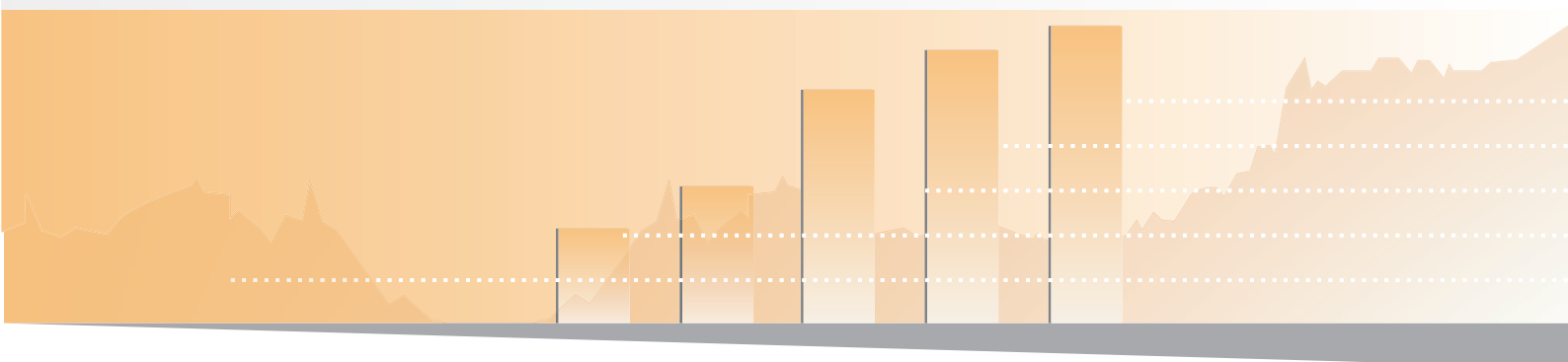




Financial Report

Q2-2008



SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

CONSOLIDATED INTERIM BALANCE SHEET

		30 June		31 December
	Notes	2008	2007	2007
ASSETS				
Cash and balances with central bank		18,481,876	8,446,180	36,912,408
Loans and advances to banks		1,121,148,073	1,146,366,101	1,066,267,114
Derivatives financial instruments		16,754,209	8,201,887	10,255,578
Loans and advances to customers		89,341,476	70,828,147	93,497,349
Investment Securities		69,447,472	77,407,392	72,329,374
Information technology systems	3	10,340,122	6,654,402	8,975,173
Property, plant and equipment	4	20,274,473	15,697,468	19,705,973
Other assets		7,126,250	5,391,664	3,084,782
Deferred tax assets		-	942,135	-
Total assets		1,352,913,951	1,339,935,376	1,311,027,751
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		794,172	4,779,987	2,646,844
Derivatives financial instruments		16,754,209	8,201,887	10,255,578
Due to customers		1,167,985,534	1,194,627,579	1,143,557,832
Other liabilities		19,151,206	22,789,724	21,981,123
Current income tax liabilities		9,668,452	-	3,788,670
Provisions		1,214,403	682,628	1,176,970
Deferred tax liabilities		1,022,608	-	1,056,053
Total liabilities		1,216,590,584	1,231,081,805	1,184,463,070
Equity				
Ordinary shares	5	2,927,674	7,319,185	7,319,185
Share premium		35,367,134	34,177,748	34,812,043
Share option reserve		1,114,822	500,782	742,379
Other reserve		(4,877,769)	(164,571)	(4,161,948)
Treasury shares	6	(16,491,950)	(11,392,074)	(13,798,287)
Retained earnings		118,283,456	78,412,501	101,651,309
Total equity		136,323,367	108,853,571	126,564,681
Total liabilities and equity		1,352,913,951	1,339,935,376	1,311,027,751

The notes on pages 6 to 9 form an integral part of this condensed interim financial information

