annuity. Inclusion of a growth rate for the perpetual annuity is not done due to the great reliance of the cash flow on external factors. In the capital asset pricing models (CAPM), a capital cost rate (WACC) of about 9% is used.

In determining the corresponding fair value less costs to sell, Valartis Group uses various valuation methods. The market valuation is made based on the analysis of comparable companies traded on the stock exchange. Thereby a theoretical market value of the cash-generating unit is determined by applying the multiplication factors, for which the shares of the comparable listed companies are traded for, to the cash-generating unit. Peer groups are, on the one hand, European investment banks and, on the other hand, Swiss banks.

Changes in the underlying capital cost rates by +1% / - 1% lead to a change in the value in use of CHF -18.2 million resp. CHF 22.8 million.

Intangible assets	Intangible assets with finite useful lives CHF	Intangible assets with indefinite useful lives CHF	Total CHF
<i>Acquisition costs</i>			
Carrying amount at 1.1.2005	0	0	0
Investments	10,000,000	5,000,000	15,000,000
Disinvestments	0	0	0
Carrying amount at 31.12.2005	10,000,000	5,000,000	15,000,000
Investments	0	0	0
Disinvestments	0	0	0
Carrying amount at 31.12.2006	10,000,000	5,000,000	15,000,000
<i>Cumulative depreciation/impairment</i>			
Carrying amount at 1.1.2005	0	0	0
Depreciation	- 46,575	0	- 46,575
Losses from impairment	0	0	0
Carrying amount at 31.12.2005	- 46,575	0	- 46,575
Depreciation	- 1,000,000	0	- 1,000,000
Losses from impairment	0	0	0
Carrying amount at 31.12.2006	- 1,046,575	0	- 1,046,575
Net carrying amount of intangible assets at 31.12.2006	8,953,425	5,000,000	13,953,425
Net carrying amount of intangible assets at 31.12.2005	9,953,425	5,000,000	14,953,425

Shown under the intangible assets with finite useful lives are the long-term client relations acquired from the company acquisition. These assets are depreciated on a straight-line basis over a period of 10 years. The intangible assets with finite useful lives show a remaining term of 8 years and 11.5 months. The intangible assets with indefinite useful lives include assets in connection with the bank license.

Goodwill and intangible assets

The net carrying amount of the goodwill and the intangible assets is made up as follows:

	31.12.2005 CHF	31.12.2006 CHF
Net carrying amount of goodwill	20,692,683	20,692,683
Net carrying amount of intangible assets	14,953,425	13,953,425
Total	35,646,108	34,646,108

4. Accrued and Deferred Liabilities

	1.1.2006	Utilized/released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	31.12.2006
	CHF	CHF	CHF	CHF	CHF
Accrued and deferred liabilities	20,152,751	- 9,251,442	24,528,840	- 8,758,934	26,671,215
Total	20,152,751	- 9,251,442	24,528,840	- 8,758,934	26,671,215

5. Taxes

	1.1.2006	Utilized/released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	31.12.2006
	CHF	CHF	CHF	CHF	CHF
Current income taxes	2,322,213	- 5,040,401	7,544,368	- 158,982	4,667,198
Capital taxes	345,729	- 31,857	289,033	- 223,958	378,947
Total	2,667,942	- 5,072,258	7,833,401	- 382,940	5,046,145

6. Deferred Taxes	1.1.2006	Utilized/released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	31.12.2006
	CHF	CHF	CHF	CHF	CHF
Deferred taxes, thereof					
intangible assets – limited life span	2,184,898	0	0	- 219,512	1,965,386
intangible assets – unlimited life span	1,097,561	0	0	0	1,097,561
Total	3,282,459	0	0	- 219,512	3,062,947

As at 31 December 2006 there were no tax allowances for losses. In the previous year, tax allowances for losses, which were not capitalized, amounted to CHF 1,298,962.

7. Provisions	1.1.2006	Utilized/release in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	31.12.2006
	CHF	CHF	CHF	CHF	CHF
Other provisions	1,318,000	0	105,000	0	1,423,000
Total	1,318,000	0	105,000	0	1,423,000

Other provisions include mainly provisions for operational risks.

8. Maturity Structure of Assets and Liabilities

2006	At sight	Callable	Within 3 months	After 3 months up to 12 months	After 12 months up to 5 years	After 5 years	Total
<i>Assets</i>	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Cash	3,479,291	0	0	0	0	0	3,479,291
Due from banks	7,397,641	0	66,257,889	0	0	0	73,655,530
Due from clients	32,922,342	523,078	2,000,000	0	0	0	35,445,420
Trading securities	191,553,523	12,144,655	0	0	0	0	203,698,178
Positive replacement values	0	0	337,996	4,728,495	114,589	693,000	5,874,080
Accrued and deferred assets	20,228,009	0	27,952	0	0	0	20,255,961
Associated companies	0	0	0	0	0	3,709,500	3,709,500
Goodwill and other intangible assets	34,646,108	0	0	0	0	0	34,646,108
Other assets	439,811	0	0	0	0	0	439,811
Total 31.12.2006	290,666,725	12,667,733	68,623,837	4,728,495	114,589	4,402,500	381,203,879

Liabilities

Due to banks	4,111,766	523,078	0	0	0	0	4,634,844
Due to clients	31,684,206	26,213,800	7,500,000	55,052	0	0	65,453,058
Due to trading	831,695	0	0	0	0	0	831,695
Negative replacement values	0	0	10,185,763	52,616,503	1,539,307	0	64,341,573
Accrued and deferred liabilities	23,174,933	0	3,496,282	0	0	0	26,671,215
Taxes	5,046,145	0	0	0	0	0	5,046,145
Deferred taxes	3,062,947	0	0	0	0	0	3,062,947
Provisions	1,423,000	0	0	0	0	0	1,423,000
Other liabilities	564,962	0	0	0	0	0	564,962
Total 31.12.2006	69,899,654	26,736,878	21,182,045	52,671,555	1,539,307	0	172,029,439

2005

<i>Assets</i>							
Cash	15,432,279	0	0	0	0	0	15,432,279
Due from banks	8,570,226	7,192,466	100,000,000	0	0	111,114	115,873,806
Due from clients	5,810,017	36,705,753	6,524,740	2,000,000	365,950	20,000	51,426,460
Trading securities	204,940,274	0	0	0	0	0	204,940,274
Positive replacement values	6,375,948	0	0	0	0	0	6,375,948
Accrued and deferred assets	9,084,103	20,473,423	0	613,745	1,269,993	0	31,441,264
Associated companies	0	0	0	0	0	0	0
Goodwill and other intangible assets	0	0	0	0	0	35,646,108	35,646,108
Other assets	372,295	0	687	103,528	0	0	476,510
Total 31.12.2005	250,585,142	64,371,642	106,525,427	2,717,273	1,635,943	35,777,222	461,612,649

Liabilities

Due to banks	3,845,306	10,000,000	0	0	0	0	13,845,306
Due to clients	85,491,763	0	42,000,000	0	0	0	127,491,763
Due to trading	46,580,343	0	0	0	0	0	46,580,343
Negative replacement values	16,880,878	0	0	20,608,207	42,643,583	0	80,132,668
Accrued and deferred liabilities	3,407,597	0	8,562,919	6,514,877	1,667,358	0	20,152,751
Taxes	2,667,942	0	0	0	0	0	2,667,942
Deferred taxes	3,282,459	0	0	0	0	0	3,282,459
Provisions	701,971	0	302,513	0	0	0	1,004,484
Other liabilities	1,318,000	0	0	0	0	0	1,318,000
Total 31.12.2005	164,176,259	10,000,000	50,865,432	27,123,084	44,310,941	0	296,475,716

9. Commission Income from Securities and Investment Business

«Commission income from securities and investment business» mainly reflects income from the divisions «Investment Banking» and «Asset Management». The latter include management fees and performance fees.

