

**Interim Report**  
**30 SEPTEMBER 2000**

Gland, 15 November 2000

## Dear Swissquote Group Shareholders

In the first nine months of 2000, Swissquote Group Holding Ltd lifted its consolidated revenues to CHF 11.3 mio, representing a year-on-year increase of 217%. In the reporting period the group posted a net profit of CHF 0.03 mio versus a budgeted loss of CHF 5.1 mio. The consolidated balance sheet is strong: Equity amounts to CHF 74.1 mio, cash and cash equivalents to CHF 70.9 mio and there is no indebtedness.

Both divisions contributed to this growth. The Online Financial Services division increased revenues by 256% to CHF 6.5 mio and the Web Intelligence by 175% to CHF 4.8 mio. Consolidated revenues grew 16% compared with the second quarter of 2000. On 30 September 2000, Swissquote employed a total staff of 115 at its locations in Gland (Vaud), Schwerzenbach (Zurich) and Paris, versus 44 employees in 1999. In response to the situation on the financial markets and increasing competition, Swissquote has decided to concentrate its investments on core activities and priority projects. The following results characterized business activity in the third quarter:

Online financial services: Growth in new accounts and the volume of stock exchange orders declined as a result of the uncertain situation on the financial markets. At end-September Swissquote Group had 7,301 accounts, an increase of 19% compared with 30 June 2000. Development was focused on preparations for Swissquote Bank, which was granted a banking and securities trading licence by the Swiss Federal Banking Commission on 27 October 2000. Swissquote has thus achieved a major milestone on the way to developing its online financial services. The fact that Bank Rüd, Blass & Cie Ltd (a subsidiary of Zurich Financial Services) has acquired a minority interest in Swissquote Bank will result in an increase in brokerage revenues. Swissquote launched its financial information portal [www.swissquote.fr](http://www.swissquote.fr) in France on 23 October 2000. Based on the feedback of the market, the Group will develop its European online financial services operations under the Swissquote brand.

Web Intelligence: Demand – from new and existing customers alike – in the web intelligence sector continues to be strong. Marvel Communications Ltd's presence at the Orbit trade fair for the first time met with substantial interest. Increasing competition in content management software and a reappraisal of the investments needed to build up distribution channels have prompted Swissquote to redefine its marketing strategy for the mIntegrate product line. In future, mIntegrate will be used to support Marvel's activities in the field of strategic Internet consulting.

The Swissquote share price has suffered a significant erosion since the IPO. However, this development is no different from the trend seen at other companies operating in areas similar to Swissquote. The Board of Directors of Swissquote Group Holding Ltd is convinced that this is just a temporary downward correction and that the medium and long-term drivers determining the value of Swissquote are unchanged. The Board of Directors is therefore still confident about the prospects of Swissquote.

On behalf of the Board of Directors



Jean Pfau, Chairman

Gland, 15. November 2000

## Sehr geehrte Swissquote Group Aktionäre

Die Swissquote Group Holding AG steigerte in den ersten neun Monaten 2000 den konsolidierten Umsatz auf CHF 11.3 Mio. Gegenüber der Vergleichsperiode des Vorjahres entspricht dies einer Zunahme um 217 Prozent. Mit einem Gewinn von CHF 0.03 Mio erreichte die Gruppe in der Berichtsperiode ein ausgeglichenes Nettoergebnis, im Vergleich zu einem budgetierten Verlust von CHF 5.1 Mio. Die konsolidierte Bilanz präsentiert sich äusserst solid, mit einem Eigenkapital von CHF 74.1 Mio, liquiden Mitteln im Umfang von CHF 70.9 Mio und ohne Verschuldung.

