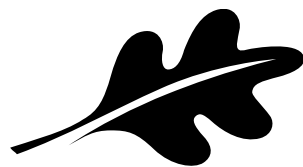


ANNUAL REPORT 2009
BANQUE FIGUET & CIE S.A.



MESSAGE FROM THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Following the financial crisis of the previous year, 2009 was a year of recovery for virtually all asset classes. Government recovery plans restored investor confidence and began to bear fruit as of the second quarter.

Total assets under management increased by 11% compared with the end of 2008 to stand at CHF 4.7 billion, including an inflow of net new money of CHF 145 million, which reflected our clients' confidence. However, income decreased by 21% to CHF 43.9 million as a result of several factors. Firstly, due to the reduction in the average volume of client assets, which were seriously affected by the financial markets at the end of 2008 and during the first quarter of 2009. Secondly, clients proved to be more conservative by reducing their investment risks. Additionally, a sharp drop in interest rates had a strong impact on earnings. Expenses were kept well under control, recording a decrease of 8% compared with the previous year, which allowed the Bank to achieve net earnings of CHF 5.3 million, 48% down on 2008. The Bank's balance sheet rose by 65% compared with 2008, to reach 959 million. This strong increase was due to an inflow of liquidity following the reduction of client investments in financial instruments, particularly in fiduciary deposits.

In the course of the year, the Bank converted some of its internal funds into investment funds authorized for sale to the public in Switzerland. In view of the excellent performances of these funds, this move will offer new investors an opportunity to benefit from our investment expertise. Our private banking, institutional account management and independent managers departments all enjoyed growth, benefiting from and reinforcing their strong teams. A number of new client advisers have been recruited taking the opportunity to join a bank with human size and culture. In clarifying its strategy, the Bank intends to expand and extend its services in French-speaking Switzerland. It has decided to close its representative office in Hong Kong, which was not achieving the expected results.

Despite the difficult environment in 2009, marked as it was by the pressures placed on banking secrecy, verging on an industry crisis, we succeeded in maintaining our position and increasing our efficiency and performance. Similarly, our majority shareholder, Banque Cantonale Vaudoise, saw its Standard & Poor's AA- rating remain stable. At the beginning of April 2009, Christopher Preston joined the Bank as Chief Executive Officer. The position of Chairman of the Board of Directors that he held with the Bank was taken over by Olivier Steimer, who was already Chairman of the Board of Directors of Banque Cantonale Vaudoise.

We wish to thank our clients for their trust and confidence and all our staff for their contribution, dedication and loyalty.

INVESTMENT POLICY

2009 was a decisive year in terms of investment policy. Following 2008 – a particularly difficult year – most strategists were tempted to apply an extremely defensive policy and to avoid financial assets seen as carrying risk.

From our perspective, this “end-of-the-world” sentiment was, on the contrary, a source of opportunities in view of the resources that had been allocated by governments and the actions that had been taken to support the financial system. In our analysis the strong stimulus measures taken by the authorities around the world, the absence of inflation and the early return of growth formed a particularly favourable environment for an outperformance of higher risk asset classes. The large amounts of cash parked in money-market funds earning very little interest also supported a rally in equity markets.

The choices made in our investment strategy, to reduce the duration of government bonds, to increase the proportion of corporate bonds, to change the weighting of equities in favour of more cyclical markets and sectors, as well as to increase the weight of peripheral currencies at the expense of reserve currencies such as the US dollar, all proved worthwhile. These decisions, which were implemented in our funds as well as in our clients’ portfolios, allowed excellent results to be achieved both in terms of absolute performance and compared with the competition.

Concerning the outlook for 2010, global growth is likely to pick up following a sharp decline in 2009. Nevertheless, the disparities between zones are likely to be significant, with strong growth in the BRIC countries (Brazil, Russia, India, China) and more restrained growth in the developed countries. The latter have benefited from a rebound of activity thanks to a low level of inventories and the recovery in the automotive industry, supported by public subsidies. Following the improvement seen in recent months, industrial confidence is reaching a high level in several countries.

The trend in orders and production may well be less strong, even though the comparisons over one year will be more favourable.

Weak growth in the labour market may still be a cause of concern for households in the industrialized countries for a while, which is likely to weigh on consumption although contributing to a recovery in savings and continued debt reduction.

In this environment, government policies should continue to support economic activity. Most countries have therefore decided to extend the crisis measures (assistance for the long-term unemployed, tax credits for real estate), and in Japan a new version of the stimulus plan was announced to take the country out of deflation.

Price indices should rise again in the United States and the Eurozone owing to movements in currencies and energy prices. Nevertheless, inflation is likely to remain low in view of the high level of unemployment and unused production capacity in industry. Government interest rates might nevertheless grow firmer against a backdrop of rising inflation expectations.

The risk environment still offers opportunities, even though they promise to be more volatile and to offer lower potential. Apart from the economic recovery, the improvement in corporate earnings results is being confirmed and liquidity remains abundant and poorly rewarded.

PRIVATE BANKING

INCREASED CLIENT ASSETS AND SUCCESSFUL RECRUITMENT

The historic downturn on the financial markets in 2008 continued until the end of the first quarter of 2009 and the private clients of Swiss banking institutions were seriously destabilized by the repeated international attacks launched on Swiss banking secrecy.

In this environment that severely tested clients' confidence, our Bank once again stood out from the competition by anticipating an increase in equity prices just at a time when the consensus was giving preference to caution, if not extreme conservatism.

This clear strategy, as well as the excellent personal relationships maintained with our clientele owing to our human dimension, allowed the Bank to end the financial year with a positive net inflow of funds in 2009, despite the impact of the scudo fiscale on the business of our Lugano branch. This together with excellent investment performance increased the volume of the assets for private clients by CHF 274 million.

To better publicize its investment expertise and results, our Bank has taken steps to convert several of its internal funds into investment funds authorized for sale to the public in Switzerland, in co-operation with Gérifonds, a leading funds administration and management company, which is also a member of the BCV Group.

Our efforts also focused on the recruitment of new talent in private banking. We are proud to have recruited several experienced and highly motivated client advisors from renowned institutions in Switzerland.

In order to serve our clientele ever more efficiently, we have altered our organization by creating the position of head of private banking, to which Philippe Bacharach, a member of the Executive Board, has been appointed.

