



# SWISSQUOTE

INTERIM REPORT - 31 MARCH 2001

Gland, 15 May 2001

Dear Swissquote Group shareholders

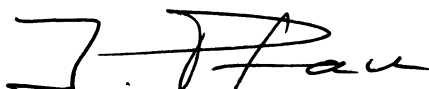
Swissquote Group completed the groundwork for launching Swissquote Bank in the first quarter of 2001. As already announced, Swissquote Bank will start up operation by 31 May 2001. In implementing this important project, we were drawing on our in-house competences. Working closely together, our Internet specialists and banking experts have developed an Internet platform that will enable Swissquote Bank clients to manage their assets actively and on a personalized basis, while allowing them access to professional financial services.

The total investment of the Swissquote Group and of Rüd, Blass & Cie AG - a wholly owned subsidiary of Zurich Financial Services - needed to set up Swissquote Bank amounts to around CHF 20 million. With this relatively modest outlay, Swissquote Group has demonstrated its leadership in implementing complex and demanding Internet projects.

With equity of CHF 30 million and the financial strength of its shareholders, Swissquote Bank offers its clients first-rate financial security. The clear layout of the financial information, the user-friendliness of the platform, the broad range of analysis tools available and the helpfulness of its customer care center position Swissquote Bank as a leader in its market. I warmly invite you to visit Swissquote Bank on the Internet (<http://bank.swissquote.ch>) to have a look at the youngest offspring of Swissquote Group. With the launch of Swissquote Bank, the Group reaches a crucial milestone in its development. Within a few weeks of starting up business, the Bank will be able to offer its customers access to the US markets, to virt-x and to an attractive selection of investment funds as well as providing trading in Swiss securities. Access to further financial markets is planned for the end of this year.

The consolidated figures for the first quarter are in line with forecasts. Sales of CHF 3.2 million (virtually unchanged from the previous year) and a loss of CHF 5.1 million must be set against the requirements of the investment phase at Swissquote Bank. Assuming a rebound on the markets, we expect profitability to improve in the third quarter of 2001. Cash and cash equivalent at 31 March 2001 amount to 73.2 million.

On behalf of the Board of Directors



Jean Pfau, Chairman

Gland, 15. Mai 2001

Sehr geehrte Swissquote Group Aktionärinnen und Aktionäre

Im ersten Quartal 2001 schloss die Swissquote Group ihre Vorbereitungsarbeiten für die Betriebsaufnahme der Swissquote Bank ab. Der Start der Bank sollte, wie angekündigt, um den 31. Mai 2001 erfolgen. Bei der Realisierung dieses wichtigen Vorhabens stützten wir uns auf intern vorhandene Kompetenzen ab. In enger Zusammenarbeit entwickelten unsere Internet-Spezialisten und Bankfachleute eine Internet-Plattform, die den Kunden der Swissquote Bank eine aktive und individuelle Verwaltung ihrer Vermögen sowie den wirtschaftlichen Zugang zu professionellen Finanzdienstleistungen ermöglichen wird.

Die Gesamtinvestitionen der Swissquote Group und der Rüd, Blass & Cie AG - einer hundertprozentigen Tochtergesellschaft der Zurich Financial Services - zur Realisierung der Swissquote Bank liegen in der Grössenordnung von CHF 20 Mio. Mit diesen vergleichsweise bescheidenen Kosten stellte die Swissquote Group ihre führende Stellung zur Realisierung von komplexen und anspruchsvollen Internet-Projekten unter Beweis.

Die Eigenkapitalausstattung der Swissquote Bank mit CHF 30 Mio. und die finanzielle Stärke ihrer Aktionäre bieten den künftigen Bankkunden eine erstklassige finanzielle Sicherheit. Die übersichtliche Informationspräsentation, die Benutzerfreundlichkeit, das breite Angebot von Analyseinstrumenten sowie die Professionalität des Customer Care Centers werden der Swissquote Bank eine führende Position in ihrem Tätigkeitsbereich verschaffen. Ich lade Sie herzlich ein, die Swissquote Bank im Internet zu besuchen (<http://bank.swissquote.ch>) und sich persönlich ein Bild vom jüngsten Spross der Swissquote Group zu machen.

