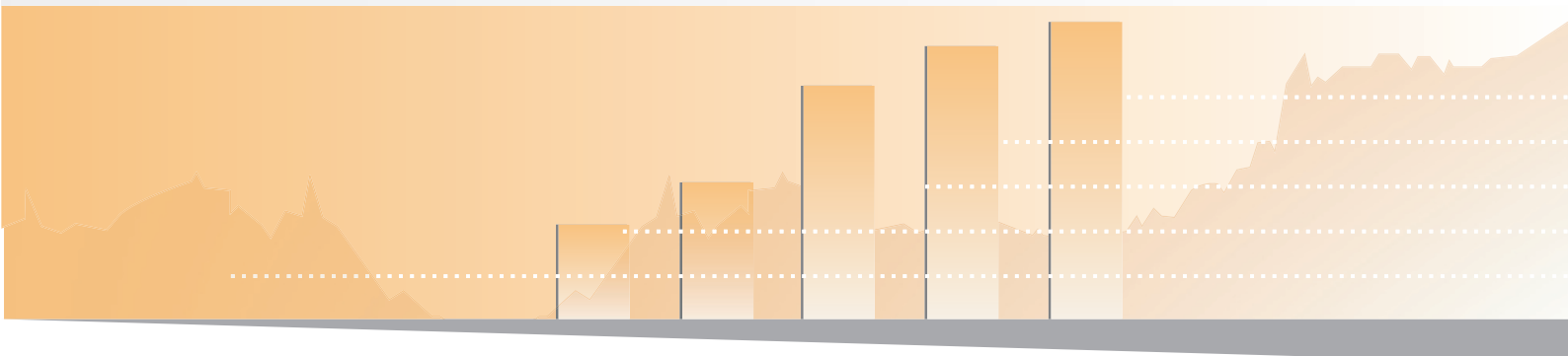




**Financial Report**  
**Q1-2006**



# CONSOLIDATED INTERIM BALANCE SHEET

	Notes	31 March		31 December
		2006	2005	2005
<b>ASSETS</b>				
Cash and balances with central bank		19,634,257	33,879,487	51,943,506
Due from other banks		660,429,269	411,511,880	573,884,032
Derivatives financial instruments		3,621,618	836,285	2,128,854
Loans and advances to customers		65,919,692	34,918,016	40,545,076
Pledged investment securities and deposits		22,850,334	8,534,767	10,324,672
Goodwill		3,000,000	3,000,000	3,000,000
Information technology systems	4	5,333,394	4,649,323	5,242,848
Property, plant and equipment	5	2,091,809	1,188,661	836,320
Other assets		4,003,251	2,696,800	1,800,712
Deferred tax assets, net	2	2,926,458	856,458	2,326,458
<b>Total assets</b>		<b>789,810,082</b>	<b>502,071,677</b>	<b>692,032,478</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to other banks		5,887,287	2,530,603	385,095
Derivatives financial instruments		3,621,618	836,285	2,128,854
Due to customers		693,316,527	436,883,461	610,017,832
Trade and other payables		15,575,139	7,869,582	11,632,774
Provisions		871,561	1,194,597	890,266
<b>Total liabilities</b>		<b>719,272,132</b>	<b>449,314,528</b>	<b>625,054,821</b>
<b>Equity</b>				
Ordinary shares	6	11,404,448	13,964,790	14,133,920
Share premium and reserves		32,497,612	30,018,837	32,021,971
Share option reserve	7	290,715	388,940	368,580
Treasury shares	8	(3,572,774)	(628,291)	(846,458)
Retained earnings		29,917,949	9,012,873	21,299,644
<b>Total equity</b>		<b>70,537,950</b>	<b>52,757,149</b>	<b>66,977,657</b>
<b>Total liabilities and equity</b>		<b>789,810,082</b>	<b>502,071,677</b>	<b>692,032,478</b>

# CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	3 months ended 31 March	
		2006	2005
Fee and commission income		16,714,355	8,601,665
Fee and commission expense		(2,204,612)	(980,453)
<b>Net fee and commission income</b>		<b>14,509,743</b>	<b>7,621,212</b>
Interest income		2,705,127	1,354,225
Interest expense		(686,613)	(327,863)
<b>Net interest income</b>		<b>2,018,514</b>	<b>1,026,362</b>
Net trading income		1,710,255	836,305
Other operating income		849,610	623,794
<b>Operating income</b>		<b>19,088,122</b>	<b>10,107,673</b>
<b>Operating expenses</b>	<b>1</b>	<b>(8,949,927)</b>	<b>(7,148,547)</b>
<b>Operating profit before depreciation, amortization and provision</b>		<b>10,138,195</b>	<b>2,959,126</b>
<b>Depreciation, amortization and provisions:</b>			
Depreciation and amortization	4/5	(822,177)	(661,839)
<b>Operating profit</b>		<b>9,316,018</b>	<b>2,297,287</b>
Income tax, net	2	600,000	220,000
<b>Net profit</b>		<b>9,916,018</b>	<b>2,517,287</b>
<i>Earning per share</i>	3	7.05	1.83
<i>Diluted earning per share</i>	3	6.88	1.78

# CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium & reserves	Share Option reserve	Treasury shares	Retained earnings	Total
<b>Balance at 1 January 2005</b>	<b>13,943,040</b>	<b>29,899,614</b>	<b>371,735</b>	<b>(588,511)</b>	<b>6,460,115</b>	<b>50,085,993</b>
Capital increase resulting from the exercise of options	21,750	119,223	-	-	-	140,973
<i>Employee stock option plan:</i>						
Value of services provided	-	-	52,676	-	-	52,676
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(35,471)	-	35,471	-
Purchase of treasury shares	-	-	-	(39,780)	-	(39,780)
Sale of treasury shares	-	-	-	-	-	-
Net profit of the period	-	-	-	-	2,517,287	2,517,287
<b>Balance at 31 March 2005</b>	<b>13,964,790</b>	<b>30,018,837</b>	<b>388,940</b>	<b>(628,291)</b>	<b>9,012,873</b>	<b>52,757,149</b>
<b>Balance at 1 January 2006</b>	<b>14,133,920</b>	<b>32,021,971</b>	<b>368,580</b>	<b>(846,458)</b>	<b>21,299,644</b>	<b>66,977,657</b>
Capital increase resulting from the exercise of options	121,640	454,228	-	-	-	575,868
Dividend	-	-	-	-	(1,410,000)	(1,410,000)
Capital reduction	(2,851,112)	-	-	-	-	(2,851,112)
<i>Employee stock option plan:</i>						
Value of services provided	-	-	34,422	-	-	34,422
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(112,287)	-	112,287	-
Purchase of treasury shares	-	-	-	(2,756,667)	-	(2,756,667)
Sale of treasury shares	-	21,413	-	30,351	-	51,764
Net profit of the period	-	-	-	-	9,916,018	9,916,018
<b>Balance at 31 March 2006</b>	<b>11,404,448</b>	<b>32,497,612</b>	<b>290,715</b>	<b>(3,572,774)</b>	<b>29,917,949</b>	<b>70,537,950</b>

# CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Notes	3 months ended 31 March	
		2006	2005
<b>Cash flow from / (used) in operating activities</b>			
Fees and commission receipts		16,650,662	8,810,755
Fees and commission paid		(2,174,330)	(833,771)
Interest receipts		1,829,118	1,142,871
Interest paid		(34,790)	(6,438)
Net trading income		1,710,255	836,305
Other income		726,754	392,006
Cash payments to employees and suppliers		(10,107,598)	(7,524,847)
Provision used		(18,705)	(106,903)
<b>Cash flow from operating profit before changes in operating assets and liabilities</b>		<b>8,581,366</b>	<b>2,709,978</b>
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		(25,374,616)	(2,682,969)
Other assets		32,654	32,654
Due to customers		83,298,695	40,441,864
Trade and other payable		428,606	156,037
<b>Net cash from operating activities</b>		<b>66,966,705</b>	<b>40,657,564</b>
<b>Cash flow from / (used) in investing activities</b>			
Purchase of property, plant and equipment and Information technology systems	4/5	(894,220)	(509,119)
Purchase of new headquarters	5	(1,273,992)	-
Redemption of pledged Investment securities		-	2,000,000
Pledged investment securities and deposits		(12,525,662)	(3,656,472)
<b>Net cash used in investing activities</b>		<b>(14,693,874)</b>	<b>(2,165,591)</b>
<b>Cash flow from / (used) in financing activities</b>			
Net proceeds of issue of ordinary shares		575,868	140,973
Purchase of treasury shares		(2,756,667)	(39,780)
Sale of treasury shares		51,764	-
Dividend paid		(1,410,000)	-
<b>Net cash from financing activities</b>		<b>(3,539,035)</b>	<b>101,193</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>48,733,796</b>	<b>38,593,166</b>
<b>Movements in cash and cash equivalents:</b>			
Balance at beginning of year		625,442,443	404,267,598
Increase		48,733,796	38,593,166
<b>Balance at 31 March</b>		<b>674,176,239</b>	<b>442,860,764</b>
<b>Cash and cash equivalents:</b>			
Cash and balances with central banks		19,634,257	33,879,487
Due from other banks		660,429,269	411,511,880
Due to other banks		(5,887,287)	(2,530,603)
<b>Total at 31 March</b>		<b>674,176,239</b>	<b>442,860,764</b>

# 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 the presentation of the Annual Financial Statements, when required.

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.-. This decision – which has no impact on the number of shares in issue - will only become effective once it is registered in the Commercial Registry of Canton de Vaud. In accordance with Swiss Law, such registration is only possible after the completion of an invitation to register debts which duration is two months.

For the purpose of the presentation of these Interim Financial Statements, the capital reduction is deemed realized and the amount of the capital reduction (CHF 2,851,112) is included in Trade and other payables. Stock options granted to employees that will be exercised between 20 March and the registration date of the capital reduction will be converted into new shares of nominal value of CHF 10.-. Such new shares will also be subject to the capital reduction of CHF 2.- per share on the date prior to the registration of the capital reduction. Stock options that will be exercised after the registration of the capital reduction will be converted into new shares of nominal value of CHF 8.-. The respective strike prices of the various allocations remain unchanged.

In connection with the capital reduction, the shareholders have resolved to adapt the nominal value of the authorized shares to CHF 8.- as well as to extend the duration of the authorized capital until 20 March 2008.

# II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Operating expenses

	3 months ended 31 March	
	2006	2005
Payroll & related expenses	4,467,344	3,377,320
Production expenses	1,584,228	1,389,619
Administration and other operating expenses	1,356,140	1,331,758
Marketing expenses	1,542,215	1,049,850
<b>Total</b>	<b>8,949,927</b>	<b>7,148,547</b>

## 2. Deferred tax

	31 March	
	2006	2005
<b>Deferred tax assets</b>		
Tax loss carried forward	3,712,570	1,642,570
Permanent differences	10,838	10,838
<b>Total</b>	<b>3,723,408</b>	<b>1,653,408</b>
<b>Deferred tax liabilities</b>		
Temporary differences	(796,950)	(796,950)
<b>Total net</b>	<b>2,926,458</b>	<b>856,458</b>
<b>Movements in net deferred taxes analyzed as follows:</b>		
Balance, 1 January	2,326,458	636,458
Net credit to statement of operations	600,000	220,000
<b>Balance, end of period</b>	<b>2,926,458</b>	<b>856,458</b>

The deferred tax assets on tax loss carried forward are stated net of a CHF 11.2m (31 March 2005: CHF 18.3m) 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 is unlikely.

