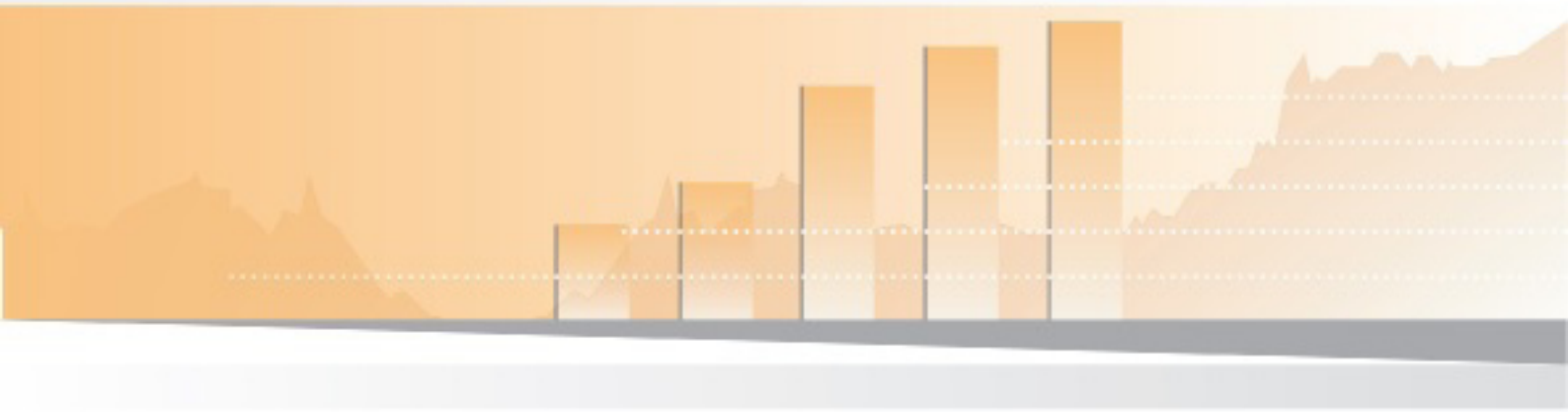


Financial Report
Q2-2011



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June		31 December
		2011	2010	2010
ASSETS				
Cash and balances with central bank		15,487,975	54,594,600	57,622,629
Treasury bills and other eligible bills		930,413,738	806,219,393	768,603,990
Loans and advances to banks		649,377,806	485,351,865	595,836,109
Derivative financial instruments		28,803,092	32,949,267	24,364,014
Trading assets		3,552,541	1,246,014	1,632,444
Loans and advances to customers		124,833,037	114,396,638	118,677,323
Investment securities		671,688,402	583,685,053	670,155,319
Deferred income tax assets		3,456,987	-	7,131,987
Intangible assets		23,094,021	3,285,944	23,204,125
Information technology systems	6	19,926,030	14,203,735	17,604,890
Property, plant and equipment	7	22,171,800	19,517,005	22,377,337
Other assets		23,311,501	25,877,519	31,617,899
Total assets		2,516,116,930	2,141,327,033	2,338,828,066
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		10,681,163	6,868,301	6,861,100
Derivative financial instruments		3,214,108	27,234,280	5,339,030
Due to customers		2,256,697,643	1,905,192,494	2,092,110,513
Other liabilities		17,433,379	16,345,352	20,309,511
Current income tax liabilities		1,671,744	-	5,915,348
Deferred tax liabilities		965,670	1,202,743	1,155,919
Provisions		6,747,162	1,351,921	8,126,044
Total liabilities		2,297,410,869	1,958,195,091	2,139,817,465
Equity				
Ordinary shares	8	2,927,674	2,927,674	2,927,674
Share premium		39,418,265	39,191,788	40,011,434
Share option reserve		2,696,927	2,372,086	2,455,677
Other reserve		(368,973)	(1,474,993)	(604,855)
Treasury shares	9	(7,515,613)	(24,029,256)	(17,808,463)
Retained earnings		181,547,781	164,144,643	172,029,134
Total equity		218,706,061	183,131,942	199,010,601
Total liabilities and equity		2,516,116,930	2,141,327,033	2,338,828,066

The notes on pages 6 to 12 form an integral part of this condensed interim financial information

