



SWISSQUOTE

INTERIM REPORT - 30 JUNE 2001

CONSOLIDATED INTERIM BALANCE SHEET

	Notes	6 months ended 30 June		31 December
		2001	2000	2000
ASSETS				
Current assets				
Cash and balances with central banks		952,162	3,500	4,500
Time deposits and due from other banks		74,295,032	73,047,204	81,333,457
Receivables and prepayments		4,364,984	2,095,935	3,241,199
Work in progress		457,080	400,000	366,160
		80,069,257	75,546,639	84,945,316
Non-current assets				
Property, plant and equipment	8	10,669,912	1,691,750	5,036,971
Other non current assets		850,907	-	199,928
Deferred tax assets, net		1,903,437	678,742	1,188,940
		13,424,156	2,370,492	6,425,839
Total assets		93,493,413	77,917,131	91,371,155
LIABILITIES AND EQUITY				
Current liabilities				
Due to bank's customers		11,759,973	-	-
Trade and other payables		6,813,506	3,274,224	6,216,817
Deferred revenues		493,159	449,317	17,416
Total liabilities		19,066,638	3,723,541	6,234,233
Minority interest		12,103,605	-	14,121,950
Equity	2&9			
Ordinary shares		13,659,440	13,500,000	13,500,000
Share premium and reserves		62,025,967	61,867,841	61,790,034
Translation differences		(1,096)	-	(4,571)
Accumulated losses		(13,361,141)	(1,174,251)	(4,270,491)
Total equity		62,323,170	74,193,590	71,014,972
Total liabilities and equity		93,493,413	77,917,131	91,371,155

ALL AMOUNTS IN SWISS FRANCS

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	6 months ended 30 June	
		2001	2000
Operating revenues	3 & 4	6,285,947	7,018,242
Operating expenses			
Payroll and related expenses		9,729,180	4,004,661
Production expenses		2,195,997	1,220,600
Marketing expenses		3,359,301	537,417
Administration and other operating expenses		3,095,213	1,120,481
Total operating expenses	5	18,379,691	6,883,159
Operating loss / profit before depreciation		(12,093,744)	135,083
Depreciation and amortisation		(829,427)	(300,120)
Loss from operating activities	4	(12,923,172)	(165,037)
Financial income, net		1,099,952	93,353
Loss before tax		(11,823,220)	(71,684)
Income tax credit, net		714,224	47,000
Loss after tax		(11,108,996)	(24,684)
Minority interest		2,018,345	-
Net loss		(9,090,650)	(24,684)
Loss per share	6	(6.73)	(0.05)

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

ALL AMOUNTS IN SWISS FRANCS

	Note	6 months ended 30 June	
		2001	2000
Net cash provided by operating activities		627,384	378,447
Investing activities			
Purchase of property plant and equipment		(6,455,393)	(978,070)
Other non current assets		(657,854)	-
Financing activities			
Capital increase, net		395,100	71,388,486
Increase (decrease) in cash and cash equivalents		(6,090,763)	70,788,863
Movements in cash and cash equivalents			
At 1 January		81,337,957	2,261,841
Increase (decrease)		(6,090,763)	70,788,863
At 30 June		75,247,194	73,050,704
Cash and cash equivalents			
Cash and balances with central banks		952,162	3,500
Time deposits & due from other banks		74,295,032	73,047,204
Cash and cash equivalents		75,247,194	73,050,704

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial statements are considered with those used in the annual financial statements for the years ended 31 December 2000 and 1999.

As a result of the start of the commercial operations of Swissquote Bank on 25 May 2001, the information included in the interim financial statements have been completed in order to reflect material presentation and disclosure requirements in accordance with IAS 30 and 39.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

These consolidated interim financial statements should be read in conjunction with the 2000 annual consolidated financial statements.

