

Compagnie Financière Tradition SA
Interim condensed consolidated financial statements
for the period ended 30 June 2010

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Operating Review – First Half 2010

The main accounting policies applied in the preparation of the interim condensed consolidated financial statements for the six-month period ending 30 June 2010 are identical to those in effect at 31 December 2009.

Overview

Turnover for the first half of 2010 at CHF 656.4 million compared with CHF 743.6 million for the equivalent period in 2009, a decrease of 9.8% at constant exchange rates (a decrease of 11.7% at current exchange rates).

Overall operating profit for the first six months of 2010 was CHF 42.6 million compared with CHF 91.8 million for the first half of 2009 and operating margin was 6.5% against 12.4% for the earlier period when the Group benefited from a CHF 25.6 million gain realised on the disposal of interests in Group companies.

Underlying operating profit (before amortisation of client relationships and exceptional revenues and expenses) was CHF 60.2 million compared with CHF 83.1 million for the first half of 2009. Underlying operating margin was 9.2% against 11.2% for the equivalent period in 2009

Despite the challenging market conditions prevailing in 2010 and a consistent management focus on restructuring loss making and underperforming desks and on reducing the fixed costs of the organisation we have continued to invest in a number of new areas including equities and fixed income businesses in developed and emerging markets as well as certain new offices.

An analysis of consolidated turnover by product group is shown below:

CHF million	30 June 2010	30 June 2009	Change at current exchange rates	Change at constant exchange rates
Currencies and interest rates	267.1	292.4	-8.6 %	-7.5 %
Securities and security derivatives	257.7	313.1	-17.7 %	-15.0 %
Commodities and other activities	131.6	138.1	-4.7 %	-2.8 %
Total	656.4	743.6	-11.7 %	-9.8 %

Overall the financial markets have been less active than they were in the first half of 2009, and the Group's revenues reflect this. The slow rate of recovery in the largest economies and markets has contributed to this as well as the political and regulatory focus on the trading activities of the universal banks. However, turnover in the first half of 2010 showed a 7% improvement over the second half of 2009 (at constant exchange rates) and turnover in the second quarter of 2010 was higher than that achieved in the first quarter – reversing the trend of 2009. The cash markets have seen less activity than in 2009 and the Group's revenues from Deposits, Fixed Income Securities (including Emerging Markets) and Equities were all lower than in the first half of 2009. Revenues from Interest Rate Products and Equity Derivatives nearly matched, and Foreign Exchange revenues were higher than, those achieved in the first half of last year. Activity levels in the Commodities markets have been good and revenues from these products were higher than for the first half of 2009. Revenues from our retail activity in Japan were lower than in the first six months of last year although it remains a significant player in its markets .

An analysis of consolidated turnover by region is presented below:

CHF million	30 June 2010	30 June 2009	Change at current exchange rates	Change at constant exchange rates
Europe	304.7	345.4	-11.8 %	-9.8 %
Americas	193.7	228.6	-15.2 %	-11.8 %
Asia-Pacific	158.0	169.6	-6.9 %	-6.9 %
Total	656.4	743.6	-11.7 %	-9.8 %

Europe

Overall revenues from our London based operation were close to the levels reported for the first six months of last year at constant exchange rates. In particular, revenues from Interest Rate products, Foreign Exchange and Commodities were all higher than for the equivalent period in 2009. Conditions were less favourable for Fixed Income and Equities products. During the period a number of loss making desks were restructured or closed but at the same time investment continued in a number of new areas so that on a net basis broker headcount did not decrease significantly from the end of last year. The performance of both mature and new desks will continue to be reviewed critically during the second half of the year.

In Continental Europe, and Paris in particular, market conditions were not as favourable for our Interest Rate and Bond businesses as they were in 2009. We continue to look at opportunities to extend our product capabilities in order to leverage our presence in across Europe, the Middle East and Africa.

Americas

Our Interest Rate, Fixed Income and Equities businesses reported revenues down on the first half of 2009, however, Foreign Exchange and Commodities performed more strongly than last year.