Mit der Lancierung der Swissquote Bank erreichen wir eine wichtige Etappe in der Entwicklung unserer Unternehmensgruppe. Bereits wenige Wochen nach dem Start wird die Bank ihren Kunden nebst dem Handel mit Schweizer Wertschriften auch den Zugang zu den amerikanischen Märkten, zur virt-x sowie zu einer attraktiven Auswahl von Anlagefonds anbieten. Der Zugang zu weiteren Märkten ist bis Ende dieses Jahres geplant.

Die konsolidierten Zahlen für das erste Quartal bewegen sich im Rahmen der Vorgaben. Der im Vergleich zur Vorjahresperiode praktisch gleich hohe Umsatz von CHF 3.2 Mio. und der Verlust von CHF 5.1 Mio. sind im Lichte der Investitionsphase bei der Swissquote Bank zu sehen. Unter der Voraussetzung einer Wiederbelebung der Märkte rechnen wir mit einer Rentabilitätsverbesserung ab dem dritten Quartal 2001. Die flüssigen Mittel beliefen sich auf CHF 73.2 Mio. per 31. März 2001.

Im Namen des Verwaltungsrats



Jean Pfau, Präsident

Gland, le 15 mai 2001

Chers Actionnaires de Swissquote Group,

Les efforts du Groupe au cours du 1er trimestre 2001 ont porté sur la finalisation de la réalisation de Swissquote Bank qui devrait démarrer ses activités comme prévu aux alentours du 31 mai. L'ensemble des compétences internes du Groupe, alliant la maîtrise des technologies de l'Internet à celles d'une équipe de spécialistes bancaires ont été mobilisées pour offrir dorénavant au grand public une plate-forme Internet permettant une gestion active de l'épargne individuelle et l'accès économique à des services financiers en ligne performants.

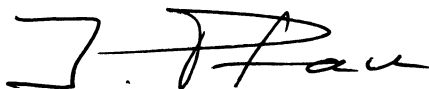
Les investissements totaux consentis par le Groupe et par Rüd, Blass & Cie AG – une filiale à 100% du Groupe Zurich Financial Services – pour la réalisation de Swissquote Bank seront de l'ordre de CHF 20 mio. Ceci démontre le leadership du Groupe pour la réalisation de projets Internet complexes.

La dotation en fonds propres de CHF 30 mio de Swissquote Bank et la capacité financière de ses actionnaires offrent aux futurs clients de la banque une solidité financière de premier ordre. La clarté de la présentation des informations, la simplicité d'utilisation, la richesse des outils d'analyse ainsi que la qualité de l'accueil de notre customer care centre positionnent clairement Swissquote Bank comme leader dans son domaine. Je vous invite chaleureusement à visiter le site Internet de Swissquote Bank (<http://bank.swissquote.ch>) pour vous en faire votre propre idée.

Avec le lancement de Swissquote Bank, le Groupe franchit une étape importante de son développement. Quelques semaines après son ouverture au public la banque offrira l'accès aux marchés américains, à virt-x, ainsi que la distribution de fonds de placement. L'accès à d'autres marchés est prévu d'ici la fin de l'année.

L'évolution du chiffre d'affaires consolidé à CHF 3.2 mio et des pertes de CHF 5.1 mio au cours du 1er trimestre 2001 s'inscrivent dans le contexte de la phase d'investissement dans la Swissquote Bank et sont globalement conformes aux prévisions. Une amélioration de la rentabilité est attendue à partir du 3<sup>e</sup> trimestre, mais reste toutefois dépendante – à court terme – d'un redressement des marchés. Les liquidités se montaient à CHF 73.2 mio au 31 mars 2001.

