



SWISSQUOTE

INTERIM REPORT - 30 SEPTEMBER 2002

CONSOLIDATED INTERIM BALANCE SHEET

ALL AMOUNTS IN SWISS FRANCS

	Notes	30 September		31 December
		2002	2001	2001
ASSETS				
Cash and balances with central bank		19,556,885	829,268	2,863,263
Due from other banks		90,987,006	90,289,646	116,916,027
Liquid financial investments		-	6,229,770	-
Receivables and prepayments		3,117,900	4,077,108	3,703,317
Work in progress		-	737,892	246,306
		113,661,791	102,163,684	123,728,913
Non-current assets				
Property, plant and equipment	3	5,644,756	11,198,099	10,515,177
Other long term assets	2	1,266,029	980,017	976,978
Deferred tax assets, net		1,188,940	1,969,338	1,188,940
		8,099,725	14,147,454	12,681,095
Total assets		121,761,516	116,311,138	136,410,008
LIABILITIES AND EQUITY				
Current liabilities				
Due to other banks		2,240	-	2,085,512
Due to Swissquote Bank's customers		69,526,172	40,913,194	62,523,383
Trade and other payables		4,548,225	8,036,423	5,353,443
Restructuring provision	2	1,550,679	-	-
Total liabilities		75,627,316	48,949,617	69,962,338
Minority interest		8,313,392	10,112,056	13,281,443
Equity	5			
Ordinary shares		13,760,300	13,670,240	13,760,300
Share premium and reserves		62,125,044	62,041,515	62,125,044
Treasury shares		(1,262,814)	(60,875)	(527,727)
Translation differences		-	(1,096)	-
Accumulated losses		(36,801,722)	(18,400,319)	(22,191,390)
Total equity		37,820,808	57,249,465	53,166,227
Total liabilities and equity		121,761,516	116,311,138	136,410,008

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

		9 months ended 30 September	
	Notes	2002	2001
<u>CONTINUED OPERATIONS</u>			
REVENUES	1	7,214,783	5,591,468
OPERATING EXPENSES			
Payroll and related expenses		6,385,295	9,593,752
Production expenses		2,747,219	2,876,615
Marketing expenses		2,829,162	3,981,587
Administration and other operating expenses		2,068,199	3,990,204
Restructuring charge	2	4,500,000	-
Total operating expenses		18,529,876	20,442,158
Operating loss before depreciation		(11,315,093)	(14,850,690)
Depreciation and amortisation:			
- Ordinary		(2,200,000)	(1,287,834)
- Restructuring		(3,000,000)	-
Loss from continued operating activities		(16,515,093)	(16,138,524)
<u>DISCONTINUED OPERATIONS</u>			
	2		
Revenues		1,530,901	3,723,855
Operating expenses		(3,205,521)	(7,301,235)
Depreciation		(365,000)	(599,900)
Result on sale of subsidiary		(150,500)	-
Loss from discontinued operating activities		(2,190,120)	(4,177,280)
Total loss from continued and discontinued operating activities		(18,705,213)	(20,315,804)
Financial income, net		249,509	1,433,632
Loss before tax		(18,455,704)	(18,882,172)
Income tax credit, net		-	742,450
Loss after tax		(18,455,704)	(18,139,722)
Minority interest		4,968,051	4,009,894
Net loss		(13,487,653)	(14,129,828)
<i>Loss per share</i>	4	(10.25)	(10.43)

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	170,240	251,481	-	-	-	421,721
Net change in treasury shares	-	-	(60,875)	-	-	(60,875)
Net loss of the period	-	-	-	(14,129,828)	-	(14,129,828)
Translation difference	-	-	-	-	3,475	3,475
Balance at 30 September 2001	13,670,240	62,041,515	(60,875)	(18,400,319)	(1,096)	57,249,465
Balance at 1 January 2002	13,760,300	62,125,044	(527,727)	(22,191,390)	-	53,166,227
Net changes in treasury shares	-	-	(735,087)	(1,122,679)	-	(1,857,766)
Net loss of the period	-	-	-	(13,487,653)	-	(13,487,653)
Balance at 30 September 2002	13,760,300	62,125,044	(1,262,814)	(36,801,722)	-	37,820,808