In the Americas our strategy is to improve the profitability of our mature products and focus investment on the emerging markets. The reorganisation or closure of loss making desks has therefore produced a net reduction on broker headcount since the start of the year.

Asia-Pacific

Our Inter Dealer Broking business in Asia Pacific performed very well in the first half of the year. The depth and breadth of our presence produced higher revenues from most product areas. Steps taken to reorganise loss making operations and reduce fixed costs in a number of locations combined with positive contributions from most of the new activities also produced a significant improvement in operating performance.

The Retail business in Japan reported revenues in line with the second half of 2009 but below those achieved in the first half of last year. This business' cost base is largely fixed so the reduction in revenues produced led to a significantly lower operating performance.

Costs

Over the first half of the year we have reduced the annualised cost base of our mature operations compared with 2009. Whilst savings were made from the restructurings and closures noted above, some of the savings were negated by the need to secure certain areas. The industry remains highly competitive. One off costs, principally arising from redundancies and restructuring were CHF 7.1 million (2009: CHF 6.3 million). We will continue to review and reduce our fixed cost base in the second half of the year.

Net profit attributable to Company shareholders decreased to CHF 22.3 million from CHF 54.3 million a year ago.

The net financial result represented an income of CHF 2.5 million compared with an expense of CHF 2.2 million in the same period last year thanks to a CHF 4.4 million gain realised on the disposal of available-for-sale securities.

The share of the profits or losses of associates was CHF 0.6 million (H1 2009: CHF 3.3 million).

Profit before tax from continuing operations was CHF 45.7 million (H1 2009: CHF 92.9 million) giving a pre-tax return of 6.9% (H1 2009: 12.5%).

The Group took a consolidated tax charge of CHF 17.0 million, or 37.2% of profit before tax, compared with CHF 30.0 million, or 32.3%, in the first half of 2009 when it benefited from the gain on the disposal of interests in Group companies which improved the underlying tax rate of 38.9%.

Consolidated net profit fell to CHF 28.7 million from CHF 62.9 million in the first six months of last year, bringing the net margin to 4.4% of consolidated turnover (H1 2009: 8.5%).

Net profit attributable to Company shareholders was CHF 22.3 million (H1 2009: CHF 54.3 million). This result brought consolidated equity to CHF 403.5 million at 30 June 2010, CHF 335.3 million of which was attributable to Company shareholders. This reflects the Group's solid financial situation, with a cash position, financial assets held for trading and financial assets available for sale, net of financial debts, standing at CHF 238.5 million at 30 June 2010 (31 December 2009: CHF251.1 million).

Regulatory Developments

The first half of 2010 saw significant developments in the reform process initiated last year by policy makers and regulators on the back of the financial crisis with the view to strengthen the international financial regulatory systems. On both sides of the Atlantic, the key proposals are intended to address systemic risk and transparency considerations.

In the United States, the Dodd Frank Wall Street Reform and Consumer Protection Act has been passed into law on July 21. The process is now moving from legislation to regulation so although the debate is by now largely over in the United States, detailed rule making has only just begun.

Key to the financial reform of the OTC derivatives markets are the rules governing derivatives registration, trading and clearing. These rules aim to improve transparency, risk management, capital and margin requirements. This section of the Act is largely in line with expectations. The three areas that will have a major impact on market structure and that are relevant to CFT and its peers are:

- **Mandatory clearing of swaps:** the regulators will specify which OTC derivatives instruments will require clearing in central counterparty clearing houses ("CCPs"). For OTC products not forced into a clearing house, the posting of initial margin will be required. The shift from non-cleared to cleared OTC products is generally viewed as a positive and Interdealer Brokers ("IDBs") have considerable experience of using such facilities since many OTC products were already cleared before the crisis on the back of industry-led initiatives.
- **Execution venues for mandatory cleared swaps:** Transactions in OTC derivatives that are cleared will be required, where possible, to occur on regulated exchanges or alternative execution venues called Swap Execution Facilities ("SEF"). IDBs are expected to apply and qualify for SEF designation. Due to the size of the liquidity pools that they operate and their ability to propose a continuum of modes of execution, from pure voice to pure electronic, IDBs could potentially become even more instrumental in the trading of swaps over the next few years.
- **Trade information reporting requirements:** this includes mandatory transaction reporting requirements to regulators and/or trade repositories, subsequent public reporting by regulators and/or trade repositories, specific public timely information on price, trading volumes and other trading data with the view to bring transparency to markets. Whereas all market participants are prepared to embrace full transparency vis à vis the regulators, there is still a lot of debate as to where transparency starts damaging market liquidity.