INSTITUTIONAL ACCOUNT MANAGEMENT

RENEWED OUTPERFORMANCE AND INCREASE IN ASSETS

Our investment strategy correctly anticipated a trend reversal on the financial markets at the beginning of the year. The risk increase in the portfolios that was decided at the time proved judicious, that is, an overall increase in risk by reducing the duration and credit rating on bonds, raising the equities weighting in favour of more cyclical markets and sectors and increasing the weight of peripheral currencies at the expense of reserve currencies.

These decisions led to excellent performances in absolute terms. It also enabled us to increase, again last year, our long-term outperformance compared with the benchmark indices, in particular in the area of balanced mandates for pension funds and international bond mandates. In this respect it is worth noting the good results of our international bond fund, Piguet Global Fund – International Bonds, which enabled the Bank to win two Lipper trophies in recognition of the quality of its bond management.

These repeated good performances allowed us to win new institutional mandates in 2009. They also enable us to look towards the future of this line of business with optimism. We are convinced of the benefits of active management for a pension fund institution. At Banque Piguet, this management style is based on an investment philosophy that gives preference primarily to capital protection and a strategy of clear convictions based on independent views and mistrust of fashion-based trends.

INDEPENDENT MANAGERS

GRATIFYING EXPANSION AND ENHANCED TRUST

Coming in the wake of an unprecedented financial crisis, 2009 was also not an easy year for independent managers. In this troubled period of pressure on banking secrecy, they continued to pay the utmost attention to managing their clients' wealth, and the market rebound, from April onwards, enabled them to restore some colour to the performances of the accounts. In this environment our Bank's support was key to providing a professional and efficient service.

Thanks to the strictly Swiss character of our Bank and to our close relationships, many new independent managers placed their trust in us last year. Assets under management increased by 22%, 12% of which were net inflows, which denotes the interest that independent managers showed in the services we offer, as part of a harmonious and constructive partnership.

In order to meet this growing demand, the department serving independent asset managers was adapted and restructured to meet their requirements and the needs of their clients.

ORGANIZATION OF THE BANK AS OF 31 DECEMBER 2009

Board of Directors

Chairman

Olivier Steimer	Chairman of the Board of Directors, Banque Cantonale Vaudoise
-----------------	--

Deputy Chairman

Bernard Lachenal	Attorney-at-law
------------------	-----------------

Members

Arnold Meilland	
-----------------	--

Christian Pella	Head of Legal Department, Banque Cantonale Vaudoise
-----------------	--

Philip Seligman-Schuerch	Economist
--------------------------	-----------

Executive Board

Christopher E. Preston	Chief Executive Officer
------------------------	-------------------------

Claude Figeat	Managing Director, Administration
---------------	-----------------------------------

Jacques Apothéloz	Executive Vice President, Independent Managers, Trading/ IT
-------------------	---

Philippe Bacharach	Executive Vice President, Private Banking
--------------------	---

Michel Menoud	Executive Vice President, Investment Research and CIO
---------------	---

Auditors

PricewaterhouseCoopers S.A.

**KEY FIGURES FOR OUR MAJORITY SHAREHOLDER,
THE BANQUE CANTONALE VAUDOISE (BCV), AT 31 DECEMBER 2009**

Balance sheet (in CHF million)

Balance sheet total	35 733
Advances to clients	24 312
Client deposits and loans	29 517
Shareholders' equity	3 222

Income (in CHF million)

Gross income	470
Net income	301

Funds on deposit (in CHF million) 76 209

Total manpower (in units of full-time labour) 1 939

Equities market data (in CHF)

Highest price	427.00
Lowest price	260.00

Structure of capital

Canton of Vaud	66.95%
Public	33.05%

BCV participation in capital of Banque Piguet & Cie S.A. 85%

ANNUAL ACCOUNTS

BALANCE SHEET AS OF 31 DECEMBER
(before distribution of income)

Assets	CHF	
	2009	2008
Cash and cash equivalents	10 779 370.99	7 611 871.89
Money-market instruments	5 346.78	22 631.56
Due from banks	629 543 308.60	186 896 362.57
Loans and advances to customers	115 982 028.22	181 310 077.82
Mortgage loans	166 102 847.00	144 495 097.00
Trading portfolio assets	523 035.63	650 329.32
Financial investments	12 520 634.85	12 282 553.57
Participations	182 947.90	182 947.90
Tangible fixed assets	12 076 000.00	12 693 000.00
Accrued income and prepaid expenses	3 502 692.40	3 263 245.00
Other assets	7 491 884.18	32 403 304.22
Total assets	958 710 096.55	581 811 420.85
Total Group intercompany and affiliate receivables	526 602 706.65	170 039 798.14
Liabilities		
Money-market paper issued	147 202.59	5 823.88
Due to banks	21 149 843.11	77 696 994.96
Customer savings and investment accounts	9 981 468.40	6 181 297.52
Other customer accounts	793 236 972.65	339 382 654.67
Accrued expenses and deferred income	6 235 584.15	8 660 682.98
Other liabilities	9 801 823.07	34 080 565.00
Valuation adjustments and provisions	9 141 004.55	9 058 579.23
Reserves for general banking risks	3 000 000.00	3 000 000.00
Equity capital	20 000 000.00	20 000 000.00
General legal reserves	10 880 000.00	10 680 000.00
Reserve for own equity certificates	13 483 556.00	11 323 353.00
Other reserves	56 316 444.00	51 576 647.00
Retained earnings	64 822.61	49 259.73
Profit for the year	5 271 375.42	10 115 562.88
Total liabilities	958 710 096.55	581 811 420.85
Total liabilities to Group companies and significant shareholders	22 921 969.88	80 935 390.82

OFF-BALANCE SHEET TRANSACTIONS AS OF 31 DECEMBER

	CHF	
Off-balance sheet	2009	2008
Contingent liabilities	25 693 771.53	11 834 149.91
Irrevocable commitments	3 259 000.00	1 692 000.00
<hr/>		
Derivative financial instruments		
Value of underlyings	464 125 040.88	925 537 604.02
Positive replacement values	5 960 507.03	31 260 114.73
Negative replacement values	7 152 717.01	31 982 919.42
Fiduciary deposits with other banks	372 753 494.23	502 962 949.43