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2008	2007	2008	2007
Fee and commission income		18,071,219	22,068,678	38,347,226	44,687,566
Fee and commission expense		(1,711,292)	(2,850,394)	(3,706,566)	(5,762,105)
Net fee and commission income		16,359,927	19,218,284	34,640,660	38,925,461
Interest income		10,259,423	8,422,935	20,085,527	15,528,422
Interest expense		(2,045,326)	(2,278,811)	(4,445,301)	(4,088,652)
Net interest income		8,214,097	6,144,124	15,640,226	11,439,770
Net trading income		2,428,516	2,153,612	4,318,662	4,155,036
Operating income		27,002,540	27,516,020	54,599,548	54,520,267
Operating expenses	1	(13,321,443)	(12,190,663)	(26,268,156)	(23,918,796)
Operating profit		13,681,097	15,325,357	28,331,392	30,601,471
Income tax expense, net		(2,908,957)	(3,067,080)	(6,048,235)	(6,120,300)
Net profit		10,772,140	12,258,277	22,283,157	24,481,171
<i>Earning per share</i>	<i>2</i>	<i>0.76</i>	<i>0.86</i>	<i>1.56</i>	<i>1.72</i>
<i>Diluted earning per share</i>	<i>2</i>	<i>0.75</i>	<i>0.85</i>	<i>1.55</i>	<i>1.70</i>

The notes on pages 6 to 9 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
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 investment securities, net of tax	-	-	-	(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
Balance at 1 January 2008	7,319,185	34,812,043	742,379	(4,161,948)	(13,798,287)	101,651,309	126,564,681
Net change in investment securities, net of tax	-	-	-	(715,821)	-	-	(715,821)
Net profit of the period	-	-	-	-	-	22,283,157	22,283,157
Total recognised income for the period	-	-	-	(715,821)	-	22,283,157	21,567,336
Dividend	-	-	-	-	-	(5,691,562)	(5,691,562)
Capital reduction	(4,391,511)	126,043	-	-	-	-	(4,265,468)
Employee stock option plan:							
Value of services provided	-	-	412,995	-	-	-	412,995
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(40,552)	-	-	40,552	-
Purchase of treasury shares	-	-	-	-	(5,176,546)	-	(5,176,546)
Sale of treasury shares	-	429,048	-	-	2,482,883	-	2,911,931
Balance at 30 June 2008	2,927,674	35,367,134	1,114,822	(4,877,769)	(16,491,950)	118,283,456	136,323,367

The notes on pages 6 to 9 form an integral part of this condensed interim financial information

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Notes	6 months ended 30 June	
		2008	2007
Cash flow from / (used in) operating activities			
Fees and commission receipts		37,905,088	43,663,540
Fees and commission paid		(5,086,710)	(5,557,219)
Interest receipts		17,668,274	15,346,364
Interest paid		(4,353,638)	(4,046,811)
Net trading income		4,318,662	4,155,036
Cash payments to employees and suppliers		(25,294,660)	(22,918,102)
Cash flow from operating profit before changes in operating assets and liabilities		25,157,016	30,642,808
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		4,155,873	(6,914,404)
Due to customers		24,427,702	284,222,379
Other liabilities		(3,056,686)	972,520
Net cash from operating activities		50,683,905	308,923,303
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	3/4	(4,550,672)	(2,741,229)
Purchase of new office	4	-	(6,825,490)
Redemption of investment securities		-	628,659
Net cash used in investing activities		(4,550,672)	(8,938,060)
Cash flow from / (used in) financing activities			
Net proceeds from capital reduction		126,043	213,420
Purchase of treasury shares		(5,176,546)	(3,167,808)
Sale of treasury shares		2,911,931	893,212
Capital reduction	5	-	-
Dividend		(5,691,562)	(2,855,046)
Net cash from / (used in) financing activities		(7,830,134)	(4,916,222)
INCREASE IN CASH AND CASH EQUIVALENTS		38,303,099	295,069,021
Movements in cash and cash equivalents			
Balance at beginning of year		1,100,532,678	836,963,273
Increase		38,303,099	295,069,021
Balance at 30 June		1,138,835,777	1,132,032,294
Cash and cash equivalents			
Cash and balances with central banks		18,481,876	8,446,180
Loans and advances to banks (less than 3 months)		1,121,148,073	1,128,366,101
Deposits from banks		(794,172)	(4,779,987)
Total at 30 June		1,138,835,777	1,132,032,294

The notes on pages 6 to 9 form an integral part of this condensed interim financial information

I ACCOUNTING POLICIES & GENERAL INFORMATION

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 2007 Annual Consolidated Financial Statements.

