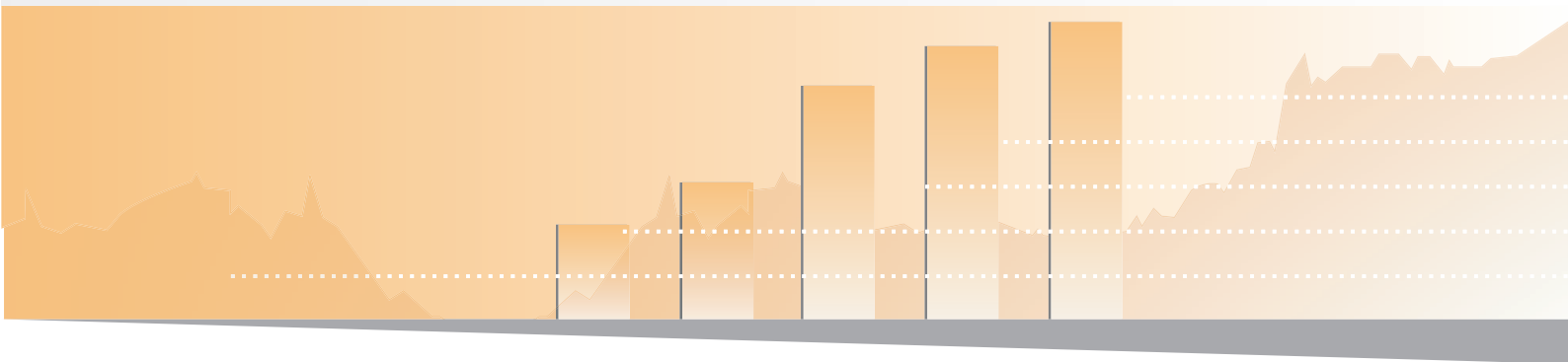




Financial Report
Q2-2007



SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

CONSOLIDATED INTERIM BALANCE SHEET

	Notes	30 June		31 December
		2007	2006	2006
ASSETS				
Cash and balances with central bank		8,446,180	31,337,876	25,355,664
Due from other banks		1,125,497,884	804,715,394	814,482,578
Derivatives financial instruments		8,201,887	3,465,806	6,142,183
Loans and advances to customers		70,828,147	62,946,719	63,913,743
Pledged assets		98,275,609	20,838,730	99,046,746
Goodwill		-	3,000,000	-
Information technology systems	4	6,419,797	5,318,980	5,717,167
Property, plant and equipment	5	15,932,073	3,329,296	8,569,805
Other assets		5,391,664	2,430,285	3,192,074
Deferred tax assets, net	2	942,135	3,326,458	7,062,435
Total assets		1,339,935,376	940,709,544	1,033,482,395
LIABILITIES AND EQUITY				
Liabilities				
Due to other banks		4,779,987	2,205,664	5,743,186
Derivatives financial instruments		8,201,887	3,465,806	6,142,183
Due to customers		1,194,627,579	845,693,367	910,405,200
Other liabilities		22,789,724	14,196,612	16,947,996
Provisions		682,628	821,168	759,619
Total liabilities		1,231,081,805	866,382,617	939,998,184
Equity				
Ordinary shares	6	7,319,185	11,632,848	11,668,648
Share premium		34,177,748	33,153,816	33,780,293
Share option reserve		500,782	185,407	330,685
Other reserve		(164,571)	-	(22,093)
Treasury shares	7	(11,392,074)	(9,011,338)	(9,011,338)
Retained earnings		78,412,501	38,366,194	56,738,016
Total equity		108,853,571	74,326,927	93,484,211
Total liabilities and equity		1,339,935,376	940,709,544	1,033,482,395

The notes on pages 6 to 10 form an integral part of this condensed interim financial information