INCOME STATEMENT AS OF 31 DECEMBER

	CHF	
	2009	2008
Income and expenses from ordinary banking operations		
Net interest income		
<i>Interest and discount income</i>	8 194 596.96	13 443 924.76
<i>Interest and dividend income from financial investments</i>	219 560.41	335 056.90
<i>Interest expenses</i>	-1 862 464.11	-4 054 888.81
Subtotal for net interest income	6 551 693.26	9 724 092.85
Income from commissions and services		
<i>Fees and commissions on lending operations</i>	156 989.88	143 315.69
<i>Fees and commissions on securities and investment transactions</i>	34 148 655.21	41 821 833.01
<i>Fees and commissions on other services</i>	1 069 156.61	1 260 233.78
<i>Fee and commission expenses</i>	-4 304 843.37	-4 321 978.52
Subtotal for income from commissions and service transactions	31 069 958.33	38 903 403.96
Net trading income	6 018 869.78	6 912 022.47
Other ordinary income		
<i>Profit on disposal of financial investments</i>	-20 324.82	0.00
<i>Income from holdings</i>	97 647.20	71 887.95
<i>Real estate income</i>	8 989.00	9 309.00
<i>Miscellaneous ordinary income</i>	160 170.23	236 345.06
<i>Miscellaneous ordinary expenses</i>	-10 775.62	0.00
Subtotal for other ordinary income	235 705.99	317 542.01
Total income from ordinary banking operations	43 876 227.36	55 857 061.29
Operating expenses		
<i>Personnel costs</i>	-24 578 332.57	-26 862 145.60
<i>Other operating expenses</i>	-10 964 769.45	-11 861 785.02
Subtotal for operating expenses	-35 543 102.02	-38 723 930.62
Gross profit	8 333 125.34	17 133 130.67
Depreciation and write-offs on fixed assets	-1 313 999.41	-1 385 470.39
Value adjustments, provisions and losses	-71 614.21	-3 431 242.00
Profit on ordinary banking operations before extraordinary items and taxes	6 947 511.72	12 316 418.28
Extraordinary income	173 577.15	1 256 447.40
Extraordinary expenses	-12 498.70	-59 284.80
Taxes	-1 837 214.75	-3 398 018.00
Profit for the year	5 271 375.42	10 115 562.88

CASH FLOW STATEMENT (IN THOUSANDS OF SWISS FRANCS)

	2009			2008		
	Source of funds	Use of funds	Balance	Source of funds	Use of funds	Balance
Cash inflow / outflow from operations						
Net profit for the year	5 271	-		10 116	-	
Depreciation and write-offs on fixed assets	1 314	-		1 385	-	
Valuation adjustments and provisions	846	764		3 826	420	
Accrued income and prepaid expenses in the form of assets	-	240		1 736	-	
Accrued expenses and deferred income in the form of liabilities	-	2 425		-	5 584	
Other headings	24 911	24 278		23 069	23 620	
Dividend from previous year	-	3 000		-	6 000	
Balance	32 342	30 707	1 635	40 132	35 624	4 508
Cash inflow / outflow from investments						
Other tangible fixed assets	-	697		-	1 029	
Balance	-	697	-697	-	1 029	-1 029
Cash flow from banking operations						
Medium- and long-term operations (>1 year)						
Due to banks	10 000	-		-	-	
Other customer accounts	-	1 350		-	2 624	
Due from banks	-	2 618		-	1 000	
Loans and advances to customers	-	73 741		3 973	-	
Mortgage loans	-	25 765		-	5 533	
Financial investments	-	5 244		-	9	
Short-term operations						
Money-market paper issued	141	-		-	664	
Due to banks	-	66 547		15 797	-	
Customer savings and investment accounts	3 800	-		4 115	-	
Other customer accounts	455 205	-		41 618	-	
Money-market instruments	17	-		-	20	
Due from banks	-	440 029		-	27 642	
Loans and advances to customers	139 069	-		-	45 541	
Mortgage loans	4 157	-		10 546	-	
Trading portfolio assets	127	-		-	451	
Financial investments	5 007	-		102	-	
Other receivables	-	-		-	2 624	
Balance	617 523	615 294	2 229	76 151	83 484	-7 333
Cash position						
Cash and cash equivalents	-	3 167		3 854	-	
Balance	-	3 167	-3 167	3 854	-	3 854
Total source of funds	649 865			120 137		
Total utilization of funds	649 865			120 137		

NOTES TO THE FINANCIAL STATEMENTS

1. Commentary on the year's activity and a word about staffing

General observations

The objective of Banque Piquet & Cie S.A. (hereinafter "the Bank") is to operate a bank focusing mainly on asset management and dealing in shares and transferable securities. In addition to its asset management business, the Bank is mainly involved in the arrangement of Lombard and mortgage loans for certain clients.

The Bank conducts its activities from its head office in Yverdon-les-Bains, the branch in Geneva, the offices in Lausanne and Lugano and at its representative office in Dubai, the representative office in Hong Kong was closed at the end of August 2009. Expressed in terms of full-time jobs, the headcount at the end of 2009 amounted to 111.1 employees, which was an overall decrease of 1.1 compared with the end of 2008. The representative office employed 1 staff member.

The Bank's main activities are described below.

Balance sheet operations

Interest operations carried out for the account of clients are generated by loans to clients that are generally covered by securities or mortgages, the latter being mainly for home financing.

Short- and medium-term interbank operations are mainly carried out with the Banque Cantonale Vaudoise (BCV) Group. The Bank manages balance sheet interest rate risks by means of interest rate swaps (IRS).

Trading operations

The Bank carries out all of the trading operations that are customarily offered in this field for the account of clients, on the basis of recommendations from its financial analysts.

The Bank has set extremely strict limits for own-account trading activities.

Commissions and services

Commissions and services relate mainly to asset management, fiduciary deposits and the trading of securities and derivative financial instruments for client accounts. The Bank also provides services in the field of discretionary management as well as the administration of investment funds.

The Bank offers its services to both institutional and private banking clients.

Outsourcing

The Bank has entrusted specific tasks to the following organizations:

- API SA (effective 20th March 2008): management and operation of computer systems
- SUNGARD INVESTMENT SYSTEMS SA: operation of banking software
- BBP AG: operation of interbank communication systems (SIC, SWIFT, SECOM)

A detailed services contract has been drawn up for this outsourcing, in compliance with the requirements of the Swiss Federal Banking Commission.

In order to guarantee the confidential nature of all operations, the employees of the service providers are all subject to banking secrecy.

2. Valuation and accounting principles

Basic principles

The keeping of the accounts and the accounting and valuation principles applied are in conformity with the Swiss Code of Obligations, the Federal Law on Banks and Savings Banks and its implementing ordinance, the provisions of the articles of association and the directives of the Federal Banking Commission.

Recording of operations and inclusion in the balance sheet

All operations are entered in the balance sheet on the day they are completed ("trade date accounting") and valued from that day for the purpose of determining the result.