Beide Geschäftsbereiche haben zum Umsatzwachstum beigetragen. Der Bereich Online-Finanzdienstleistungen steigerte den Umsatz um 256 Prozent auf CHF 6.5 Mio, im Bereich Web Intelligence nahmen die Verkäufe um 175 Prozent auf CHF 4.8 Mio zu. Im Vergleich zum zweiten Quartal 2000 beträgt das konsolidierte Umsatzwachstum 16 Prozent. Die Swissquote beschäftigte per 30. September 2000 an den Standorten in Gland (VD), Schwerzenbach (ZH) und Paris 115 Mitarbeiter, gegenüber 44 Mitarbeitern im Vorjahr. Vor dem Hintergrund der Situation an den Finanzmärkten und der verstärkten Konkurrenz hat die Swissquote entschieden, ihre Investitionen auf die Kernaktivitäten und auf vorrangige Projekte zu konzentrieren. Die folgenden Ereignisse prägten die Geschäftstätigkeit im dritten Quartal:

Online-Finanzdienstleistungen: Der Zuwachs an neu eröffneten Konten und das Volumen der Börsenaufträge schwächten sich infolge der unsicheren Situation an den Finanzmärkten ab. Per 30. September verfügte die Swissquote Gruppe über 7'301 Konten. Dies entspricht einer Steigerung um 19 Prozent gegenüber dem Stand per 30. Juni 2000. Der Schwerpunkt in der Entwicklung lag auf den Vorbereitungen für die Swissquote Bank, der die Eidgenössische Bankenkommission am 27. Oktober 2000 die Bank- und Effektenhandelslizenz erteilt hat. Damit hat Swissquote beim Ausbau des Bereiches Online-Finanzdienstleistungen ein wichtiges Etappenziel erreicht. Die Tatsache, dass die Bank Rüd, Blass & Cie. AG, eine Tochtergesellschaft der Zurich Financial Services, eine Minderheitsbeteiligung an der Swissquote Bank übernommen hat, wird zu einer Steigerung der Courtage-Erträge führen. Aufgrund positiver Reaktionen auf den Markennamen Swissquote hat die Gruppe entschieden, in Europa eine „Single Brand“ Strategie zu verfolgen. In Frankreich hat die Swissquote Gruppe am 23. Oktober 2000 ihr Finanzinformations-Portal deshalb unter den Namen [www.swissquote.fr](http://www.swissquote.fr) lanciert.

Web Intelligence: Die Nachfrage im Bereich Web Intelligence bleibt erfreulich, sowohl seitens bestehender Kundschaft als auch durch neue Kunden. Auf grosses Interesse stiess der erstmalige Auftritt der Marvel Communications AG an der Orbit. Die verstärkte Konkurrenz bei Content Management Software und eine Neueinschätzung der für einen Aufbau der Vertriebskanäle erforderlichen Investitionen, haben Swissquote zu einer Neudefinition der Marketing-Strategie für die Produktelinie mIntegrate bewogen. Künftig wird mIntegrate zur Unterstützung der Marvel Aktivitäten im Bereich der strategischen Internet-Beratung eingesetzt.

Die Swissquote-Titel haben seit dem Börsengang eine markante Kurserosion erlitten. Diese Entwicklung ist jedoch vergleichbar mit dem Kursverlauf bei anderen Unternehmungen, die in verwandten Bereichen wie Swissquote tätig sind. Der Verwaltungsrat der Swissquote ist der Überzeugung, dass es sich dabei um eine vorübergehende Abschwächung handelt und dass sich die mittel- und langfristigen Fundamentalfaktoren, die den Wert der Swissquote Gruppe beeinflussen, nicht verändert haben. Der Verwaltungsrat beurteilt deshalb die Perspektiven der Swissquote weiterhin zuversichtlich.

Im Namen des Verwaltungsrats



Jean Pfau, Präsident

Gland, 15 novembre 2000

## Chers actionnaires de Swissquote Group,

Swissquote Group Holding SA a poursuivi sa progression avec un chiffre d'affaires consolidé de CHF 11.3 mio pour les 9 premiers mois de l'exercice 2000, en progression de 217% par rapport à la même période de l'exercice précédent. Le résultat consolidé net est équilibré avec un bénéfice de CHF 0.03 mio par rapport à une perte budgétée de CHF 5.1 mio pour la même période. Le bilan consolidé du Groupe est sain avec des fonds propres consolidés de CHF 74.1 mio, des liquidités de CHF 70.9 mio et l'absence d'endettement.

