Financial Report
Q2-2010

SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June 2010	30 June 2009	31 December 2009
ASSETS				
Cash and balances with central bank		54,594,600	61,320,554	238,968,193
Treasury bills and other eligible bills		806,219,393	667,997,996	599,997,000
Loans and advances to banks		485,351,865	496,400,454	506,866,109
Derivatives financial instruments		32,949,267	17,575,108	16,242,966
Trading assets		1,246,014	12,832,721	595,067
Loans and advances to customers		114,396,638	84,903,398	91,759,737
Investment securities	3	583,685,053	267,588,797	388,438,603
Intangible assets	4	3,285,944	-	-
Information technology systems	5	14,203,735	11,652,340	11,398,937
Property, plant and equipment	6	19,517,005	20,314,958	19,831,613
Other assets		25,877,519	6,708,379	11,351,231
Total assets		**2,141,327,033**	**1,647,294,705**	**1,885,449,456**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		6,868,301	566,481	749,833
Derivatives financial instruments		27,234,280	17,575,108	16,005,733
Due to customers		1,905,192,494	1,451,820,506	1,674,796,545
Other liabilities		16,345,352	12,756,395	12,714,615
Current income tax liabilities		-	5,608,744	4,205,345
Provisions		1,351,921	5,109,522	1,343,749
Deferred tax liabilities, net		1,202,743	1,443,142	1,393,283
Total liabilities		**1,958,195,091**	**1,494,879,898**	**1,711,209,103**
Equity				
Ordinary shares	8	2,927,674	2,927,674	2,927,674
Share premium		39,191,788	36,964,915	38,314,296
Share option reserve		2,372,086	1,766,869	2,042,605
Other reserve		(1,474,993)	(3,111,904)	(1,306,820)
Treasury shares	9	(24,029,256)	(25,604,888)	(26,518,573)
Retained earnings		164,144,643	139,472,141	158,781,171
Total equity		**183,131,942**	**152,414,807**	**174,240,353**
Total liabilities and equity		**2,141,327,033**	**1,647,294,705**	**1,885,449,456**

The notes on pages 6 to 14 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	Quarter ended 30 June 2010	Quarter ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009
Fee and commission income		18,923,263	20,561,669	36,814,029	37,817,920
Fee and commission expense		(2,299,925)	(2,238,908)	(4,289,580)	(4,010,535)
Net fee and commission income		**16,623,338**	**18,322,761**	**32,524,449**	**33,807,385**
Interest income		4,628,074	3,233,400	8,512,510	7,303,696
Interest expense		(1,589,149)	(952,820)	(3,165,820)	(1,689,764)
Net interest income		**3,038,925**	**2,280,580**	**5,346,690**	**5,613,932**
Net trading income		6,495,540	3,798,223	11,669,649	7,284,636
Gain less losses from investments securities		(1,926)	607,731	17,244	1,642,059
Operating income		**26,155,877**	**25,009,295**	**49,558,032**	**48,348,012**
Operating expenses	1	(17,060,245)	(14,269,748)	(33,012,189)	(28,004,018)
Operating profit		**9,095,632**	**10,739,547**	**16,545,843**	**20,343,994**
Income tax expense		(1,956,395)	(2,271,612)	(3,611,803)	(4,410,838)
Gain recognised on acquisition of subsidiary	7	777,257	-	777,257	-
Net profit		**7,916,494**	**8,467,935**	**13,711,297**	**15,933,156**
Earning per share	*2*	*0.56*	*0.60*	*0.97*	*1.14*
Diluted earning per share	*2*	*0.56*	*0.60*	*0.97*	*1.13*