Conversion of foreign currencies

Transactions in foreign currencies are entered in the accounts at the exchange rates applicable on the date of the transactions. Profits and losses resulting from the settlement of these transactions as well as from the conversion of monetary assets and liabilities denominated in foreign currencies at the exchange rates applicable on the date of the balance sheet, are entered in the profit and loss account.

The main exchange rates used at the time of closing the annual accounts are as follows:

	2009		2008	
	Closing rate	Average annual rate	Closing rate	Average annual rate
EUR	1.4832	1.5073	1.4795	1.5765
USD	1.0338	1.0829	1.0644	1.0757
GBP	1.6694	1.6942	1.5303	1.9709
JPY	1.1104	1.1561	1.1741	1.0509

General valuation principles

Assets and liabilities as well as off-balance sheet transactions that are grouped together under the same heading are in all cases subject to individual valuations.

Receivables and liabilities denominated in foreign currencies as well as positions in foreign currencies are valued at the exchange rates applicable on the date of the balance sheet.

Cash, receivables from money market paper, receivables from banks and liabilities

These items are entered in the balance sheet at their face value or purchase price, after deduction of individual valuation adjustments for doubtful debts.

Loans (outstanding client loans and mortgage loans)

Impaired loans, that is, loans for which it is doubtful that the debtor will be able to meet his future commitments, are valued individually and the depreciation of the value is covered by individual valuation adjustments. Off-balance sheet operations such as firm commitments, guarantees and derivative financial instruments are likewise included in this valuation.

A loan is considered impaired when one of the payments relating to the settlement of interest, payment of commissions or to partial or full repayment of the principal has not been obtained in full for more than 90 days after the due date. A loan for which it is unlikely that the debtor will be able to meet his commitments owing to strong indications as listed under marginal note 226b of the FINMA's guidelines on the presentation of accounts is considered to be impaired.

Pension and welfare commitments

The treatment of pension commitments is based on the Swiss GAAP ARR 16 standard.

Pension commitments are taken to mean all commitments resulting from the pension and welfare plans and institutions which provide for retirement, death or disablement benefits.

Each time the annual accounts are closed, the Bank determines for each pension and welfare fund whether there are assets (benefits) or liabilities (commitments) other than the contributions paid and the related adjustments. This examination is carried out on the basis of the financial situation of the pension and welfare institutions according to their intermediate accounts closed at 30 September.

A commitment is entered in the balance sheet under "Valuation adjustments and provisions"; the economic benefit is accounted for under "Other assets". The difference with the corresponding value of the previous period is recorded, for each pension and welfare institution, under "Staff expenses"; the same applies to the period-adjusted contributions.

Taxation

Taxes levied on profits and shareholders' equity for the financial year are determined in accordance with the relevant fiscal regulations and are entered in the accounts as expenses for the financial year under review.

The balances due by way of direct tax on current profits and shareholders' equity are entered on the liabilities side of the balance sheet under the heading "Adjustment accounts", while the balances due by way of indirect taxes are shown under "Other liabilities".

Contingent liabilities, irrevocable commitments, undertakings to fully pay up and make additional payments

These items are presented as off-balance sheet transactions at face value. The Bank makes provisions under liabilities in the balance sheet for foreseeable risks.

Valuation adjustments and provisions

The Bank makes value adjustments and individual provisions for all recognizable risks of loss, that is, a probable liability based on a past event, the amount and/or due date of which are/is uncertain, but which can be reliably estimated. Value adjustments and provisions which, in the course of an accounting period, are no longer financially necessary are released and entered in the profit and loss account or maintained in the form of hidden reserves.

Reserves for general banking risks

In order to sustainably ensure the Bank's prosperity, reserves may be formed for general banking risks, taking into account, first, the earnings capacity of the financial year concerned and, second, the limits set by the tax authorities.

Reserve for own equity certificates

In 2001 the Bank established the "Fondation d'intéressement Banque Piguet & Cie S.A.", which purchased 30,000 equity certificates (15% of the share capital) of the Bank in order to enhance the loyalty of some of its employees. Currently the staff members concerned hold 12,125 shares, that is 6.06% of the share capital. The remaining 17,875 shares (8.94% of the share capital), which are owned by the Foundation, are deemed to be an indirect holding of own equity certificates and require the formation of a "Reserve for own equity certificates", which is shown on the liabilities side of the balance sheet, by debiting "Other reserves". Said shares are valued at the average cost of the purchases and sales made since 2001.

Derivative financial instruments

Trading operations

All of the Bank's derivative financial instruments are valued at fair value (replacement value). Positive and negative replacement values are entered in the balance sheet under the headings "Other assets" and "Other liabilities". The fair value results from the price set by an efficient and liquid market.

Realized and unrealized income from transactions on derivative financial instruments used for trading purposes is entered in the accounts under the heading "Income from trading operations".

Hedging transactions

The Bank also uses derivative financial instruments (IRS) to manage interest rate risks, in the context of its balance sheet management.

The balance of income from operations intended to hedge interest rate risks is entered under the heading "Interest charges". Accrued interest and changes in replacement values are shown in the "Adjustment account" under "Other assets" or "Other liabilities".

The effects of hedging and the objectives and strategies of hedging transactions are documented when the transactions have been completed.

Risk management

The Board of Directors has conducted an analysis of the principal risks to which the Bank is exposed. This analysis is based on the risk management data and tools put in place by the latter. When analysing risks, it took account of the control system put in place in order to manage and reduce the risks. They are monitored by the risk manager and the risks committee representing the various operations involving risks within the Bank.

A centralized information system for the different components of the risky operations has been put in place.

Default risks

The Bank's credit risk policy takes into account all commitments which could result in losses if the counterparties should be unable to meet their obligations.

The Bank limits credit risks in several ways: by diversifying them, by imposing strict requirements on the quality of borrowers and by the degree of cover required. The quality of clients is assessed on the basis of standardized solvency criteria. Responsibility for granting loans is organized by the Board of Directors. The value of guarantees is subject to regular checks by type of cover. The Bank's real estate experts provide assistance to the units responsible for lending, as well as to clients, for all technical and valuation issues relating to real estate.

The Bank has laid down the following procedures for the valuation of real estate:

- property inhabited by the owner: actual value
- investment property: value based on yield
- building plots: market value taking into account future use

The size of a loan depends on the client's ability to service the debt and the proportion of client securities held by the Bank that it represents. Second mortgages have to be amortized. For the valuation of securities used as collateral (Lombard loans), the Bank applies the principle of market value after deduction of the regulatory collateral margins.

Valuation adjustments and loss reserves are reviewed and readjusted each quarter.