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2011	2010	2011	2010
Fee and commission income		16,017,777	18,923,263	37,466,980	36,814,029
Fee and commission expense		(1,664,522)	(2,299,925)	(4,203,721)	(4,289,580)
Net fee and commission income		14,353,255	16,623,338	33,263,259	32,524,449
Interest income		5,550,888	4,628,074	11,026,021	8,512,510
Interest expense		(1,592,294)	(1,589,149)	(3,185,247)	(3,165,820)
Net interest income		3,958,594	3,038,925	7,840,774	5,346,690
Net trading income	3	12,694,104	6,493,614	26,365,407	11,686,893
Operating income		31,005,953	26,155,877	67,469,440	49,558,032
Operating expenses	4	(21,507,039)	(17,060,245)	(44,345,973)	(33,012,189)
Operating profit		9,498,914	9,095,632	23,123,467	16,545,843
Income tax expense		(2,339,793)	(1,956,395)	(5,309,298)	(3,611,803)
Gain recognised on acquisition of subsidiary		-	777,257	-	777,257
Net profit		7,159,121	7,916,494	17,814,169	13,711,297
<i>Earning per share</i>	5	0.50	0.56	1.24	0.97
<i>Diluted earning per share</i>	5	0.50	0.56	1.23	0.97
<i>Weighted average number of ordinary shares</i>	5	14,435,893	14,146,520	14,422,551	14,118,025

The notes on pages 6 to 12 form an integral part of this condensed interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended 30 June		6 months ended 30 June	
		2011	2010	2011	2010
Net profit for the period		7,159,121	7,916,494	17,814,169	13,711,297
Other comprehensive income:					
Gains / (losses) recognised directly in equity					
Available-for-sale financial assets		201,225	(989,380)	521,315	(257,886)
Income tax relating to components of other comprehensive income (AFS assets)		(45,014)	221,325	(116,618)	57,689
Hedge reserve		(22,719)	14,528	24,939	41,252
Income tax relating to components of other comprehensive income (Hedge reserve)		5,082	(3,251)	(5,579)	(9,228)
Other comprehensive income for the period, net of tax		138,574	(756,778)	424,057	(168,173)
Total comprehensive income for the period		7,297,695	7,159,716	18,238,226	13,543,124

The notes on pages 6 to 12 form an integral part of this condensed interim financial information

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 2011	2,927,674	40,011,434	2,455,677	(604,855)	(17,808,463)	172,029,134	199,010,601
Change in investment securities	-	-	-	546,254	-	-	546,254
Tax impact on investment securities	-	-	-	(122,197)	-	-	(122,197)
Net profit of the period	-	-	-	-	-	17,814,169	17,814,169
Total comprehensive income for the period	-	-	-	424,057	-	17,814,169	18,238,226
Dividend	-	-	-	-	-	(8,607,208)	(8,607,208)
Currency translation differences	-	-	-	(188,175)	-	-	(188,175)
Employee stock option plan: Value of services provided	-	-	552,936	-	-	-	552,936
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(311,686)	-	-	311,686	-
Purchase of treasury shares	-	-	-	-	(4,813,712)	-	(4,813,712)
Sale of treasury shares	-	(593,169)	-	-	15,106,562	-	14,513,393
Balance at 30 June 2011	2,927,674	39,418,265	2,696,927	(368,973)	(7,515,613)	181,547,781	218,706,061
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
Change in investment securities	-	-	-	(216,634)	-	-	(216,634)
Tax impact on investment securities	-	-	-	48,461	-	-	48,461
Net profit of the period	-	-	-	-	-	13,711,297	13,711,297
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

The notes on pages 6 to 12 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	
		2011	2010
Cash flow from / (used in) operating activities			
Fees and commission receipts		36,964,747	35,422,789
Fees and commission paid		(4,141,430)	(4,557,522)
Interest receipts		17,979,820	5,664,152
Interest paid		(3,163,399)	(3,041,891)
Purchase of trading assets		(1,920,097)	(650,947)
Net trading income		19,613,232	6,209,139
Cash payments to employees and suppliers		(39,768,537)	(7,363,183)
Cash flow from operating profit before changes in operating assets and liabilities		25,564,336	31,682,537
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(6,155,714)	(22,636,901)
Loans and advances to banks		(488,312)	(66,704,959)
Due to customers		164,587,130	230,395,949
Other liabilities		(9,245,654)	(6,915,686)
Net cash from operating activities		174,261,786	165,820,940
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	4/5	(6,631,082)	(5,710,182)
Proceeds from sale/reimbursement of investment securities		172,912,862	47,004,252
Purchase of investment securities		(172,727,623)	(270,817,706)
Purchase of subsidiary, net of cash acquired		-	(3,604,465)
Net cash used in investing activities		(6,445,843)	(233,128,101)
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(4,813,712)	(3,276,626)
Sale of treasury shares		14,513,393	6,643,435
Dividend		(8,607,208)	(8,548,519)
Net cash used in financing activities		1,092,473	(5,181,710)
Increase/decrease in cash and cash equivalents		168,908,416	(72,488,871)
Movements in cash and cash equivalents			
Balance at beginning of year		1,415,201,628	1,344,671,380
Increase / (Decrease)		168,908,416	(72,488,871)
Balance at 30 June		1,584,110,044	1,272,182,509