2. Statement of Changes in Equity

	Share Capital	Share Premium & Reserves	Accumulated Losses	Translation Difference	Total
At 1 January 2000	2,276,370	321,834	(1,186,293)	-	1,411,911
Impact of conversion of convertible loans:					
- Ordinary shares	136,580	-	-	-	136,580
- Share premium	-	1,863,420	-	-	1,863,420
- Reversal of fair valuing impact	-	(273,197)	36,726	-	(236,471)
IPO and related preliminary capital increases net of IPO costs and deferred taxes	11,087,050	59,955,784	-	-	71,042,834
Net loss	-	-	(24,684)	-	(24,684)
At 30 June 2000	13,500,000	61,867,841	(1,174,251)	-	74,193,590
At 1 January 2001	13,500,000	61,790,034	(4,270,491)	(4,571)	71,014,972
Capital increase resulting from options exercised by employees, net	159,440	235,933	-	-	395,373
Net loss	-	-	(9,090,650)	-	(9,090,650)
Translation difference	-	-	-	3,475	3,475
At 31 March 2001	13,659,440	62,025,967	(13,361,141)	(1,096)	62,323,170

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ALL AMOUNTS IN SWISS FRANCS

3. Operating revenues

	6 months ended 30 June	
	2001	2000
Swissquote Bank revenues		
Net fee and commission income	21,039	-
Net interest income	55,809	-
Sub-total	76,848	-
Other Swissquote Group revenues		
Web intelligence	2,471,123	2,824,851
Retrocessions income	2,338,210	2,601,754
Advertising	1,399,766	1,591,637
Sub-total	6,209,099	7,018,242
Total	6,285,947	7,018,242

4. Segment Information

	Web Intelligence	Online Financial services	Intra-segment Elimination	Total
6 months ended 30 June 2000				
Revenues	2,824,851	4,193,391	-	7,018,242
Segment result	460,237	406,458	-	866,695
Unallocated costs				(1,031,732)
Profit from operating activities				(165,037)
6 months ended 30 June 2001				
Revenues				
- <i>third parties</i>	2,471,123	3,814,824	-	6,285,947
- <i>intra-segment</i>	2,786,165	-	(2,786,165)	-
Total revenues	5,257,288	3,814,824	(2,786,165)	6,285,947
Segment result	267,190	(10,840,394)	-	(10,573,204)
Unallocated costs				(2,349,968)
Loss from operating activities				(12,923,172)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Total Operating Expenses

	6 months ended 30 June	
	2001	2000
Total operating expenses relating to:		
- services generating revenues	12,889,691	6,803,159
- services at development stage:		
- French operations	1,370,000	80,000
- Swissquote Bank	4,120,000	-
Total Operating expenses	18,379,691	6,883,159

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit / (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is disclosed only when it does not result into anti-dilution.

7. Borrowings

	6 months ended 30 June	
	2001	2000
Fair value of Convertible loans at 1 January	None	1,687,827
Interest paid		(15,000)
Interest accrued		50,000
Effect of conversion on equity (excl. Impact of deferred taxes)		277,173
		2,000,000
Conversion during March 2000 into :		
Ordinary share capital		(136,580)
Share premium (excl. share issue costs)		(1,863,420)
At 30 June		-

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Property, plant and equipment and capital expenditure and commitments

	IT Systems	Others	Total
PROPERTY, PLANT AND EQUIPMENT			
6 months ended 30 June 2000			
Opening net book amount (1.1.2000)	747,840	265,961	1,013,801
Additions	839,017	139,053	978,070
Depreciation	(264,588)	(35,532)	(300,120)
Closing net book amount (30.6.2000)	1,322,269	369,482	1,691,751

6 months ended 30 June 2001			
Opening net book amount (1.1.2001)	2,886,981	2,149,990	5,036,971
Additions	6,050,635	404,758	6,455,393
Depreciation	(633,694)	(188,858)	(822,552)
Closing net book amount (30.6.2001)	8,303,922	2,365,890	10,669,812

CAPITAL COMMITMENTS

At 30 June 2000	500,000
At 30 June 2001	350,000

The Property, plant and equipment of Swissquote Bank started to be depreciated as from the date the Bank started its commercial operations at the end of May 2001. The software of the bank is depreciated over 5 years following the straight line method. IT Systems include CHF 1,5 m of own cost capitalised in connection with the realisation of Swissquote Bank IT Systems.