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	3 months ended 30 June		6 months ended 30 June	
		2007	2006	2007	2006
Fee and commission income		21,462,735	15,156,358	43,339,602	31,870,713
Fee and commission expense		(2,850,394)	(1,987,942)	(5,762,105)	(4,192,554)
Net fee and commission income		18,612,341	13,168,416	37,577,497	27,678,159
Interest income		8,422,935	3,829,929	15,528,422	6,535,056
Interest expense		(2,278,811)	(941,748)	(4,088,652)	(1,628,361)
Net interest income		6,144,124	2,888,181	11,439,770	4,906,695
Net trading income		2,153,612	1,149,988	4,155,036	2,860,243
Other operating income		605,943	664,526	1,347,964	1,514,136
Operating income		27,516,020	17,871,111	54,520,267	36,959,233
Operating expenses	1	(12,190,663)	(9,965,912)	(23,918,796)	(19,738,016)
Operating profit		15,325,357	7,905,199	30,601,471	17,221,217
Income tax, net	2	(3,067,080)	400,000	(6,120,300)	1,000,000
Net profit		12,258,277	8,305,199	24,481,171	18,221,217
<i>Earning per share</i>	3	<i>0.86</i>	<i>0.59</i>	<i>1.72</i>	<i>1.29</i>
<i>Diluted earning per share</i>	3	<i>0.85</i>	<i>0.58</i>	<i>1.70</i>	<i>1.28</i>

The notes on pages 6 to 10 form an integral part of this condensed interim financial information

CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2006	14,133,920	32,021,971	368,580	-	(846,458)	21,299,644	66,977,657
Net change in available-for-sale investments	-	-	-	-	-	-	-
Net profit of the period	-	-	-	-	-	18,221,217	18,221,217
Total recognised income for the period	-	-	-	-	-	18,221,217	18,221,217
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
Balance at 30 June 2006	11,632,848	33,153,816	185,407	-	(9,011,338)	38,366,194	74,326,927
Balance at 1 January 2007	11,668,648	33,780,293	330,685	(22,093)	(9,011,338)	56,738,016	93,484,211
Net change in available-for-sale investments	-	-	-	(142,478)	-	-	(142,478)
Net profit of the period	-	-	-	-	-	24,481,171	24,481,171
Total recognised income for the period	-	-	-	(142,478)	-	24,481,171	24,338,693
Capital increase resulting from the exercise of options	42,048	171,372	-	-	-	-	213,420
Dividend	-	-	-	-	-	(2,855,046)	(2,855,046)
Capital reduction	(4,391,511)	119,943	-	-	-	-	(4,271,568)
Employee stock option plan:							
Value of services provided	-	-	218,457	-	-	-	218,457
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(48,360)	-	-	48,360	-
Purchase of treasury shares	-	-	-	-	(3,167,808)	-	(3,167,808)
Sale of treasury shares	-	106,140	-	-	787,072	-	893,212
Balance at 30 June 2007	7,319,185	34,177,748	500,782	(164,571)	(11,392,074)	78,412,501	108,853,571

The notes on pages 6 to 10 form an integral part of this condensed interim financial information

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Notes	6 months ended 30 June	
		2007	2006
Cash flow from / (used in) operating activities			
Fees and commission receipts		43,112,606	31,926,883
Fees and commission paid		(5,557,219)	(3,925,666)
Interest receipts		15,346,364	6,048,539
Interest paid		(4,046,811)	(1,610,800)
Net trading income		4,155,036	2,860,243
Other operating income		550,934	1,520,123
Cash payments to employees and suppliers		(22,918,102)	(16,734,525)
Cash flow from operating profit before changes in operating assets and liabilities		30,642,808	20,084,797
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		(6,914,404)	(22,401,643)
Other assets		-	65,308
Due to customers		284,222,379	235,675,535
Other liabilities		972,520	652,590
Net cash from operating activities		308,923,303	234,076,587
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	4/5	(2,741,229)	(1,644,749)
Purchase of Gland Office	5	(6,825,490)	(2,571,924)
Redemption of pledged assets		628,659	-
Investment in pledged assets		-	(10,514,058)
Net cash used in investing activities		(8,938,060)	(14,730,731)
Cash flow from / (used in) financing activities			
Net proceeds of issue of ordinary shares		213,420	1,444,354
Purchase of treasury shares		(3,167,808)	(8,195,231)
Sale of treasury shares		893,212	51,764
Capital reduction		-	(2,834,994)
Dividend		(2,855,046)	(1,406,586)
Net cash from / (used in) financing activities		(4,916,222)	(10,940,693)
INCREASE IN CASH AND CASH EQUIVALENTS		295,069,021	208,405,163
Movements in cash and cash equivalents			
Balance at beginning of year		816,095,056	625,442,443
Increase		295,069,021	208,405,163
Balance at 30 June		1,111,164,077	833,847,606
Cash and cash equivalents			
Cash and balances with central banks		8,446,180	31,337,876
Due from other banks (less than 3 months)		1,107,497,884	(2,205,664)
Due to other banks		(4,779,987)	804,715,394
Total at 30 June		1,111,164,077	833,847,606