Interest rate risks

Interest rate risks result from failure to match the due dates of assets and liabilities on the balance sheet. The Bank's policy for all major loans is to refinance in the same currency for the same maturity dates.

Investment limits take into account the potential impact on earnings and shareholders' equity. Interest rate risk is measured monthly by means of software designed to analyse the effect of interest rate variations on income and shareholders' equity. Given the Bank's field of activity, the interest rate risk may be considered moderate.

Other market risks

In order to limit other market risks, which are mainly position risks in relation to participation certificates and currencies, the Bank has established a system of limits. Trading positions are subject to daily checks.

Cash risk

The cash risk is controlled in accordance with the applicable legal requirements. Trading for the Bank's own account is monitored on a regular basis.

Operating risks

Operating risks are defined as "risks of direct or indirect losses resulting from an insufficiency or failure attributable to procedures, the human factor, existing systems or to external events". Such risks can be limited with the help of internal rules and directives governing organization and suitable controls. The system of internal controls is verified by the internal auditors and monitored by the compliance officer and the risk manager. They all report directly to the Board of Directors.

Compliance and legal risks

The compliance officer ensures that the Bank is acting in accordance with the regulatory provisions in force and with the duty of due diligence expected of financial intermediaries. The compliance officer and the legal department are responsible for adjusting the internal directives to new legislative and regulatory requirements. They follow ongoing legislative developments at the levels of the supervisory authorities, government, parliament and other bodies.

Publication requirements for quantitative information relating to equity capital

Presentation of the equity capital

Presentation of the equity capital that can be taken into account (in thousands of Swiss francs)	2009	2008
Gross basic equity capital (after deduction of own equity certificates)	93 932	92 422
<i>of which minority interests</i>		
<i>of which innovative instruments</i>		
– statutory deduction	–	–
– other elements to be deducted from basic equity capital	–183	–183
= Basic equity capital that can be taken into account	93 749	92 239
+ complementary and additional equity capital	–	–
– other deductions to be made against complementary and additional equity capital and all equity capital	–	–
Equity capital that can be taken into account	93 749	92 239

Presentation of required equity capital (in thousands of Swiss francs)

	Approach used		
Credit risks	Standard international approach (SA-BIS)	22 433	17 049
<i>of which price risks relating to the equity certificates in the Bank's portfolio</i>		75	92
Risks not relating to counterparties		1 072	1 090
Market risks	Minimis approach	76	56
<i>of which on interest rate instruments (general and specific market risk)</i>		–	–
<i>of which on equity certificates</i>	Minimis approach	–	–
<i>of which on currencies and precious metals</i>	Standard approach	76	32
<i>of which on commodities</i>	Standard approach	–	24
Operating risks	Basic indicator approach	8 818	8 454
Total		32 399	26 649

SA-BIS: additional Swiss equity capital requirements relating to risks not connected with counterparties and to credit risks (multiplier as per arts. 64 and 65 Ordinance on Equity Capital)

	4 493	4 013
Total required equity capital	36 892	30 662

Ratio between the equity capital taken into account and the equity capital required by Swiss law

	254%	301%
--	-------------	-------------

BIS ratios

Basic equity capital that can be taken into account (including innovative instruments)	20%	24%
Equity capital that can be taken into account	20%	24%

The public reporting requirements only apply at the consolidated level. The full publication in accordance with the legal equity capital requirements is available on the BCV's website at the following address:

www.bcv.ch/fr/la_bcv/relations_investisseurs

3. Note to the balance sheet

The following sections are numbered in accordance with the Instructions for Preparation of the Accounts (Directives regarding the accounting reporting requirements - circular FINMA 2008/2). The missing numbers correspond to sections that are not relevant to Banque Piguet & Cie S.A.

3.1 Breakdown of risk mitigants (collateral and third-party guarantees) for loans and off-balance sheet transactions (in thousands of Swiss francs)

	Type of hedging			Total
	Secured by mortgage	Other risk mitigants	Unsecured	
Loans				
Loans and advances to customers	8 317	89 055	18 610	115 982
Mortgages				
<i>Residential real estate</i>	160 431	–	–	160 431
<i>Office and business premises</i>	3 041	–	–	3 041
<i>Trade and industry</i>	1 126	–	–	1 126
<i>Others</i>	1 505	–	–	1 505
Total advances				
31.12.2009	174 420	89 055	18 610	282 085
31.12.2008	153 423	147 004	25 378	325 805
Off-balance sheet transactions				
Contingent liabilities	–	15 462	10 232	25 694
Irrevocable commitments	995	–	2 264	3 259
Total off-balance sheet transactions				
31.12.2009	995	15 462	12 496	28 953
31.12.2008	–	11 707	1 819	13 526
	Gross receivables	Realization value of risk mitigants	Net receivables	Individual value adjustments
Impaired loans				
31.12.2009	15 006	8 876	6 130	6 130
31.12.2008	14 148	8 864	5 284	5 284

3.2 Allocation of financial investments and holdings (in thousands of Swiss francs)

Trading portfolio assets	2009	2008
Equity securities	523	650
Total trading portfolio assets	523	650
Including securities eligible for repurchase agreements in accordance with liquidity regulations	–	–

Allocation of holdings (in thousands of Swiss francs)

	Book value		Just value	
	2009	2008	2009	2008
Debt securities intended to be held until the maturity	12 288	12 061	12 612	12 330
Equity securities	233	222	267	231
Total financial investments	12 521	12 283	12 879	12 561
Including securities eligible for repurchase agreements in accordance with liquidity regulations	12 288	12 061	12 612	12 330

Holdings (in thousands of Swiss francs)

	2009	2008
Holdings with market value	183	183
Holdings without market value	–	–
Total holdings	183	183

3.4 Fixed assets (in thousands of Swiss francs)

	Current year							
	Cost	Accumulated depreciation and write-offs	Book value at year-end	Changes in allocation	Additions	Disposals	Depreciation and write-offs	Book value at year-end
Holdings								
<i>Minority holdings</i>	183	–	183	–	–	–	–	183
Total holdings	183	–	183	–	–	–	–	183
Real estate								
<i>Bank premises</i>	13 481	–2 747	10 734	–	–	–	–200	10 534
<i>Other tangible fixed assets</i>	8 940	–7 947	993	–	319	–	–510	802
<i>Software</i>	6 971	–6 005	966	–	378	–	–604	740
Total tangible fixed assets	29 392	–16 699	12 693	–	697	–	–1 314	12 076
Fire insurance value of real estate								14 261
Fire insurance value of other tangible fixed assets								8 319

