



SWISSQUOTE

INTERIM REPORT - 30 JUNE 2002

CONSOLIDATED INTERIM BALANCE SHEET

ALL AMOUNTS IN SWISS FRANCS

	Notes	30 June		31 December
		2002	2001	2001
ASSETS				
Current assets				
Cash and balances with central bank		2,132,862	952,162	2,863,263
Due from other banks		104,480,227	74,295,032	116,916,027
Receivables and prepayments		2,513,248	4,364,983	3,703,317
Work in progress		173,792	457,080	246,306
		109,300,129	80,069,257	123,728,913
Non-current assets				
Property, plant and equipment	5	6,755,970	10,669,912	10,515,177
Other long term assets		960,682	850,807	976,978
Deferred tax assets, net		1,188,940	1,903,437	1,188,940
		8,905,592	13,424,156	12,681,095
Total assets		118,205,721	93,493,413	136,410,008
LIABILITIES AND EQUITY				
Current liabilities				
Due to other banks		325,565	-	2,085,512
Due to Swissquote Bank's customers		61,297,380	11,759,973	62,523,383
Trade and other payables		4,742,710	7,306,665	5,353,443
Restructuring provision	3	2,283,000	-	-
Total liabilities		68,648,655	19,066,638	69,962,338
Minority interest		9,230,897	12,103,605	13,281,443
Equity	6			
Ordinary shares		13,760,300	13,659,440	13,760,300
Share premium and reserves		62,125,044	62,025,967	62,125,044
Treasury shares		(1,593,516)	-	(527,727)
Translation differences		-	(1,096)	-
Accumulated losses		(33,965,659)	(13,361,141)	(22,191,390)
Total equity		40,326,169	62,323,170	53,166,227
Total liabilities and equity		118,205,721	93,493,413	136,410,008

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	6 months ended 30 June	
		2002	2001
OPERATING REVENUES	1 & 2	6,184,676	6,285,947
OPERATING EXPENSES			
Payroll and related expenses		6,797,537	9,729,180
Production expenses		1,832,871	2,195,997
Marketing expenses		1,869,821	3,359,301
Administration and other operating expenses		1,908,408	3,095,213
Restructuring charge	3	4,500,000	-
Total operating expenses	3	16,908,637	18,379,691
Operating loss before depreciation		(10,723,961)	(12,093,744)
Depreciation and amortisation:			
Ordinary charge		(1,450,000)	(829,427)
Restructuring	3 & 5	(3,000,000)	-
Provision	3	(150,000)	-
Loss from operating activities	2	(15,323,961)	(12,923,171)
Financial income, net		205,143	1,099,952
Loss before tax		(15,118,818)	(11,823,219)
Income tax credit, net		-	714,224
Loss after tax		(15,118,818)	(11,108,995)
Minority interest		4,050,546	2,018,345
Net loss		(11,068,272)	(9,090,650)
<i>Loss per share</i>	4	(8.35)	(6.73)

CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS' EQUITY

ALL AMOUNTS IN SWISS FRANCS

	Share Capital	Share Premium & Reserves	Treasury Shares	Accumulated Losses	Translation Difference	Total
Balance at 1 January 2001	13,500,000	61,790,034	-	(4,270,491)	(4,571)	71,014,972
Capital increase resulting from options exercised	159,440	235,933	-	-	-	395,373
Net loss of the period	-	-	-	(9,090,650)	-	(9,090,650)
Translation difference	-	-	-	-	3,475	3,475
Balance at 30 June 2001	13,659,440	62,025,967	-	(13,361,141)	(1,096)	62,323,170
Balance at 1 January 2002	13,760,300	62,125,044	(527,727)	(22,191,390)	-	53,166,227
Net changes in treasury shares	-	-	(1,065,789)	(705,997)	-	(1,771,786)
Net loss of the period	-	-	-	(11,068,272)	-	(11,068,272)
Balance at 30 June 2002	13,760,300	62,125,044	(1,593,516)	(33,965,659)	-	40,326,169