In Europe, under the leadership of the European regulators, the first half of the year has been marked by an intense consultative process with stakeholders in order to prepare a series of new or revised texts expected in the second half of the year and in the first quarter of 2011. This encompasses the establishment of an European Market Infrastructure Regulation ("EMIR"), the extension of the Market Abuse Directive ("MAD"), a legislative initiative to create an harmonised EU regime on short selling, and the revision of the Markets In Financial Instruments Directive, both for equity and non equity markets ("MIFID").

Of particular interest to IDBs is how the European Commission will handle the G20 mandate of last September as far as either the obligation per se to trade on specific trading venues, or the definition itself of what an organised trading venue is, in relation to the position adopted in the United States and the concept of a SEF, are concerned.

We, as a Group and as an industry, continue to be engaged in an active dialogue with the regulators on two critical matters:

- CCPs' open and fair access to all trading venues, where clearing is made mandatory, especially in the context of exchanges operating both execution and clearing venues;
- The functioning of the derivatives markets, both OTC and exchange-traded, the critical role played by the IDBs in these markets and their similarities with the features of an organised trading platform, both for electronic and voice interaction, as captured in the SEF definition set out by the United States lawmakers.

Related to the derivatives legislation, our clients in the United States will be subject to some limitations in their ability to conduct proprietary trading (known as the Volcker rule) and combine risky and less risky activities under the same umbrella, in the context of their deposit taking activities (known as the Lincoln or the swap push out provision). Banks will have time to adjust in both instances but are already starting to work on possible scenarios. Finally, our clients are also awaiting details regarding additional capital requirements that will be dictated by local regulators and Basel 3.

Overall, it is therefore still unclear how structural reforms will impact banks their customers and counterparties. The relative silence of the Asian regulators on these issues, with the exception, to some extent, of projects to establish CCPs, is worth noting.

In this context, and consistent with our strategy since the beginning of this process, CFT remains primarily focused on:

- Being involved with its peers and the regulators in the formulation of the final regulations;
- Further developing its relationships with CCPs, to be extended, in the future, to trade repositories;
- Accelerating the deployment of pre-trade and post-trade electronic systems, complemented wherever relevant, by the roll-out of electronic matching capabilities;
- Seeking to develop further its pools of liquidity and market expertise in voice execution capabilities, while at the same time, managing the operations in an environment where market volumes could remain subdued in the short term until uncertainty recedes.

Outlook

It is unlikely that the second half of 2010 will see significant increase in market volatility and activity. Against this backdrop, Compagnie Financière Tradition will continue to focus on growing its business organically and on controlling its cost base in order to maintain its position as an international leader in the sector.

Interim consolidated income statement for the period ended 30 June 2010

CHF 000	Notes	30 June 2010	30 June 2009
Revenue		656 428	743 587
Other net operating income	3	1 350	27 543
<u>Operating income</u>		657 778	771 130
Personnel costs		-459 936	-511 627
Other operating expenses		-132 015	-143 253
Amortisation and depreciation		-22 849	-24 253
Impairment losses		-369	-156
<u>Operating expenses</u>		-615 169	-679 289
<u>Operating profit</u>		42 609	91 841
Net financial income/(expense)	4	2 508	-2 225
Share of profits of associates		620	3 298
<u>Profit before tax</u>		45 737	92 914
Income tax	5	-17 005	-30 028
<u>Net profit for the period</u>		28 732	62 886
Attributable to:			
Shareholders of the parent		22 311	54 270
Minority interests		6 421	8 616
Earnings per share (in CHF):			
Basic earnings per share		3.67	9.68
Diluted earnings per share		3.60	9.48