Pledged assets that were disclosed in a single caption in the face of the Consolidated Balance sheet at 30 June 2007 are now split and included in Loans and advances to banks and Investment securities.

A reallocation has been performed on the Property, plant and equipment at the end of 2007 with retroactive effect. For comparison purposes, prior year balances have been modified to reflect this. Certain balances have been broken down into more detailed categories, for which the totals may be different.

Since 31 December 2007, the Other operating income are now included in the caption Fee and commission income. For comparative reasons, prior year balances have been reclassified to reflect this.

Since the beginning of the second quarter, the Bank has started offering a new service to its clients: e-forex. This new service provides the possibility to perform on-line spot rate trading. The amount of revenues generated from this new service mounted to CHF 0.5m during this quarter and are included in the caption Net trading income (gain on exchange rate conversion on client activities).

At mid-May, the Bank also started offering another service: Saving Accounts. This new service offers to our clients a remuneration of their saving monies at a variable interest rate in relation to the duration of their investments. The revenues generated from this new service are included in the caption Interest income.

At the 25 April 2008 Shareholders Meeting, the shareholders inter alia resolved 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 0.50 to CHF 0.20 (total reduction of nominal value: CHF 4,391,511). The capital reduction will be paid on 28 July 2008, 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.

Pension - In order to determine the possible impact of actuarial gains or losses to be included in the Consolidated Interim Financial Statements at 30 June 2008 with respect to pension fund obligations and in response to SWX Admission Board Communiqué N° 7/2008, the Company assessed the impact of the discrepancies between the long-term actuarial assumptions used in the actuarial calculations at 31 December 2007 and the actual short-term data:

- The negative development of the financial markets in the six month period since 31 December 2007 resulted into a negative performance of 4% (CHF 0.3m), whereas the expected long-term rate of return used as part of the actuarial assumptions is 2.2% (CHF 0.2m) for a six month period. The gap on the expected return for the six month period ending 30 June 2008 is therefore of CHF 0.5m.
- An effective interest rate of 0.94% for a period of six months is forecast to be credited on the saving accounts in 2008 (based on the latest resolutions of the Trustees of the Fund) that is lower than the long-term actuarial assumptions of 1.75% (six month period). The resulting gap on the forecast interest to be credited to saving accounts is therefore CHF 0.1m.
- No material adjustment is anticipated to other actuarial assumptions and there were no other significant actuarial changes in the profiles of the employees covered by the pension schemes.

Hence the resulting net gap amounts to minus CHF 0.4m.

Given that:

- the funded status at 31 December 2007 was CHF 0.2m;
- the Company uses the so called "corridor approach" in accordance with IAS 19;
- the obligation of the Company to refund the Pension Fund in case of lasting deficit is half of any said deficit.

No actuarial adjustment to the financial cost of the pension plan (consisting in the contribution payable by the Company to the Fund in accordance with its statutory rules) is required at 30 June 2008.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating expenses

	6 months ended 30 June	
	2008	2007
Payroll & related expenses	12,464,703	12,081,006
Other operating expenses	6,483,072	6,354,245
Marketing expenses	4,503,158	3,831,724
Provisions	200,000	150,000
Depreciation	2,617,223	1,501,821
Total	26,268,156	23,918,796

2. Earning per share

a) Basic

	Quarter ended 30 June		6 months ended 30 June	
	2008	2007	2008	2007
Net Profit	10,772,140	12,258,277	22,283,157	24,481,171
Weighted average number of ordinary shares in issue	14,225,660	14,255,085	14,238,841	14,229,140
Basic earning per share	0.76	0.86	1.56	1.72

b) Diluted

	Quarter ended 30 June		6 months ended 30 June	
	2008	2007	2008	2007
Net Profit	10,772,140	12,258,277	22,283,157	24,481,171
Weighted average number of ordinary shares in issue	14,225,660	14,255,085	14,238,841	14,229,140
Adjustments for share options	133,962	183,195	138,291	168,373
Weighted average number of ordinary shares for diluted earnings per share options	14,359,622	14,438,280	14,377,132	14,397,513
Diluted earning per share	0.75	0.85	1.55	1.70

