



SWISSQUOTE

INTERIM REPORT - 30 SEPTEMBER 2001

CONSOLIDATED INTERIM BALANCE SHEET

	Notes	9 months ended 30 September		31 December
		2001	2000	2000
ASSETS				
Current assets				
Cash and balances with central banks		829,268	568,544	4,500
Time deposits and due from other banks		90,289,646	70,300,000	81,333,457
Liquid financial investments		6,229,770	-	-
Receivables and prepayments		4,077,108	3,595,677	3,241,199
Work in progress		737,892	250,000	366,160
Total current assets		102,163,684	74,714,221	84,945,316
Non-current assets				
Property, plant and equipment	7	11,198,099	2,424,826	5,036,971
Other non current assets		980,017	162,650	199,928
Deferred tax assets, net		1,969,338	747,537	1,188,940
Total non-current assets		14,147,454	3,335,013	6,425,839
Total assets		116,311,138	78,049,234	91,371,155
LIABILITIES AND EQUITY				
Current liabilities				
Due to bank's customers		40,913,194	-	-
Trade and other payables		7,586,380	3,743,953	6,216,817
Deferred revenues		450,043	182,310	17,416
Total liabilities		48,949,617	3,926,263	6,234,233
Minority interest		10,112,056	-	14,121,950
Equity				
Ordinary shares	2&9	13,670,240	13,500,000	13,500,000
Share premium and reserves		62,041,515	61,740,801	61,790,034
Less : treasury shares		(60,875)	-	-
Translation differences		(1,096)	-	(4,571)
Accumulated losses		(18,400,319)	(1,117,830)	(4,270,491)
Total equity		57,249,465	74,122,971	71,014,972
Total liabilities and equity		116,311,138	78,049,234	91,371,155

ALL AMOUNTS IN SWISS FRANCS

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

	Notes	9 months ended 30 September	
		2001	2000
Operating revenues	3 & 4	9,315,323	11,302,983
Operating Expenses			
Payroll and related expenses		14,300,760	7,029,264
Production expenses		2,892,347	1,588,765
Marketing expenses		4,098,721	1,138,534
Administration and other operating expenses		4,300,266	1,655,912
Net operating expenses relating to discontinued operations	4	2,151,299	100,000
Total operating expenses	5	27,743,393	11,512,475
Operating loss / profit before depreciation		(18,428,070)	(209,492)
Depreciation and amortisation		(1,887,734)	(536,450)
Loss from operating activities	4	(20,315,804)	(745,942)
Financial income, net		1,433,632	641,247
Loss before tax		(18,882,172)	(104,695)
Income tax credit, net		742,450	136,432
Profit / (Loss) after tax before minority interest		(18,139,722)	31,737
Minority interest		4,009,894	-
Net profit / (loss)		(14,129,828)	31,737
<i>Earning / (Loss) per share</i>	6		
<i>Basic</i>		(10.43)	0.04
<i>Diluted</i>		NA	0.04

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

ALL AMOUNTS IN SWISS FRANCS

	Note	9 months ended 30 September	
		2001	2000
Net cash provided by operating activities		24,419,311	125,180
Investing activities			
Purchase of property plant and equipment		(8,038,270)	(1,947,475)
Other non current assets		(795,914)	(162,650)
Financing activities			
Capital increase, net		425,600	70,591,648
Increase in cash and cash equivalents		16,010,727	68,606,703
Movements in cash and cash equivalents			
At 1 January		81,337,957	2,261,841
Increase		16,010,727	68,606,703
At 30 September		97,348,684	70,868,544
Cash and cash equivalents			
Cash and balances with central banks		829,268	5,000
Time deposits & due from other banks		90,289,646	70,863,544
Liquid financial investments		6,229,770	-
Cash and cash equivalents		97,348,684	70,868,544

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

These 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 2000 and 1999.

As a result of the start of the commercial operation 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 also appropriate to anticipate or defer such costs at the end of the financial year.

These consolidated interim financial statements should be read in conjunction with the 2000 annual consolidated financial statements.