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All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended 30 June 2010	Quarter ended 30 June 2009	6 months ended 30 June 2010	6 months ended 30 June 2009
Net profit for the period		**7,916,494**	**8,467,935**	**13,711,297**	**15,933,156**
Other comprehensive income: Gains / (losses) recognised directly in equity					
Available-for-sale financial assets		(989,380)	4,502,417	(257,886)	3,226,054
Income tax relating to components of other comprehensive income (AFS assets)		221,325	(990,533)	57,689	(708,186)
Hedge reserve		14,528	-	41,252	-
Income tax relating to components of other comprehensive income (Hedge reserve)		(3,251)	-	(9,228)	-
Other comprehensive income for the period, net of tax		**(756,778)**	**3,511,884**	**(168,173)**	**2,517,868**
Total comprehensive income for the period		**7,159,716**	**11,979,819**	**13,543,124**	**18,451,024**

The notes on pages 6 to 14 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2010	**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**
Net profit for the period	-	-	-	-	-	13,711,297	13,711,297
Other comprehensive income for the period	-	-	-	(168,173)	-	-	(168,173)
Total comprehensive income for the period	-	-	-	(168,173)	-	13,711,297	**13,543,124**
Dividend	-	-	-	-	-	(8,548,519)	**(8,548,519)**
Employee stock option plan:							
Value of services provided	-	-	530,175	-	-	-	**530,175**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(200,694)	-	-	200,694	-
Purchase of treasury shares	-	-	-	-	(3,276,626)	-	**(3,276,626)**
Sale of treasury shares	-	877,492	-	-	5,765,943	-	**6,643,435**
Balance at 30 June 2010	**2,927,674**	**39,191,788**	**2,372,086**	**(1,474,993)**	**(24,029,256)**	**164,144,643**	**183,131,942**
Balance at 1 January 2009	**2,927,674**	**35,946,443**	**1,485,992**	**(5,629,772)**	**(24,548,517)**	**128,948,338**	**139,130,158**
Net profit for the period	-	-	-	-	-	15,933,156	15,933,156
Other comprehensive income for the period	-	-	-	2,517,868	-	-	2,517,868
Total comprehensive income for the period	-	-	-	2,517,868	-	15,933,156	**18,451,024**
Dividend	-	-	-	-	-	(5,607,376)	**(5,607,376)**
Employee stock option plan:							
Value of services provided	-	-	478,900	-	-	-	**478,900**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(198,023)	-	-	198,023	-
Purchase of treasury shares	-	-	-	-	(1,961,945)	-	**(1,961,945)**
Sale of treasury shares	-	1,018,472	-	-	905,574	-	**1,924,046**
Balance at 30 June 2009	**2,927,674**	**36,964,915**	**1,766,869**	**(3,111,904)**	**(25,604,888)**	**139,472,141**	**152,414,807**

The notes on pages 6 to 14 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	6 months ended 30 June 2010	2009
Cash flow from / (used in) operating activities			
Fees and commission receipts		35,422,789	37,171,260
Fees and commission paid		(4,557,522)	(4,128,530)
Interest receipts		5,664,152	7,953,454
Interest paid		(3,041,891)	(1,757,716)
Purchase of trading assets		(650,947)	(12,832,721)
Net trading income		6,209,139	8,926,695
Cash payments to employees and suppliers		(7,363,183)	(29,873,264)
Cash flow from operating profit before changes in operating assets and liabilities		**31,682,537**	**5,459,178**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(22,636,901)	(13,200,236)
Loans and advances to banks		(66,704,959)	-
Due to customers		230,395,949	285,462,768
Other liabilities		(6,915,686)	(3,819,249)
Net cash from operating activities		**165,820,940**	**273,902,461**
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	5/6	(5,710,182)	(3,826,500)
Proceeds from sale of investment securities	3	47,004,252	64,187,636
Purchase of investment securities	3	(270,817,706)	(160,050,142)
Purchase of subsidiary, net of cash acquired	7	(3,604,465)	-
Net cash used in investing activities		**(233,128,101)**	**(99,689,006)**
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(3,276,626)	(1,961,945)
Sale of treasury shares		6,643,435	1,924,046
Dividend		(8,548,519)	(5,607,376)
Net cash from / (used in) financing activities		**(5,181,710)**	**(5,645,275)**
Increase / (decrease) in cash and cash equivalents		**(72,488,871)**	**168,568,180**
Movements in cash and cash equivalents			
Balance at beginning of year		1,344,671,380	1,056,184,343
Increase / (Decrease)	10	(72,488,871)	168,568,180
Balance at 30 June		**1,272,182,509**	**1,224,752,523**

The notes on pages 6 to 14 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

1.1 Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. Except as described below, 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 2009 Annual Consolidated Financial Statements.

