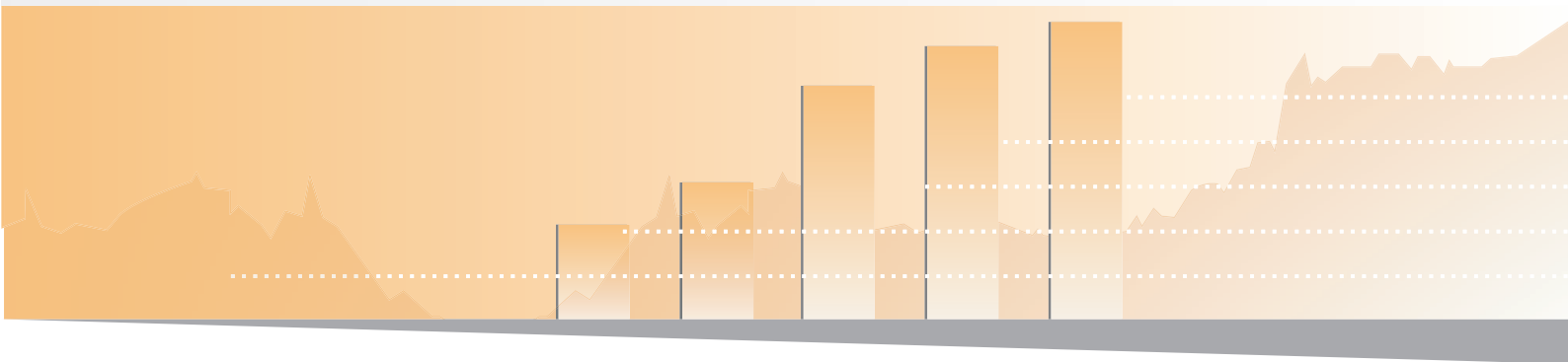




Financial Report
Q2-2006



SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

CONSOLIDATED INTERIM BALANCE SHEET

	Notes	30 June		31 December
		2006	2005	2005
ASSETS				
Cash and balances with central bank		31,337,876	38,716,088	51,943,506
Due from other banks		804,715,394	472,907,507	573,884,032
Derivatives financial instruments		3,465,806	1,195,411	2,128,854
Loans and advances to customers		62,946,719	33,357,175	40,545,076
Pledged investment securities and deposits		20,838,730	9,324,671	10,324,672
Goodwill		3,000,000	3,000,000	3,000,000
Information technology systems	4	5,318,980	5,124,805	5,242,848
Property, plant and equipment	5	3,329,296	996,155	836,320
Other assets		2,430,285	2,021,322	1,800,712
Deferred tax assets, net	2	3,326,458	1,263,458	2,326,458
Total assets		940,709,544	567,906,592	692,032,478
LIABILITIES AND EQUITY				
Liabilities				
Due to other banks		2,205,664	2,793,228	385,095
Derivatives financial instruments		3,465,806	1,195,411	2,128,854
Due to customers		845,693,367	499,134,582	610,017,832
Trade and other payables		14,196,612	8,417,048	11,632,774
Provisions		821,168	1,062,892	890,266
Total liabilities		866,382,617	512,603,161	625,054,821
Equity				
Ordinary shares	6	11,632,848	14,096,890	14,133,920
Share premium and reserves		33,153,816	30,263,090	32,021,971
Share option reserve	7	185,407	360,615	368,580
Treasury shares	8	(9,011,338)	(941,134)	(846,458)
Retained earnings		38,366,194	11,523,970	21,299,644
Total equity		74,326,927	55,303,431	66,977,657
Total liabilities and equity		940,709,544	567,906,592	692,032,478