Interim consolidated statement of comprehensive income for the period ended 30 June 2010

CHF 000

	<u>30 June 2010</u>	<u>30 June 2009</u>
<u>Profit for the period recognised in the income statement</u>	28 732	62 886
Fair value adjustments on cash flow hedges		
- recognised in hedging reserve	997	790
- transferred to income statement	1 031	845
Fair value adjustment on available-for-sale financial assets		
- recognised in revaluation reserve	6 772	9 393
- transferred to income statement	-4 129	-
Currency translation	15 339	9 250
Transfer of exchange difference to income statement	-348	-5 787
<u>Other comprehensive income, net of tax</u>	19 662	14 491
<u>Comprehensive income for the period</u>	48 394	77 377
Attributable to:		
Shareholders of the parent	37 036	70 153
Minority interests	11 358	7 224

Interim consolidated balance sheet at 30 June 2010

CHF 000	Notes	30 June 2010	31 December 2009
<u>ASSETS</u>			
Tangible fixed assets		46 742	51 530
Intangible fixed assets	10	84 517	89 922
Investments in associates	9	18 828	15 003
Available-for-sale financial assets	8	10 069	22 502
Other financial assets		6 150	9 015
Deferred tax assets		24 159	21 314
Unavailable cash		19 436	18 596
<u>Total non-current assets</u>		209 901	227 882
Other current assets		17 242	14 098
Derivative financial instruments		2 062	615
Tax receivables		3 314	5 851
Trade and other receivables	7	1 149 710	822 781
Available-for-sale financial assets		8 004	6 992
Financial assets at fair value		3 476	2 603
Cash and cash equivalents	6	394 419	399 247
<u>Total current assets</u>		1 578 227	1 252 187
<u>TOTAL ASSETS</u>		1 788 128	1 480 069
<u>EQUITY AND LIABILITIES</u>			
Capital	12	15 382	15 320
Share premium		48 685	48 839
Treasury shares	13	-6 295	-7 682
Currency translation		-57 665	-67 719
Consolidated reserves		335 149	356 331
<u>Total equity attributable to shareholders of the parent</u>		335 256	345 089
<u>Minority interests</u>		68 269	60 519
<u>Total equity</u>		403 525	405 608
Financial debts		1 966	3 078
Provisions		32 255	29 108
Deferred tax liabilities		2 182	6 376
Deferred income		1 781	2 033
<u>Total non-current liabilities</u>		38 184	40 595
Financial debts		174 811	165 484
Trade and other payables	11	1 149 386	842 373
Tax liabilities		19 406	21 325
Derivative financial instruments		2 348	4 197
Deferred income		468	487
<u>Total current liabilities</u>		1 346 419	1 033 866
<u>TOTAL LIABILITIES</u>		1 384 603	1 074 461
<u>TOTAL EQUITY AND LIABILITIES</u>		1 788 128	1 480 069

Interim consolidated cash flow statement for the period ended 30 June 2010

CHF 000	30 June 2010	30 June 2009
<u>Cash flows from operating activities</u>		
Profit before tax	45 737	92 914
Amortisation and depreciation	22 849	24 253
Impairment losses	369	156
Net financial income	-5 149	-11 644
Share of profits of associates	-620	-3 298
Other non-cash operating income	-328	-
Increase/decrease in provisions	3 855	945
Movements in deferred income	-206	-229
Expense related to share-based payments	677	2 002
Gains on disposal of subsidiaries and associates	-	-25 558
Net gains/losses on disposal of fixed assets	67	163
Increase/decrease in working capital	866	-16 312
Interest paid	-3 901	-5 085
Interest received	1 001	2 184
Income tax paid	-23 750	-28 951
<u>Net cash flows from operating activities</u>	41 467	31 540
<u>Cash flows from investing activities</u>		
Acquisition of financial assets	-3 664	-2 572
Proceeds from disposal of financial assets	997	645
Acquisition of associates	-1 976	-
Disposal of associates	-	47 620
Purchases of tangible fixed assets	-3 742	-10 525
Proceeds from disposal of tangible fixed assets	-	100
Purchases of intangible fixed assets	-3 884	-3 259
Proceeds from disposal of intangible fixed assets	80	-
Dividends received	1 179	849
Increase/decrease in unavailable cash	-505	-1 299
<u>Net cash flows from investing activities</u>	-11 515	31 559
<u>Cash flows from financing activities</u>		
Increase in short-term financial debts	3 370	-
Decrease in short-term financial debts	-9 270	-10 306
Decrease in long-term financial debts	-1 829	-3 086
Increase in capital and share premium	62	46 755
Acquisition of treasury shares	-745	-2 859
Proceeds from disposal of treasury shares	1 978	666
Dividends paid to minority interests	-3 608	-4 661
Dividends paid to shareholders of the parent	-48 841	-44 638
<u>Net cash flows from financing activities</u>	-58 883	-18 129
Movements in exchange rates	9 339	12 406
Movements in cash and cash equivalents	-19 592	57 376
Cash and cash equivalents at start of period	394 019	368 332
Cash and cash equivalents at end of period (Note 6)	374 427	425 708

