

FINANCIAL REPORT

Q2-2012



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June		31 December
		2012	2011	2011
ASSETS				
Cash and balances with central bank		1,472,341,709	15,487,975	1,274,982,572
Treasury bills and other eligible bills		45,012,909	930,413,738	6,678,547
Loans and advances to banks		240,439,162	649,377,806	300,794,570
Derivative financial instruments		41,623,191	28,803,092	43,051,092
Trading assets		4,819,768	3,552,541	3,846,407
Loans and advances to customers		97,085,931	124,833,037	100,615,748
Investment securities	6	777,358,301	671,688,402	748,377,322
Deferred income tax assets		156,800	3,456,987	168,000
Intangible assets	8	22,303,814	23,094,021	22,983,918
Information technology systems	9	22,188,466	19,926,030	21,529,047
Property, plant and equipment	10	40,431,276	22,171,800	33,147,276
Other assets		32,112,531	23,311,501	29,529,756
Total assets		2,795,873,858	2,516,116,930	2,585,704,255
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		14,291,870	10,681,163	9,510,283
Derivative financial instruments		8,165,278	3,214,108	9,921,620
Due to customers		2,517,564,082	2,256,697,643	2,310,092,305
Other liabilities		16,747,489	17,433,379	19,488,059
Current income tax liabilities		3,978,406	1,671,744	1,150,970
Deferred tax liabilities		974,182	965,670	1,105,896
Provisions		4,235,644	6,747,162	4,689,497
Total liabilities		2,565,956,951	2,297,410,869	2,355,958,630
Equity				
Ordinary shares	11	2,927,674	2,927,674	2,927,674
Share premium		39,496,150	39,418,265	39,418,265
Share option reserve		3,312,563	2,696,927	2,785,238
Other reserve		644,777	(368,973)	(1,574,167)
Treasury shares	12	(9,145,672)	(7,515,613)	(9,444,191)
Retained earnings		192,681,415	181,547,781	195,632,806
Total equity		229,916,907	218,706,061	229,745,625
Total liabilities and equity		2,795,873,858	2,516,116,930	2,585,704,255

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2012	2011	2012	2011
Fee and commission income		14,019,659	16,017,777	30,002,948	37,466,980
Fee and commission expense		(1,697,917)	(1,664,522)	(3,549,211)	(4,203,721)
Net fee and commission income		12,321,742	14,353,255	26,453,737	33,263,259
Interest income		5,737,224	5,550,888	11,397,082	11,026,021
Interest expense		(1,350,653)	(1,592,294)	(2,767,005)	(3,185,247)
Net interest income		4,386,571	3,958,594	8,630,077	7,840,774
Net trading income	4	10,787,677	12,694,104	21,604,985	26,365,407
Other income	13	616,250	-	616,250	-
Operating income		28,112,240	31,005,953	57,305,049	67,469,440
Operating expenses	5	(21,377,205)	(21,507,039)	(42,662,196)	(44,345,973)
Operating profit		6,735,035	9,498,914	14,642,853	23,123,467
Income tax expense	13	(1,009,550)	(2,339,793)	(2,616,074)	(5,309,298)
Net profit		5,725,485	7,159,121	12,026,779	17,814,169
<i>Basic earning per share</i>	7	0.40	0.50	0.83	1.24
<i>Diluted earning per share</i>	7	0.40	0.50	0.83	1.23
<i>Weighted average number of ordinary shares</i>	7	14,466,953	14,435,893	14,459,713	14,422,551

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2012	2011	2012	2011
Net profit for the period		5,725,485	7,159,121	12,026,779	17,814,169
Other comprehensive income:					
Gains / (losses) recognised directly in equity					
<i>Items to be recycled</i>					
Available-for-sale financial assets		895,696	201,225	2,699,076	521,315
Income tax relating to components of other comprehensive income (AFS assets)		(125,603)	(45,014)	(529,019)	(116,618)
Hedge reserve		350	(22,719)	13,155	24,939
Income tax relating to components of other comprehensive income (Hedge reserve)		286	5,082	(2,578)	(5,579)
Other comprehensive income for the period, net of tax		770,729	138,574	2,180,634	424,057
Total comprehensive income for the period		6,496,214	7,297,695	14,207,413	18,238,226