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2006	2005	2006	2005
Fee and commission income		15,156,358	7,933,927	31,870,713	16,535,592
Fee and commission expense		(1,987,942)	(835,298)	(4,192,554)	(1,815,751)
Net fee and commission income		13,168,416	7,098,629	27,678,159	14,719,841
Interest income		3,829,929	1,688,027	6,535,056	3,042,252
Interest expense		(941,748)	(387,755)	(1,628,361)	(715,618)
Net interest income		2,888,181	1,300,272	4,906,695	2,326,634
Net trading income		1,149,988	904,723	2,860,243	1,741,028
Other operating income		664,526	716,544	1,514,136	1,340,338
Operating income		17,871,111	10,020,168	36,959,233	20,127,841
Operating expenses	1	(9,140,524)	(7,259,442)	(18,090,451)	(14,407,989)
Operating profit before depreciation, amortization and provisions		8,730,587	2,760,726	18,868,782	5,719,852
Depreciation, amortization and provisions:					
Depreciation and amortization	4/5	(825,388)	(718,000)	(1,647,565)	(1,379,839)
Operating profit		7,905,199	2,042,726	17,221,217	4,340,013
Income tax, net	2	400,000	407,000	1,000,000	627,000
Net profit		8,305,199	2,449,726	18,221,217	4,967,013
<i>Earning per share</i>	3	5.88	1.77	12.91	3.60
<i>Diluted earning per share</i>	3	5.81	1.73	12.78	3.52

CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS, EQUITY

	Share capital	Share premium & reserves	Share Option reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2005	13,943,040	29,899,614	371,735	(588,511)	6,460,115	50,085,993
Capital increase resulting from the exercise of options	153,850	363,476	-	-	-	517,326
Employee stock option plan:						
Value of services provided	-	-	84,047	-	-	84,047
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(95,167)	-	95,167	-
Purchase of treasury shares	-	-	-	(353,434)	1,675	(351,759)
Sale of treasury shares	-	-	-	811	-	811
Net profit of the period	-	-	-	-	4,967,013	4,967,013
Balance at 30 June 2005	14,096,890	30,263,090	360,615	(941,134)	11,523,970	55,303,431
Balance at 1 January 2006	14,133,920	32,021,971	368,580	(846,458)	21,299,644	66,977,657
Capital increase resulting from the exercise of options	407,140	1,037,214	-	-	-	1,444,354
Dividend	-	-	-	-	(1,406,586)	(1,406,586)
Capital reduction	(2,908,212)	73,218	-	-	-	(2,834,994)
Employee stock option plan:						
Value of services provided	-	-	68,746	-	-	68,746
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(251,919)	-	251,919	-
Purchase of treasury shares	-	-	-	(8,195,231)	-	(8,195,231)
Sale of treasury shares	-	21,413	-	30,351	-	51,764
Net profit of the period	-	-	-	-	18,221,217	18,221,217
Balance at 30 June 2006	11,632,848	33,153,816	185,407	(9,011,338)	38,366,194	74,326,927

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Notes	6 months ended 30 June	
		2006	2005
Cash flow from / (used) in operating activities			
Fees and commission receipts		31,926,883	16,699,984
Fees and commission paid		(3,925,666)	(1,608,398)
Interest receipts		6,048,539	3,033,126
Interest paid		(1,610,800)	(714,299)
Net trading income		2,860,243	1,741,028
Other income		1,520,123	2,255,070
Cash payments to employees and suppliers		(16,665,427)	(14,780,447)
Restructuring & pension expenses paid		(69,098)	(238,608)
Cash flow from operating profit before changes in operating assets and liabilities		20,084,797	6,387,456
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		(22,401,643)	(1,122,128)
Other assets		65,308	63,863
Due to customers		235,675,535	102,692,985
Trade and other payable		652,590	332,361
Net cash from operating activities		234,076,587	108,354,537
Cash flow from / (used) in investing activities			
Purchase of property, plant and equipment and Information technology systems	4/5	(1,644,749)	(1,510,095)
Purchase of new headquarters	5	(2,571,924)	-
Redemption of pledged Investment securities		-	2,000,000
Pledged investment securities and deposits		(10,514,058)	(4,446,376)
Net cash used in investing activities		(14,730,731)	(3,956,471)
Cash flow from / (used) financing activities			
Net proceeds of issue of ordinary shares		1,444,354	517,326
Purchase of treasury shares		(8,195,231)	(353,434)
Sale of treasury shares		51,764	811
Capital reduction		(2,834,994)	-
Dividend		(1,406,586)	-
Net cash from financing activities		(10,940,693)	164,703
INCREASE IN CASH AND CASH EQUIVALENTS		208,405,163	104,562,769
Movements in cash and cash equivalents:			
Balance at beginning of year		625,442,443	404,267,598
Increase		208,405,163	104,562,769
Balance at 30 June		833,847,606	508,830,367
Cash and cash equivalents:			
Cash and balances with central banks		31,337,876	38,716,088
Due to other banks		804,715,394	472,907,507
Due from other banks		(2,205,664)	(2,793,228)
Total at 30 June		833,847,606	508,830,367