Interim consolidated statement of changes in equity for the period ended 30 June 2010

CHF 000 (except for number of shares)	Attributable to shareholders of the parent							Minority interests	Total equity
	Number of shares	Capital	Share premium	Treasury shares	Currency translation	Consolidated reserves	Total		
At 1 January 2009	5 619 451	14 049	4 310	-7 135	-57 353	331 761	285 632	55 119	340 751
Net profit for the period	-	-	-	-	-	54 270	54 270	8 616	62 886
Other comprehensive income	-	-	-	-	4 855	11 028	15 883	-1 392	14 491
Comprehensive income for the period	-	-	-	-	4 855	65 298	70 153	7 224	77 377
Capital increase	508 419	1 271	45 504	-	-	-	46 775	-	46 775
Acquisition of treasury shares	-	-	-	-2 859	-	-	-2 859	-	-2 859
Disposal of treasury shares	-	-	-565	1 231	-	-	666	-	666
Dividends paid	-	-	-	-	-	-44 638	-44 638	-4 661	-49 299
Changes in equity of associates	-	-	-	-	-	-5 878	-5 878	-	-5 878
Effect of changes in basis of consolidation	-	-	-	-	-	2 475	2 475	-	2 475
Impact of recognition of share options	-	-	-	-	-	2 002	2 002	-	2 002
At 30 June 2009	6 127 870	15 320	49 249	-8 763	-52 498	351 020	354 328	57 682	412 010

CHF 000 (except for number of shares)	Attributable to shareholders of the parent							Minority interests	Total equity
	Number of shares	Capital	Share premium	Treasury shares	Currency translation	Consolidated reserves	Total		
At 1 January 2010	6 127 870	15 320	48 839	-7 682	-67 719	356 331	345 089	60 519	405 608
Net profit for the period	-	-	-	-	-	22 311	22 311	6 421	28 732
Other comprehensive income	-	-	-	-	10 054	4 671	14 725	4 937	19 662
Comprehensive income for the period	-	-	-	-	10 054	26 982	37 036	11 358	48 394
Capital increase	25 000	62	-	-	-	-	62	-	62
Acquisition of treasury shares	-	-	-	-745	-	-	-745	-	-745
Disposal of treasury shares	-	-	-154	2 132	-	-	1 978	-	1 978
Dividends paid	-	-	-	-	-	-48 841	-48 841	-3 608	-52 449
Impact of recognition of share options	-	-	-	-	-	677	677	-	677
At 30 June 2010	6 152 870	15 382	48 685	-6 295	-57 665	335 149	335 256	68 269	403 525

Notes to the interim condensed consolidated financial statements

General

Compagnie Financière Tradition SA is a public limited company with its registered office at 11 Rue de Langallerie, 1003 Lausanne. With a presence in 27 countries, the Group is one of the world's leading interdealer brokers of both financial products (money market products, bonds, interest rate, currency and credit derivatives, equities, equity derivatives, interest rate futures and index futures) and non-financial products (precious metals, and energy and environmental products). Its shares are listed on the SIX Swiss Exchange and on the Third Market Segment of the Frankfurt Stock Exchange.