2. Statement of Changes in Equity

	Share Capital	Share Premium & Reserves	Treasury Shares	Accumulated Losses	Translation Difference	Total
At 1 January 2000	2,276,370	321,834	-	(1,186,293)	-	1,411,911
Impact of conversion of convertible loans:						
- Ordinary shares	136,580	-	-	-	-	136,580
- Share premium	-	1,863,420	-	-	-	1,863,420
- Reversal of fair valuing impact	-	(273,197)	-	36,726	-	(236,471)
IPO and related preliminary capital increases net of IPO costs and deferred taxes	11,087,050	59,828,744	-	-	-	70,915,794
Net profit	-	-	-	31,737	-	31,737
At 30 Sept. 2000	13,500,000	61,740,801	-	(1,117,830)	-	74,122,971
At 1 January 2001	13,500,000	61,790,034	-	(4,270,491)	(4,571)	71,014,972
Capital increase resulting from options exercised by employees, net	170,240	251,481	-	-	-	421,721
Treasury shares	-	-	(60,875)	-	-	(60,875)
Translation difference	-	-	-	-	3,475	3,475
Net loss	-	-	-	(14,129,828)	-	(14,129,828)
At 30 Sept. 2001	13,670,240	62,041,515	(60,875)	(18,400,319)	(1,096)	57,249,465

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ALL AMOUNTS IN SWISS FRANCS

3. Operating income

	9 months ended 30 September	
	2001	2000
Swissquote Bank revenues		
Fee and commission income	860,077	-
Fee and commission expenses	(140,849)	-
Net fee and commission income	719,228	-
Interest income	454,937	-
Interest expense	(129,167)	-
Net interest income	325,770	
Sub-total	1,044,998	-
Other Swissquote Group revenues		
Web intelligence	3,723,855	4,797,320
Retrocessions income	2,700,444	4,237,877
Advertising	1,846,026	2,267,786
Sub-total	8,270,325	11,302,983
Total	9,315,323	11,302,983

4. Segment Information

	Web Intelligence	Online Financial services	Intra-segment Elimination	Total
9 months ended 30 September 2000				
Revenues	4,797,320	6,505,663	-	11,302,983
Segment result	708,848	529,976	-	1,238,824
Unallocated costs	-	-	-	(1,984,766)
Loss from operating activities				(745,942)
9 months ended 30 September 2001				
Revenues				
- third parties	3,723,855	5,591,468	-	9,315,323
- intra-segment	5,072,368	-	(5,072,368)	-
Total revenues	8,796,223	5,591,468	(5,072,368)	9,315,323
Segment result	673,615	(17,477,152)	-	(16,803,537)
Unallocated costs	-	-	-	(3,512,267)
Loss from operating activities				(20,315,804)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Total Operating Expenses

	9 months ended 30 September	
	2001	2000
Total operating expenses relating to:		
- services generating revenues	20,802,094	11,262,475
- services at development stage:		
- Swisquote Trade	-	150,000
- Swisquote Bank	4,790,000	-
Discontinued operations (Swisquote France SAS *1)	2,151,299	100,000
Total Operating expenses	27,743,393	11,512,475

*1: includes a CHF 0.8 mio restructuring charges relating to the estimated cost of the discontinued operations in France.

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit / (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is disclosed only when it does not result into anti-dilution.

7. Property, plant and equipment and capital expenditure and commitments

	IT Systems	Others	Total
PROPERTY, PLANT AND EQUIPMENT			
9 months ended 30 September 2000			
Opening net book amount (1.1.2000)	747,840	265,961	1,013,801
Additions	1,600,916	346,559	1,947,475
Depreciation	(459,543)	(76,907)	(536,450)
Closing net book amount (30.9.2001)	1,889,213	535,613	2,424,826
9 months ended 30 September 2001			
Opening net book amount (1.1.2001)	2,886,981	2,149,990	5,036,971
Additions	7,477,530	560,740	8,038,270
Depreciation	(1,450,229)	(426,913)	(1,877,142)
Closing net book amount (30.9.2001)	8,914,282	2,283,817	11,198,099
CAPITAL COMMITMENTS			
At 30 September 2000			1,500,000
At 30 September 2001			200,000

The Property plant and equipment of Swisquote Bank started to be depreciated as from the date the bank started its commercial operations at the end of May 2001. The software of the bank is depreciated over 5 years following the straight line method. IT systems include CHF 1.9 mio of owned cost capitalised in 2001 in connection with the realisation of Swisquote Bank's IT systems.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ALL AMOUNTS IN SWISS FRANCS