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2012	2,927,674	39,418,265	2,785,238	(1,574,167)	(9,444,191)	195,632,806	229,745,625
Change in investment securities	-	-	-	2,712,231	-	-	2,712,231
Tax impact on investment securities	-	-	-	(531,597)	-	-	(531,597)
Net profit of the period	-	-	-	-	-	12,026,779	12,026,779
Total comprehensive income for the period	-	-	-	2,180,634	-	12,026,779	14,207,413
Dividend	-	-	-	-	-(15,045,034)	-	(15,045,034)
Currency translation differences	-	-	-	38,310	-	-	38,310
Employee stock option plan: Value of services provided	-	-	594,189	-	-	-	594,189
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(66,864)	-	-	66,864	-
Purchase of treasury shares	-	-	-	-	(225,846)	-	(225,846)
Sale of treasury shares	-	77,885	-	-	524,365	-	602,250
Balance at 30 June 2012	2,927,674	39,496,150	3,312,563	644,777	(9,145,672)	192,681,415	229,916,907
Balance at 1 January 2011	2,927,674	40,011,434	2,455,677	(604,855)	(17,808,463)	172,029,134	199,010,601
Change in investment securities	-	-	-	546,254	-	-	546,254
Tax impact on investment securities	-	-	-	(122,197)	-	-	(122,197)
Net profit of the period	-	-	-	-	-	17,814,169	17,814,169
Total comprehensive income for the period	-	-	-	424,057	-	17,814,169	18,238,226
Dividend	-	-	-	-	-(8,607,208)	-	(8,607,208)
Currency translation differences	-	-	-	(188,175)	-	-	(188,175)
Employee stock option plan: Value of services provided	-	-	552,936	-	-	-	552,936
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(311,686)	-	-	311,686	-
Purchase of treasury shares	-	-	-	-	(4,813,712)	-	(4,813,712)
Sale of treasury shares	-	(593,169)	-	-	15,106,562	-	14,513,393
Balance at 30 June 2011	2,927,674	39,418,265	2,696,927	(368,973)	(7,515,613)	181,547,781	218,706,061

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	6 months ended 30 June	
		2012	2011
Cash flow from / (used in) operating activities			
Fees and commission receipts		29,715,794	36,964,747
Fees and commission paid		(3,453,610)	(4,141,430)
Interest receipts		10,597,052	17,979,820
Interest paid		(2,635,094)	(3,163,399)
Net trading income		21,643,295	19,613,232
Income tax paid		(900,950)	(491,476)
Cash payments to employees and suppliers		(38,688,830)	(39,277,061)
Cash flow from operating profit before changes in operating assets and liabilities		16,277,657	27,484,433
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		3,529,817	408,286
Derivative financial instruments assets		1,427,901	(4,439,078)
Loans and advances to banks (above 6 months)		-	(488,312)
Trading assets		(973,361)	(1,920,097)
Derivative financial instruments liabilities		(1,756,342)	(2,124,922)
Due to customers		207,471,777	164,587,130
Other liabilities		(1,587,981)	(9,245,654)
Net cash from operating activities		224,389,468	174,261,786
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	9/10	(13,041,825)	(6,631,082)
Proceeds from sale/reimbursement of investment securities		244,359,014	172,912,862
Purchase of investment securities		(270,481,523)	(172,727,623)
Net cash used in investing activities		(39,164,334)	(6,445,843)
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(225,846)	(4,813,712)
Sale of treasury shares		602,250	14,513,393
Dividend	11	(15,045,034)	(8,607,208)
Net cash used in financing activities		(14,668,630)	1,092,473
Increase/decrease in cash and cash equivalents		170,556,504	168,908,416
Movements in cash and cash equivalents			
Balance at beginning of year		1,572,945,406	1,415,201,628
Increase / (decrease)		170,556,504	168,908,416
Balance at 30 June	13	1,743,501,910	1,584,110,044

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Scope of operations

The current scope of the operations is described in Annual Report 2011. Developments during the period under review are summarised as follows:

- ▶ April 2012: the Group offers the ability to trade WTI crude oil through an innovative way (synthetic spot transaction). WTI crude oil trading is carried out on live prices on Swissquote online trading platforms.
- ▶ May 2012: the Group launches «Swiss DOT5» an innovative service for derivatives trading in Switzerland.
- ▶ June 2012: Swissquote Bank MEA Limited, new fully-owned subsidiary of Swissquote Bank Limited was incorporated in the Dubai International Financial Center. The authorised activities of Swissquote Bank MEA Limited are arranging credits or deals in investments, advising on financial products or credit arranging custody.

2. Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to anticipate or defer such costs at the end of the financial year. The Consolidated Interim Financial Statements should be read in conjunction with the 2011 Annual Consolidated Financial Statements.

In connection with the launch of WTI crude oil offering, the corresponding revenues are recognised as Net trading income and represent profits and losses, including commission income and financing income, from customer trading activity and the transactions undertaken to hedge these revenue flows. Open client positions in WTI crude oil are reported as derivative financial instruments and are measured at fair value.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Reportable segments

The analysis of reportable segments and cost center for the 6 months period ending 30 June 2012 and 2011 are as follows:

In CHFm	6 months ended 30 June	
	2012	2011
Net Revenues - Private Clients	33.8	36.6
Direct Operating Costs - Private Clients	(3.4)	(3.6)
Direct Marketing Costs - Private Clients	(0.5)	(2.7)
<i>Direct Contribution margin - Private Clients</i>	<i>29.9</i>	<i>30.3</i>
Net Revenues - B2B Clients	7.7	11.1
Direct Operating Costs - B2B Clients	(1.1)	(2.6)
Direct Marketing Costs - B2B Clients	(0.4)	(0.3)
<i>Direct Contribution margin - B2B Clients</i>	<i>6.2</i>	<i>8.2</i>
Direct Contribution margin - Securities	36.1	38.5
Net Revenues - eForex	15.5	20.2
Direct Operating Costs - eForex	(4.8)	(7.2)
Direct Marketing Costs - eForex	(1.3)	(2.5)
Direct Contribution margin - eForex	9.4	10.5
Operating Cost - Technology	(9.4)	(8.1)
Operating Cost - Operations	(9.9)	(9.0)
Operating Cost - Marketing	(4.0)	(2.0)
Operating Cost - G&A	(7.6)	(6.1)
Others - Provisions	(0.4)	(0.2)
Others - Net income from financial assets held at fair value	0.4	(0.5)
Platform and Infrastructure Operations Costs (cost center)	(30.9)	(25.9)
Operating profit	14.6	23.1
Income tax expense	(2.6)	(5.3)
Net profit	12.0	17.8

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Reportable segments (continued)

In CHFm	30 June 2012	30 June 2011
Assets - Securities / Private Clients	2,164.0	1,912.8
Assets - Securities / B2B Clients	351.2	367.9
Assets - eForex	191.5	155.7
Assets - Platform and Infrastructure	89.2	79.7
Total assets	2,795.9	2516.1
Liabilities - Securities / Private Clients	(2,124.3)	(1,864.5)
Liabilities - Securities / B2B Clients	(260.8)	(281.9)
Liabilities - eForex	(164.0)	(133.5)
Liabilities - Platform and Infrastructure	(16.9)	(17.5)
Total liabilities	(2,566.0)	(2,297.4)
Total equity	229.9	218.7

4. Net trading income

	6 months ended 30 June	
	2012	2011
Foreign exchange revenues		
- eForex	15,503,938	20,145,016
- Other foreign exchange income	5,320,035	6,588,279
	20,823,973	26,733,295
Unrealised fair value gains/(losses)		
- From Investment securities	482,454	(323,809)
- From Trading assets	(126,826)	(127,043)
	355,628	(450,852)
Realised gains/(losses)		
- Gains less losses from financial assets	425,384	82,964
Total	21,604,985	26,365,407

5. Operating expenses

	6 months ended 30 June	
	2012	2011
Payroll & related expenses	19,402,974	19,717,349
Other operating expenses	10,918,502	12,333,968
Marketing expenses	6,162,210	7,469,072
Provisions	400,000	200,000
Depreciation and amortisation	5,778,510	4,625,584
Total	42,662,196	44,345,973

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Investment securities

	6 months ended 30 June 2012			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	405,745,617	405,745,617	771,060	771,060	-	-
Held-to-maturity	359,146,265	379,487,224	20,340,959	-	-	20,340,959
Fair value through profit & loss	12,466,419	12,466,419	(1,917,335)	-	(1,917,335)	-
	777,358,301	797,699,260	19,194,684	771,060	(1,917,335)	20,340,959