Publication of the interim condensed consolidated financial statements for the period ended 30 June 2010 was approved by the Board of Directors on 24 August 2010.

Basis of preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements for the six-month period ended 30 June 2010 were prepared in accordance with IAS 34 on interim financial reporting, as required by the Listing Rules of the SIX Swiss Exchange. They comprise the financial statements of Compagnie Financière Tradition SA and its subsidiaries.

Changes in the accounting policies of the interim condensed consolidated financial statements

The accounting policies applied to the interim condensed consolidated financial statements are identical to those applied at 31 December 2009, except for the following standards, amendments and interpretations which have been applied since 1 January 2010:

IFRS 3 (revision)	- Business Combinations
IAS 27 (amendment)	- Consolidated and Separate Financial Statements
IAS 39 (revision)	- Financial Instruments: Recognition and Measurement: Eligible Hedged Items
IFRS 1 (revision)	- Additional Exemptions for First-time Adopters
IFRS 2 (amendment)	- Group Cash-settled Share-based Payment Transactions
IFRIC 17	- Distributions of Non-cash Assets to Owners
IFRIC 18	- Transfers of Assets from Customers

Moreover, as a result of the first IFRS improvements project, the IASB made a number of changes to the IAS and IFRS in 2009. These have also been applied since 1 January 2010.

The adoption of these new provisions did not have any material impact on the Group's consolidated financial statements.

1. Seasonality

The Group's activities do not have any particular seasonal characteristics given its diverse product mix and broad geographic footprint. These activities depend mainly on market volatility. Over the past few years, however, we have noticed a business slowdown in December.

2. Operating Segments

The presentation of the Group's operating segments reflects information provided internally to the Executive Chairman of the Board of Directors who is the chief operating decision maker. He analyses the management reports in order to assess performances and allocate resources to the various operating segments.

The Group's internal organisation and management structure is based on a geographical approach. Management information is grouped into three geographic regions - Europe, the Americas and Asia-Pacific - and comprises generally similar products and services. The geographic approach is based on the location of the Group's offices and operating teams.

The chief operating decision maker assesses segment performance and decides on the allocation of resources based on the evaluation of the segment's operating results, which differ in certain respects from the operating result presented in the consolidated financial statement.

The accounting policies applied in evaluating the operating results are identical to those used in preparing the consolidated financial statements, except for revenue realised on matched principal activities, which is recognised at the transaction date instead of at the delivery date of securities.

Certain operating expenses related to the Group's holding companies are not allocated to operating segments, nor are certain elements that are considered exceptional, such as gains or losses on the disposal of subsidiaries or associates, amortisation of intangible fixed assets, or restructuring charges.

Revenues generated by operating segments derive from three major groups of products, which present similar overall profitability profiles or transaction methods. All Compagnie Financière Tradition's historical broking activities, in the money markets, spot and forward forex trading, interest rate derivatives and currency options, are grouped under "Currencies and interest rates". "Securities and security derivatives" includes operations in the interest rate futures and equity markets, broking activities in government and corporate bonds, equities and equity derivatives traded in the OTC or regulated markets, repo transactions, and credit derivatives broking. Finally, "Commodities and other activities" comprises broking activities in energy, precious metals and environmental products, as well as activities catering to retail customers through trading platforms specialised in forex trading in Asia.

Revenue only includes income from transactions with external customers. No transactions between operating segments had any impact on revenue.

Segment assets are not included in management reports to the chief operating decision-maker, but are nevertheless presented hereafter. The amounts presented in the "Adjustments" column represent unallocated assets related to Group holdings.