## II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. Earning per Share

#### a) Basic

	3 months ended 31 March	
	2006	2005
Net Profit	9,916,018	2,517,287
Weighted average number of ordinary shares in issue	1,405,978	1,376,163
Basic earning per share	7.05	1.83

#### b) Diluted

	3 months ended 31 March	
	2006	2005
Net Profit	9,916,018	2,517,287
Weighted average number of ordinary shares in issue	1,405,978	1,376,163
Adjustments for share options	34,535	40,000
<b>Weighted average number of ordinary shares for diluted earnings per share options</b>	<b>1,440,513</b>	<b>1,416,163</b>
Diluted earning per share	6.88	1.78

### 4. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware	Total
<b>3 months ended 31 March 2005</b>				
Opening net book amount (1.1.2005)	1,080,503	2,658,380	944,051	4,682,934
Addition	59,132	369,559	36,998	465,689
Amortization / depreciation	(113,318)	(270,135)	(115,847)	(499,300)
<b>Closing net book amount (31.3.2005)</b>	<b>1,026,317</b>	<b>2,757,804</b>	<b>865,202</b>	<b>4,649,323</b>
<b>3 months ended 31 March 2006</b>				
Opening net book amount (1.1.2006)	1,119,289	3,125,535	998,024	5,242,848
Addition	63,951	466,478	293,966	824,395
Amortization / depreciation	(154,896)	(373,169)	(205,784)	(733,849)
<b>Closing net book amount (31.3.2006)</b>	<b>1,028,344</b>	<b>3,218,844</b>	<b>1,086,206</b>	<b>5,333,394</b>

Additions to Information technology systems include an amount of CHF 318,027 (2005: CHF 342,220) 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

	3 months ended 31 March	
	2006	2005
Opening net book amount	836,320	1,307,770
<i>Addition:</i>		
Property	1,273,992	-
Others	69,825	43,430
<i>Depreciation:</i>		
Property	-	-
Others	(88,328)	(162,539)
<b>Closing net book amount</b>	<b>2,091,809</b>	<b>1,188,661</b>

The CHF 1,273,992 additions in property correspond to amounts disbursed in connection with the realization of the company new headquarters 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 16 mio.

### 6. Ordinary shares

#### a) Numbers 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	2,175	(2,175)	-	-
At 31 March 2005	1,396,479	88,464	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	12,164	(12,164)	-	-
At 31 March 2006	1,425,556	59,387	200,000	1,684,943

## II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### b) Nominal value

Swiss Francs	Nominal value per share	Share 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	10	121,640	(121,640)	-
<b>Total at 20 March 2006 (AGM)</b>		<b>14,255,560</b>	<b>593,870</b>	<b>2,000,000</b>
<i>Capital reduction:</i>				
Payable in cash to the shareholders	2	(2,851,112)	-	-
Adjustments of conditional and authorized capital	2	-	(118,774)	(400,000)
<b>At 31 March 2006</b>	<b>8</b>	<b>11,404,448</b>	<b>475,096</b>	<b>1,600,000</b>

The impact of the resolutions passed at the General Meeting of Shareholders on 20 March 2006 is presented in the Accounting Policies section.

### 7. Share option reserve

	31 March	
	2006	2005
Value of services to be reclassified to Retained earnings when outstanding options will lapse, expire or be exercised	450,899	491,521
Value of services to be amortized through profit and losses over the residual vesting periods of options	(160,184)	(102,581)
<b>Share option reserve</b>	<b>290,715</b>	<b>388,940</b>

## II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The movements in stock options (in units) is the following:

	Allocation					Total	Conditional shares available for exercise
	#3	#4	#5	#6	#7		
<b>Balance at 1 January 2005</b>	5,333	48,600	7,300	7,917	-	69,150	90,639
Grants	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-
Covered by the issue of new shares	(1,725)	-	(450)	-	-	(2,175)	(2,175)
Covered by treasury shares	-	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-	-
<b>Balance at 31 March 2005</b>	<b>3,608</b>	<b>48,600</b>	<b>6,850</b>	<b>7,917</b>	<b>-</b>	<b>66,975</b>	<b>88,464</b>
<b>Balance at 1 January 2006</b>	<b>1,635</b>	<b>36,600</b>	<b>4,575</b>	<b>6,779</b>	<b>24,850</b>	<b>74,439</b>	<b>71,551</b>
Grants	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-
Covered by the issue of new shares	(1,180)	(8,100)	(1,264)	(1,620)	-	(12,164)	(12,164)
Covered by treasury shares	-	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-	-
<b>Balance at 31 March 2006</b>	<b>455</b>	<b>28,500</b>	<b>3,311</b>	<b>5,159</b>	<b>24,850</b>	<b>62,275</b>	<b>59,387</b>
<i>Less options outstanding</i>							<i>(62,275)</i>
<i>Shortfall</i>							<i>(2,888) (2,888)</i>
<i>Number of treasury shares available at 31 March 2006</i>							<i>18,970</i>
<i>Balance Shares available for future grants</i>							<i>16,082</i>