	1.1.-31.12.2005	1.1.-31.12.2006
	CHF	CHF
10. Personnel Expense		
Salaries	7,864,033	19,687,642
Social contributions	469,802	2,019,264
<i>thereof contributions for corporate pension plans</i>	<i>237,854</i>	<i>897,764</i>
Share-based payments	0	1,019,933
Other personnel expense	6,536	852,157
Total	8,340,371	23,561,381

11. Depreciation, Valuation Adjustments, Provisions and Losses

Depreciation on property and equipment	308,744	565,277
Depreciation on intangible assets	46,575	1,000,000
Changes in depreciation, provisions and losses affecting the income statement	1,318,000	105,000
Total	1,673,319	1,670,277

12. Income Taxes

Current income and capital taxes	410,019	7,450,461
Reclassification of capital taxes to administrative expenses	- 33,906	- 65,075
Change in deferred taxes	- 10,224	- 219,512
Total	365,889	7,165,874

Analysis of income tax charges

Group profit before taxes	23,834,372	52,506,788
Expected income tax rate	24.0 %	17.0%
Expected income taxes	5,720,249	8,926,154
Group result with other tax rate (tax effect)	- 5,292,249	- 5,828,974
Previous year adjustments	0	1,441,018
Appropriation of non-capitalized tax carry-forwards (tax effect)	0	- 311,751
Non-deductible expenses	0	2,462,950
Others	- 62,111	476,477
Effective income taxes	365,889	7,165,874
Effective income tax rate	1.5%	13.6%

13. Profit per Share	31.12.2005	31.12.2006
Group profit (CHF)	23,468,483	45,340,914
Weighted average number of shares	2,015,781	5,000,000
minus weighted average number of own shares	- 7,709	- 58,992
Undiluted weighted average number of shares	2,008,072	4,941,008
Diluting effect	250,000	250,000
Diluted weighted average number of shares	2,258,072	5,191,008
Group profit per share (undiluted, CHF)	11.7	9.2
Group profit per share (diluted, CHF)	10.4	8.7

For the calculation of profit per share, the average number of shares is adjusted for potentially diluting effects. Profit per share is calculated by dividing the Group profit by the weighted average number of shares.

14. Pledged Assets	31.12.2005	31.12.2006
	CHF	CHF
Amounts due from cash deposits related to securities borrowing	60,000,000	4,000,000
Other amounts due from banks and clients	112,475	582,000

15. Contingent Liabilities / Fiduciary Transactions

Contingent liabilities vis-à-vis third parties ¹⁾	0	8,811,270
Fiduciary transactions	80,566,500	160,937,910

16. Assets Under Management

Assets in own-managed funds	1,274,536,058	1,805,947,605
Assets with management mandates	1,553,189,493	1,214,099,711
<i>Subtotal (incl. double counts)</i>	<i>2,827,725,551</i>	<i>3,020,047,316</i>
Other client assets	646,485,555	804,622,575
Total	3,474,211,106	3,824,669,891
<i>Thereof double counts</i>	<i>458,102,128</i>	<i>387,320,318</i>
Net new money inflow/outflow ²⁾	393,755,351	- 122,237,039

1) For the contingent liabilities vis-à-vis third parties corresponding collateral has been deposited with Group companies.

2) Net new money inflow/outflow includes all cash deposits and withdrawals as well as inward and outward deliveries of securities without compensation. In particular, performance-related changes in value as well as interest and dividend payments do not constitute net new money inflow/outflow.

17. Share Capital	31.12.2005	31.12.2006
	CHF	CHF
Share capital	5,000,000	5,000,000
Number of bearer shares	5,000,000	5,000,000
Nominal value per share	1	1
Equity per share	33 ¹⁾	42 ¹⁾

For the business year 2005 a dividend of CHF 2.75 per share was distributed. For the business year 2006 the Board of Directors proposes to the Shareholders' Meeting a dividend of CHF 2.75 per share. All shares are fully paid in.

18. Own Shares

Own shares	168,206	29,240 ²⁾
Average acquisition cost of own shares	13,900,000	2,700,000

19. Shareholder Structure

MCG Holding S.A., Baar ZG	50.00%	50.00% ³⁾
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1) Prior to appropriation.

2) In the reporting period, 582,841 shares were bought at CHF 93.84 and 721,807 shares were sold at CHF 94.65 (average prices).

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

20. Shares and Options

Possession	31.12.2005			31.12.2006		
	Shares number	Options ¹⁾ number	Total	Shares number	Options ¹⁾ number	Total
Non-Executive Members of the Board of Directors of Valartis Group AG	1,823,511	20,000	36.87%	2,115,285	35,000	43.00%
Executive Members of the Board of Directors of Valartis Group AG and Members of the Group Executive Board	670,225	52,000	14.44%	237,412	47,000	5.69%
Total	2,493,736	72,000	51.31%	2,352,697	82,000	48.69%

Allocation	2005		2006	
	Shares number	Options ¹⁾ number	Shares number	Options ¹⁾ number
Non-Executive Members of the Board of Directors of Valartis Group AG	4,730	20,000	1,303	25,000
Executive Members of the Board of Directors of Valartis Group AG and Members of the Group Executive Board	16,200	52,000	6,700	10,000
Total	20,930	72,000	8,003	35,000
thereof blocked till 15.12.2010	17,910	0	0	0
thereof blocked till 27.12.2009	0	0	4,870	0
thereof blocked till 28.8.2009	0	0	1,830	0
thereof blocked till 15.1.2009	0	72,000	0	35,000
thereof blocked till 15.12.2008	3,020	0	0	0

1) At the Shareholders' Meeting on 14 December 2005, Valartis Group AG resolved to create conditional share capital of CHF 250,000, divided into 250,000 Valartis shares with a nominal value of CHF 1 each for staff participation as follows: The Company's share capital will be increased by up to 250,000 bearer shares with a nominal value of CHF 1 each, to be fully paid in and excluding the existing shareholders' subscription rights, by exercising options rights which will be given to employees of the Company or a Group company as well as Members of the Board of Directors within the framework of a participation plan to be approved by the Board of Directors. Issue below market price is permitted. The Board of Directors shall specify the details. After the creation of the conditional capital, a participation plan was introduced. The issued options have a strike price of CHF 85 and a ratio of 1:1.

21. Business Segments

Valartis Group differentiates between primary and secondary segment reporting. The business segments form the primary format for the segment reporting while the geographical segments present the secondary reporting format.

Business segments

Valartis Group is divided into four operational business segments «Asset Management», «Wealth Management», «Investment Banking» and «Real Estate Structured Finance». The operational business segment «Real Estate Structured Finance» did not have a duty to report in 2006; therefore it was integrated in the business segment «Investment Banking». Balance sheet and profit and loss statement items, inasmuch as allowable and material, were directly allocated to these business segments. In the regional segment report the regions Switzerland and abroad were shown. Reporting is based on operating locations.

Corporate center

Items which cannot directly be allocated to the segments are recognized in the «Corporate Center». Furthermore consolidation items are included in «Corporate Center».

Primary segment reporting	Investment Banking	Asset Management	Wealth Management	Corporate Center	Total
2006	TCHF	TCHF	TCHF	TCHF	TCHF
Income	24,648	79,037	1,597	554	105,836
Expenses	- 12,725	- 36,320	- 1,368	- 1,246	- 51,659
Gross profit	11,923	42,717	229	- 692	54,177
Depreciation	- 330	- 235	0	- 1,000	- 1,565
Valuation adjustments, provisions and losses	- 105	0	0	0	- 105
Segment result before taxes	11,488	42,482	229	- 1,692¹⁾	52,507
Taxes					- 7,166
Group profit					45,341
Total assets	153,206	111,799	2,253	113,946	381,204
Total liabilities	113,411	42,308	140	16,171	172,030
Total investments	510	55	0	0	565
Assets under management 31.12.2006	804,622	2,732,026	288,022	0	3,824,670
Staff numbers at 31.12.2006	14	28	2	16	60

1) Income from the associated company is included in full in the segment result before taxes and amounts to CHF -388,000 (previous year: CHF 0).

Geographical regions

In the regional segment report the regions Switzerland and abroad are shown. Reporting is based on operating locations.

Secondary segment reporting

	31.12.2005			31.12.2006		
	Switzerland CHF	Abroad CHF	Total CHF	Switzerland CHF	Abroad CHF	Total CHF
Total income	9,062,292	37,764,595	46,826,887	47,925,321	57,910,355	105,835,676
Assets	407,330,990	54,281,659	461,612,649	282,606,318	98,597,561	381,203
Investments	305,969	2,775	308,744	565,277	0	565,277

22. Group Companies

In addition to the figures for Valartis Group AG, Baar ZG (previously OZ Holding AG, Freienbach SZ¹⁾), the Group financial statements include the accounts of the following companies:

Company name new	Company name old	Domicile	Purpose	Share capital	Participation capital and votes
Valartis Bank AG ¹⁾	OZ Bankers AG	Freienbach, CH	Bank	CHF 20,000,000	100.0%
Valartis Asset Management S.A. ²⁾	MCT Asset Management S.A.	Geneva, CH	Investment advisor	CHF 1,896,210	100.0%
Valartis Wealth Management S.A. ²⁾	MCT Wealth Management S.A.	Geneva, CH	Wealth management	CHF 2,000,000	100.0%
Valartis S.A. ²⁾	MCT Management S.A.	Geneva, CH	Investment advisor	CHF 100,000	100.0%
Valartis International Ltd. ²⁾	MCT International Ltd.	Tortola, BVI	Investment advisor	USD 50,000	100.0%
Eastern Property Management Ltd.	Eastern Property Management Ltd.	Tortola, BVI	Investment advisor	USD 50,000	100.0%
MCT Luxembourg Management S.à.r.l.	MCT Luxembourg Management S.à.r.l.	Luxembourg	Investment advisor	EUR 12,500	100.0%
Valartis Fund Advisory S.A. ²⁾	MC Fund Advisory S.A.	Luxembourg	Investment advisor	EUR 91,166	100.0%

1) According to the resolution of the Extraordinary Shareholders' Meeting on 18 January 2007.