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

	Notes	9 months ended 30 September	
		2002	2001
OPERATING ACTIVITIES			
- Ordinary		910,671	27,996,691
- Discontinued operations		(2,125,120)	(3,577,380)
- Restructuring	2	(2,949,321)	-
Net cash from (used in) operating activities		(4,163,770)	24,419,311
INVESTING ACTIVITIES			
Purchase of Property, plant and equipment, net	3	(984,579)	(8,038,270)
Proceeds from sales of subsidiary		150,000	-
Change in Other long term assets		(296,012)	(735,057)
Treasury shares	5.3	(1,857,766)	(60,857)
Net cash used in investing activities		(2,988,357)	(8,834,184)
FINANCING ACTIVITIES			
Capital increase, net		-	425,600
Decrease in cash and cash equivalents		(7,152,127)	16,010,727
Movements in cash and cash equivalents			
At start of year		117,693,778	81,337,957
Decrease		(7,152,127)	16,010,727
At 30 September		110,541,651	97,348,684
Cash and cash equivalents:			
Cash and balances with central bank		19,556,885	829,268
Due from other banks		90,987,006	90,289,646
Liquid financial investment		-	6,229,770
Due to other banks		(2,240)	-
Total at 30 September		110,541,651	97,348,684

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 consistent with those used in the annual financial statements for the year ended 31 December 2001 and 2000.

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.

The following summarises the changes in the Group during the period from 1 January to 30 September 2002:

- Swissquote Bank: As a result of a capital increase of Swissquote Bank, Swissquote Group lifted its interest in Swissquote Bank to 70.6% on 30 September 2002 (31 December 2001 : 51%)
- Marvel Communications Ltd ("Marvel"): On 1 July 2002, the Group sold its 100% interest in Marvel to its management. As a result, the Group discontinued its operations in the segment "Web Intelligence" and is now focused on its "Online Financial Services" operations.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating Revenues

	9 months ended 30 September	
	2002	2001
Brokerage revenues		
Fee and commission income (Swissquote Bank)	6,228,536	860,077
Fee and commission expense (Swissquote Bank)	(550,496)	(140,849)
Retrocession income (Swissquote Trade Ltd)	-	2,700,444
Sub-total, net	5,678,040	3,419,672
Other banking revenues (Swissquote Bank)		
Net interest income	462,133	325,770
Net trading income	22,864	-
Sub-total	484,997	325,770
Total Banking revenues	6,163,037	3,745,442
Advertising revenues (Swissquote Info Ltd)	1,051,746	1,846,026
Total	7,214,783	5,591,468

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Restructuring and Discontinued operations

Restructuring - On 22 February 2002, the Company announced a major restructuring of its organisation in order to adapt its cost structure to the 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 3.0mio in the form of write-offs). At 30 September 2002, CHF 2.9 mio were actually spent resulting in a balance of accrued restructuring expenses of CHF 1.6 mio.

Discontinuation of the segment "Web Intelligence" - As part of the terms of the disposal of Marvel, the new shareholders have committed that Marvel shall 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 0.7 mio at 30 September 2002. Further, as part of this transaction the Group:

- secured certain rights which have the nature of deferred price consideration.
These rights are estimated at nil value at 30 September 2002.
- provided Marvel with a CHF 0.3 mio long-term loan (included in Other long term assets).

The breakdown of the operating revenues and expenses of the discontinued operations is set-out below:

	9 months ended 30 September 2002			9 months ended 30 September 2001		
	Marvel Communi- cations Ltd	Swissquote France	Total	Marvel Communi- cations Ltd	Swissquote France	Total
REVENUES	1,530,901	-	1,530,901	3,723,855	-	3,723,855
OPERATING EXPENSES						
Payroll and related expenses	(2,370,358)	-	(2,370,358)	(4,707,008)	(817,688)	(5,524,696)
Production expenses	(95,398)	-	(95,398)	(15,732)	(428,358)	(444,090)
Marketing expenses	(306,512)	-	(306,512)	(117,134)	(393,183)	(510,317)
Administration and other operating expenses	(433,254)	-	(433,254)	(310,062)	(512,070)	(822,132)
Depreciation and amortisation	(365,000)	-	(365,000)	(599,900)	-	(599,900)
Result on sale of subsidiary	(150,500)	-	(150,500)			
Loss from operating activities	(2,190,120)	-	(2,190,120)	(2,025,981)	(2,151,299)	(4,177,280)

ALL AMOUNTS IN SWISS FRANCS

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Property, Plant and Equipment

	IT Systems	Others	Total
9 months ended 30 September 2001			
Opening net book amount (1.1.2001)	2,886,981	2,149,990	5,036,971
Addition	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
9 months ended 30 September 2002			
Opening net book amount (1.1.2002)	7,704,612	2,810,565	10,515,177
Addition	984,579	-	984,579
Depreciation	(2,455,000)	(100,000)	(2,555,000)
Net book value of operations discontinued	(150,000)	(150,000)	(300,000)
Write-offs (restructuring)	(439,435)	(2,560,565)	(3,000,000)
Closing net book amount (30.9.2002)	5,644,756	-	5,644,756

Additions to Property Plant and Equipment include an amount of CHF 0.5 mio (2001: CHF1.9 mio) representing own costs capitalized in connection with the development of the systems of the Bank.