Information about reportable segments is presented below:

At 30 June 2010

CHF 000	Europe	Americas	Asia-Pacific	Adjustements	Consolidated total
Revenue	313 651	194 337	150 062	-1 622	656 428
Operating profit	28 413	21 852	23 842	-31 498	42 609
Net financial expense					2 508
Share of profits of associates					620
Profit before tax					45 737

At 30 June 2009

CHF 000	Europe	Americas	Asia-Pacific	Adjustements	Consolidated total
Revenue	349 116	228 692	169 069	-3 830	743 587
Operating profit	39 203	24 978	32 866	-5 206	91 841
Net financial expense					-2 225
Share of profits of associates					3 298
Profit before tax					92 914

Segment assets are presented below:

CHF 000	Europe	Americas	Asia-Pacific	Adjustements	Consolidated total
30 June 2010	600 362	256 422	861 633	69 711	1 788 128
31 December 2009	409 512	220 287	748 742	101 528	1 480 069

The reconciliation of segment revenue to consolidated revenue is as follows:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Segment revenue	658 050	747 417
Recognition of the revenue at the delivery date	-1 794	-4 230
Other	172	400
Consolidated revenue	656 428	743 587

The reconciliation of the segment operating result to the consolidated operating result is made up of the following elements:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Segment operating profit	74 107	97 047
Recognition of revenue at the delivery date	-754	-1 935
Operating expenses of holding companies	-17 494	-15 015
Amortisation of customer relationships and associated expenses	-11 428	-14 181
Gains on disposals of subsidiaries and associates	-	25 558
Other unallocated items	-1 822	367
Consolidated operating profit	42 609	91 841

3. Other net operating income

An analysis of this item is shown below:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Gains on disposals of subsidiaries and associates	-	25 558
Net gains/(losses) on disposal of fixed assets	-67	-163
Other operating income	1 417	2 148
Total	1 350	27 543

At 30 June 2009, the item “Gains on disposal of subsidiaries and associates” included an amount of CHF 20.5 million, realised on the disposal of a 15% interest in an associate, Reset Holding (Pte) Ltd, and an amount of CHF 5.1 million for cumulative translation adjustments on the net assets of two companies in liquidation, which were sold in June 2009.

4. Net financial result

An analysis of this item is shown below:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Financial income		
Interest income	1 107	2 333
Income from equity investments	728	849
Gains on financial assets at fair value	734	64
Exchange gains	4 304	6 205
Net change in fair value of available-for-sale financial assets transferred from equity	4 517	-
Other financial income	141	135
Total	<u>11 531</u>	<u>9 586</u>
Financial expense		
Interest expense	-1 133	-2 461
Losses on financial assets at fair value	-1 122	-195
Exchange losses	-5 461	-8 185
Financial expense on assets under finance leases	-112	-53
Net change in fair value of cash flow hedges transferred from equity	-1 119	917
Other financial expense	-76	-
Total	<u>-9 023</u>	<u>-11 811</u>
Net financial result	<u>2 508</u>	<u>-2 225</u>

At 30 June 2010, “Net change in fair value of available-for-sale financial assets transferred from equity” represents mainly a gain realised on disposal of securities held in a company listed in the United States (Note 8).

5. Income tax

An analysis of tax expense is shown below:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Current tax		
Taxation for the period	24 107	26 974
Tax relating to previous periods	-1 040	2 462
Total	<u>23 067</u>	<u>29 436</u>
Deferred tax		
Origination and reversal of temporary differences	- 8 520	5 760
Tax losses recognised during the period	-	-5 291
Use of adjusted tax loss carry-forwards	2 458	123
Total	<u>-6 062</u>	<u>592</u>
Income tax	<u>17 005</u>	<u>30 028</u>

6. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement are made up as follows:

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Cash and call deposits with banks	345 963	391 507
Short-term bank deposits	41 146	54 283
Short-term money-market investments	7 310	1 196
Cash and cash equivalents on the balance sheet	394 419	446 986
<i>less</i> : Bank overdrafts	-19 992	-21 278
Cash and cash equivalents in cash flow statement	374 427	425 708

7. Trade and other receivables

An analysis of this item is shown below:

CHF 000	<u>30 June 2010</u>	<u>31 December 2009</u>
Receivables related to account holder activities	537 516	501 387
Receivables related to matched principal activities	330 520	90 256
Trade debtors	168 254	134 156
Employee receivables	55 507	48 853
Related party receivables	6 678	17 586
Other short-term receivables	51 235	30 543
Total	1 149 710	822 781

8. Available-for-sale financial assets

In June 2010, the Group disposed part of its minority interest in a company listed in the United States for a consideration of CHF 19.6 million, leading to the recognition of a gain of CHF 4.4 million in the income statement (Note 4). The securities were sold on the OTC market to the majority shareholder of Compagnie Financière Tradition SA (Note 15).