2) According to the resolution of the Extraordinary Shareholders' Meeting on 19 January 2007.

23. Associated Companies	2005	2006
	CHF	CHF
Position at 1 January	0	0
Additions	0	4,097,500
Share in result	0	- 388,000
Position at 31 December	0	3,709,500

Information to the major companies consolidated according to the equity method:

<i>Company</i>	<i>Domicile</i>	<i>Purpose</i>	<i>Share capital CHF</i>	<i>Share of capital and votes</i>
Jelmoli Bonus Card AG	Zurich	Financial company	7,500,000	27.50%

Jelmoli Bonus Card AG is issuer of the VISA Bonus Card. Valartis Bank AG has taken a shareholding of 27.5% of the votes and the capital of Jelmoli Bonus Card AG on 3 July 2006. There is a Shareholders' Agreement and Cooperation Agreement between Jelmoli Bonus Card AG and Valartis Bank AG.

Vis-à-vis the VISA Organization Valartis Bank AG acts as Principal Member and is responsible for the processing of a daily collective payment of Jelmoli Bonus Card to VISA.

The following information gives a summary overview of Jelmoli Bonus Card AG:

	31.12.2005		31.12.2006	
	Total in TCHF	Participation n.a.	Total ¹⁾ in TCHF	Participation 27.5%
Assets	n.a.	n.a.	84,068	23,119
Liabilities	n.a.	n.a.	70,577	19,409
Equity	n.a.	n.a.	13,491	3,710
Revenue	n.a.	n.a.	3,591	988

1) 31 December has been chosen as reporting date for application of the equity method. The details given are based, on the one hand, on the unaudited interim report as of 30 November and, on the other hand, on best possible estimates and assumptions on the part of the Management for the month of December. The use of different reporting dates is due to technical reasons in connection with the preparation of the financial statements of the associated company.

24. Acquisition (Reverse Takeover)

Taking IFRS 3 into consideration, Valartis Group has taken over the operative business of Valartis Group AG as of 14 December 2005. The consolidated assets and liabilities of the acquired company were booked in detail as follows.

	Carrying amount	Fair value adjustments	Fair value
	TCHF	TCHF	TCHF
<i>Assets</i>			
Cash	10,386	0	10,386
Due from banks	112,171	0	112,171
Due from clients	101,170	0	101,170
Trading securities	219,549	0	219,549
Goodwill and other intangible assets	0	35,693	35,693
All other assets	92,649	0	92,649
Total assets	535,925	35,693	571,618
<i>Liabilities and shareholders' equity</i>			
<i>Liabilities</i>			
Due to banks	64,585	0	64,585
Due to clients	152,622	0	152,622
Due to trading	48,169	0	48,169
Deferred taxes	0	3,293	3,293
All other liabilities	90,449	0	90,449
Total liabilities	355,825	3,293	359,118
<i>Shareholders' equity</i>			
Shareholders' equity	180,100	0	180,100
Purchase price surplus	0	32,400	32,400
Total liabilities and shareholders' equity	180,100	32,400	212,500

The acquired carrying amounts of the assets and liabilities correspond to the fair value, except for goodwill and other intangible assets.

The following unaudited pro-forma details show, what the financial statements would have looked like, if the previously mentioned merger would have taken place as at 1 January 2005.

	1.1.-31.12.2005
Income	CHF
Income from trading	25,750,361
Dividend income	1,647,091
Interest and discount income	1,668,780
Commission income from securities and investment business	65,500,272
Total income	94,566,504
Expenses	
Business and office expenses	10,117,270
Personnel expense	15,794,999
Interest expense	435,797
Commission expense	14,164,705
Total expenses	40,512,771
Gross profit	54,053,733
Depreciation on fixed assets ¹⁾	846,721
Valuation adjustments, provisions and losses	1,318,000
Group profit before taxes	51,889,012
Taxes ²⁾	1,814,842
Group profit¹⁾	50,074,170

1) The calculatory depreciation on intangible assets with limited life span have been taken into account for the period from 15 December 2005 to 31 December 2005. As from 1 January 2006, they are written off over a period of ten years.

2) Tax expenses include, inter alia, reimbursements from definitive assessments for the business years 2003 and 2004.

25. Related Parties and Companies

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

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

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

Related parties and companies

2005	Management in in	Qualified	Associated	Other	Total
	key positions ¹⁾	participations ²⁾	companies ³⁾	related parties and companies ⁴⁾	
	TCHF	TCHF	TCHF	TCHF	TCHF
Due from clients	0	8,430	0	14,434	22,864
Due to clients	0	6,617	0	1,998	8,615
Loans to governing bodies	1,100	0	0	0	1,100
Interest income	0	0	0	8	8
Interest expense	0	0	0	2	2
Other sales	9	5,076	0	5,146	10,231
Other expenses	0	2,255	0	0	2,255
Number of options	72,000	0	0	0	72,000

1) Management in key positions: Member of the Board of Directors and the Group Executive Board (excluding qualified participations).

2) Qualified participations: see Notes to the Group financial statements on page 75 .

3) Associated companies: Jelmoli Bonus Card AG.

4) Other related parties and companies: These include all other related parties and companies who have a close personal, economic, legal or actual relation with Members of the Board of Directors or the Group Executive Board.

Related parties and companies

2006	Management in key positions ¹⁾	Qualified participations ²⁾	Associated companies ³⁾	Other related parties and companies ⁴⁾	Total
	TCHF	TCHF	TCHF	TCHF	TCHF
Due from clients	0	5,180	0	18,259	23,439
Due to clients	470	8,070	533	3,592	12,665
Loans to governing bodies	0	0	0	0	0
Interest income	0	0	0	2	2
Interest expense	0	0	0	2	2
Other sales	3	15,632	0	16,689	32,324
Other expenses	0	9,779	0	642	10,421
Number of options	10,000	25,000	0	0	35,000

1) Management in key positions: Members of the Board of Directors and the Group Executive Board (excluding qualified participations).

2) Qualified participations: see Notes to the Group financial statements on page 75.

3) Associated companies: Jelmoli Bonus Card AG.

4) Other related parties and companies: These include all other related parties and companies who have a close personal, economic, legal or actual relation with Members of the Board of Directors or the Group Executive Board.

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

26. Remuneration of the Members of the Board of Directors and Members of the Group Executive Board

	2005	2006
Non-Executive Members of the Board of Directors		
- Remuneration in TCHF (incl. shares and options)	848	1,765
- Number of shares	4,730	1,303
- Number of options	20,000	25,000
Executive Members of the Board of Directors and Members of the Group Executive Board		
- Remuneration in TCHF (incl. shares and options)	3,614	2,973
- Number of shares	16,200	6,700
- Number of options	52,000	10,000

27. Irrevocable Commitments

	31.12.2005	31.12.2006
Irrevocable commitments (CHF)	0	932,000

28. Staff participation

There is no detailed staff participation plan. This is determined on an individual basis by the Board of Directors. The allocation is done in shares or options.

After receipt, the shares or options received in 2005 and 2006 are in the irrevocable ownership of the employees. Therefore the vesting period corresponds to the services provided in the business year. The allocated shares and options are subject to a three- resp. five-year blocking period. Independent from the type of receipt, the personnel expense resulting from the staff participation plan is entered in the period in which the services were provided (vesting period).

The allocated market value per share corresponds to the market price of the share at grant date after deduction of a discount for the blocking period of 6% for each full blocking year and equals CHF 84.30 for the bonus for the business year 2006 (previous year: CHF 81.80).

The allocated value per option corresponds to the fair value at grant date after deduction of a discount on the share price for the blocking period of around 16%. For determining the fair value, the Black Sholes options valuation model was used (expected volatility of 18% for a risk-free interest rate of 2.2% and an expected dividend of CHF 3). The expected volatility was determined by looking at comparable options traded on the market.

29. Staff Pension Plans

The companies of Valartis Group have operated various personnel pension plans since 2006. Involved are both defined contribution as well as defined benefit oriented plans. In the business year 2006 there were exclusively defined contribution oriented plans, which is why no actuarial calculations were made. The pension plans provide benefits in the event of death, disability, retirement and termination of the employment relationship.

Defined contribution plans

For defined contribution plans, the employees belong to a collective insurance plan. As at the balance sheet date there were amounts due to pension institutions totalling CHF 0 (previous year: CHF 0). Pension plan expenses totalled CHF 346,513 (previous year: CHF 237,854).