8. Borrowings

	9 months ended 30 September	
	2001	2000
Fair value of Convertible loans at 1 January	None	1,687,827
Interest paid		(15,000)
Interest accrued		50,000
Effect of conversion on equity (excl. Impact of deferred taxes)		-
		277,173
		2,000,000
Conversion during March 2000 into :		
Ordinary share capital		(136,580)
Share premium (excl. share issue costs)		(1,863,420)
		-
At 30 September		-

9. Share Capital

	Ordinary Shares Issued	For Convertible Loans	For Stock Option Plan	Authorized Share Capital	Total Shares Issued and Unissued
At 1 January 2000	227,637	13,658	45,527	-	286,822
Conversion of convertible loans	13,658	(13,658)	-	-	-
Increase resulting from the IPO and related preliminary capital increases	1,108,705	-	-	50,000	1,158,705
Net increase of the number of shares available for the Stock Option Plan	-	-	74,473	-	74,473
At 30 September 2000	1,350,000	-	120,000	50,000	1,520,000
At 1 January 2001	1,350,000	-	120,000	50,000	1,520,000
Exercise of employee's Stock options	17,024	-	(17,024)	-	-
At 30 September 2001	1,367,024	-	102,976	50,000	1,520,000

Information on Stock Options

	Number of shares corresponding to Options
At 1 January 2001	
Options granted, neither lapsed nor exercised	42,630
Movement in period:	
- New Grants	24,992
- Options Lapsed	(5,796)
- Options Exercised	(17,024)
At 30 September 2001	44,802
<i>Analysed as :</i>	
First allocation	11,000
Second allocation	9,966
Third allocation	23,836
Total	44,802
<i>Number of conditional Shares available at 30 September 2001 for the conversion of the options</i>	102,976

The exercise period of the options granted under the first allocation is extended to 29 November 2001.

10. 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 requires 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. Rüd Blass and Swissquote Trade will discontinue their online trading service on 30 November 2001 and customers have been invited to transfer their accounts to Swissquote Bank.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ALL AMOUNTS IN SWISS FRANCS

Total assets deposited by Swissquote Bank customers amounted to CHF 188 mio at 30 September 2001, of which CHF 40.9 mio in cash.

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. The Swiss Banking Law and related ordinances require banks to prepare their financial statements in accordance with the principles defined in the Federal Law on Banks and Savings Banks and the Implementing Ordinance on Banks and Savings Banks. As a matter of information, the interim non-audited balance sheet of Swissquote Bank at 30 September 2001 prepared in accordance with the legal requirements referred to in this paragraph is presented here after.

Swissquote Bank: Balance sheet at 30 September 2001

ASSETS		LIABILITIES AND EQUITY	
Current assets		Current liabilities	
Cash and balances with central bank	825,439	Due to customers	40,913,194
Due from other banks	49,029,243	Trade and accounts payable	
Liquid financial investments	6,229,770	- Third parties	2,766,063
Other short term assets	1,066,087	- Group companies	7,011,075
	57,150,539		50,690,332
Non current assets		Equity (*2)	
Property, Plant and Equipments, net	12,526,040	Share-capital	20,000,000
Funding and start-up costs (*1)	4,814,861	Share premium	10,000,000
Other non current assets	951,144	Accumulated loss (*1)	(5,247,748)
	18,292,045		24,752,252
Total	75,442,584	Total	75,442,584

Additional Information

*1 : The first fiscal year will cover the period from the date of formation until 31 December 2001. As a result no fiscal year-end was closed on 31 December 2000 and the accumulated loss stated in the above interim balance sheet consists of the losses for the period from the date of formation until 30 September 2001. All start-up costs and financial revenues were capitalised from the date of formation until the date of start of commercial operations.

*2 : *Subsequent event*: at an extraordinary shareholders' meeting held on 13 November 2001, Swissquote Bank's shareholders resolved to contribute additional CHF 10 mio to Swissquote Bank of which CHF 5 mio in the form of an increase of the share-capital and CHF 5 mio in the form of share premium. The funds will be contributed no later than 30 November 2001. The respective interests of the shareholders (Swissquote Group Holding Ltd 51% ; Rüd Blass & Cie AG 49%) in Swissquote Bank remain unchanged.

*3 : Loans to customers: none

*4 : Off balance sheet items: none