9. Investments in associates

In April 2010, the Group acquired 45% of the capital of Finarbit AG for CHF 1.6 million. A negative goodwill of CHF 0.4 million was recognised on this operation.

10. Intangible fixed assets

An analysis of intangible fixed assets is shown below:

CHF 000	<u>30 June 2010</u>	<u>31 December 2009</u>
Goodwill	45 643	43 604
Client relationships	16 473	25 665
Software	19 614	17 824
Business assets	877	864
Other	1 910	1 965
Total	84 517	89 922

11. Trade and other payables

An analysis of this item is shown below:

CHF 000	30 June 2010	31 December 2009
Payables related to account holder activities	575 190	499 295
Payables related to matched principal activities	304 583	82 189
Accrued liabilities	184 006	179 824
Related party payables	13 244	2 218
Other short-term payables	72 363	78 847
Total	1 149 386	842 373

12. Capital

In May 2010, following the conversion of subscription rights, 25 000 new shares were created at an issue price of CHF 2.50 each. This operation increased capital by CHF 62 500.

At 30 June 2010, share capital totalled CHF 15 382 175 consisting of 6 152 870 bearer shares with a nominal value of CHF 2.50 each.

13. Treasury shares

	Carrying value <i>CHF 000</i>	Acquisition or redemption price <i>CHF 000</i>	No. of shares of CHF 2.50 nominal value
At 1 January 2010	7 682	7 682	57 913
Acquisitions	745	745	6 237
Disposals	-2 132	-1 978	-16 325
Realised gains and losses		-154	-
At 30 June 2010	6 295	6 295	47 825

At 30 June 2010, the Group directly held 47 825 of its own shares (62 299 own shares at 30 June 2009) for an amount of CHF 6 295 000 (CHF 8 763 000 at 30 June 2009). These shares are shown as a deduction from equity.

14. Dividends

The following dividend was approved by the Annual General Meeting of 6 May 2010, and paid during the period.

CHF 000	<u>30 June 2010</u>	<u>30 June 2009</u>
Dividend of CHF 8.00 per share for the 2009 financial year (2009: CHF 8.00)	48 841	44 638

15. Related party transactions

In June 2010, the Group disposed of available-for-sale financial assets for CHF 19.6 million (Note 8). The securities were sold on the OTC market to Financière Vermeer NV, the majority shareholder of Compagnie Financière Tradition SA. The selling price was the closing price at the NYSE at the date of transaction. A gain of CHF 4.4 million was recognised on this operation. (Note 4).

16. Off-balance sheet operations

Commitments to deliver and receive securities

CHF 000	<u>30 June 2010</u>	<u>31 December 2009</u>
Commitments to deliver securities	29 848 640	30 898 835
Commitments to receive securities	29 834 195	30 894 380

Commitments to deliver and receive securities reflect buy and sell operations on securities entered into before 30 June 2010 and 31 December 2009, and closed out after these dates, in connection with the matched principal activities of Group companies.

17. Exchange rates

The main exchange rates against the Swiss franc used in the consolidation are shown below:

		<u>30 June 2010</u>		<u>30 June 2009</u>	
		<u>Year-end rate</u>	<u>Average rate</u>	<u>Year-end rate</u>	<u>Average rate</u>
1 pound sterling	GBP	1.62	1.65	1.79	1.68
1 euro	EUR	1.33	1.44	1.53	1.51
100 Japanese yen	JPY	1.22	1.18	1.13	1.18
1 US dollar	USD	1.08	1.08	1.08	1.13

18. Changes in the basis of consolidation

The main changes in the basis of consolidation during the period were as follows:

Finarbit AG, Zürich: in April 2010, the Group acquired 45% of share in this company (Note 8).