3.5 Other assets and other liabilities (in thousands of Swiss francs)

	2009		2008	
	Other assets	Other liabilities	Other assets	Other liabilities
Replacement value of derivative financial instruments				
Management of balance sheet	–	–	–	–
Contracts as agent	5 961	7 153	31 260	31 983
Total of derivative financial instruments	5 961	7 153	31 260	31 983
Offset account	1 326	–	922	–
Indirect taxes	205	2 198	221	2 098
Miscellaneous assets and liabilities	–	451	–	–
Total other assets and other liabilities	7 492	9 802	32 403	34 081

3.6 Assets pledged as security or transferred as a guarantee of commitments as well as assets constituting a proprietary reserve (in thousands of Swiss francs)

	2009		2008	
	Book value of pledge	Real liabilities	Book value of pledge	Real liabilities
Financial investments	12 288	–	12 061	–

3.7 Indication of commitments to own occupational pension funds (in thousands of Swiss francs)

Economic benefit/liability and pension expenses	Economic benefit/liability				Contributions adjusted for the period	Pension expenses included in "Personnel costs"	
	Surplus/ (deficit)			Variation		2009	2008
	2009	2009	2008		2009	2009	2008
Pension funds:							
Without surplus or deficit: Pension Fund BCV ¹	-26 287	-	-25 000	-	2 651	2 651	2 679
With surplus: Additional pension fund in favour of the senior executives of BCV ²	578	-	400	-	160	160	246
Total	-25 709	-	-24 600	-	2 811	2 811	2 925

The surplus or deficit of the pension funds is based on their unaudited interim accounts at 30 September 2009. Since that date the deficit of the BCV Pension Funds has been stable.

- ¹ The Board of the Pension Fund has decided to take a series of measures aimed at absorbing the deficit of the BCV Pension Fund. Since these measures do not involve any contribution from the employer, no financial liability has been recorded at the balance sheet date.
- ² Since it is not intended to apply the surpluses to reduce the employer's contributions, to refund the contributions to the employer, or to use them for any economic purpose of the employer other than regulatory benefits, there is no identifiable economic benefit to be capitalized on the balance sheet.

Pension funds

Banque Piguet employees are members of the "Caisse de pensions de la Banque Cantonale Vaudoise (CP BCV)". Its purpose is to insure them against the economic consequences of retirement, disability and death by guaranteeing benefits in accordance with the terms of the pension fund regulations. It is a provider of the compulsory insurance introduced under the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP) and satisfies at least the minimum requirements of that law.

Senior executives insured with the CP BCV are also members of the "Fondation de prévoyance complémentaire en faveur de l'encadrement supérieur de la Banque Cantonale Vaudoise", the purpose of which is to insure its members against the economic consequences of retirement, disability and death by guaranteeing benefits in accordance with the terms of the pension fund regulations.

3.9 Presentation of valuation adjustments and provisions

Reserves for general banking risks (in thousands of Swiss francs)

	Status at year-end 2008	Used as allocated	Change of allocation (new allocation)	Recoveries, overdue interest, forex differences	New provisions charged to income statement	Release credited to income statement	Status at year-end 2009
Value adjustments and provisions for default risks (recovery risks and country risks)	5 331	–	–	996	–	–150	6 177
Value adjustments and provisions for other operational risks	3 483	–764	–	–	–	–	2 719
Provisions for the BCV pension fund, "Caisse de pensions de la BCV"	–	–	–	–	–	–	–
Other provisions	245	–	–	–	–	–	245
Total value adjustments and provisions shown on the balance sheet	9 059	–764	–	996	0	–150	9 141
Reserves for general banking risks	3 000	–	–	–	–	–	3 000

3.10 Presentation of share capital (in thousands of Swiss francs)

	2009			2008		
	Nominal value total	Number of shares	Capital participating in dividend	Nominal value total	Number of shares	Capital participating in dividend
Share capital	20 000	200 000	20 000	20 000	200 000	20 000

Large shareholders and groups of shareholders bound by voting agreements (more than 5%)

	2009				2008				
	Total book value	Number of shares	Capital with entitlement to % dividend	Total book value	Number of shares	Capital with entitlement to % dividend	Total book value	Number of shares	Capital with entitlement to % dividend
With voting rights									
Banque Cantonale Vaudoise, Lausanne	17 000	170 000	85.00	17 000	170 000	85.00	17 000	170 000	85.00
Fondation d'intéressement Banque Piguët & Cie S.A.	1 788	17 875	8.94	1 588	15 875	7.94	1 588	15 875	7.94

The Bank's employees hold 12 125 shares – 6.06% (2008: 14 125 shares – 7.06%)

The shares owned by the Fondation d'intéressement Banque Piguët & Cie S.A. are deemed to be an indirect holding of the Bank's own participation certificates.

3.11 Movements in shareholders' equity (in thousands of Swiss francs)

Status at 1 January 2008

Equity capital	20 000
General legal reserve	10 680
Reserves for general banking risks	3 000
Reserve for own equity securities	11 323
Other reserves	51 577
Profit shown on the balance sheet	10 166
Status at 31 December 2008 (before distribution income)	106 746
+ Allocation to general legal reserves (CHF 200) and to other reserves (CHF 6900)	7 100
– Deduction from profit shown on the balance sheet	–7 100
– Deduction from other reserves	–2 161
+ Allocation to the reserve for own equity securities	2 161
– 2008 dividend	–3 000
+ Net profit for the year	5 271
Status at 31 December 2009 (before distribution income)	109 017

Including:

Equity capital	20 000
General legal reserve	10 880
Reserves for general banking risks	3 000
Reserve for own equity securities	13 484
Other reserves	56 316
Profit shown on the balance sheet	5 337