The notes on pages 6 to 10 form an integral part of this condensed interim financial information

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 2006 Annual Consolidated Financial Statements.

The presentation of comparative figures in the Consolidated Interim Financial Statements have been adapted in order to conform to presentation of the Annual Financial Statements, when required. Operating expenses now include amortisation, depreciation and provision and hence the formerly reported Operating profit before amortisation, depreciation and provision is not reported anymore. Details are provided in the Notes.

At the 25 April 2007 Shareholders Meeting, the shareholders inter alia resolved:

(a) to split the nominal value (ratio 1:10). The actual split was carried out on 8 May 2007.

(b) to reduce the share-capital by an amount of CHF 0.30 per share through a reduction of the nominal value of each share from CHF 0.80 to CHF 0.50 (total reduction of nominal value: CHF 4,391,511). The capital reduction will be paid on 27 July 2007, 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.

The detailed history of the structure of the share capital is presented in Note 6. For the comparison of the Earning Per Share of the 6 months and 3 months ended 30 June 2006, the split is deemed realized as at 1 January 2006. Although not paid at 30 June 2007, the capital reduction has been recorded in the Consolidated Interim Financial Statements. The amount payable is included in Other liabilities.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating expenses

	6 months ended 30 June	
	2007	2006
Payroll & related expenses	12,081,006	8,991,015
Other operating expenses	6,354,245	5,858,433
Marketing expenses	3,831,724	3,241,003
Provisions	150,000	-
Depreciation	1,501,821	1,647,565
Total	23,918,796	19,738,016

2. Deferred tax

	6 months ended 30 June	
	2007	2006
Deferred tax assets		
Tax loss carried forward	931,297	4,112,570
Permanent differences	10,838	10,838
Total	942,135	4,123,408
Deferred tax liabilities		
Temporary differences	-	(796,950)
Total net	942,135	3,326,458
Movements in net deferred taxes analysed as follows:		
Balance, beginning of period	7,062,435	2,326,458
Net (debit) / credit to statement of operations	(6,120,300)	1,000,000
Balance, end of period	942,135	3,326,458

The balance of Deferred tax assets at 30 June 2006 on tax loss carried forward was stated net of a CHF 3.3m 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 was unlikely. There is no impairment provision at 30 June 2007.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Earning per share

a) Basic

	3 months ended 30 June		6 months ended 30 June	
	2007	2006	2007	2006
Net Profit	12,258,277	8,305,199	24,481,171	18,221,217
Weighted average number of ordinary shares in issue	14,255,085	14,120,415	14,229,140	14,114,335
<i>Basic earning per share</i>	<i>0.86</i>	<i>0.59</i>	<i>1.72</i>	<i>1.29</i>

b) Diluted

	3 months ended 30 June		6 months ended 30 June	
	2007	2006	2007	2006
Net Profit	12,258,277	8,305,199	24,481,171	18,221,217
Weighted average number of ordinary shares in issue	14,255,085	14,120,415	14,229,140	14,114,335
Adjustments for share options	183,195	170,160	168,373	140,390
Weighted average number of ordinary shares for diluted earnings per share options	14,438,280	14,290,575	14,397,513	14,254,725
<i>Diluted earning per share</i>	<i>0.85</i>	<i>0.58</i>	<i>1.70</i>	<i>1.28</i>

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware	Total
6 months ended 30 June 2006				
Opening net book amount	1,119,289	3,125,535	998,024	5,242,848
Addition	187,033	863,264	494,847	1,545,144
Amortisation / depreciation	(306,733)	(767,448)	(394,831)	(1,469,012)
Closing net book amount	999,589	3,221,351	1,098,040	5,318,980
6 months ended 30 June 2007				
Opening net book amount	913,849	3,343,680	1,459,638	5,717,167
Addition	160,393	912,565	940,119	2,013,077
Amortisation / depreciation	(246,003)	(636,912)	(427,532)	(1,310,447)
Closing net book amount	828,239	3,619,333	1,972,225	6,419,797

Additions to Information technology systems include an amount of CHF 822,466 (2006: CHF 634,508) representing own costs capitalised in connection with the development of the systems of the Bank.