	Quarter ended 30 June 2012	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	771,060	895,696
Held-to-maturity	20,340,959	1,742,120
Fair value through profit & loss	(1,917,335)	(461,479)
	19,194,684	2,176,337

	6 months ended 30 June 2011			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	287,759,350	287,759,350	(193,800)	(193,800)	-	-
Held-to-maturity	371,021,905	380,423,397	9,401,492	-	-	9,401,492
Fair value through profit & loss	12,907,147	12,907,147	(323,809)	-	(323,809)	-
	671,688,402	681,089,894	8,883,883	(193,800)	(323,809)	9,401,292

	Quarter ended 30 June 2011	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	(193,800)	(201,225)
Held-to-maturity	9,401,492	3,214,200
Fair value through profit & loss	(323,809)	(339,314)
	8,883,883	2,673,661

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Earning per share

a) Basic

	Quarter ended 30 June		6 months ended 30 June	
	2012	2011	2012	2011
Net Profit	5,725,485	7,159,121	12,026,779	17,814,169
Weighted average number of ordinary shares in issue	14,466,953	14,435,893	14,459,713	14,422,551
Basic earning per share	0.40	0.50	0.83	1.24

b) Diluted

	Quarter ended 30 June		6 months ended 30 June	
	2012	2011	2012	2011
Net Profit	5,725,485	7,159,121	12,026,779	17,814,169
Weighted average number of ordinary shares in issue	14,466,953	14,435,893	14,459,713	14,422,551
Adjustments for share options	-	9,486	-	19,225
Weighted average number of ordinary shares for diluted earnings per share options	14,466,953	14,445,379	14,459,713	14,441,776
Diluted earning per share	0.40	0.50	0.83	1.23

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Intangible assets

	Customer relationships	Goodwill	Total
6 months ended 30 June 2012			
Opening net book amount	2,954,446	20,029,472	22,983,918
Addition	-	-	-
Amortisation / depreciation	(110,104)	-	(110,104)
Impairment	(570,000)	-	(570,000)
Closing net book amount	2,274,342	20,029,472	22,303,814
6 months ended 30 June 2011			
Opening net book amount	3,174,653	20,029,472	23,204,125
Addition	-	-	-
Amortisation / depreciation	(110,104)	-	(110,104)
Closing net book amount	3,064,549	20,029,472	23,094,021

During Q2-2012, an impairment loss of CHF 570,000 on the intangible asset - represented by the clientele acquired during Tradejet Ltd business combination in 2010 - was recognised in the income statement.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
6 months ended 30 June 2012				
Opening net book amount	5,780,160	13,319,228	2,429,659	21,529,047
Addition	941,005	3,551,842	328,713	4,821,560
Amortisation / depreciation	(993,992)	(2,523,980)	(644,169)	(4,162,141)
Closing net book amount	5,727,173	14,347,090	2,114,203	22,188,466
6 months ended 30 June 2011				
Opening net book amount	4,648,142	10,029,782	2,926,966	17,604,890
Addition	1,733,651	3,822,634	477,962	6,034,247
Amortisation / depreciation	(890,135)	(1,957,532)	(865,440)	(3,713,107)
Closing net book amount	5,491,658	11,894,884	2,539,488	19,926,030

Additions to Information technology systems include an amount of CHF 3,330,322 (2011: CHF 3,521,055) representing own costs capitalised in connection with the development of the systems of the Bank.

10. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
6 months ended 30 June 2012				
Opening net book amount	29,455,742	1,855,557	1,835,977	33,147,276
Addition	8,145,349	16,866	58,050	8,220,265
Amortisation / depreciation	(279,587)	(391,298)	(265,380)	(936,265)
Closing net book amount	37,321,504	1,481,125	1,628,647	40,431,276
6 months ended 30 June 2011				
Opening net book amount	18,045,696	2,229,921	2,101,720	22,377,337
Addition	125,367	230,294	241,174	596,835
Amortisation / depreciation	(277,703)	(249,240)	(275,429)	(802,372)
Closing net book amount	17,893,360	2,210,975	2,067,465	22,171,800