I ACCOUNTING POLICIES

The 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 2005 Annual Consolidated Financial Statements.

The presentation of comparative figures in the Interim Financial Statements have been adapted in order to conform to presentation of the Annual Financial Statements, when required.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating expenses

	6 months ended 30 June	
	2006	2005
Payroll & related expenses	8,991,015	6,817,066
Production expenses	3,138,334	2,764,357
Administration and other operating expenses	2,720,099	2,664,803
Marketing expenses	3,241,003	2,161,763
Total	18,090,451	14,407,989

2. Deferred tax

	30 June	
	2006	2005
Deferred tax assets		
Tax loss carried forward	4,112,560	2,049,570
Permanent differences	10,838	10,838
Total	4,123,398	2,060,408
Deferred tax liabilities		
Temporary differences	(796,950)	(796,950)
Total net	3,326,448	1,263,458
Movements in net deferred taxes analyzed as follows:		
Balance, beginning of period	2,326,458	636,458
Net credit to statement of operations	1,000,000	627,000
Balance, end of period	3,326,458	1,263,458

The deferred tax assets on tax loss carried forward are stated net of a CHF 10.8m (30 June 2005 : CHF 17.9m) provision for impairment of deferred tax assets on tax loss carried forward, for which an offset within the carry forward period by future taxable profits is unlikely.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Earning per Share

a) Basic

	Quarter ended 30 June		6 months ended 30 June	
	2006	2005	2006	2005
Net Profit	8,305,199	2,449,726	18,221,217	4,967,013
Weighted average number of ordinary shares in issue	1,412,042	1,382,175	1,411,434	1,381,262
Basic earning per share	5.88	1.77	12.91	3.60

b) Diluted

	Quarter ended 30 June		6 months ended 30 June	
	2006	2005	2006	2005
Net Profit	8,305,199	2,449,726	18,221,217	4,967,013
Weighted average number of ordinary shares in issue	1,412,042	1,382,175	1,411,434	1,381,262
Adjustments for share options	17,016	31,300	14,039	31,300
Weighted average number of ordinary shares for diluted earnings per share options	1,429,058	1,413,475	1,425,473	1,412,562
Diluted earning per share	5.81	1.73	12.78	3.52

4. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware	Total
6 months ended 30 June 2005				
Opening net book amount (1.1.2005)	1,080,503	2,658,380	944,051	4,682,934
Addition	362,957	928,734	171,387	1,463,078
Amortization / depreciation	(229,503)	(562,666)	(229,038)	(1,021,207)
Closing net book amount (30.6.2005)	1,213,957	3,024,448	886,400	5,124,805
6 months ended 30 June 2006				
Opening net book amount (1.1.2006)	1,119,289	3,125,535	998,024	5,242,848
Addition	187,033	863,264	494,847	1,545,144
Amortization / depreciation	(306,733)	(767,448)	(394,831)	(1,469,012)
Closing net book amount (30.6.2006)	999,589	3,221,351	1,098,040	5,318,980

Additions to Information technology systems include an amount of CHF 634,508 (2005: CHF 780,234) representing own costs capitalized in connection with the development of the systems of the Bank.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Property, plant and equipment

	6 months ended 30 June	
	2006	2005
Opening net book amount	836,320	1,307,770
Additions		
Property (new headquarters)	2,571,924	-
Others	99,605	47,017
Depreciation		
Property (new headquarters)	-	-
Others	(178,553)	(358,632)
Closing net book amount	3,329,296	996,155

The CHF 2.6m additions correspond to amounts disbursed in connection with the realization of the company new headquarters in Gland which is due to be completed in the course of the 3rd quarter 2007. The total cost of the project, including the acquisition of the land is estimated at CHF 16m.