Defined benefit plans

For defined benefit plans, the cash value of the pension obligations are determined according to actuarial calculations pursuant to the Projected

Unit Credit Method. The calculations, which are prepared by independent experts, are based on the service years completed and the projected covered salary at the end age, resp. the time of the pension event (death, disability, termination). The last actuarial calculations were carried out as per 31 December 2006.

In the event that the balance of cumulated unrecorded actuarial profits, resp. losses, at the end of the previous year's period exceeds both 10% of the fair value of the assets as well as 10% of the cash value of the obligations of the pension plans at that time, the higher of both parts of the unrecorded actuarial profits and losses exceeding the threshold values is booked over the remaining years of service in the profit and loss statement.

Actuarial information for the benefit oriented pension plans:

Balance sheet items (in TCHF)	31.12.2006
Present value of pension obligations	2,149
Fair value of plan assets	2,146
Unsecured pension obligations	3
Unrecognized actuarial loss	-9
Total assets recognized on the balance sheet	-6
Change in net obligations / assets on the balance sheet (in TCHF)	2006
Net obligations as per 1 January	0
Net pension cost of the employer	87
Employer contributions	-93
Net assets as per 31 December	-6
Expenses from personnel pension benefits (in TCHF)	2006
Annual pension costs	149
Interest on pension obligations	50
Expected return on plan assets	-59
Past service cost from change in plan	40
Total pension expenses	180
Employee contributions	93
Net pension expenses of the employer	87
Development of pension obligations (in TCHF)	2006
Present value of pension obligations as per 1 January	1,322
Past service cost from change in plan	40
Annual pension costs	149
Interest on pension obligations	50
Paid out benefits	588
Present value of pension obligations as per 31 December	2,149

Development of pension assets (in TCHF)	2006
Fair value of plan assets as per 1 January	1,322
Employee contributions	93
Employer contributions	93
Paid out benefits	588
Expected return on plan assets	59
Investment loss	-9
Market value of available assets as per 31 December	2,146

Insurance technical assumptions	31.12.2006
Discount rate (technical interest rate)	3.00%
Expected return on plan assets	3.50%
Expected rate of salary increases	1.50%
Development of old age plan assets	2.50%

More than 95% of the plan assets of the collective pension institution are made up of insurance contracts and assets deposited at an insurance company.

30. Fair Value of Financial Instruments

Due to their short-term character, the fair value of the positions amounts due from and due to banks resp. clients as well as positive and negative replacement values virtually correspond to their carrying amount. The other financial instruments' fair value corresponds to their carrying amount.

31. Post-Balance-Sheet Events

On 18 January 2007 there was an Extraordinary Shareholders' Meeting. A proposal of the Board of Directors to change the company name to Valartis Group AG and move the domicile from Freienbach SZ to Baar ZG was approved.

At the end of January 2007 Valartis Group AG concluded a contract to buy a 100% participation in the asset management company Valaxis Asset Management S.A., domiciled in Geneva, retroactively as per 1 January 2007. The proximity in time between the signed contract and the release for publication of the financial statements only allow a limited information with regard to IFRS 3. However, the purchase does not constitute a price-relevant fact.



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To the General Meeting of
Valartis Group AG, Baar

Zurich, February 8, 2007

Report of the group auditors

As group auditors, we have audited the group financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes / pages 50 to 86) of Valartis Group for the year ended December 31, 2006.

These group financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these group financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the group financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the group financial statements. We have also assessed the accounting principles used, significant estimates made and the overall group financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the group financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the group financial statements submitted to you be approved.

Ernst & Young Ltd

Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)

Andreas Blass
Swiss Certified Accountant

PIONEER IN RUSSIA AND EASTERN EUROPE

Valartis Group recognized the opportunities which Russia and the entire former Eastern Bloc had to offer early on. For example, the Group has for many years managed one of the best Russia funds worldwide.





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Valartis Group AG
Financial Statements 2006

Balance Sheet

Assets	Notes	31.12.2006	31.12.2005
		CHF	CHF
Current assets			
Accrued and deferred assets		0	42,896
Total current assets		0	42,896
Fixed assets			
Participations	3	106,500,000	106,500,000
Total fixed assets		106,500,000	106,500,000
Total assets		106,500,000	106,542,896

Liabilities and Shareholders' Equity

Liabilities			
Due to banks		0	10,000,000
Due to Group companies		47,419,497	47,778,136
Accrued and deferred liabilities		185,470	182,048
Total liabilities		47,604,967	57,960,184
Shareholders' equity			
Share capital	4	5,000,000	5,000,000
General legal reserve		1,000,000	1,000,000
Reserve for own shares	6	2,700,000	13,900,000
Free reserve		26,068,712	12,049,779
Retained earnings			
Profit carried forward from previous year		64,000	63,500
Annual profit		24,062,321	16,569,433
Total shareholders' equity		58,895,033	48,582,712
Total liabilities and shareholders' equity		106,500,000	106,542,896

Income Statement

	1.1.-31.12.2006	1.1.-31.12.2005
Income	CHF	CHF
Income from trading	- 160,794	- 840,342
Dividend income	26,000,000	18,395,200
Interest income	0	133,077
Commission income	50,000	0
Total income	25,889,206	17,687,935
Expenses		
Administrative expenses	426,716	1,031,740
Personnel expense	150,000	100,000
Interest expense	1,233,527	177,761
Commission expense	9,297	148,614
Taxes	7,345	- 339,613
Total expenses	1,826,885	1,118,502
Annual profit	24,062,321	16,569,433

Notes

	31.12.2005	31.12.2006
1. Pledged Assets	CHF	CHF
Securities pledged as collateral under covered warrant agreements	0	0
Due from Group companies	0	0
2. Guarantees in Favor of Third Parties		
Guarantees in favor of Valartis Bank AG (certificates)	63,251,790	23,583,112

3. Participations

<i>Company name new</i>	<i>Company name old</i>	<i>Domicile</i>	<i>Purpose</i>	<i>Share capital</i>	31.12.2005	31.12.2006
					<i>Participation capital and votes</i>	<i>Participation capital and votes</i>
Valartis Bank AG ¹⁾	OZ Bankers AG	Freienbach, CH	Bank	CHF 20,000,000	100.0%	100.0%
Valartis Asset Management S.A. ²⁾	MCT Asset Management S.A.	Geneva, CH	Investment advisor	CHF 1,896,210	100.0%	100.0%
Valartis Wealth Management S.A. ²⁾	MCT Wealth Management S.A.	Geneva, CH	Wealth management	CHF 2,000,000	100.0%	100.0%
Valartis S.A. ²⁾	MCT Management S.A.	Geneva, CH	Investment advisor	CHF 100,000	100.0%	100.0%
Valartis International Ltd. ²⁾	MCT International Ltd.	Tortola, BVI	Investment advisor	USD 50,000	100.0%	100.0%
Eastern Property Management Ltd.	Eastern Property Management Ltd.	Tortola, BVI	Investment advisor	USD 50,000	100.0%	100.0%
MCT Luxembourg Management S.à.r.l.	MCT Luxembourg Management S.à.r.l.	Luxembourg	Investment advisor	EUR 12,500	100.0%	100.0%
Valartis Fund Advisory S.A. ²⁾	MC Fund Advisory S.A.	Luxembourg	Investment advisor	EUR 91,166	100.0%	100.0%

1) According to the resolution of the Extraordinary Shareholders' Meeting on 18 January 2007.

2) According to the resolution of the Extraordinary Shareholders' Meeting on 19 January 2007.

4. Share Capital	31.12.2005	31.12.2006
Share capital (CHF)	5,000,000	5,000,000
Number of bearer shares	5,000,000	5,000,000
Nominal value per share (CHF)	1	1

5. Conditional Share Capital

Conditional share capital (CHF)	250,000 ¹⁾	250,000
Number of bearer shares	250,000 ¹⁾	250,000
Nominal value per share (CHF)	1	1

6. Own Shares

Number of shares in Valartis Bank AG's trading portfolio	168,206	29,240 ²⁾
Reserve for own shares (CHF)	13,900,000	2,700,000

1) At its Extraordinary General Meeting on 14 December 2005, Valartis Group AG approved the creation of conditional capital amounting to CHF 250,000 (divided into 250,000 bearer shares of Valartis Group AG with a nominal value of CHF 1 each) for staff participation programs as follows: Excluding existing shareholders' subscription rights, the Company's share capital shall be increased at most by CHF 250,000 by issuing a maximum of 250,000 bearer shares, to be fully paid, with a nominal value of CHF 1 each; this shall be carried out by means of options rights granted to employees of the Company or one of its Group companies or to Members of the Board of Directors within the framework of a staff participation plan to be approved by the Board of Directors. Issuance below market price is permitted. The Board of Directors shall specify the details.

After introduction of the conditional capital, a staff participation plan was set up. The exercise of these options will have a diluting effect. The formal listing of the bearer shares of Valartis Group AG stemming from the conditional capital was applied for at the SWX Swiss Exchange as of 28 December 2005 and approved by the SWX Swiss Exchange.