The total cost of the property includes an aggregate CHF 151,609 of own costs capitalised (2011: CHF 87,171).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Ordinary shares

a) Numbers of Shares in 2012

	1 January	Change	30 June
Issued shares			
Ordinary share capital			
Number of shares	14,638,370	-	14,638,370
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	2,927,674	-	2,927,674
Unissued shares			
Conditional capital			
Number of conditional shares	750,000	-	750,000
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	150,000	-	150,000
Authorised capital			
Number of authorised shares	3,500,000	-	3,500,000
Nominal value per share (CHF)	0.20	-	0.20
Amount authorised (CHF)	700,000	-	700,000

At the Annual General Meeting of shareholders held on 8 May 2012, the shareholders have inter alia resolved a dividend of CHF 1.04 per share out of capital contribution reserve.

b) Numbers of Shares in 2011

	1 January	Change	30 June
Issued shares			
Ordinary share capital			
Number of shares	14,638,370	-	14,638,370
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	2,927,674	-	2,927,674
Unissued shares			
Conditional capital			
Number of conditional shares	211,060	538,940	750,000
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	42,212	107,788	150,000
Authorised capital			
Number of authorised shares	4,000,000	(500,000)	3,500,000
Nominal value per share (CHF)	0.20	-	0.20
Amount authorised (CHF)	800,000	(100,000)	700,000

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Treasury shares

	2012	2011
Beginning of the year (shares)	183,621	303,404
Acquisition - shares unit price ranging from CHF	6,573 26.02 to 42.40	92,427 41.93 to 61.70
Disposal - shares unit price ranging from CHF	(16,500) 36.50 to 36.50	(229,423) 46.86 to 58.91
Remittance to optionees - shares unit price ranging from CHF	- -	(38,174) 34.00 to 47.00
End of the period - 30 June (shares)	173,694	128,234
% of the issued shares	1.19%	0.88%
Total cost in CHF	9,145,672	7,515,613

The Treasury shares are primarily acquired for the purpose of covering the employees stock option plans.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Miscellaneous financial information

Pension obligations

The Group (a) uses the so called "corridor approach" (IAS 19) and (b) examines the impact of possible discrepancies between long-term actuarial assumptions used in the actuarial calculations at the end of the previous calendar year and actual short term data applicable at the date of interim reporting, in order to determine the requirement for the recording of actuarial gains and losses in condensed consolidated interim financial statements as a result of pension obligations.

No actuarial adjustment to the financial cost of the pension plan (consisting in the contribution payable by the Group to the Fund in accordance with its statutory rules) was required at 30 June 2012, nor in the former quarters.

Taxation

The Group meets specific conditions that makes Swissquote Bank Ltd eligible to a preferred tax rate at the Swiss cantonal level for a period of maximum 10 years (reduction of 20% on ordinary tax rate). These conditions have to be met during the full period. If the Group is not able to maintain the conditions, Tax Authorities may reclaim part or all the difference between preferred and ordinary tax rate.

Consolidated statement of cash flow

The reconciliation of cash and cash equivalents reported in the consolidated statement of cash flow with the figures presented in the consolidated statement of financial positions is detailed as follows :

	6 months ended 30 June 2012	
	2012	2011
Cash and balances with central bank	1,472,341,709	15,487,975
Treasury bills and other eligible bills	45,012,909	930,413,738
Loans and advances to banks	240,439,162	649,377,806
Deposits from banks	(14,291,870)	(10,681,163)
Sub-total	1,743,501,910	1,584,598,356
Less : Loans and advances to banks (above 6 months)	-	(488,312)
Cash and cash equivalents	1,743,501,910	1,584,110,044

Other Income

A contingent consideration arising from the acquisition of ACM Advanced Currency Markets Ltd in 2011 of CHF 616,250 (included in Other Liabilities) was released in Q2-2012 and recognised in Other income in accordance with IFRS 3.58.

Tier One ratio (Basel II ratio)

At 30 June 2012, the Group had a Tier One ratio (Basel II ratio) of 21.23% (30 June 2011: 22.30%; 31 December 2011: 21.70%).



*Report on the Review of
condensed consolidated interim financial information
to the Board of Directors of
Swissquote Group Holding Ltd
Gland*

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) set out on pages 1 to 15 of Swissquote Group Holding Ltd for the period ended 30 June 2012. The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Philippe Bochud

Eric Maglieri

Geneva, 24 July 2012

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