Au nom du Conseil d'administration



Jean Pfau, Président

## CONSOLIDATED INTERIM BALANCE SHEET

	Notes	3 months ended 31 March		31 December
		2001	2000	2000
<b>ASSETS</b>				
Current assets				
Cash and banks		73,199,711	2,717,811	81,337,957
Receivables and prepayments		4,290,327	1,522,635	3,241,199
Work in progress		400,000	560,000	366,160
		<b>77,890,038</b>	<b>4,800,446</b>	<b>84,945,316</b>
Non-current assets				
Property, plant and equipment	6	6,899,631	1,367,982	5,036,971
Other long term assets		201,084	-	199,928
Deferred tax assets, net		1,878,949	241,125	1,188,940
		<b>8,979,664</b>	<b>1,609,107</b>	<b>6,425,839</b>
<b>Total assets</b>		<b>86,869,702</b>	<b>6,409,553</b>	<b>91,371,155</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Trade and other payables		7,585,319	2,215,479	6,216,817
Deferred revenues		430,103	933,288	17,416
<b>Total liabilities</b>		<b>8,015,422</b>	<b>3,148,767</b>	<b>6,234,233</b>
<b>Minority interest</b>		<b>12,913,331</b>	<b>-</b>	<b>14,121,950</b>
Equity	2&8			
Ordinary shares		13,500,000	2,412,950	13,500,000
Share premium and reserves		61,790,034	1,912,057	61,790,034
Translation differences		(11,961)	-	(4,571)
Accumulated losses		(9,337,124)	(1,064,221)	(4,270,491)
<b>Total equity</b>		<b>65,940,949</b>	<b>3,260,786</b>	<b>71,014,972</b>
<b>Total liabilities and equity</b>		<b>86,869,702</b>	<b>6,409,553</b>	<b>91,371,155</b>

ALL AMOUNTS IN SWISS FRANCS

## CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	3 months ended 31 March	
		2001	2000
Operating revenues	3	3,245,857	3,326,596
Operating expenses			
Payroll and related expenses		5,794,707	1,631,659
Production expenses		1,011,365	679,818
Marketing expenses		1,787,675	155,394
Administration and other operating expenses		1,882,508	572,747
Total operating expenses	4	10,476,255	3,039,618
Operating loss before depreciation		(7,230,398)	286,978
Depreciation and amortisation		(350,000)	(112,513)
Loss from operating activities	3	(7,580,398)	174,465
Financial income / (expense), net		615,137	(44,153)
Loss before tax		(6,965,261)	130,312
Income tax (debit) / credit, net		690,009	(44,965)
Loss after tax		(6,275,252)	85,347
Minority interest		1,208,619	-
Net loss		(5,066,633)	85,347
Loss per share	5	(3.75)	0.40

## CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

ALL AMOUNTS IN SWISS FRANCS

	Note	3 months ended 31 March	
		2001	2000
<b>Net cash provided by (used in) operating activities</b>		(5,924,430)	922,664
<b>Investing activities</b>			
Purchase of property plant and equipment	6	(2,209,321)	(466,694)
Other non current assets		(4,495)	-
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(8,138,246)</b>	<b>455,970</b>
<b>Movements in cash and cash equivalents</b>			
At 1 January		81,337,957	2,261,841
Increase (decrease)		(8,138,246)	455,970
<b>At 31 March</b>		<b>73,199,711</b>	<b>2,717,811</b>
<b>Cash and cash equivalents</b>			
Cash and banks		1,499,711	2,717,811
Time deposits		71,700,000	-
<b>Cash and cash equivalents</b>		<b>73,199,711</b>	<b>2,717,811</b>

## 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.

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
<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)	36,725	-	(236,472)
Net profit	-	-	85,347	-	85,347
<b>At 31 March 2000</b>	<b>2,412,950</b>	<b>1,912,057</b>	<b>(1,064,221)</b>	<b>-</b>	<b>3,260,786</b>
<b>At 1 January 2001</b>	13,500,000	61,790,034	(4,270,491)	(4,571)	71,014,972
Net loss	-	-	(5,066,633)	-	(5,066,633)
Translation difference	-	-	-	(7,390)	(7,390)
<b>At 31 March 2001</b>	<b>13,500,000</b>	<b>61,790,034</b>	<b>(9,337,124)</b>	<b>(11,961)</b>	<b>65,940,949</b>



## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ALL AMOUNTS IN SWISS FRANCS

### 3. Segment Information

	Web Intelligence	Online Financial services	Total
<b>3 months ended 31 March 2000</b>			
Revenues	1,460,124	1,866,472	3,326,596
Segment result	468,665	276,784	745,449
Unallocated costs			(570,984)
Profit from operating activities			<b>174,465</b>
<b>3 months ended 31 March 2001</b>			
Revenues	1,380,007	1,865,850	3,245,857
Segment result	(995,386)	(5,447,480)	(6,442,866)
Unallocated costs			(1,137,532)
Loss from operating activities			<b>(7,580,398)</b>

### 4. Total Operating Expenses

	3 months ended 31 March	
	2001	2000
Total operating expenses relating to:		
- services generating revenues	6,426,505	2,999,618
- services at development stage:		
- French operations	922,503	40,000
- Swissquote Bank	3,127,247	-
<b>Total Operating expenses</b>	<b>10,476,255</b>	<b>3,039,618</b>

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. 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.

### 6. Property, plant and equipment and capital expenditure and commitments

	IT Systems	Others	Total
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>3 months ended 31 March 2000</b>			
Opening net book amount (1.1.2000)	747,840	265,961	1,013,801
Additions	440,374	26,320	466,694
Depreciation	(100,661)	(11,852)	(112,513)
Closing net book amount (31.3.2000)	<b>1,087,553</b>	<b>280,429</b>	<b>1,367,982</b>

#### 3 months ended 31 March 2001

Opening net book amount (1.1.2001)	2,886,981	2,149,990	5,036,971
Additions	2,077,801	131,520	2,209,321
Depreciation	(295,050)	(51,611)	(346,661)
Closing net book amount (31.3.2001)	<b>4,669,732</b>	<b>2,229,899</b>	<b>6,899,631</b>

#### CAPITAL COMMITMENTS

At 31 March 2000	100,000
At 31 March 2001	300,000

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 7. Borrowings

	3 months ended 31 March	
	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)		<u>277,173</u>
		<b>2,000,000</b>
Conversion during March 2000 into :		
Ordinary share capital		(136,580)
Share premium (excl. share issue costs)		<u>(1,863,420)</u>
At 31 March		-

ALL AMOUNTS IN SWISS FRANCS

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Share Capital

	Ordinary Shares Issued	For Convertible Loans	For Stock Option Plan	Authorized Share Capital	Total Shares Issued and Unissued
<b>At 1 January 2000</b>	227,637	13,658	45,527	-	286,822
Conversion of convertible loans	13,658	(13,658)	-	-	-
<b>At 31 March 2000</b>	241,295	-	45,527	-	286,822
<b>At 1 January 2001</b>	1,350,000	-	120,000	50,000	1,520,000
<b>At 31 March 2001</b>	1,350,000	-	120,000	50,000	1,520,000

#### Information on Stock Options

	2001	2000
<b>At 1 January</b>		
Options granted, neither lapsed nor exercised	42,630	24,350
Movement in period		
- New Grants	22,532	16,263
- Options Lapsed	-	-
- Options Exercised	-	-
<b>At 31 March</b>	<b>65,162</b>	<b>40,613</b>
<i>Analysed as :</i>		
First allocation	24,452	24,350
Second allocation	14,678	16,263
Third allocation	26,032	-
<b>Total</b>	<b>65,162</b>	<b>40,613</b>
<b>Number of conditional Shares available at 31 March for the conversion of the options</b>	<b>120,000</b>	<b>45,527</b>

9. Swissquote Bank

The commercial operations of Swissquote Bank had not yet started at 31 March 2001. Its assets at 31 December 2001 mainly consist of cash deposited with substantial financial institutions (CHF 25.7) and IT systems acquired from third parties and developed by Group companies.

ALL AMOUNTS IN SWISS FRANCS