2) In 2006, 582,841 shares were bought at CHF 93.84 and 721,807 shares were sold at CHF 94.65 (average prices).

7. Shareholder Structure

	31.12.2005	31.12.2006
MCG Holding S.A., Baar ZG	50.00%	50.00% ¹⁾

8. Possession of Shares and Options

	31.12.2005			31.12.2006		
	Shares	Options	Total	Shares	Options	Total
Non-Executive Members of the Board of Directors of Valartis Group AG	1,823,511	20,000	36.87%	2,115,285	35,000	43.00%
Executive Members of the Board of Directors of Valartis Group AG and Members of the Group Executive Board	670,225	52,000	14.44%	237,412	47,000	5.69%
Total	2,493,736	72,000	51.31%	2,352,697	82,000	48.69%

9. Post-Balance-Sheet Events

On 18 January 2007 there was an Extraordinary Shareholders' Meeting. A proposal of the Board of Directors to change the company name to Valartis Group AG and move the domicile from Freienbach SZ to Baar ZG was approved.

At the end of January 2007 Valartis Group AG concluded a contract to buy a 100% participation in the asset management company Valaxis Asset Management S.A., domiciled in Geneva, retroactively as per 1 January 2007.

¹⁾ Economic beneficiaries of MCG Holding S.A. is a shareholder group consisting of Hansa AG, Baar ZG (controlled 100% by Georg von Opel, Wollerau SZ), Gustav Stenbolt, Geneva, Philipp LeibundGut, Steinhausen ZG, Timothy Rogers, Geneva, Michel Houmard, Geneva, and Tudor Global Trading LLC, Greenwich, USA. Qualified participations are a) Gustav Stenbolt, who holds 20.04% of the voting rights (resp. 14.80% of the capital) of Valartis Group AG through MCG Holding S.A., Baar ZG, b) Hansa AG, Baar ZG (controlled 100% by Georg von Opel), who holds 16.64% of the voting rights (resp. 19.28% of the capital) of Valartis Group AG, and c) Philipp LeibundGut, who holds 5.00% of the votes (resp. 5.79% of the capital) of Valartis Group AG through MCG Holding S.A. Baar ZG.

Proposal of the Board of Directors to the Shareholders' Meeting

The Board of Directors submits the following proposal for the distribution of profit to the Annual Shareholders' Meeting on 3 April 2007:

	2005	2006
	CHF	CHF
Profit carried forward from previous year	63,500	64,000
Annual profit	16,569,433	24,062,321
Retained earnings	16,632,933	24,126,321
Allocation to free reserves	- 2,818,933	- 10,311,321
Subtotal	13,814,000	13,815,000
Dividend on capital entitled to dividend payments	- 13,750,000	- 13,750,000
Earnings to be carried forward	64,000	65,000
Dividend per bearer share entitled to dividend payments	2.75	2.75



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To the General Meeting of
Valartis Group AG, Baar

Zurich, February 8, 2007

Report of the statutory auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 92 to 98) of Valartis Group AG for the year ended December 31, 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)

Andreas Blass
Swiss Certified Accountant

BANKING WITH A PLUS

Creativity in the development of new products is a crucial success factor for Valartis, just as professionalism in implementation and reliability in processing. As a Swiss banking group we understand from experience how important a comprehensive sense of quality is in our daily work.





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Valartis Bank AG
Annual Report 2006

Letter to the Shareholders

Dear Shareholders

Valartis Bank AG has completed another successful year. We did well in a sometimes turbulent stock market environment. One special challenge was certainly the integration efforts we made following the merger with the MCT companies in December 2005. This work was done parallel to the daily business and took everybody a lot of extra time. We would therefore like to thank all our employees for their effort and commitment in the past year.

The daily business itself was characterized by various positive developments. For instance, we issued a number of new options which were received well on the market. We also expect a lot from our latest addition, real estate structured finance. We were able to employ a team of experienced specialists in this field which will establish itself as a provider of complex financing solutions on the international real estate markets.

In corporate finance we acted, among other things, as lead manager for StarragHeckert Holding AG's capital increase and as co-lead manager at Eastern Property Holdings' (EPH) capital increase; furthermore we were advisor to Marazzi at the company's sale to Losinger Construction AG.

We also made a step into the future in consumer banking by taking the opportunity to buy a stake in Jelmoli Bonus Card AG. As a Principal Member of the VISA credit card organization we have taken over the money transfer operations between Jelmoli Bonus Card AG and VISA.

Baar ZG, 6 February 2007



Erwin W. Heri
Chairman
of the Board of Directors



Gustav Stenbolt
Vice-Chairman
of the Board of Directors

Valartis Bank AG

Financial Statements 2006

Balance Sheet

	Notes	31.12.2006 CHF	31.12.2005 CHF
Current assets			
Cash		3,472,102	15,425,764
Due from banks		70,027,546	107,228,439
Due from clients	3.1	49,497,789	90,286,713
Due from mortgages	3.1	2,000,000	0
Trading securities	3.2	148,468,947	201,069,587
Non-consolidated participations	3.3	3,709,500	0
Accrued and deferred assets		754,216	2,301,134
Other assets	3.5	5,984,571	6,227,025
Total assets		283,914,671	422,538,662
Total amounts due from Group companies and qualified participations			
		47,419,497	47,785,860
Liabilities			
Due to banks		5,454,149	47,983,370
Other amounts due to clients		64,181,447	129,373,885
Accrued and deferred liabilities		6,226,767	7,799,940
Other liabilities	3.5	64,806,324	80,834,639
Total liabilities		140,668,687	265,991,834
Shareholders' equity			
Share capital	3.8	20,000,000	20,000,000
General legal reserve		9,920,000	7,420,000
Other reserves		100,000,000	100,000,000
Profit carried forward from previous year		626,828	190,880
Annual profit		12,699,156	28,935,948
Total shareholders' equity	3.9	143,245,984	156,546,828
Total liabilities and shareholders' equity		283,914,671	422,538,662
Total amounts due to Group companies and qualified participations			
		154,527	440,914

Off-Balance-Sheet Items

	Notes	31.12.2006 CHF	31.12.2005 CHF
Contingent liabilities	4.1	8,811,270	0
<i>thereof other contingent liabilities</i>		<i>8,811,270</i>	<i>0</i>
Irrevocable commitments	4.1	932,000	0
Derivative financial instruments	4.2		
Contract volume		142,555,208	291,282,570
Positive replacement values		5,621,080	5,938,524
Negative replacement values		64,341,573	80,132,668
Fiduciary transactions	4.3	160,937,910	80,566,500

Income Statement

	Notes	1.1.-31.12.2006	1.1.-31.12.2005
Income and Expenses		CHF	CHF
<i>Income from interest business</i>			
Interest and discount income		2,307,873	1,457,718
Interest and dividend income from trading portfolio		2,030,974	1,451,891
Interest expense		- 196,450	- 528,448
<i>Subtotal income from interest business</i>		<i>4,142,397</i>	<i>2,381,161</i>
<i>Income from commission and services business</i>			
Commission income from credit business		1,000	0
Commission income from securities and investment business		21,075,713	24,803,473
Commission expense		- 1,915,705	- 4,095,655
<i>Subtotal income from commission and services business</i>		<i>19,161,008</i>	<i>20,707,818</i>
<i>Income from trading</i>	5.1	<i>10,100,242</i>	<i>21,908,804</i>
<i>Other ordinary income</i>			
Income from associated companies		- 388,000	0
<i>Administrative expenses</i>			
Personnel expense	5.2	9,239,564	7,354,628
Property, equipment and administrative expenses	5.3	6,135,811	6,037,328
<i>Subtotal administrative expenses</i>		<i>15,375,375</i>	<i>13,391,956</i>
Gross profit		17,640,272	31,605,827
Depreciation on fixed assets		509,812	491,402
Valuation adjustments, provisions and losses		0	0
Interim result		17,130,460	31,114,425
Taxes		4,431,304	2,178,477
Annual profit		12,699,156	28,935,948

1. Comment on Business Activity, Number of Employees

Valartis Bank AG («the Bank»), Freienbach SZ, is a wholly owned subsidiary of Valartis Group AG, Baar ZG.

As a broker the Bank specializes in the Swiss equity market, in particular the market for options. The services include trading in Swiss equities, investment consulting, asset management, corporate finance as well as the issuing business.

As at 31 December 2006, the Bank had 31 employees, adjusted for part-time employments (31 December 2005: 19).

Risk management: market, credit and interest rate variation risk

Since the Bank is not engaged in the credit and interest-related business to any significant degree, neither credit nor interest rate variation risk are relevant. The market risk policy is continuously reviewed by the Board of Directors. This forms the basis for risk management. The valuation of trading positions for the own account and the monitoring of market risk are carried out on a continuous basis. The Board of Directors is regularly informed about assets and liabilities, liquidity and income as well as the concurrent risks.