Les deux segments d'activité ont contribué à cette progression. Le chiffre d'affaires du secteur Services Financiers en ligne s'est monté à CHF 6.5 mio (+ 256%) et celui du secteur Web Intelligence à CHF 4.8 mio (+ 175%). Par rapport au 2<sup>e</sup> trimestre 2000, la progression du chiffre d'affaires consolidé est de 16%. Le Groupe comptait 115 employés au 30 septembre 2000, contre 44 une année auparavant, localisés à Gland (Vaud), Schwerzenbach (Zurich) et Paris. D'une manière générale, au vu de l'intensification de la concurrence et de la situation sur les marchés financiers, le Groupe a décidé de concentrer ses investissements sur ses marchés existants et ses projets prioritaires. Les faits marquants du troisième trimestre ont été les suivants:

Service Financiers en ligne: Les conditions adverses des marchés financiers au cours du troisième trimestre ont affecté la progression des ouvertures de comptes et le volume des ordres de bourses. Au 30 septembre le Groupe comptait 7,301 comptes, en progression de 19% par rapport au 30 juin 2000. Les efforts de développement se sont focalisés sur la préparation de la Swissquote Bank, pour laquelle le Groupe s'est vu octroyé une licence bancaire et de négociant en titres par la Commission Fédérale des Banques le 27 octobre dernier. Ceci constitue une étape essentielle dans le développement des Services Financiers en ligne du Groupe. L'entrée de Rüd Blass & Cie SA, une filiale de Zurich Financial Services, dans le capital de la Swissquote Bank en tant qu'actionnaire minoritaire aura pour conséquence d'augmenter de manière significative les revenus de courtage du Groupe. En France, le Groupe a officiellement lancé son site d'informations financières [www.swissquote.fr](http://www.swissquote.fr) le 23 octobre dernier. L'écho positif du marché à la marque Swissquote a décidé le Groupe à poursuivre son expansion européenne dans les services financiers en ligne sous cette marque uniquement.

Web Intelligence: La présence pour la première fois de Marvel Communications SA à Orbit a rencontré un intérêt marqué du public professionnel et la demande dans ce secteur continue à être soutenue, tant de la part de la clientèle existante que de celle de nouveaux clients. L'intensification de la concurrence dans le domaine des logiciels de gestion de contenu et la réestimation des investissements requis pour le développement de canaux de distribution ont entraîné une redéfinition de la stratégie de commercialisation de la ligne de produit mIntegrate, et son repositionnement en tant que support pour les activités de consulting stratégique de Marvel.

L'action Swissquote a subi une érosion substantielle de son cours. Elle est toutefois comparable à celle d'entreprises actives dans les secteurs d'activités du Groupe. Le Conseil d'administration considère qu'il s'agit d'une situation temporaire et que les fondamentaux à moyen et long termes ayant un impact sur la valeur actionnariale du Groupe demeurent inchangés. Le Conseil d'administration de Swissquote Group Holding SA reste donc confiant dans les perspectives du Groupe.

Au nom du Conseil d'administration



Jean Pfau, président

## Consolidated Interim Balance Sheet

All amounts in Swiss Francs

	Notes	30 September		31 December
		2000	1999	1999
<b>ASSETS</b>				
Current assets				
Cash and banks		568,544	1,440,385	2,261,841
Time deposit		70,300,000	-	-
Receivables and prepayments		3,595,677	745,117	919,214
Work in progress		250,000	250,000	520,000
		<b>74,714,221</b>	<b>2,435,502</b>	<b>3,701,055</b>
Non-current assets				
Property, plant and equipment	5	2,424,826	840,561	1,013,801
Deferred tax asset, net		747,537	212,869	244,514
Other non current assets		162,650	-	-
		<b>3,335,013</b>	<b>1,053,430</b>	<b>1,258,315</b>
<b>Total assets</b>		<b>78,049,234</b>	<b>3,488,932</b>	<b>4,959,370</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Trade and other payables		3,743,953	1,179,751	1,099,632
Deferred revenues		182,310	766,069	760,000
		<b>3,926,263</b>	<b>1,945,820</b>	<b>1,859,632</b>
Non-current liabilities				
Convertible debt	6	-	-	1,687,827
<b>Total liabilities</b>		<b>3,926,263</b>	<b>1,945,820</b>	<b>3,547,459</b>
Equity				
Ordinary shares	2 & 7	13,500,000	2,276,370	2,276,370
Share premium and other reserves	2	61,740,801	-	321,834
Accumulated losses	2	(1,117,830)	(733,258)	(1,186,293)
<b>Total equity</b>		<b>74,122,971</b>	<b>1,543,112</b>	<b>1,411,911</b>
<b>Total liabilities and equity</b>		<b>78,049,234</b>	<b>3,488,932</b>	<b>4,959,370</b>