In connection with the acquisition of Tradejet AG, the Group recognised an intangible asset for CHF 3,300,000, which comprises of customer relationships. In accordance with IAS 38, customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The corresponding intangible asset is deemed to have a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using a straight-line method over the expected life (15 years).

1.2 Reportable segments

The analysis of reportable segments for the 6 months period ending 30 June 2010 and 2009 are as follows:

In CHFm	Q2 2010	TOTAL	Q2 2009	TOTAL
Net Revenues - Private Clients	39.3		40.9	
Direct Operating Costs - Private Clients	(3.2)		(3.0)	
Direct Marketing Costs - Private Clients	(3.1)		(2.1)	
Direct Contribution margin - Private Clients	**33.0**	**33.0**	**35.8**	**35.8**
Net Revenues - B2B Clients	10.2		7.4	
Direct Operating Costs - B2B Clients	(1.8)		(1.7)	
Direct Marketing Costs - B2B Clients	(0.3)		(0.2)	
Direct Contribution margin - B2B Clients	**8.1**	**41.1**	**5.5**	**41.3**
Operating Cost - Technology	(6.8)		(6.3)	
Operating Cost - Operations	(9.2)		(9.1)	
Operating Cost - Marketing	(2.3)		(1.6)	
Operating Cost - G&A	(6.3)		(4.0)	
Operating Cost - Writedown	-		-	
Total Platform and Infrastructure Operations Costs	**(24.6)**		**(21.0)**	
Operating profit		**16.5**		**20.3**
Income tax expense		(3.6)		(4.4)
Gain on acquisition of subsidiary		0.8		-
Net profit		**13.7**		**15.9**

	30 June 2010	30 June 2009
Assets - Private Clients	1,646.3	1,321.4
Liabilities - Private Clients	(1,601.8)	(1,238.2)
Assets - B2B Clients	443.1	291.0
Liabilities - B2B Clients	(343.7)	(234.8)
Assets - Platform and Infrastructure Operations	51.9	34.9
Liabilities - Platform and Infrastructure Operations	(12.7)	(21.9)
Net Balance - Equity	**183.1**	**152.4**

The Bank does not have any client representing more than 10% of its revenues.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

1. Operating expenses

	6 months ended 30 June	
	2010	2009
Payroll & related expenses	12,849,737	12,144,591
Other operating expenses	9,652,346	8,537,296
Marketing expenses	5,812,895	3,994,259
Provisions	200,000	150,000
Depreciation	3,540,211	3,177,872
Acquisition and integration costs	957,000	-
Total	**33,012,189**	**28,004,018**

2. Earning per share

a) Basic

	Quarter ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
Net Profit	7,916,494	8,467,935	13,711,297	15,933,156
Weighted average number of ordinary shares in issue	14,146,520	14,022,073	14,118,025	14,025,523
Basic earning per share	0.56	0.60	0.97	1.14

b) Diluted

	Quarter ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
Net Profit	7,916,494	8,467,935	13,711,297	15,933,156
Weighted average number of ordinary shares in issue	14,146,520	14,022,073	14,118,025	14,025,523
Adjustments for share options	6,963	90,786	9,551	77,538
Weighted average number of ordinary shares for diluted earnings per share options	**14,153,483**	**14,112,859**	**14,127,576**	**14,103,061**
Diluted earning per share	0.56	0.60	0.97	1.13

All amounts in Swiss Francs

3. Investment securities

Investment securities consist exclusively of listed bonds.