Outsourcing of business segments

The technical support of the emergency center has been outsourced. This outsourcing was arranged in detail according to the regulations of the Federal Banking Commission. All employees of the service provider are subject to banking secrecy which guarantees confidentiality.

2. Accounting and Valuation Principles

2.1 Basis and general principles

Bookkeeping, accounting and valuation principles are in accordance with the regulations of the Swiss Code of Obligations, the Federal Law on Banks and Savings Banks and its ordinances, the regulations of the Swiss Banking Commission and the statutory regulations.

Detailed positions reported in the balance sheet are valued individually (individual valuation).

2.2 Recognition and accounting of transactions

All transactions are recognized in the Bank's books on the date of the transaction and valued from that date for the income statement. As the Bank primarily engages in spot stock market transactions, it records these transactions as receivables resp. liabilities in the balance sheet at the time of execution. Borrowed securities are recorded in the balance sheet provided that the Bank acts as a counterparty.

2.3 Foreign currency translation

Transactions in foreign currencies are recognized at the corresponding daily exchange rates. Monetary assets are converted and booked in the income statement at the exchange rate valid on the balance sheet day. Exchange rate differences between conclusion of a transaction and its settlement are taken through the income statement. The following exchange rates were used for translating the major currencies:

Balance sheet day rates	2006	2005
EUR	1.609	1.556
USD	1.220	1.316
GBP	2.388	2.260

2.4 Cash, receivables from and liabilities to banks, deposits

Recognition is according to nominal value minus individual valuation adjustments for receivables at risk. Deviating from this principle are receivables and liabilities from non-monetary assets, such as securities lending and borrowing, which are recognized at market value.

2.5 Lendings

(receivables from and liabilities to clients as well as mortgage claims)

First time recognition into the balance sheet is done at fair value, incl. transaction costs, which corresponds as a rule to the nominal value. Claims at risk, meaning claims where it is unlikely that the counterparty is able to fulfill its future obligations, are valued on an individual basis, and specific valuation adjustments are made for the impaired amounts. The valuation adjustment is measured based on the difference between the carrying amount of the claim and the prospective recoverable amount taking into consideration the net proceeds from the realization of any collateral securities. Specific valuation adjustments are offset in the balance sheet directly against the respective receivables.

Loans are at the latest classed as at risk when the contractual payments of principal and/or interest is outstanding for more than 90 days. Interest which is more than 90 days outstanding is considered overdue. Overdue interest and interest whose receipt is at risk are no longer collected but instead directly allocated to valuation adjustments and provisions. Loans are fixed without interest when the yielding of the interest is so doubtful that an accrual no longer can be considered reasonable. Increase or dissolution of the valuation adjustments are booked in the profit and loss statement.

2.6 Trading securities

Trading securities are basically valued and recognized at fair value. Fair value corresponds to the price on a price-efficient and liquid market («mark to market») or to the price determined according to a valuation model («mark to model»). If, in exceptional cases, no fair value is available, valuation and recognition are made according to the lower of cost or market principle.

Profits and losses from valuation are recognized under «Income from trading». Interest and dividend income from the securities trading portfolio are credited to «Interest and dividend income from trading portfolio». Income from trading is not charged with any capital refinancing costs.

2.7 Securities lending and borrowing

Borrowed securities or securities obtained as collateral are only recognized in the balance sheet, if the Bank gains control over the contractual rights which these securities contain. Securities lent to third parties or securities pledged as collateral are only taken off the balance sheet, if the Bank loses those securities' contractual rights. The market values of borrowed and lent securities are monitored on a daily basis in order to pledge or demand additional collateral if necessary.

Fees received or paid in securities lending and borrowing are recognized as «Commission income» resp. «Commission expense» according to the accrual method of accounting.

2.8 Derivative financial instruments

The valuation of derivative financial instruments is done at fair value. They are presented in the balance sheet as positive or negative replacement values. The fair value is based on market rates, price quotes from brokers, discounted cash flow or options price models. There are no netting agreements so that there is no offsetting of positive and negative replacement values vis-à-vis the same counterparty. The Bank deals in transactions with derivative financial instruments only for trading purposes. The realized and unrealized income is booked in «Income from trading».

2.9 Investments in associates

Minority shareholdings over which the Bank can exercise a substantial influence are included according to the equity method under the item «Associated companies». Influence is considered as a rule as substantial when the Bank holds a percentage of 20% to 50% of the votes. Companies in which the bank has an interest of less than 20% or whose size and activities have no substantial influence on the Bank are listed under shareholdings according to the lowest value principle.

2.10 Property and equipment

Property and equipment include, inasmuch as existing, information and telecommunications equipment as well as other fixed assets. The acquisition and manufacturing costs are capitalized when probable future economic income can flow from them to the Bank and the costs can be identified and also determined in a reliable manner. Property and equipment is depreciated on a straight-line basis over their estimated useful life of two to five years. Insubstantial investments in property and equipment are directly depreciated in the profit and loss statement. Property and equipment are reviewed periodically for impairment.

2.11 Taxes

Direct taxes owed on current profit are recognized as accrued and deferred liabilities.

2.12 Pension plans

The Bank has split off its pension obligations for the compulsory company social security portion in a legally independent collective foundation of an insurance company. For company social security obligations exceeding the compulsory provisions there is a legally independent personnel pension foundation. Rightful claimants of both pension plans are the employees of the Bank. Contributions are paid by the employees and employer pursuant to the corresponding regulations.

For the obligatory social security, the economic usage, resp. economic obligation is determined by means of actuarial calculations. The calculations are carried out by independent experts based on service years completed and the projected covered salary at the end age, resp. the time of the pension event (death, disability, termination). The last actuarial calculations were carried out as per December 31, 2006.

Actuarial information for the benefit oriented pension plans:

Balance sheet items (in TCHF)	31.12.2006
Present value of pension obligations	2,149
Fair value of plan assets	2,146
Unsecured pension obligations	3
Unrecognized actuarial loss	-9
Net assets	-6

***Change in net obligations / assets
on the balance sheet (in TCHF)*** **2006**

Net obligations as per 1 January	0
Net pension cost of the employer	87
Employer contributions	-93
Net assets as per 31 December	-6

Expenses from personnel pension benefits (in TCHF) **2006**

Annual pension costs	149
Interest on pension obligations	50
Expected return on plan assets	-59
Past service cost from change in plan	40
Total pension expenses	180
Employee contributions	- 93
Net pension expenses of the employer	87

Development of pension obligations (in TCHF) **2006**

Present value of pension obligations as per 1 January	1,322
Past service cost from change in plan	40
Annual pension costs	149
Interest on pension obligations	50
Paid out benefits	588
Present value of pension obligations as per 31 December	2,149

Development of pension assets (in TCHF) **2006**

Market value of available assets as per 1 January	1,322
Employee contributions	93
Employer contributions	93
Paid out benefits	588
Expected income from assets	59
Investment loss	-9
Market value of available assets as per 31 December	2,146

More than 95% of the plan assets of the collective pension institution are made up of insurance contracts and assets deposited at an insurance company.

As per 31 December 2006 there was an employer contribution reserve of CHF 0 (previous year: CHF 96,800). The change in 2006 was CHF 96,800 (previous year: CHF 96,800).

Employer contributions totalling CHF 760,970 (previous year: CHF 445,963) are booked in «Social benefits» and shown in «Personnel expense».

2.13 Valuation adjustments and provisions

Individual valuation adjustments and provisions are made according to the principle of caution for all recognizable risks of loss. Valuation adjustments and provisions which are no longer needed in an accounting period are released through the income statement.

Individual valuation adjustments are deducted directly from the corresponding asset positions. Provisions for other risks are shown in this balance sheet position.

2.14 Changes in accounting and valuation principles

There are no changes in accounting and valuation principles compared to the previous year.

3. Information on the Balance Sheet

3.1 Summary of collateral on loans and off-balance-sheet transactions

<i>Loans</i>	Mortgage cover CHF	Other collateral CHF	Without collateral CHF	Total CHF
Due from clients	0	523,078	48,974,711	49,497,789
Mortgage claims	2,000,000	0	0	2,000,000
<i>thereof commercial and industrial</i>	<i>2,000,000</i>	<i>0</i>	<i>0</i>	<i>2,000,000</i>
Position at 31.12.2006	2,000,000	523,078	48,974,711	51,497,789
Position at 31.12.2005	0	37,805,753	52,480,960	90,286,713
<i>Off-balance-sheet</i>				
Contingent liabilities	0	8,578,860	232,410	8,811,270
Irrevocable commitments	0	0	932,000	932,000
Position at 31.12.2006	0	8,578,860	1,164,410	9,743,270
Position at 31.12.2005	0	0	0	0

There are no claims at risk.