## Consolidated Interim Statement of Operations

All amounts in Swiss Francs

	Notes	9 months ended 30 September	
		2000	1999
Operating revenues	3	11,302,983	3,569,920
Operating expenses			
Payroll and related expenses		7,104,264	1,934,720
Production expenses		1,588,765	888,958
Marketing expenses		1,138,534	181,643
Administration expenses		747,743	281,148
Other operating expenses		933,169	461,482
Operating loss before depreciation		(209,492)	(178,031)
Depreciation	5	(536,450)	(153,092)
Loss from operating activities	3	(745,942)	(331,123)
Financial income (costs), net		641,247	(9,015)
Loss before tax		(104,695)	(340,138)
Income tax credit, net		136,432	37,000
<b>Net profit / (loss)</b>		<b>31,737</b>	<b>(303,138)</b>
<i>Earnings / (loss) per share</i>	4		
<i>Basic</i>		0.042	(4.651)
<i>Diluted</i>		0.039	

## Consolidated Interim Condensed Cash Flow Statement

All amounts in Swiss Francs

	9 months ended 30 September	
	2000	1999
<b>Net cash provided by operating activities</b>	125,180	167,520
<b>Investing activities</b>		
Purchase of property plant and equipment	5 (1,947,475)	(807,439)
Other non current assets	(162,650)	
<b>Financing activities</b>		
Net proceed from capital increase		2,050,000
Net proceeds from IPO and related preliminary capital increases	70,591,648	-
<b>Increase in cash and cash equivalents</b>	<b>68,606,703</b>	<b>1,410,081</b>
<b>Movements in cash and cash equivalents</b>		
At 1 January	2,261,841	30,304
Increase	68,606,703	1,410,081
<b>At 30 September</b>	<b>70,868,544</b>	<b>1,440,385</b>
<b>Cash and cash equivalents</b>		
Cash and banks	568,544	1,440,385
Time deposits	70,300,000	-
<b>Cash and cash equivalents</b>	<b>70,868,544</b>	<b>1,440,385</b>

# Notes to Consolidated Interim Financial Statements

*All amounts in Swiss Francs*

## 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 1999 and 1998.

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 1999 annual consolidated financial statements.

## 2/ STATEMENT OF CHANGES IN EQUITY

	Capital	Share Premium & Other Reserves	Accumulated Losses	Total
<b>At 1 January 1999</b>	300,500	-	(430,120)	(129,620)
Capital increase:				
Cash contributed	2,050,000			2,050,000
Difference arising on contribution in kind	(74,130)			(74,130)
Net loss			(303,138)	(303,138)
<b>At 30 September 1999</b>	<b>2,276,370</b>	-	<b>(733,258)</b>	<b>1,543,112</b>
<b>At 1 January 2000</b>	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	59,828,744		70,915,794
Net profit			31,737	31,737
<b>At 30 September 2000</b>	<b>13,500,000</b>	<b>61,740,801</b>	<b>(1,117,830)</b>	<b>74,122,971</b>



## Notes to Consolidated Interim Financial Statements

All amounts in Swiss Francs

### 3/ SEGMENT INFORMATION

	<b>Web Intelligence</b>	<b>Online Financial Services</b>	<b>Total</b>
<b>9 months ended 30 September 1999</b>			
Revenues	1,743,122	1,826,798	3,569,920
Segment result	405,132	121,923	527,055
Unallocated costs			(858,178)
Loss from operating activities			<b>(331,123)</b>
<b>9 months ended 30 September 2000</b>			
Revenues	4,797,320	6,505,663	11,302,983
Segment result	708,848	529,976	1,238,824
Unallocated costs			(1,984,766)
Loss from operating activities			<b>(745,942)</b>