6. Ordinary Shares

a) Numbers of Shares

Number of shares	Ordinary Shares Issued	Unissued Shares		Total Shares Issued and Unissued
		Conditional Capital	Authorized Capital	
At 1 January 2005	1,394,304	90,639	200,000	1,684,943
Options exercised against issue of new shares	15,385	(15,385)	-	-
At 30 June 2005	1,409,689	75,254	200,000	1,684,943
At 1 January 2006	1,413,392	71,551	200,000	1,684,943
Options exercised against issue of new shares	40,714	(40,714)	-	-
At 30 June 2006	1,454,106	30,837	200,000	1,684,943

b) Nominal value

At the 20 March 2006 Shareholders Meeting, the shareholders resolved to reduce the share-capital by an amount of CHF 2.- per share through a reduction of the nominal value of each share from CHF 10.- to CHF 8.- (total reduction of nominal value: CHF 2,908,212). Taking into consideration the treasury shares, the actual amount disbursed in connection with the capital reduction is CHF 2,834,994. This amount was paid on 26 June 2006, after the completion of the period required to carry-out the Invitation to Register Debt (procedure required by Swiss Law) and the actual registration of the capital reduction at the Commercial Registry of Canton de Vaud.

In connection with the capital reduction, the shareholders also resolved to adapt the nominal value of the conditional and authorized share-capital to CHF 8.- nominal per share. Further, the duration of the authorized capital was extended until 20 March 2008. These changes had no impact on actual cash flows.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

<i>Swiss Francs</i>	Nominal value per share	Shares Capital Issued	Unissued Shares	
			Conditional Capital	Authorized Capital
At 1 January 2006	10	14,133,920	715,510	2,000,000
Options exercised against issue of new shares (pre-AGM)	10	121,640	(121,640)	-
Total at 20 March 2006 (AGM)		14,255,560	593,870	2,000,000
Options exercised against issue of new shares (post-AGM)	10	285,500	(285,500)	-
<i>Capital reduction :</i>				
Issued share capital	2	(2,908,212)	-	-
Adjustments of conditional and authorized capital	2	-	(61,674)	(400,000)
At 30 June 2006	8	11,632,848	246,696	1,600,000

7. Share option reserve

	30 June	
	2006	2005
Value of services to be reclassified to Retained earnings when outstanding options will lapse, expire or be exercised	311,267	431,825
Value of services to be amortized through profit and losses over the residual vesting periods of options	(125,860)	(71,210)
Share options reserve	185,407	360,615

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The movement in units of options granted, exercised and lapsed is the following:

	Allocation					Total	Conditional shares available for exercise
	#3	#4	#5	#6	#7		
Balance at 1 January 2005	5,333	48,600	7,300	7,917	-	69,150	90,639
Grants	-	-	-	-	-	-	-
Exercised							
Covered by the issue of new shares	(2,385)	(12,000)	(1,000)	-	-	(15,385)	(15,385)
Covered by treasury shares	-	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-	-
Balance at 30 June 2005	2,948	36,600	6,300	7,917	-	53,765	75,254
Balance at 1 January 2006	1,635	36,600	4,575	6,779	24,850	74,439	71,551
Grants	-	-	-	-	-	-	-
Exercised							
Covered by the issue of new shares	(1'390)	(32'100)	(4'575)	(2'649)	-	(40'714)	(40'714)
Covered by treasury shares	-	-	-	-	-	-	-
Lapsed	-	-	-	(45)	(800)	(845)	-
Balance at 30 June 2006	245	4'500	-	4'085	24'050	32'880	30'837
<i>Less options outstanding</i>							<i>(32,880)</i>
<i>Shortfall</i>							<i>(2,043)</i>
<i>Number of treasury shares available at 30 June 2006</i>							<i>36,609</i>
<i>Balance shares available for future grants</i>							<i>34,566</i>