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.

	9 months ended 30 September	
	2002	2001
Net loss	(13,487,653)	(14,129,828)
Weighted average number of ordinary shares in issue	1,315,442	1,354,729
Basic loss per share	(10.25)	(10.43)

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.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Equity

5.1 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	17,024	(17,024)	-	-
At 30 September 2001	1,367,024	102,976	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 suppression of the authorised capital further to the resolutions of the AGM on 18 April 2002	-	(53,970)	(50,000)	(103,970)
At 30 September 2002	1,376,030	40,000	-	1,416,030

5.2 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	-	-	24,992	-	-	24,992	
Exercise	(5,796)	-	-	-	-	(5,796)	
Lapsed	(7,656)	(4,712)	(4,656)	-	-	(17,024)	
Balance at 30 September 2001	11,000	9,966	23,836	-	-	44,802	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							(53,970)
Grants	-	-	-	48,000	20,300	68,300	
Exercise	-	-	-	-	-	-	
Lapsed	-	(474)	(7,712)	-	-	(8,186)	
Balance at 30 September 2002	-	6,131	14,744	48,000	20,300	89,175	(89,175)
Short covering of options granted at 30 September 2002 measured on conditional shares available							(49,175)

ALL AMOUNTS IN SWISS FRANCS

The short covering of the options granted at 30 September 2002 is actually covered by the Treasury shares (Note 5.3).

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.

5.3 Treasury Shares

Treasury shares at 30 September 2002 consist of 87,392 shares valued at the closing price on that date. The following transactions took place in the period from 1 January to 30 September 2002:

- The acquisition of 27,194 shares at a unit price ranging from CHF 13.00 to CHF 35.50 (average cost of CHF 24.16 per share) and of the disposal of 7,011 shares at a unit prices ranging from CHF 16.50 to CHF 35 (average net price per share of CHF 24.52).
- The acquisition on 15 March 2002 of 48,213 shares from A. Moeckli at a price of CHF 28.45 per unit.

6. Swissquote Bank

Swissquote Bank was formed on 24 November 2000. Further to a financial reorganization of the Bank on 30 September 2002, Swissquote Group Holding Ltd holds 70.4% of the capital and voting rights and Rüd Blass & Cie AG 29.4%. 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)
- The offering of time deposits and lombard loans.

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. In August 2002, Swissquote Bank and Redsafe Bank, a subsidiary of Renteanstalt / Swiss Life proposed to Redsafe customers to transfer their assets to Swissquote Bank, further to the decision of Redsafe to discontinue its operations. The transfer was completed on 30 September 2002.

Total assets deposited by Swissquote Bank's customers amounted to CHF 281.7 mio at 30 September 2002 (31 December 2001: CHF 307.0 mio), of which CHF 69.5 mio (CHF 62.5 mio) in cash and CHF 212.2 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 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 September 2002 prepared in accordance with the guidelines of the Bank Ordinance (FBC-BAG).

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

ASSETS	30 September		LIABILITIES AND EQUITY	30 September	
	2002	2001		2002	2001
Current assets			Current liabilities		
Cash and balances			Due to other banks	2,240	-
with central bank	26,479,398	825,439	Due to customers	69,526,172	40,913,194
Due from other banks	62,120,000	49,029,243	Trade and accounts payables:		
Due from customers	1,418,593	-	- Third parties	3,701,183	2,766,063
Liquid financial investments	-	6,229,770	- Group companies	1,841,227	7,011,075
Other short-term assets	602,007	1,066,087	Balance restructuring provision	700,000	-
	90,619,998	57,150,539		75,770,822	50,690,332
Non current assets			Equity		
Property, Plant and Equipments, net	9,203,557	12,526,040	Share-capital	25,000,002	20,000,000
Funding and start-up costs	-	4,814,861	General reserve	-	10,000,000
Other non-current assets	947,269	951,144	Accumulated losses	-	(5,247,748)
	10,150,826	18,292,045		25,000,002	24,752,252
Total	100,770,824	75,442,584	Total	100,770,824	75,442,584

Off balance sheet items: none.

The accumulated losses are stated net of the impact of the financial reorganisation carried-out on 30 September 2002 and after the dissolution of the General reserve.

7. Subsequent Event

On 15 October 2002, Swissquote Group announced that its subsidiary Swissquote Bank was taking over 100% of the share-capital and voting rights of Consors (Schweiz) AG. The transaction is made retroactive on 1 October 2002. Consors (Schweiz) AG is a bank construed under the law of Switzerland and was ranking No3 in the online brokerage market in Switzerland.

On 23 October 2002, Consors (Schweiz) AG was merged into Swissquote Bank.