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

	Notes	6 months ended 30 June	
		2002	2001
OPERATING ACTIVITIES			
- Ordinary		(6,739,818)	627,384
- Restructuring	3	(2,217,000)	-
Net cash from (used in) operating activities		(8,956,818)	627,384
INVESTING ACTIVITIES			
Purchase of Property, plant and equipment	5	(680,793)	(6,455,393)
Change in Other long term assets		3,143	(657,854)
Treasury shares	6.3	(1,771,786)	-
Net cash used in investing activities		(2,449,436)	(7,113,247)
FINANCING ACTIVITIES			
Capital increase, net		-	395,100
Decrease in cash and cash equivalents		(11,406,254)	(6,090,763)
Movements in cash and cash equivalents			
At start of year		117,693,778	81,337,957
Decrease		(11,406,254)	(6,090,763)
At 30 June		106,287,524	75,247,194
Cash and cash equivalents:			
Cash and balances with central bank		2,132,862	952,162
Due from other banks		104,480,227	74,295,032
Due to other banks		(325,565)	-
Total at 30 June		106,287,524	75,247,194

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 consolidated financial statements are considered with those used in the annual financial statements for the years ended 31 December 2001 and 2000.

As the result of the start of the commercial operations of Swissquote Bank on 25 May 2001, the information included in the interim financial statements have been completed in order to reflect material presentation and disclosure requirements in accordance with IAS 30 and 39.

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 financial statements should be read in conjunction with the 2001 annual consolidated financial statements.

ALL AMOUNTS IN SWISS FRANCS

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating Revenues

	6 months ended 30 June	
	2002	2001
Brokerage revenues		
Fee and commission income (Swissquote Bank)	3,838,703	21,039
Fee and commission expense (Swissquote Bank)	(400,104)	-
Retrocession income (Swissquote Trade)	-	2,338,210
Sub-total, net	3,438,599	2,359,249
Other Banking revenues (Swissquote Bank)		
Net interest income	355,005	55,809
Net trading income	109,257	-
Sub-total	464,262	55,809
Total Banking revenues	3,902,861	2,415,058
Other Swissquote Group revenues		
Advertising	750,714	1,399,766
Web intelligence	1,531,101	2,471,123
Sub-total	2,281,815	3,870,889
Total	6,184,676	6,285,947

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Segment Information

Segment information is determined based on the allocation of directly attributable revenues, expenses, assets and liabilities. Unallocated costs consist of the costs of the infrastructure and functions shared by the segments of operations.

	Web Intelligence	Online Financial services	Elimination	Total
6 months ended 30 June 2001				
Revenues				
- <i>third parties</i>	2,471,123	3,814,824	-	6,285,947
- <i>inter-segment</i>	2,786,165	-	(2,786,165)	-
Total revenues	5,257,288	3,814,824	(2,786,165)	6,285,947
Segment result	267,190	(10,840,394)	-	(10,573,204)
Unallocated costs				(2,349,967)
Loss from operating activities				(12,923,171)
6 months ended 30 June 2002				
Revenues				
- <i>third parties</i>	1,531,101	4,653,575	-	6,184,676
- <i>inter-segment</i>	110,000	-	(110,000)	-
Total revenues	1,641,101	4,653,575	(110,000)	6,184,676
Segment result (excl. Restructuring)	(1,707,401)	(4,335,090)	-	(6,042,491)
Unallocated costs				(1,631,470)
Restructuring and provisions				(7,650,000)
Loss from operating activities				(15,323,961)

For the 6 months ended 30 June 2001, inter-segment revenues included the services provided by the technology department of Swissquote Info Ltd. These operations are included in the segment "Online Financial Services" for the 6 months ended 30 June 2002, as these will remain in the Group after the sale of Marvel Communications Ltd on 1 July 2002.

3. Total Operating Expenses

The following Table analyses Total Operating Expenses

	6 months ended 30 June	
	2002	2001
Operating expenses relating to:		
- Services generating revenues	9,308,637	12,889,691
- Services at development stage:		
- <i>Swissquote Bank</i>	-	4,120,000
- <i>French operations</i>	-	1,370,000
Restructuring (a)	4,500,000	-
Operating expenses relating to the Web Intelligence operations discontinued on 1 July 2002 (b)	3,100,000	-
Total Operating Expenses	16,908,637	18,379,691

(a) On 22 February 2002, the Company announced that it would start a major restructuring of its organisation in order to adapt its cost structure to the actual market conditions, as well as to focus its operations on Online Financial Services. As part of the restructuring, the Group centralised its operations in Gland (VD) with the exception of its marketing and sales organisation that remain in Schwerzenbach (ZH). The estimated restructuring charge is CHF 7.5 mio (of which CHF 4.5 mio with an impact on EBITDA and CHF 3.0 mio in the form of write-offs) and is included in full in the first half result. At 30 June 2002, CHF 2.2 mio were actually spent resulting in a balance of accrued restructuring expenses of CHF 2.3 mio.