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
6 months ended 30 June 2007				
Opening net book amount	913,849	3,343,680	1,459,638	5,717,167
Addition	236,592	912,565	1,099,606	2,248,763
Amortisation / depreciation	(252,298)	(636,912)	(422,318)	(1,311,528)
Closing net book amount	898,143	3,619,333	2,136,926	6,654,402
6 months ended 30 June 2008				
Opening net book amount	1,411,522	4,328,126	3,235,525	8,975,173
Addition	289,617	1,659,797	1,540,696	3,490,110
Amortisation / depreciation	(432,064)	(847,070)	(846,027)	(2,125,161)
Closing net book amount	1,269,075	5,140,853	3,930,194	10,340,122

Additions to Information technology systems include an amount of CHF 1,403,814 (2007: CHF 882,466) representing own costs capitalised in connection with the development of the systems of the Bank and in particular with the new saving accounts and e-forex system.

4. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
6 months ended 30 June 2007				
Opening net book amount	7,867,277	453,029	249,499	8,569,805
Addition	6,581,265	50,199	686,492	7,317,956
Amortisation / depreciation	-	(133,538)	(56,755)	(190,293)
Closing net book amount	14,448,542	369,690	879,236	15,697,468
6 months ended 30 June 2008				
Opening net book amount	17,381,490	499,253	1,825,230	19,705,973
Addition	162,912	425,356	472,293	1,060,561
Amortisation / depreciation	(269,116)	(74,263)	(148,682)	(492,061)
Closing net book amount	17,275,286	850,346	2,148,841	20,274,473

The total cost of the property includes an aggregate CHF 75,367 of own costs capitalised (2007: CHF 114,929).

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Ordinary shares

a) 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

During the 2007 Annual Shareholders Meeting, it was decided to reduce the share capital by CHF 0.30 per share. Also it was decided to split the Swissquote shares. On 8 May 2007, the Swissquote shares were splitted by 1 to 10.

b) Numbers of Shares in 2008

	1 January	Exercise	Capital reduction	Exercise	Lapsed	Addition	30 June
Issued shares							
Ordinary share capital							
Number of shares	14,638,370	-	-	-	-	-	14,638,370
Nominal value per share (CHF)	0.50	-	(0.30)	-	-	-	0.20
Total nominal value (CHF)	7,319,185	-	(4,391,511)	-	-	-	2,927,674
Unissued shares							
Conditional capital							
Number of conditional shares	211,060	-	-	-	-	-	211,060
Nominal value per share (CHF)	0.50	-	(0.30)	-	-	-	0.20
Total nominal value (CHF)	105,530	-	(63,318)	-	-	-	42,212
Authorised capital							
Amount authorised (CHF)	1,000,000	-	-	-	(1,000,000)	800,000	800,000
Nominal value per share (CHF)	0.50	-	-	-	0.50	0.20	0.20
Number of authorised shares	2,000,000	-	-	-	(2,000,000)	4,000,000	4,000,000

At the Shareholders Meeting held on 25 April 2008, the shareholders have inter alia resolved:

- a dividend of CHF 0.40 per share; and
- a capital reduction in the form of a CHF 0.30 per share reduction of the nominal value to be paid on 28 July 2008;
- a new authorised capital of CHF 0.8m has been authorised.

II NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Treasury shares

The Company owned 420,144 treasury shares at 30 June 2008 for a total cost of CHF 16,491,950 (average cost: CHF 39.25). During 2008, the Company acquired 41,229 shares net resulting from:

- the acquisition of 102,200 shares at a unit price ranging from CHF 47.03 to CHF 55.96 (average cost of CHF 50.65 per share);
- the disposal of 54,401 shares at unit prices ranging from CHF 44.80 to CHF 54.79 (average per share of CHF 51.23); and
- another disposal of 6,570 treasury shares that were used for the coverage of options exercised by optionneers in 2008 at unit prices ranging from CHF 14.72 to CHF 21.58 (average per share of CHF 19.04).

7. Stock options

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

- 2007 : None
- 2008 : None

At 30 June 2008, the number of outstanding options is 351,828.

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 9 of Swissquote Group Holding Ltd for the period ended 30 June 2008. 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



Philippe Bochud



Nicolas Colledge

Geneva, 25 July 2008