3.2 Breakdown of trading securities and participations	31.12.2005	31.12.2006
	CHF	CHF
<i>Trading securities</i>		
Debt securities	8,332,425	1,308,150
thereof listed	8,332,425	1,308,150
thereof not listed	0	0
Equities	192,737,162	147,160,797
Total trading securities	201,069,587	148,468,947
thereof equities of Valartis Group AG	14,802,128	2,483,938
thereof eligible for repo transactions according to liquidity requirements	0	0
<i>Participations</i>		
With price quotation	0	0
Without price quotation (s. note 3.3)	0	3,709,500
Total	0	3,709,500

3.3 Information on the major companies reported according to the equity method

<i>Company</i>	<i>Domicile</i>	<i>Purpose</i>	<i>Share capital CHF</i>	<i>Share of capital and votes 2005</i>	<i>Share of capital and votes 2006</i>
Jelmoli Bonus Card AG	Zurich	Financial company	7,500,000	0%	27.50%

Jelmoli Bonus Card AG is issuer of the VISA Bonus Card. Valartis Bank AG has taken a shareholding of 27.5% of the votes and the capital of Jelmoli Bonus Card AG on 3 July 2006. There is a Shareholders' Agreement and Cooperation Agreement between Jelmoli Bonus Card AG and Valartis Bank AG.

Vis-à-vis the VISA Organization Valartis Bank AG acts as Principal Member and is responsible for the processing of a daily collective payment of Jelmoli Bonus Card AG to VISA.

3.4 Fixed assets	Carrying amount	Reporting year		Carrying amount
	1.1.2006	Investments	Depreciation	31.12.2006
	CHF	CHF	CHF	CHF
Other fixed assets	0	509,812	- 509,812	0
Total fixed assets	0	509,812	- 509,812	0

The fire insurance values of the other fixed assets amount to CHF 790,000 (previous year: CHF 790,000).

3.5 Other assets and other liabilities	31.12.2005	31.12.2006
	CHF	CHF
Positive replacement values from derivative financial instruments	5,938,524	5,621,080
Other other assets	288,501	363,491
Total other assets	6,227,025	5,984,571
Negative replacement values from derivative financial instruments	80,132,668	64,341,573
Other other liabilities	701,971	464,751
Total other liabilities	80,834,639	64,806,324

3.6 Collateral liabilities entered into pledged or assigned shares

Pledged assets (excluding lending transactions with securities)

Due from banks	0	582,000
Actual liabilities	0	582,000

Lending transactions with securities

Amounts due from cash deposits related to securities borrowing	60,000,000	4,000,000
Own securities lent in securities lending agreements	7,714,071	0
Securities borrowed in securities borrowing agreements with the right to sell or pledge	53,433,010	2,824,000
thereof sold securities	46,580,343	1,354,773

3.7 Accrued and deferred taxes

	1.1.2006	Utilized/released in accordance with designated purpose	Newly formed and charged to income statement	Released and credited to income statement	31.12.2006
	CHF	CHF	CHF	CHF	CHF
Accruals for taxes	2,281,804	- 4,881,245	4,431,304	- 223,958	1,607,905
Total 31.12.2006	2,281,804	- 4,881,245	4,431,304	- 223,958	1,607,905

	31.12.2005	31.12.2006
	CHF	CHF
3.8 Share capital		
Number of bearer shares	20,000	20,000
Nominal value	1,000	1,000
Total share capital	20,000,000	20,000,000

100% of the share capital is held by Valartis Group AG, Baar ZG.

There are no restrictions on voting or dividend entitlements. Details on the shareholder structure of Valartis Group AG are shown on page 97.

	Share capital	Reserves	Unappropriated retained earnings	Total share capital
	CHF	CHF	CHF	CHF
3.9 Shareholders' equity				
Position at 1.1.2006	20,000,000	107,420,000	29,126,828	156,546,828
Allocation to general legal reserve	0	2,500,000	- 2,500,000	0
Drawn from other reserves	0	0	0	0
Dividend	0	0	- 26,000,000	- 26,000,000
Annual profit	0	0	12,699,156	12,699,156
Position at 31.12.2006	20,000,000	109,920,000	13,325,984	143,245,984

3.10 Maturity structure of assets and liabilities

	At sight CHF	Callable CHF	Within 3 months CHF	After 3 months up to 12 months CHF	After 12 months up to 5 years CHF	After 5 years CHF	Total CHF
<i>Assets</i>							
Cash	3,472,102	0	0	0	0	0	3,472,102
Due from banks	3,931,186	0	66,096,360	0	0	0	70,027,546
Due from clients	48,974,711	523,078	0	0	0	0	49,497,789
Mortgage claims	0	0	2,000,000	0	0	0	2,000,000
Trading securities	148,468,947	0	0	0	0	0	148,468,947
Non-consolidated participations	0	0	0	0	0	3,709,500	3,709,500
Accrued and deferred assets	754,216	0	0	0	0	0	754,216
Other assets	363,491	0	84,996	4,728,495	114,589	693,000	5,984,571
Total 31.12.2006	205,964,653	523,078	68,181,356	4,728,495	114,589	4,402,500	283,914,671
Total 31.12.2005	283,949,171	36,705,753	100,000,000	613,745	1,269,993	0	422,538,662
<i>Liabilities</i>							
Due to banks	4,099,376	1,354,773	0	0	0	0	5,454,149
Other amounts due to clients	30,467,647	26,213,800	7,500,000	0	0	0	64,181,447
Accrued and deferred liabilities	6,226,767	0	0	0	0	0	6,226,767
Other liabilities	464,751	0	10,185,763	52,616,503	1,539,307	0	64,806,324
Total 31.12.2006	41,258,541	27,568,573	17,685,763	52,616,503	1,539,307	0	140,668,687
Total 31.12.2005	111,686,565	46,580,343	42,000,000	21,413,985	44,310,941	0	265,991,834

	31.12.2005 CHF	31.12.2006 CHF
3.11 Transactions with related companies as well as loans to governing bodies		
Due from Group companies	0	2,827
Due to Group companies	440,914	126,554
Loans to governing bodies	1,100,000	0

Valartis Bank AG performs the function of asset manager for Valartis Group AG. Transactions such as securities operations, money transfer etc. are performed for both Valartis Group AG and related parties at the same conditions which apply for third parties.

3.12 Analysis of domestic and foreign assets and liabilities

Of the balance sheet total of CHF 283,914,671, only CHF 19,150,755 were abroad (previous year: CHF 5,038,700 out of a balance sheet total of CHF 422,538,662). On the liability side the amount of foreign liabilities was CHF 7,858,013 (previous year: CHF 6,522,793).

3.13 Analysis of balance sheet by currencies

Of the balance sheet total of CHF 283,914,671, CHF 27,098,672 were invested in foreign currencies (previous year: CHF 7,054,656 out of a balance sheet total of CHF 422,538,662). On the liability side the amount of foreign currencies was CHF 10,716,649 (previous year: CHF 2,459,529).

3.14 Liabilities to pension plans

As at balance sheet date the liabilities to pension plans were CHF 0 (previous year: CHF 0).

4. Information on Off-Balance-Sheet Items

4.1 Contingent liabilities and irrevocable commitments

Contingent liabilities, which are shown under off-balance-sheet items on page 107, are covered by the deposit of corresponding collateral.

4.2 Open derivative financial instruments (trading instruments)

Replacement values (remaining time to maturity)	< 3 months		3-12 months		1-5 years		> 5 years		Total	
	pos.	neg.	pos.	neg.	pos.	neg.	pos.	neg.	pos.	neg.
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
<i>Equities / indexes</i>										
Options (OTC)	11,375	7,202,308	1,226,680	7,257,363	95,133	0	693,000	0	2,026,188	14,459,671
Options (exchange traded)	0	0	0	0	0	0	0	0	0	0
Structured products (certificates)	0	2,612,404	3,274,333	45,359,140	19,456	1,538,600	0	0	3,293,789	49,510,144
Total 31.12.2006	11,375	9,814,712	4,501,013	52,616,503	114,589	1,538,600	693,000	0	5,319,977	63,969,815
Total 31.12.2005	450,250	5,554,442	5,191,689	30,233,535	0	44,266,091	296,585	78,600	5,938,524	80,132,668
<i>Other forward contracts</i>										
Other forward contracts	73,621	371,051	227,482	0	0	707	0	0	301,103	371,758
Total 31.12.2006	73,621	371,051	227,482	0	0	707	0	0	301,103	371,758
Total 31.12.2005	0	0	0	0	0	0	0	0	0	0
Overall total 31.12.2006	84,996	10,185,763	4,728,495	52,616,503	114,589	1,539,307	693,000	0	5,621,080	64,341,573
Overall total 31.12.2005	450,250	5,554,442	5,191,689	30,233,535	0	44,266,091	296,585	78,600	5,938,524	80,132,668

Contract volume	31.12.2005	31.12.2006
<i>Equities / indexes</i>		
	CHF	CHF
Options (OTC)	205,060,380	89,078,415
Options (exchange traded)	22,970,400	0
Structured products (certificates)	63,251,790	52,803,932
Total	291,282,570	141,882,347
<i>Other forward contracts</i>		
Other forward contracts	0	672,861
Total	0	672,861
Overall total	291,282,570	142,555,208

4.3 Fiduciary transactions

	31.12.2005	31.12.2006
CHF		
Fiduciary transactions at third banks	80,566,500	160,937,910

4.4 Assets under management	31.12.2005	31.12.2006
Assets in own-managed funds	263,780,945	140,143,254
Assets with management mandates	359,915,529	85,380,404
Subtotal (<i>incl. double counts</i>)	623,696,474	225,523,658
Other client assets	646,485,555	804,622,575
Total assets under management (incl. double counts)	1,270,182,029	1,030,146,233
Thereof double counts	217,239,558	85,760,192
Net new money outflow	75,692,503	362,321,557

Net new money inflow/outflow includes all cash deposits and withdrawals as well as inward and outward deliveries of securities without compensation. In particular, performance-related changes in value as well as interest and dividend payments do not constitute net new money inflow/outflow.