5. Property, plant and equipment

	6 months ended 30 June	
	2007	2006
Opening net book amount	8,569,805	836,320
Addition		
Property (Gland Office)	6,825,490	2,571,924
Others	728,152	99,605
Depreciation		
Property (Gland Office)	-	-
Others	(191,374)	(178,553)
Closing net book amount	15,932,073	3,329,296

The CHF 6.8m additions correspond to amounts disbursed in connection with the realisation of the company's new office in Gland which is due to be completed in the course of the 3rd quarter 2007.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Ordinary shares

a) Numbers of Shares in 2006

	1 January	Exercise	Capital Reduction	Exercise	30 June
Issued shares					
Ordinary share capital					
Number of shares	1,413,392	40,714	-	-	1,454,106
Nominal value per share (CHF)	10.00	10.00	(2.00)	-	8.00
Total nominal value (CHF)	14,133,920	407,140	(2,908,212)	-	11,632,848
Unissued shares					
Conditional capital					
Number of conditional shares	71,551	(40,714)	-	-	30,837
Nominal value per share (CHF)	10.00	10.00	(2.00)	-	8.00
Total nominal value (CHF)	715,510	(407,140)	(61,674)	-	246,696
Authorised capital					
Amount authorised (CHF)	2,000,000	-	(400,000)	-	1,600,000
Nominal value per share (CHF)	10.00	-	(2.00)	-	8.00
Number of authorised shares	200,000	-	-	-	200,000

b) Numbers of Shares in 2007

	1 January	Exercise before split	Total at split	Total after split 1:10	Exercise after split	Capital reduction	30 June
Issued shares							
Ordinary share capital							
Number of shares	1,458,581	5,256	1,463,837	14,638,370	-	-	14,638,370
Nominal value per share (CHF)	8.00	8.00	8.00	0.80	-	(0.30)	0.50
Total nominal value (CHF)	11,668,648	42,048	11,710,696	11,710,696	-	(4,391,511)	7,319,185
Unissued shares							
Conditional capital							
Number of conditional shares	26,362	(5,256)	21,106	211,060	-	-	211,060
Nominal value per share (CHF)	8.00	8.00	8.00	0.80	-	(0.30)	0.50
Total nominal value (CHF)	210,896	(42,048)	168,848	168,848	-	(63,318)	105,530
Authorised capital							
Amount authorised (CHF)	1,600,000	-	1,600,000	1,600,000	-	(600,000)	1,000,000
Nominal value per share (CHF)	8.00	-	8.00	0.80	-	(0.30)	0.50
Number of authorised shares	200,000	-	200,000	2,000,000	-	-	2,000,000

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Treasury shares

Treasury shares at 30 June 2007 consist of 399,810 shares for a total cost of CHF 11,392,074 (average cost: CHF 28.49).

The following transactions took place in the period from 1 January to 30 June 2007:

- ▶ Acquisition of 55,706 shares at a unit price ranging from CHF 44.84 to CHF 58.23 (average cost of CHF 56.87 per share), and
- ▶ Disposal of 21,986 shares (of which 8,500 for the coverage of stock option exercised) at a unit price ranging from CHF 11.39 to CHF 58.06 (average price of CHF 40.63 per share).

8. Stock options

Grants of stock options in the period 1 January to 30 June:

- ▶ 2007 : None
- ▶ 2006 : None

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

Introduction

We have reviewed the condensed consolidated interim financial statements (balance sheet, statement of operations, statement of changes in shareholders' equity, cash flow statement and notes) set out on pages 1 to 10 of Swissquote Group Holding Ltd for the period ended 30 June 2007. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA



JC Pernollet



M Caputo

Geneva, 24 July 2007