(b) On 1 July 2002, the Group sold its fully owned subsidiary Marvel Communications Ltd ("Marvel") to its management, after refocusing its operations on the Swiss Romande Market. The agreement reached with the new shareholders provides inter alia that Marvel will continue to provide web services to the Group for a period of 18 months. The Group's maximum purchase commitment with respect to these services is CHF 0.9 mio. Further, as part of the transaction, the Group:

- has secured certain rights which have the nature of deferred price consideration. These rights are estimated at nil value at 30 June 2002.
- will provide Marvel a CHF 0.3 mio long-term loan.

The impact of these transactions is included in these interim financial statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue (excluding treasury shares) during the period.

	6 months ended 30 June	
	2002	2001
Net loss	(11,068,272)	(9,090,650)
Weighted average number of ordinary shares in issue	1,326,218	1,350,765
Basic loss per share	(8.35)	(6.73)

In accordance with IAS 33, no diluted loss per share is disclosed, because of the loss posted by the Group in the reporting periods. Using the conditional share capital in the diluted earnings per share calculation would result in an anti-dilution.

5. Property, Plant and Equipment

	IT Systems	Others	Total
6 months ended 30 June 2001			
Opening net book amount (1.1.2001)	2,886,981	2,149,990	5,036,971
Addition	6,050,635	404,758	6,455,393
Depreciation	(633,694)	(188,858)	(822,552)
Closing net book amount (30.6.2001)	8,303,922	2,365,890	10,669,812
6 months ended 30 June 2002			
Opening net book amount (1.1.2002)	7,704,612	2,810,565	10,515,177
Addition	680,793	-	680,793
Depreciation	(1,340,000)	(100,000)	(1,440,000)
Write-offs (restructuring)	(289,435)	(2,710,565)	(3,000,000)
Closing net book amount (30.6.2002)	6,755,970	-	6,755,970

Additions to Property, Plant and Equipment include an amount of CHF 0.2 mio (2001: CHF1.5 mio) representing own costs capitalized in connection with the development of the systems of the Bank.

6. Equity

6.1 Structure of Capital

<i>Number of shares</i>	Ordinary Shares Issued	Shares For Stock Option Plan	Shares For Authorized Capital	Total Shares Issued and Unissued
At 1 January 2001	1,350,000	120,000	50,000	1,520,000
Exercise of employees' Stock Options	15,944	(15,944)	-	-
At 30 June 2001	1,365,944	104,056	50,000	1,520,000
At 1 January 2002	1,376,030	93,970	50,000	1,520,000
Reduction of the conditional capital and supression of the authorised capital further to the resolutions of the AGM on 18 April 2002	-	(53,970)	(50,000)	(103,970)
At 30 June 2002	1,376,030	40,000	-	1,416,030

6.2 Information on Stock Option

	1st Allocation	2nd Allocation	3rd Allocation	4th Allocation	5rd Allocation	Total	Conditional shares available for exercise
Balance at 1 January 2001	24,452	14,678	3,500	-	-	42,630	120,000
Grants	-	-	22,532	-	-	22,532	-
Exercise	-	-	-	-	-	-	-
Lapsed	-	-	-	-	-	-	-
Balance at 30 June 2001	24,452	14,678	26,032	-	-	65,162	120,000
Balance at 1 January 2002	-	6,605	22,456	-	-	29,061	93,970
Reduction of number of conditional shares as per resolution of the AGM on 18 April 2002							<i>(53,970)</i>
Grants	-	-	-	48,000	15,300	63,300	
Exercise	-	-	-	-	-	-	
Lapsed	-	(458)	(7,012)	-	-	(7,470)	
Balance at 30 June 2002	-	6,147	15,444	48,000	15,300	84,891	<i>(84,891)</i>
Short covering of options granted at 30 June 2002 measured on conditional shares available							<i>(44,891)</i>

The short covering of the options granted at 30 June 2002 is actually covered by the Treasury shares (Note 6.3). At its Board meeting on 2 May 2002, the Board resolved to extend the exercise period of the options exercisable on 29 May 2002 until 29 November 2002 and to create two additional stock option grant allocation schemes. The 4th allocation is reserved to the non-executive members of the board. It provides that the options granted will be first exercisable three years after the date of grant. One option gives the right to acquire one SQN share at a strike price of CHF 27.85. The exercise period is two years starting on the date options first become exercisable.