	6 months ended 30 June	
	2010	2009
Securities available-for-sale		
Debt securities - at fair value:		
- Listed	153,763,329	45,664,446
Total securities available-for-sale	**153,763,329**	**45,664,446**
Securities held-to-maturity		
Debt securities - at amortised cost:		
- Listed	429,921,724	221,924,351
Allowance for impairment	-	-
Total securities held-to-maturity	**429,921,724**	**221,924,351**
Total Investment securities	**583,685,053**	**267,588,797**
Current	96,763,045	-
Non-current	486,922,008	267,588,797

	Available-for-sale	Held-to-maturity	Total
At 1 January 2010	**86,184,300**	**302,254,303**	**388,438,603**
Exchange difference on monetary assets	(5,738,034)	(20,355,147)	(26,093,181)
Additions	99,774,005	171,043,701	270,817,706
Premium / (discount)	(679,177)	(1,428,553)	(2,107,730)
Disposals (sale and redemption)	(25,411,672)	(21,592,580)	(47,004,252)
Gains / (losses) from changes in fair value	(366,093)	-	(366,093)
At 30 June 2010	**153,763,329**	**429,921,724**	**583,685,053**

	Available-for-sale	Held-to-maturity	Total
At 1 January 2009	**77,666,125**	**88,281,275**	**165,947,400**
Exchange difference on monetary assets	1,917,830	148,526	2,066,356
Additions	22,206,062	137,844,080	160,050,142
Premium / (discount)	55	(121,305)	(121,250)
Disposals (sale and redemption)	(59,959,411)	(4,228,225)	(64,187,636)
Gains / (losses) from changes in fair value	3,833,785	-	3,833,785
At 30 June 2009	**45,664,446**	**221,924,351**	**267,588,797**

All amounts in Swiss Francs

4. Intangible assets

	Customer relationships	Total
6 months ended 30 June 2010		
Opening net book amount	-	-
Additions	3,300,000	3,300,000
Amortisation / depreciation	(14,056)	(14,056)
Closing net book amount	**3,285,944**	**3,285,944**
6 months ended 30 June 2009		
Opening net book amount	-	-
Additions	-	-
Amortisation / depreciation	-	-
Closing net book amount	-	-

The intangible assets of CHF 3,300,000 have been recognised in connection with the acquisition of Tradejet AG, Zürich.

5. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
6 months ended 30 June 2010				
Opening net book amount	1,481,824	7,273,665	2,643,448	11,398,937
Additions (*)	832,796	4,061,304	855,694	5,749,794
Amortisation / depreciation	(479,630)	(1,458,862)	(1,006,504)	(2,944,996)
Closing net book amount	**1,834,990**	**9,876,107**	**2,492,638**	**14,203,735**
6 months ended 30 June 2009				
Opening net book amount	1,337,656	6,042,320	3,750,095	11,130,071
Additions	685,774	1,779,068	668,079	3,132,921
Amortisation / depreciation	(397,327)	(1,155,992)	(1,057,333)	(2,610,652)
Closing net book amount	**1,626,103**	**6,665,396**	**3,360,841**	**11,652,340**

(*) Additions to Information technology systems include an amount of CHF 286,183 representing assets acquired through subsidiary acquisition and an amount of CHF 3,233,450 (2009: CHF 1,598,725) representing own costs capitalised in connection with the development of the systems of the Bank.

All amounts in Swiss Francs 9

6. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
6 months ended 30 June 2010				
Opening net book amount	16,659,549	1,360,539	1,811,525	19,831,613
Additions (*)	79,208	62,681	124,662	266,551
Amortisation / depreciation	(275,606)	(161,240)	(144,313)	(581,159)
Closing net book amount	**16,463,151**	**1,261,980**	**1,791,874**	**19,517,005**
6 months ended 30 June 2009				
Opening net book amount	17,106,884	1,040,448	2,041,267	20,188,599
Additions	59,303	594,796	39,480	693,579
Amortisation / depreciation	(274,083)	(129,806)	(163,331)	(567,220)
Closing net book amount	**16,892,104**	**1,505,438**	**1,917,416**	**20,314,958**

The total cost of the property includes an aggregate CHF 55,782 of own costs capitalised (2009: CHF 97,969).

(*) Additions to Property, plant and equipment include an amount of CHF 19,980 representing assets acquired through subsidiary acquisition.