3.12 Maturity structure of current assets, financial investments and borrowed funds (in thousands of Swiss francs)

	Maturities							Fixed assets	Total
	Sight	Callable	Up to 3 months	3 to 12 months	12 months to 5 years	Over 5 years			
Current assets									
Cash and cash equivalents	10 780	–	–	–	–	–	–	–	10 780
Money-market instruments	–	–	5	–	–	–	–	–	5
Due from banks	524 449	101 476	3 618	–	–	–	–	–	629 543
Loans and advance to customers	41 971	43 850	15 508	12 028	2 625	–	–	–	115 982
Mortgage loans	–	53 618	27 907	7 734	51 871	24 974	–	–	166 104
Trading portfolio assets	–	523	0	–	–	–	–	–	523
Financial investments	–	232	517	–	11 771	–	–	–	12 520
Total current assets									
31.12.2009	577 200	199 699	47 555	19 762	66 267	24 974	–	–	935 457
31.12.2008	238 059	123 631	88 498	25 205	43 713	14 163	–	–	533 269
Borrowed funds									
Money-market paper issued	–	–	147	–	–	–	–	–	147
Due to banks	11 150	5 000	5 000	–	–	–	–	–	21 150
Customer savings and investments accounts	–	9 981	–	–	–	–	–	–	9 981
Customer accounts, other	744 446	38 112	8 954	1 261	464	–	–	–	793 237
Total borrowed funds									
31.12.2009	755 596	53 093	14 101	1 261	464	–	–	–	824 515
31.12.2008	271 651	54 630	61 815	33 357	1 814	–	–	–	423 267

3.13 Loans to members of governing bodies (in thousands of Swiss francs)

	2009	2008
Loans used	4 017	4 051

Loans are granted on the usual terms extended to the Bank's staff.

3.14 Breakdown of assets and liabilities by Swiss and foreign origin (in thousands of Swiss francs)

	2009		2008	
	Swiss	Foreign	Swiss	Foreign
Assets				
Cash and cash equivalents	9 564	1 215	6 889	723
Money-market instruments	5	–	23	–
Due from banks	515 030	114 513	136 395	50 501
Loans and advances to customers	62 394	53 588	58 581	122 729
Mortgage loans	165 804	299	142 107	2 388
Trading portfolio assets	163	360	233	417
Financial investments	11 792	729	11 544	739
Participations	183	–	183	–
Tangible fixed assets	12 076	–	12 693	–
Accrued income and prepaid expenses	3 503	–	3 263	–
Other assets	7 492	–	32 403	–
Total assets	788 006	170 704	404 314	177 497
Liabilities				
Money-market paper issued	147	–	6	–
Due to banks	18 332	2 818	76 881	815
Customer savings and investment accounts	9 768	213	6 122	59
Other customer accounts	359 758	433 479	146 908	192 475
Accrued expenses and deferred income	6 236	–	8 661	–
Other liabilities	9 802	–	34 080	–
Valuation adjustments and provisions	9 141	–	9 059	–
Reserves for general banking risks	3 000	–	3 000	–
Equity capital	20 000	–	20 000	–
General legal reserves	10 880	–	10 680	–
Reserve for own equity certificates	13 484	–	11 323	–
Other reserves	56 316	–	51 577	–
Retained earnings	65	–	49	–
Profit for the year	5 271	–	10 116	–
Total liabilities	522 200	436 510	388 462	193 349

3.15 Breakdown of assets by country / groups of countries (in thousands of Swiss francs)

	2009		2008	
	Absolute value	As % of	Absolute value	As % of
Assets				
Europe				
<i>Switzerland</i>	788 006	82.1	404 314	69.4
<i>European Union</i>	124 643	13.1	61 988	10.7
United States of America	2 621	0.3	19 146	3.3
Asia	227	0.0	10 886	1.9
Others	43 213	4.5	85 477	14.7
Total assets	958 710	100	581 811	100

3.16 Balance sheet breakdown by currencies (in thousands of Swiss francs)

Assets	Currency							Total
	CHF	USD	EUR	GBP	JPY	Other	Metal	
Cash and cash equivalents	8 573	65	2 094	–	9	38	–	10 779
Money-market instruments	–	5	–	–	–	–	–	5
Due from banks	70 922	207 346	266 171	49 744	2 498	23 714	9 148	629 543
Loans and advances to customers	71 775	22 305	17 696	1 384	2 805	17	–	115 982
Mortgage loans	166 103	–	–	–	–	–	–	166 103
Trading portfolio assets	163	160	200	–	–	–	–	523
Financial investments	11 792	517	–	212	–	–	–	12 521
Participations	183	–	–	–	–	–	–	183
Tangible fixed assets	12 076	–	–	–	–	–	–	12 076
Accrued income and prepaid expenses	3 434	25	44	–	–	–	–	3 503
Other assets	7 492	–	–	–	–	–	–	7 492
Total of positions entered as assets	352 513	230 423	286 205	51 340	5 312	23 769	9 148	958 710
Delivery claims arising from spot and forward transactions and options	95 237	181 592	177 178	–	1 948	7 318	1 742	465 015
Total assets	447 750	412 015	463 383	51 340	7 260	31 087	10 890	1 423 725
Liabilities								
Money-market paper issued	–	–	–	–	–	147	–	147
Due to banks	10 569	7 985	2 277	319	–	–	–	21 150
Customer savings and investment accounts	9 981	–	–	–	–	–	–	9 981
Other customer accounts	198 317	222 242	283 834	50 221	4 999	24 476	9 148	793 237
Accrued expenses and deferred income	6 177	56	3	–	–	–	–	6 236
Other liabilities	9 802	–	–	–	–	–	–	9 802
Valuation adjustments and provisions	9 141	–	–	–	–	–	–	9 141
Reserves for general banking risks	3 000	–	–	–	–	–	–	3 000
Equity capital	20 000	–	–	–	–	–	–	20 000
General legal reserves	10 880	–	–	–	–	–	–	10 880
Reserve for own equity certificates	13 484	–	–	–	–	–	–	13 484
Other reserves	56 316	–	–	–	–	–	–	56 316
Retained earnings	65	–	–	–	–	–	–	65
Profit for the year	5 271	–	–	–	–	–	–	5 271
Total of positions entered as liabilities	353 003	230 283	286 114	50 540	4 999	24 623	9 148	958 710
Delivery commitments arising from spot and forward transactions and options	95 612	181 248	176 830	–	2 212	7 371	1 742	465 015
Total liabilities	448 615	411 531	462 944	50 540	7 211	31 994	10 890	1 423 725
Net position per currency	–865	484	439	800	49	–907	–	–

4. Notes to off-balance sheet transactions

4.1 Distribution of contingent liabilities (in thousands of Swiss francs)

	2009	2008
Contingent liabilities	25 694	11 834

4.2 Distribution of contingent liabilities (in thousands of Swiss francs)

	2009	2008
Irrevocable commitments	3 259	1 692
<i>Thereof participation to the deposit guarantee</i>	2 264	1 692