The notes on pages 6 to 12 form an integral part of this condensed interim financial information

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES, REPORTABLE SEGMENTS AND EXPLANATORY NOTES

1. Accounting policies and presentation matters

The Condensed 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 2010 Annual Consolidated Financial Statements.

2. Reportable segments

The analysis of reportable segments for the 6 months period ending 30 June 2011 and 2010 are as follows:

In CHFm	6 months ended 30 June	
	2011	2010
Net Revenues - Private Clients	36.1	39.3
Direct Operating Costs - Private Clients	(3.6)	(3.2)
Direct Marketing Costs - Private Clients	(2.7)	(3.1)
<i>Direct Contribution margin - Private Clients</i>	<i>29.8</i>	<i>33.0</i>
Net Revenues - B2B Clients	11.1	10.2
Direct Operating Costs - B2B Clients	(2.6)	(1.8)
Direct Marketing Costs - B2B Clients	(0.3)	(0.3)
<i>Direct Contribution margin - B2B Clients</i>	<i>8.2</i>	<i>8.1</i>
Direct Contribution margin - Securities	38.0	41.1
Net Revenues - eForex	20.2	-
Direct Operating Costs - eForex	(7.2)	-
Direct Marketing Costs - eForex	(2.5)	-
Direct Contribution margin - eForex	10.5	-
Operating Cost - Technology	(8.1)	(6.8)
Operating Cost - Operations	(9.1)	(9.2)
Operating Cost - Marketing	(2.0)	(2.3)
Operating Cost - G&A	(6.2)	(6.3)
Total Platform and Infrastructure Operations Costs	(25.4)	(24.6)
Operating profit	23.1	16.5
Income tax expense	(5.3)	(3.6)
Gain on acquisition of subsidiary	-	0.8
Net profit	17.8	13.7

In Q2 2010, eForex Net revenues amounting CHF 5.5m were included in Net revenues from Private Clients and CHF 0.8m from B2B Clients.

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Reportable segments (continued)

	30 June 2011	30 June 2010
Assets - Securities / Private Clients	1,912.8	1,646.3
Liabilities - Securities / Private Clients	(1,864.5)	(1,601.8)
Assets - Securities / B2B Clients	367.9	443.1
Liabilities - Securities / B2B Clients	(281.9)	(343.7)
Assets - eForex	155.7	-
Liabilities - eForex	(133.5)	-
Assets - Platform and Infrastructure	79.7	51.9
Liabilities - Platform and Infrastructure	(17.5)	(12.7)
Net Balance - Equity	218.7	183.1

3. Net trading income

	6 months ended 30 June	
	2011	2010
Foreign exchange revenues	26,733,295	11,675,774
Results from Trading assets	(127,043)	(6,125)
Results from Investment securities	(323,809)	-
Gain less losses from Investment securities	82,964	17,244
Total	26,365,407	11,686,893

Results from Investment securities consist of results from those classified as fair value through profit and loss.

4. Operating expenses

	6 months ended 30 June	
	2011	2010
Payroll & related expenses	19,717,349	12,849,737
Other operating expenses	12,333,968	10,609,346
Marketing expenses	7,469,072	5,812,895
Provisions	200,000	200,000
Depreciation	4,625,584	3,540,211
Total	44,345,973	33,012,189