ALL AMOUNTS IN SWISS FRANCS

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Share Capital

	Ordinary Shares Issued	For Convertible Loans	For Stock Option Plan	Authorized Share Capital	Total Shares Issued and Unissued
At 1 January 2000	227,637	13,658	45,527	-	286,822
Conversion of convertible loans	13,658	(13,658)	-	-	-
At 30 June 2000	241,295	-	45,527	-	286,822
At 1 January 2001	1,350,000	-	120,000	50,000	1,520,000
Exercise of employee's Stock options	15,944	-	(15,944)	-	-
At 30 June 2001	1,365,944	-	104,056	50,000	1,520,000

Information on Stock Options

	Number of options
At 1 January 2001	
Options granted, neither lapsed nor exercised	42,630
Movement in period:	
- New Grants	24,992
- Options Lapsed	(3,632)
- Options Exercised	(15,944)
At 30 June 2001	48,046
<i>Number of conditional Shares available at 30 June 2001 for the conversion of the options</i>	<i>104,056</i>

The exercise period of the options exercisable on 29 May 2001 is extended to 29 November 2001.

10. Swissquote Bank

Swissquote Banks was formed on 24 November 2000. Its shareholders are Swissquote Group Holding Ltd (51%) and Rüd, Blass & Cie AG (49%). Rüd, Blass is a 100% subsidiary of Zürich Financial Services.

Swissquote Bank is a bank construed under Swiss Law and is submitted to the Swiss regulatory authority represented by the Federal Banking Commission. The purpose of Swissquote Bank is to offer to the public services that enable investors to independently manage their savings via the Internet.

From the date of its formation until 24 May 2001, the operations of the banks consisted in setting-up its organisation and developing its IT infrastructure and no funds were accepted from customers. The commercial operations of Swissquote Bank started on 25 May 2001. On-line customers of Rüd, Blass & Cie AG / Swissquote Trade and of BBtrade - a former online service of Bank am Bellevue - were invited to transfer their accounts to Swissquote Bank. Allowing for the time required to complete the account opening documents, the first transfer of accounts were realised in the third week of June.

Being a majority owned subsidiary of Swissquote Group Holding Ltd, Swissquote Bank is consolidated in the consolidated financial statements (segment Online Financial Services) of Swissquote Group Holding Ltd and its subsidiaries, which are prepared in accordance to International Accounting Standards.

The Swiss Banking Law and related ordinances require banks to prepare their financial statements in accordance with the principles defined in the Federal Law on Banks and Savings Banks and the Implementing Ordinance on Banks and Savings Banks. As a matter of information, the interim non-audited balance sheet of Swissquote Bank at 30 June 2001 prepared in accordance with the legal requirements referred to in this paragraph is presented below.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ASSETS		LIABILITIES AND EQUITY	
Current assets		Current liabilities	
Cash and balances with central bank	948,662	Due to customers	11,759,973
Due from other banks	29,323,839	Trade and accounts payable	
Other short term assets	620,850	- Third parties	1,525,445
		- Group companies	4,317,701
	30,893,351		17,603,119
Non current assets		Equity	
Property, Plant and Equipments, net	10,108,149	Share-capital	20,000,000
Funding and start-up costs (*1)	4,935,306	Share premium	10,000,000
Other non current assets	636,997	Accumulated loss (*1)	(1,029,316)
	15,680,452		28,970,684
Total	46,573,803	Total	46,573,803

Additional Information

*1 :The first fiscal year will cover the period from the date of formation until 31 December 2001. As a result no fiscal year-end was closed on 31 December 2000 and the accumulated loss stated in the above interim balance sheet consists of the losses for the period from the date of formation until 30 June 2001. All start-up costs and financial revenues were capitalised from the date of formation until the date of start of commercial operations.

*2 : Loans to customers : none

*3 : Off balance sheet items : none

11. Subsequent events

On 15 August 2001, the Group announced that it had decided to stop its French online services operations. A CHF 1.2 mio restructuring charge associated with this decision will be accrued in the third quarter.