All amounts in Swiss Francs

7. Business combination

On 7 June 2010, the Group acquired 100% of Tradejet AG, Zürich, a competing introducing broker in Switzerland - in exchange for cash of CHF 3,650,000 - with the perspective to close the operations and to integrate existing clientele on the Group trading plateform by migrating the clients' accounts from current depositary bank to Swissquote Bank Ltd. Although the intention was to merge Tradejet AG into Swissquote Bank Ltd on the date of acquisition, regulatory constraints required to defer the effective merger until early August 2010. As a result of the acquisition, the Group expects to increase its market share.

The result of the acquisition is detailed as follows:

	Book value	Step-up to fair value	Fair value
Cash and cash equivalents with central bank	45,535	-	45,535
Information technology systems	286,183	-	286,183
Property, plant and equipment	19,980	-	19,980
Intangible assets (customer relationships)	-	3,300,000	3,300,000
Deferred tax asset	-	1,458,416	1,458,416
Other assets	435,051	-	435,051
Other liabilities	(379,698)	-	(379,698)
Deferred tax liability (intangible assets)	-	(738,210)	(738,210)
Net assets acquired	**407,051**	**4,020,206**	**4,427,257**
Negative goodwill (gain on acquisition of subsidiary)			(777,257)
Total Consideration			**3,650,000**
Consideration satisfied by:			
Cash			3,650,000
Total Consideration			**3,650,000**
Purchase consideration settled in cash			3,650,000
Cash and cash equivalents in subsidiary acquired			(45,535)
Cash outflow on acquisition			**3,604,465**
Acquisition-related costs (included in operating expenses)			*134,585*

The Group initially measured separately the recognisable identified assets acquired and the liabilities assumed as of the acquisition date in accordance with the requirement of IFRS 3. The identifiable net assets have been measured at CHF 4,427,257. Therefore an amount of CHF 777,257 has been identified as an excess of the Group's interest in the net fair value of acquiree's identifiable net assets over the total consideration transferred to the acquiree. The Group reviewed the procedures it used to identifiy and to measure the assets acquired and liabilities assumed and to measure the fair value of the consideration transferred. After the review, the Group decided that the procedures and resulting measures were appropriate.

In consequence, a negative goodwill of CHF 777,257 has been recognised in the consolidated income statement. Tradejet AG was not profitable because of not being able to reach a breakeven transactions volume. The Group expects the integration of existing clientele in its trading platform to result in the generation of an immediate profitable margin (after deduction of integration costs).

The fair value of the acquired identifiable intangible assets of CHF 3,300,000 corresponds to customer relationships which meet the separable criterion. A corresponding deferred tax liability has been recognised for CHF 738,210 to account for the temporary difference between the tax and the book basis of the intangible assets recognised.

The acquired entity did not recognise a deferred tax asset in respect of past tax losses because it was unable to satisfy the recognition criteria for deferred tax assets due to uncertainty surrounding the availability of future taxable profits. As a result of the acquisition, the Group determined that it will have sufficient taxable profits in the future to realise the tax benefits through transfer of those losses as permitted by the tax laws. As a result, a deferred tax asset of CHF 1,458,416 has been recognised.

Since 7 June 2010, Tradejet AG contributed negatively in the consolidated income statement of the Group (- CHF 86,888). Had Tradejet AG been consolidated from 1 January 2010, the consolidated income statement would show a net profit inferior of CHF 371,554 with additional revenues of CHF 811,596. These figures are not indicative of the future contribution expected from the former Tradejet AG customers due to their integration on the Swissquote platform that would have resulted in different revenues and expenses streams than on a stand alone basis.