Assets under management include all assets of private and business clients as well as institutional clients managed or held for investment purposes as well as assets in self-managed funds and investment companies of the Bank. Included therein are, basically, all liabilities due to clients, fixed deposits and fiduciary assets as well as all appraised assets. Clients assets which are deposited with third parties are also included, inasmuch as they are managed by the Bank. Pure custody assets (strict clearing accounts), on the other hand, are not included in the calculation of assets under management. Double counts show those assets which are added up more than once, i.e. in several discloseable categories of assets under management.

5. Information on the Income Statement

5.1 Income from trading

«Income from trading» mainly reflects the result from securities trading.

	1.1.-31.12.2005	1.1.-31.12.2006
5.2 Breakdown of personnel expense	CHF	CHF
Salaries	6,242,128	7,482,629
Social contributions	904,319	1,337,675
<i>thereof contributions for corporate pension plan</i>	<i>445,963</i>	<i>760,970</i>
Other personnel expense	208,181	419,260
Total personnel expense	7,354,628	9,239,564
Number of employees as per 31.12.	19	31

5.3 Breakdown of property and equipment

Premises	333,216	589,713
IT, machinery, furnishings and other equipment	3,367,039	2,604,534
Other administrative expenses	2,337,073	2,941,564
Total property and equipment	6,037,328	6,135,811

6. Post-Balance-Sheet Events

On 18 January 2007 there was an Extraordinary Shareholders' Meeting. A proposal of the Board of Directors to change the company name to Valartis Bank AG was approved.

Proposal of the Board of Directors to the Shareholders' Meeting

The Board of Directors submits the following proposal for the distribution of profit to the Annual Shareholders' Meeting on 3 April 2007:

	2005	2006
	CHF	CHF
Profit carried forward from previous year	190,880	626,828
Annual profit	28,935,948	12,699,156
Retained earnings	29,126,828	13,325,984
Drawn from other reserves	0	0
Subtotal	29,126,828	13,325,984
Allocation to general legal reserve	- 2,500,000	- 1,100,000
Dividend	- 26,000,000	- 12,000,000
Earnings to be carried forward	626,828	225,984



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To the General Meeting of
Valartis Bank AG, Freienbach

Zurich, February 8, 2007

Report of the statutory auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 106 to 122) of Valartis Bank AG for the year ended December 31, 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd


Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)


Andreas Blass
Swiss Certified Accountant

SATELLITE STRATEGIES

Satellites have become indispensable tools in modern portfolio management. Therefore, Valartis focuses clearly on these niche products which distinguish themselves from traditional investment vehicles.





Outstanding Options

(as at 31.12.2006)

Symbol	Number	Underlying	Strike price CHF	Maturity	Ratio	Capitalization of underlyings Million CHF
AGILA	2,000,000	AGIN	140	16.03.2007	1/20	15
INDIO	3,500,000	INDN	387.90	16.03.2007	1/50	27
JELMI	3,500,000	JEL	2,000	16.03.2007	1/250	38
KARRE	3,500,000	KAR	75	16.03.2007	1/10	18
METZO	6,000,000	METP	4,500	16.03.2007	1/1000	34
OFNOZ	8,000,000	OFN	160	16.03.2007	1/50	25
OZMJ	2,500,000	VLRT	105	16.03.2007	1/10	21
ROLIX	20,000,000	ROL	2.50	16.03.2007	1/2	36
SAUSI	8,000,000	SAUN	110	16.03.2007	1/20	54
SIGUP	5,000,000	SIGN	300	16.03.2007	1/50	41
SLOGO	35,000,000	SLOG	1.4477	16.03.2007	1.1052/2	30
WTGOZ	3,000,000	WTGN	45	16.03.2007	1/5	27
ASCUP	2,000,000	ASCN	14	15.06.2007	1/2	15
ENRUP	2,000,000	ENR	225	15.06.2007	1/20	24
HIERO	1,000,000	HIEN	1,400	15.06.2007	1/100	14
MASLO	3,000,000	MASN	30	15.06.2007	1/5	16
SAHNE	2,000,000	SAHN	170	15.06.2007	1/20	23
SEZOP	5,000,000	SEZN	32.50	15.06.2007	1/10	19
BALEG	2,938,460	BALN	170	20.06.2007	1/10	36
BARRY	2,000,000	BARN	625	21.09.2007	1/100	12
CICUP	4,000,000	CICN	110	21.09.2007	1/20	21
IFCUP	4,000,000	IFCN	142.56	21.09.2007	1/20	38
INROL	2,000,000	INRN	330	21.09.2007	1/50	17
KARUP	2,000,000	KAR	55	21.09.2007	1/10	10
KOMUP	3,000,000	KOMN	115	21.09.2007	1/20	23
ROLER	10,000,000	ROL	3.50	21.09.2007	1/2	18
SFZUP	4,000,000	SFZN	180	21.09.2007	1/50	15
SLORA	20,000,000	SLOG	14	21.09.2007	1/2	15
BCHAT	2,000,000	BCHN	110	21.12.2007	1/20	20
BKWUP	2,000,000	BKWN	140	21.12.2007	1/20	14
EMSUP	2,000,000	EMSN	140	21.12.2007	1/20	15
FTOOL	2,500,000	FTON	350	21.12.2007	1/50	22
INDIE	2,500,000	INDN	370	21.12.2007	1/50	19
KARLI	3,000,000	KAR	47.50	21.12.2007	1/10	16
NEBOZ	1,000,000	NBEN	16	21.12.2007	1/1	15
QUARZ	2,500,000	QUAN	230	21.12.2007	1/50	12
SLOGI	20,000,000	SLOG	1.60	21.12.2007	1/2	15
WTGUP	1,500,000	WTGN	42.50	21.12.2007	1/5	14
OZZLO	3,000,000	VLRT	85	18.03.2011	1/10	26
JELLO	7,500,000	JEL	1,900	20.12.2013	1/500	41

Structured Products

(as at 31.12.2006)

 Outstanding
Options and
Structured
Products

Symbol	Issue	Underlying	Expiration date
LODHT	300,000	Basket	15.06.2007
LSZOA	300,000	Basket	20.07.2007
REBOZ	300,000	Basket	30.08.2007
DIVOZ	300,000	Basket	14.09.2007
GLEBA	300,000	Basket	18.09.2007
TELKB	300,000	Basket	21.09.2007
NEFOS	100,000	Basket	07.12.2007
STROM	300,000	Basket	29.02.2008
SLOXI	10,000,000	Swisslog Holding AG	16.03.2007
ROLXI	5,000,000	Von Roll Holding AG	15.06.2007
SAUXI	200,000	Saurer AG	15.06.2007
KARXI	250,000	Kardex AG	21.12.2007

Valartis Group AG Bearer Share

Performance of the Valartis Group AG bearer share

1 January 2003 to 2 February 2007, in CHF



Source: Datastream

Since it was first listed on 26.8.1991 the Valartis Group AG bearer share has achieved an average annual performance of 9.9%. Taking all the payouts (dividends, nominal value reductions and stock buybacks) into account, the annual overall performance was 12.2%.

Closing price VLRT on 31.12.2005	88.00
Closing price VLRT on 31.12.2006	84.95
Year's high on 10.05.2006	111.90
Year's low on 23.10.2006	78.25
Dividend paid per share for the business year 2005	2.75
Dividend per share proposed for the business year 2006	2.75
Dividend yield (closing price 31.12.2006)	3.2%
Reuters symbol	VLRT.S
Bloomberg symbol	VLRT SW

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Valartis Market Information

Reuters: VLRT.S
Bloomberg: VLRT SW
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Shareholders' Meeting

3 April 2007