A detailed description of allocations 3 to 7 is provided in the Annual Report 2005. The impact of the capital reduction resolved by the shareholders on 20 March 2006 is presented in the Accounting Policies section.

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

	Allocation					Total
	#3	#4	#5	#6	#7	
<b>Balance at 1 January 2005</b>	104,988	195,120	27,376	199,508	-	526,992
Grants	-	-	-	-	-	-
Exercise	(33,783)	-	(1,688)	-	-	(35,471)
Lapsed	-	-	-	-	-	-
<b>Balance at 31 March 2005</b>	<b>71,205</b>	<b>195,120</b>	<b>25,688</b>	<b>199,508</b>	<b>-</b>	<b>491,521</b>
<b>Balance at 1 January 2006</b>	<b>32,297</b>	<b>150,120</b>	<b>17,157</b>	<b>170,830</b>	<b>192,753</b>	<b>563,157</b>
Grants	-	-	-	-	-	-
Exercise	(23,478)	(43,245)	(4,740)	(40,824)	-	(112,287)
Lapsed	-	-	-	-	-	-
<b>Balance at 31 March 2006</b>	<b>8,819</b>	<b>106,875</b>	<b>12,417</b>	<b>130,006</b>	<b>192,753</b>	<b>450,870</b>

## II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Allocation					Total
	#3	#4	#5	#6	#7	
<b>Balance at 1 January 2005</b>	<b>448,478</b>	<b>1,405,140</b>	<b>203,305</b>	<b>901,746</b>	<b>-</b>	<b>2,958,669</b>
Grants	-	-	-	-	-	-
Exercise	(144,231)	-	(12,532)	-	-	(156,763)
Lapsed	-	-	-	-	-	-
<b>Balance at 31 March 2005</b>	<b>304,247</b>	<b>1,405,140</b>	<b>190,773</b>	<b>901,746</b>	<b>-</b>	<b>2,801,906</b>
<b>Balance at 1 January 2006</b>	<b>138,039</b>	<b>1,070,940</b>	<b>127,414</b>	<b>772,128</b>	<b>4,224,500</b>	<b>6,333,021</b>
Grants	-	-	-	-	-	-
Exercise	(100,336)	(277,215)	(35,203)	(184,518)	-	(597,272)
Lapsed	-	-	-	-	-	-
<b>Balance at 31 March 2006</b>	<b>37,703</b>	<b>793,725</b>	<b>92,211</b>	<b>587,610</b>	<b>4,224,500</b>	<b>5,735,749</b>

Outstanding stock options mature as follows:

Allocation #	Strike Price	Number Options	Exercise Period	
			Start	End
4 & 5	27.85	150	May-04	April-06
		3,161	May-05	April-07
		28,500	May-05	April-07
3	54.30	50	July-05	June-07
3	86.39	405	March-05	February-07
4 & 6	113.90	293	May-05	April-07
		2,433	May-06	April-08
		2,433	May-07	April-09
7	170.00	4,369	August-06	July-08
		4,377	August-07	July-09
		16,104	August-08	July-10
<b>Total</b>		<b>62,275</b>		

### 8. Treasury shares

Treasury shares at 31 March 2006 consist of 18,970 shares for a total cost of CHF 3,572,774.

The following transactions took place in the period from 1 January to 31 March 2006:

- ▶ acquisition of 11,206 shares at a unit price ranging from CHF 213 to CHF 262 (average cost of CHF 245.99 per share), and
- ▶ disposal of 258 shares at a unit price ranging from CHF 172 to CHF 250.25 (average price of CHF 200.63).

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

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 31 March 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, 20 April 2006