4.3 Open positions in derivative financial instruments (in thousands of Swiss francs)

	Trading instruments			Hedging instruments		
	Replacement value positive	Replacement value negative	Value of underlying	Replacement value positive	Replacement value negative	Value of underlying
Interest rate instruments						
<i>Swaps</i>	-	-	-	5	1 331	49 000
Foreign currencies						
<i>Forward contracts</i>	5 348	4 979	333 178	-	-	-
<i>Swaps</i>	560	795	75 285	-	-	-
<i>Options (OTC)</i>	48	48	6 662	-	-	-
Total before impact of netting contracts						
31.12.2009	5 956	5 822	415 125	5	1 331	49 000
31.12.2008	31 260	30 974	905 538	-	1 009	20 000

	Replacement value positive (cumulative)	Replacement value negative (cumulative)
Total after impact of netting contracts		
31.12.2009	5 961	7 153
31.12.2008	31 260	31 983

4.4 Distribution of fiduciary transactions (in thousands of Swiss francs)

	2009	2008
Fiduciary deposits with other banks	322 279	395 242
Fiduciary deposits with the BCV Guernsey	50 475	100 403
Total of fiduciary deposits	372 754	495 645
Fiduciary loan	-	7 318
Total	372 754	502 963

4.5 Client assets (in thousands of Swiss francs)

Type of client assets	2009	2008
Assets held in funds under own management	754 685	815 681
Assets under portfolio management (contracts)	1 358 703	1 462 878
Other assets	2 412 948	1 789 545
Total client assets (including double entries)	4 526 336	4 068 104
Double entries	730 090	806 897
Net deposits/withdrawals of new cash	144 700	-280 572

The net deposits and withdrawals made by clients are calculated monthly by adding up the incoming and outgoing transfers, including securities-related transfers. The effects connected with changes in exchange rates, variations in securities prices, lending transactions and internal transfers from one account to another are not taken into consideration when determining assets and net deposits and withdrawals of new money.

When the Bank acts mainly as custodian and is not required, depending on the nature of the account, to offer additional services, the assets are deemed to be custody only and are not taken into consideration in the above table (2009: CHF 128.3 million and 2008: CHF 125.9 million).

5. Note to income statement

5.2 Net trading income (in thousands of Swiss francs)

	2009	2008
Foreign currency and precious metals	5 902	6 986
Banknotes	193	164
Securities	-76	-238
Total	6 019	6 912

5.3 Personnel costs (in thousands of Swiss francs)

	2009	2008
Fixed and variable compensation	19 278	21 355
Contributions to staff pension funds	2 811	2 925
Employee benefits	1 733	1 647
Other personnel expenses	756	935
Total of personnel costs	24 578	26 862

5.4 Other operating expenses (in thousands of Swiss francs)

	2009	2008
Cost of premises	1 134	1 216
Computerization costs	2 618	2 758
Cost of financial information	1 460	1 322
Cost of machines, furniture and other installations	104	77
Marketing and communications costs	1 044	1 361
Cost of office supplies and subscriptions	360	348
Cost of telecommunications and postage	322	323
Insurance costs	55	55
Travel and entertainment expenses	696	1 066
Cost of auditing and other outside consultants	1 049	946
Cost of representative offices	1 291	1 540
VAT	290	293
Miscellaneous operating expenses	542	557
Total of other operating costs	10 965	11 862

5.5 Remarks on extraordinary income and charges and value adjustments that have been freed up (in thousands of Swiss francs)

	2009	2008
Extraordinary income		
Release of provisions on financial fixed assets	–	43
Release of hidden reserves	–	287
Release of the provision for taxes following the definitive taxation of previous financial years	12	720
Recovery of customers	150	90
Other	12	116
Total	174	1 256
Extraordinary charges		
Other	12	59
Total	12	59

5.7 Breakdown of income and expenses arising from ordinary banking operations (in thousands of Swiss francs)

	2009		2008	
	Swiss	Foreign	Swiss	Foreign
Net interest income	6 552	–	9 724	–
Net fee and commission income	31 070	–	38 903	–
Net trading income	6 019	–	6 912	–
Other ordinary income	235	–	318	–
Income	43 876	–	55 857	–
Staff expenses	24 578	–	26 862	–
Other operating expenses including staff expenses cost of representative offices ¹	9 674	1 291	10 322	1 540
Expenses	34 252	1 291	37 184	1 540

The geographical breakdown of income is not representative insofar as business conducted abroad generates income in Switzerland.

¹ As far as the representative offices in Hong Kong and Dubai are concerned, the relevant personnel costs (which are not subject to Swiss social charges) are entered in the account “Cost of representative offices” shown under the heading “Other operating expenses” of the profit and loss account.

APPROPRIATION OF PROFIT ACCORDING TO PROPOSAL OF THE BOARD OF DIRECTORS

	CHF	
	2009	2008
Profit for the year	5 271 375.42	10 115 562.88
Retained earnings at beginning of the year	64 822.61	49 259.73
Profit shown on the balance sheet	5 336 198.03	10 164 822.61
Proposed appropriation of profit shown on the balance sheet		
Allocation to other reserves	–3 600 000.00	–6 900 000.00
Dividend	–1 600 000.00	–3 000 000.00
Allocation to general legal reserves	–60 000.00	–200 000.00
Retained earnings brought forward	76 198.03	64 822.61

Report of the statutory auditor to the general meeting of Banque Piguet & Cie S.A. Yverdon-les-Bains

As statutory auditor, we have audited the accompanying financial statements of Banque Piguet & Cie S.A., which comprise the balance sheet, income statement, cash flow statement and notes (pages 11 to 34), for the year ended 31 December 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Beresford Caloia
Audit expert
Auditor in charge

Christophe Kratzer
Audit expert

Geneva, 22 March 2010

Enclosures: – Financial statements (balance sheet, income statement, cash flow statement and notes)
– Proposed appropriation of the available earnings

ADDRESSES

Head Office

Yverdon-les-Bains

Rue de la Plaine 14
CH-1400 Yverdon-les-Bains
Telephone +41 (0)24 423 43 00
Fax +41 (0)24 423 43 05

Branch

Geneva

Place de l'Université 5
CH-1205 Geneva
Telephone +41 (0)22 322 88 00
Fax +41 (0)22 322 88 22

Agencies

Lausanne

Rue du Grand-Chêne 8
CH-1003 Lausanne
Telephone +41 (0)21 310 10 10
Fax +41 (0)21 310 10 20

Lugano

Via S. Balestra 17
CH-6900 Lugano
Telephone +41 (0)91 913 44 50
Fax +41 (0)91 913 44 55

Representative Office

Dubai

The Fairmont Dubai
Shk. Zayed Road
Suite 2504
Dubai, UAE
Telephone (+9714)329 5666
Fax (+9714)329 5566