### 4/ 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.

## Notes to Consolidated Interim Financial Statements

All amounts in Swiss Francs

### 5/ PROPERTY, PLANT AND EQUIPMENT AND CAPITAL EXPENDITURE AND COMMITMENTS

	IT Systems	Others	Total
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>9 months ended 30 June 1999</b>			
Opening net book amount (1.1.1999)	156,097	30,117	186,214
Additions	100,722	706,717	807,439
Depreciation	(141,002)	(12,090)	(153,092)
Closing net book amount (30.9.1999)	<b>115,817</b>	<b>724,744</b>	<b>840,561</b>
<b>9 months ended 30 June 2000</b>			
Opening net book amount (1.1.2000)	747,840	265,961	1,013,801
Additions	1,600,916	346,559	1,947,475
Depreciation	(459,543)	(76,907)	(536,450)
Closing net book amount (30.9.2000)	<b>1,889,213</b>	<b>535,613</b>	<b>2,424,826</b>
<b>CAPITAL COMMITMENTS</b>			
At 30 September 1999			300,000
At 30 September 2000			1,500,000

### 6/ BORROWINGS

	9 months ended 30 September	
	2000	1999
Fair value of Convertible loans at 1 January	1,687,827	None
Interest paid	(15,000)	
Interest accrued	50,000	
Effect of conversion on equity (excl. impact of deferred taxes)	277,173	
	<b>2,000,000</b>	
Conversion during March 2000 into:		
Ordinary share capital	(136,580)	
Share premium (excl. share issue costs)	(1,863,420)	
At 30 September	-	

## Notes to Consolidated Interim Financial Statements

All amounts in Swiss Francs

### 7/ SHARE CAPITAL

Swissquote Group Holding Ltd, the Group holding company, is listed on the SWX New Market since 29 May 2000. The changes in the share capital since 1 January 2000 are presented in the following table:

	Ordinary Shares Issued	Conditional share capital		Authorized Share Capital	Total Shares Issued and Unissued
		For Convertible Loans	For Stock Option Plan		
(Registered Shares of CHF 10 nominal each)					
At 1 January 2000	227,637	13,658	45,527 (a)	-	286,822
Conversion of convertible loans	13,658	(13,658)			-
Increase resulting from the IPO and related preliminary capital increases	1,108,705 (c)			50,000	1,158,705
Net increase of number of shares available for the Stock Option Plan			74,473 (b/c/d)		74,473
<b>At 30 September 2000</b>	<b>1,350,000</b>	-	<b>120,000 (d)</b>	<b>50,000 (e)</b>	<b>1,520,000</b>

Shares underlying the options granted to employees at 30 September 2000

47,632 (b/d)

Shares available at 30 September 2000 for future grants

72,368 (d)

(a) At 1 January 2000, the options granted to employees in the context of the Stock Option Plan were covered by an authorised capital of 45,527 shares. One options granted the right to acquire one share at an exercise price of CHF 70.

(b) The terms of exercise of the options were adapted in order to account for the dilution of the optionees resulting from preliminary capital increases. The options granted prior to IPO now grant the right to acquire four shares at an exercise price of CHF 100 per option. At IPO a total of 114,820 shares were acquired by employees corresponding to 28,705 options that were then exercisable. A further 11,908 options representing 47,632 shares are exercisable on 29 May 2001 (29,704 shares) and on 29 May 2002 (17,928 of shares).

(c) The IPO and related preliminary capital increases consist of a preliminary increase of 723,885 new shares, 114,820 new shares

acquired by the employees through the exercise of their options and 270,000 new shares placed in the public at the IPO. These increases are based on resolutions of the general meeting of shareholders of Swissquote Group Holding Ltd on 23 May 2000.

(d) On the same date, the general meeting of shareholders resolved to create a conditional capital of CHF 1,200,000 to be utilized to cover outstanding and future options granted to employees under the existing Stock Option Plan.

(e) On the same date, the general meeting of shareholders resolved to create an authorised share capital of CHF 500,000. In the context of the IPO, Swissquote Group Holding Ltd granted an over-allotment option to the Lead Manager exercisable until 30 June 2000 in order to offer up to an additional 50,000 shares at the Offering price on behalf of Swissquote Group Holding Ltd. The option granted lapsed without being exercised.



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