The 5th allocation is reserved to Group employees. It provides that 50% of the options granted to each employee will become exercisable one year after the date of grant and the remaining 50% after two years. The exercise price is CHF 27.85. The period of exercise of options that becomes exercisable is two years.

6.3 Treasury Shares

Treasury shares at 30 June 2002 consist of 82,140 shares valued at the closing price on that date. The following transactions took place in the period from 1 January to 30 June 2002:

- The acquisition of 19,421 shares at a unit price ranging from CHF 16.50 to CHF 35.50 (average cost of CHF 26.88 per share) and of the disposal of 4,490 shares at a unit prices ranging from CHF 21.80 to CHF 35.00 (average net price per share of CHF 28.99).
- The acquisition on 15 March of 48,213 shares from A. Moeckli at a price of CHF 28.45 per unit.

7. Swissquote Bank

Swissquote Bank was formed on 24 November 2000. Its shareholders are Swissquote Group Holding Ltd (51%) and Rüd Blass & Cie AG (49%). Rüd Blass is a 100% subsidiary of Zurich Financial Services.

Swissquote Bank is a bank construed under Swiss Law and is submitted to Swiss regulatory authority represented by the Federal Banking Commission.

The purpose of Swissquote Bank is to offer to the public services that enable investors to independently manage their trading and saving needs via the Internet.

Services offered are as follows:

- Trading on securities listed on SWX
- Trading on securities listed on virt-x (some 400 European blue-chips listed in Euro and Swiss Franc)
- Trading on securities listed on the US equity markets (NYSE / NASDAQ / AMEX)
- Foreign exchange spot transactions in US Dollar, Euro and Swiss Franc
- Distribution of investment funds managed by reputable fund managers (Fund Shop).

From the date of its formation until 24 May 2001, the operations of the bank consisted in setting-up its organisation and developing its IT infrastructure and no deposits were accepted from customers.

The commercial operations of Swissquote Bank started on 25 May 2001. Swissquote Bank's first priority was to allow customers who had a relationship with Rüd Blass & Cie AG / Swissquote Trade Ltd and with BB-trade, an online service of Bank am Bellevue, to transfer their accounts to Swissquote Bank. The transfer of accounts required customers to complete and sign the opening of account documents. Allowing for the time to complete this process, the first transfers of accounts were realised in the third week of June 2001. Rüd Blass and Swissquote Trade discontinued their online trading service on 30 November 2001 and customers were invited to transfer their accounts to Swissquote Bank.

Total assets deposited by Swissquote Bank's customers amounted to CHF 296.9 mio at 30 June 2002 (31 December 2001: CHF 307.0 mio), of which CHF 61.3 mio (CHF 62.5 mio) in cash and CHF 235.6 mio (CHF 245.6 mio) in securities.

Being a majority owned subsidiary of Swissquote Group Holding Ltd, Swissquote Bank is consolidated in the consolidated financial statements (segment Online Financial Services) of Swissquote Group Holding Ltd and its subsidiaries, which are prepared in accordance to International Accounting Standards.

As a matter of information, the interim non-audited balance sheet presented hereafter derives from the interim non-audited balance sheet of Swissquote Bank at 30 June 2002 prepared in accordance with the guidelines of the Bank Ordinance (FBC-BAG).

CONSOLIDATED INTERIM BALANCE SHEET

Swissquote Bank : Non-Audited Interim Balance Sheet at 30 June 2002

ASSETS		LIABILITIES AND EQUITY	
Current assets		Current liabilities	
Cash and balances with central bank	2,123,386	Due to other banks	325,565
Due from other banks	71,008,666	Due to customers	61,297,380
Due from customers	74,142	Trade and accounts payables:	
Other short-term assets	761,944	- Third parties	3,758,503
		- Group companies	1,286,861
	73,968,138		66,668,309
Non current assets		Equity	
Property, Plant and Equipments, net	9,747,408	Share-capital	25,000,000
Funding and start-up costs	3,647,515	General Reserve	5,575,209
Financial investments	931,119	Loss for the period	(8,949,338)
	14,326,042		21,625,871
Total	88,294,180	Total	88,294,180

Off balance sheet items: none.

ALL AMOUNTS IN SWISS FRANCS