A detailed description of the terms of the allocations 3 to 7 is provided in the Annual Report 2005. The capital reduction described in Note 6 has had no impact on the strike prices of outstanding options. From 26 June on, each option is exercisable against one SQN share with a nominal value of CHF 8.-

The movements (fair value) in stock options is the following:

	Allocation					Total
	#3	#4	#5	#6	#7	
Balance at 1 January 2005	104,988	195,120	27,376	199,508	-	526,992
Grants	-	-	-	-	-	-
Exercise	(46,417)	(45,000)	(3,750)	-	-	(95,167)
Lapsed	-	-	-	-	-	-
Balance at 30 June 2005	58,571	150,120	23,626	199,508	-	431,825
Balance at 1 January 2006	32,297	150,120	17,157	170,830	192,753	563,157
Grants	-	-	-	-	-	-
Exercise	(27,724)	(133,245)	(17,157)	(66,755)	-	(244,881)
Lapsed	-	-	-	(1,134)	(5,875)	(7,009)
Balance at 30 June 2006	4,573	16,875	-	102,941	186,878	311,267

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The strike value of stock options outstanding and the movements are the following:

	Allocation					Total
	#3	#4	#5	#6	#7	
Balance at 1 January 2005	448,478	1,405,140	203,305	901,746	-	2,958,669
Grants	-	-	-	-	-	-
Exercise	(198,207)	(334,200)	(27,850)	-	-	(560,257)
Lapsed	-	-	-	-	-	-
Balance at 30 June 2005	250,271	1,070,940	175,455	901,746	-	2,398,412
Balance at 1 January 2006	138,039	1,070,940	127,414	772,128	4,224,500	6,333,021
Grants	-	-	-	-	-	-
Exercise	(118,477)	(945,615)	(127,414)	(301,721)	-	(1,493,227)
Lapsed	-	-	-	(5,126)	(136,000)	(141,126)
Balance at 30 June 2006	19,562	125,325	-	465,281	4,088,500	4,698,668

Outstanding stock options mature as follows

Allocation #	Strike Price	Number Options	Exercise Period	
			Start	End
4	27.85	4,500	May-05	April-07
3	54.30	50	July-05	June-07
3	86.39	195	March-05	February-07
6	113.90	193	May-05	April-07
		1,504	May-06	April-08
		2,388	May-07	April-09
7	170.00	4,103	August-06	July-08
		4,110	August-07	July-09
		15,837	August-08	July-10
Total		32,880		

8. Treasury shares

Treasury shares at 30 June 2006 consist of 36,609 shares for a total cost of CHF 9,011,338 (average cost: CHF 246.15).

The following transactions took place in the period from 1 January to 30 June 2006:

- ▶ acquisition of 28,845 shares at a unit price ranging from CHF 213.00 to CHF 320.00 (average cost of CHF 284.11 per share), and
- ▶ disposal of 258 shares at a unit price ranging from CHF 172.00 to CHF 250.25 (average price of CHF 200.63).

Review Report to the Board of Directors of Swissquote Group Holding Ltd

According to your request, we have reviewed the condensed consolidated interim financial statements (balance sheet, statement of operations, changes in shareholders' equity, cash flows statement and notes) set out on pages 1 to 11 of Swissquote Group Holding Ltd for the period ended 30 June 2006.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910 and with the International Standard on Review Engagements 2410, which require that a review be planned and performed to obtain moderate assurance about whether the condensed consolidated interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers SA



JC Pernollet



M Caputo

Geneva, 21 July 2006