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All amounts in Swiss Francs

8. Ordinary shares

a) Numbers of Shares in 2010

	1 January	Stock options Exercised	Stock options Lapsed	30 June
Issued shares				
Ordinary share capital				
Number of shares	14,638,370	-	-	**14,638,370**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	2,927,674	-	-	**2,927,674**
Unissued shares				
Conditional capital				
Number of conditional shares	211,060	-	-	**211,060**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	42,212	-	-	**42,212**
Authorised capital				
Amount authorised (CHF)	800,000	-	-	**800,000**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Number of authorised shares	4,000,000	-	-	**4,000,000**

b) Numbers of Shares in 2009

	1 January	Stock options Exercised	Stock options Lapsed	30 June
Issued shares				
Ordinary share capital				
Number of shares	14,638,370	-	-	**14,638,370**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	2,927,674	-	-	**2,927,674**
Unissued shares				
Conditional capital				
Number of conditional shares	211,060	-	-	**211,060**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	42,212	-	-	**42,212**
Authorised capital				
Amount authorised (CHF)	800,000	-	-	**800,000**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Number of authorised shares	4,000,000	-	-	**4,000,000**

At the Annual Shareholders Meeting held on 30 April 2010, the shareholders have inter alia resolved a dividend of CHF 0.60 per share (CHF 8,548,519).

All amounts in Swiss Francs

9. Treasury shares

	2010	2009
Beginning of the year - shares	**583,692**	**623,503**
Acquisition		
shares	**78,336**	**47,211**
unit price ranging from CHF	38.19 to 54.80	36.03 to 57.75
average price in CHF	41.83	41.33
Disposal		
shares	**(100,500)**	**(20,006)**
unit price ranging from CHF	46.24 to 47.46	39.55 to 44.69
average price in CHF	47.46	41.97
Remittance to optionees		
shares	**(104,530)**	**(48,516)**
unit price ranging from CHF	17.00 to 47.00	11.39 to 34.00
average price in CHF	17.93	22.35
End of the period (30 June) -shares	**456,998**	**602,192**
Total cost in CHF	**24,029,256**	**25,604,888**
Average cost per share in CHF	**52.58**	**42.52**
% of the issued shares	**3.12%**	**4.11%**

The Treasury shares are primarily acquired for the purpose of covering employees’ stock option plans.

All amounts in Swiss Francs

10. Miscellaneous financial information

Pension obligations - The Group (a) uses the so called "corridor approach" (IAS 19) and (b) examines the impact of possible discrepancies between long-term actuarial assumptions used in the actuarial calculations at the end of the previous calendar year and actual short term data applicable at the date of interim reporting, in order to determine the requirement for the recording of actuarial gains and losses in Condensed Consolidated Interim Financial Statements as a result of pension obligations. No actuarial adjustment to the financial cost of the pension plan (consisting in the contribution payable by the Group to the Fund in accordance with its statutory rules) was required at 30 june 2010, nor in the former quarters.

Tier One ratio (Basel II ratio) – At 30 June 2010, the Group had a Tier One ratio (Basel II ratio) of 22.12%. (30 June 2009 : 23.53%; 31 December 2009 : 26.1%).

Condensed consolidated interim statement of cash flow (restatement) - During the 2nd quarter 2009, the Group acquired for the 1st time a portfolio of treasury bills for a total amount of CHF 667,997,996. As at 30 June 2009, the purchase of treasury bills was considered as "cash flow used in investing activities". A reassessment of the adherence of this presentation with existing Group accounting policies during the 3rd quarter 2009 identified that treasury bills should have been considered as "cash and cash equivalents" (error in presentation of elements of financial statements). As at 30 June 2010, a restatement of comparative amounts for the period ended 30 June 2009 was required in the statement of cash flow.

The effect is summarized as follows:

Effect on statement of cash flow	As previously stated	Restatement	As restated
Purchase of treasury bills	(667,997,996)	667,997,996	-
Net cash used in investing activities	(767,687,002)	667,997,996	(99,689,006)
Movements in cash and cash equivalents			
Balance at beginning of year	1,056,184,343	-	1,056,184,343
Increase/(Decrease)	(499,429,816)	667,997,996	168,568,180
Balance at 30 June 2009	556,754,527	667,997,996	1,224,752,523

All amounts in Swiss Francs

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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 accompanying condensed consolidated interim financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and notes) set out on pages 1 to 14 of Swissquote Group Holding Ltd for the period ended 30 June 2010. 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, 28 July 2010