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Earning per share

a) Basic

	Quarter ended 30 June		6 months ended 30 June	
	2011	2010	2011	2010
Net Profit	7,159,121	7,916,494	17,814,169	13,711,297
Weighted average number of ordinary shares in issue	14,435,893	14,146,520	14,422,551	14,118,025
Basic earning per share	0.50	0.56	1.24	0.97

b) Diluted

	Quarter ended 30 June		6 months ended 30 June	
	2011	2010	2011	2010
Net Profit	7,159,121	7,916,494	17,814,169	13,711,297
Weighted average number of ordinary shares in issue	14,435,893	14,146,520	14,422,551	14,118,025
Adjustments for share options	9,486	6,963	19,225	9,551
Weighted average number of ordinary shares for diluted earnings per share options	14,445,379	14,153,483	14,441,776	14,127,576
Diluted earning per share	0.50	0.56	1.23	0.97

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
6 months ended 30 June 2011				
Opening net book amount	4,648,142	10,029,782	2,926,966	17,604,890
Addition	1,733,651	3,822,634	477,962	6,034,247
Amortisation / depreciation	(890,135)	(1,957,532)	(865,440)	(3,713,107)
Closing net book amount	5,491,658	11,894,884	2,539,488	19,926,030
6 months ended 30 June 2010				
Opening net book amount	1,481,824	7,273,665	2,643,448	11,398,937
Addition	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

Additions to Information technology systems include an amount of CHF 3,521,055 (2010: CHF 3,233,450) representing own costs capitalised in connection with the development of the systems of the Bank.

7. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
6 months ended 30 June 2011				
Opening net book amount	18,045,696	2,229,921	2,101,720	22,377,337
Addition	125,367	230,294	241,174	596,835
Amortisation / depreciation	(277,703)	(249,240)	(275,429)	(802,372)
Closing net book amount	17,893,360	2,210,975	2,067,465	22,171,800
6 months ended 30 June 2010				
Opening net book amount	16,659,549	1,360,539	1,811,525	19,831,613
Addition	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

The total cost of the property includes an aggregate CHF 87,171 of own costs capitalised (2010: CHF 55,782).

On 19 October 2010, Swissquote Bank Ltd entered into a contract with a construction company, which purpose is the realisation of the extension of the Swissquote headquarters in Gland, Switzerland. The value of the contract is CHF 42.2m, including applicable VAT. The extension will consist of 6,700 sqm office space (max. 500 work places), storage rooms and parking, and is scheduled to be delivered in December 2013.

Up to 30 June 2011, the Bank made an aggregate advanced payment of CHF 1.75 to the construction company. The payment schedule of the amount payable to the construction company is as follows : CHF 13.8m in 2011, CHF 16.0m in 2012 and CHF 10.65m in 2013.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Ordinary shares

a) Numbers of Shares in 2011

	1 January	Change	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	538,940	750,000
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	42,212	107,788	150,000
Authorised capital			
Amount authorised (CHF)	800,000	(100,000)	700,000
Nominal value per share (CHF)	0.20	-	0.20
Number of authorised shares	4,000,000	(500,000)	3,500,000

The Annual General Meeting approved on 6 May 2011 the increase of the conditional capital to 750,000 conditional shares for a nominal value of CHF 150,000 and the decrease of the authorised capital to an authorised amount of CHF 700'000 (corresponding to 3,500,000 authorised shares).

b) Numbers of Shares in 2010

	1 January	Change	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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Treasury shares

	2011	2010
Beginning of the year (shares)	303,404	583,692
Acquisition - shares	92,427	78,336
unit price ranging from CHF	41.93 to 61.70	38.19 to 54.80
average price in CHF	52.08	41.83
Disposal - shares	(229,423)	(100,500)
unit price ranging from CHF	46.86 to 58.91	46.24 to 47.46
average price in CHF	56.02	47.46
Remittance to optionees - shares	(38,174)	(104,530)
unit price ranging from CHF	34.00 to 47.00	17.00 to 47.00
average price in CHF	43.49	17.93
End of the period - 30 June (shares)	128,234	456,998
Total cost in CHF	7,515,613	24,029,256
Average cost per share in CHF	58.61	52.58
% of the issued shares	0.88%	3.12%

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2011, nor in the former quarters.

Tier One ratio (Basel II ratio) - At 30 June 2011, the Group had a Tier One ratio (Basel II ratio) of 22.30%. (30 June 2010: 22.12%; 31 December 2010: 19.0%).

*Report on the Review of
condensed consolidated interim financial information
to the Board of Directors of
Swissquote Group Holding Ltd
Gland*

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) set out on pages 1 to 12 of Swissquote Group Holding Ltd for the period ended 30 June 2011. The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA



Philippe Bochud



Xavier Ménaige

Geneva, 27 July 2011