

Consolidated financial statements

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Report of the Group auditors

to the General Meeting of Compagnie Financière Tradition, Lausanne

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes) of Compagnie Financière Tradition for the year ended 31 December 2001.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the SWISS GAAP RPC and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Lausanne, 13 March 2002

Ernst & Young S.A.

F. Magnollay
Certified accountant

J. Fournier
Certified accountant
(Auditor in charge)

Consolidated profit and loss account 2001

in thousands of Swiss francs	Notes	2001	2000
Net turnover	IV.1	829,180	645,128
Other operating income	IV.2	3,664	670
Operating income		832,844	645,798
Employee compensation and benefits		- 560,877	- 430,549
Other operating expenses		- 176,251	- 153,078
Depreciation and amortisation		- 10,632	- 10,068
Operating expenses		- 747,760	- 593,695
OPERATING PROFIT		85,084	52,103
Net financial income	IV.3	19,666	15,537
PROFIT BEFORE TAX		104,750	67,640
Exceptional items	IV.4	-	-
Taxes	IV.5	- 39,261	- 31,501
NET PROFIT OF CONSOLIDATED COMPANIES		65,489	36,139
Associated undertakings		- 3,768	- 1,933
Goodwill amortisation	III.4	- 709	- 692
CONSOLIDATED NET PROFIT		61,012	33,514
• Group share		46,716	28,030
• Minority interests		14,296	5,484
Net profit - Group share per share, of CHF 5 nominal value in Swiss francs, based on weighted average number of shares outstanding		17.79	10.87

Consolidated balance sheet at 31 December 2001

ASSETS

in thousands of Swiss francs	Notes	2001	2000
CURRENT ASSETS			
Cash	III.1	134	45
Call deposits	III.1	115,542	72,682
Short-term deposits	III.1	58,035	47,537
Trade debtors	III.2	130,505	93,345
Receivables linked to account holder activities	III.7	60,537	52,552
Other short-term receivables	III.2	25,553	16,594
Receivables from affiliated companies	III.2	5,775	4,821
Receivables from shareholders and associated companies	III.8	282	7,648
Marketable securities	III.1	49,127	49,881
Prepaid expenses and accrued income	III.2	15,304	8,922
TOTAL CURRENT ASSETS		460,794	354,027
FIXED ASSETS			
Other long-term receivables	III.2	9,162	10,218
Associated undertakings and other investments	III.3	2,680	12,547
Treasury shares	III.3	1,730	937
Tangible fixed assets			
• Installations and equipment	III.4	21,722	19,140
• Buildings	III.4	7,516	7,516
Intangible fixed assets	III.4	18,020	8,430
TOTAL FIXED ASSETS		60,830	58,788
TOTAL ASSETS		521,624	412,815

LIABILITIES

in thousands of Swiss francs	Notes	2001	2000
CREDITORS			
Short-term bank borrowings	III.1	32,686	30,408
Debts to shareholders and associated companies	III.8	12,530	8,390
Other short-term debts	III.5	44,351	35,488
Debts linked to account holder activities	III.7	59,328	50,882
Taxes payable	III.5	19,603	23,105
Accrued expenses and deferred income	III.5	105,312	76,030
Long-term financial debts	III.5	1,929	4,416
Contingency and loss provisions	III.6	14,389	7,742
TOTAL CREDITORS		290,128	236,641
SHAREHOLDERS' EQUITY			
Share capital	III.9	13,262	12,975
Share premium		8,712	2,117
General reserve	III.10	17,570	17,570
Reserve for treasury shares		937	514
Special reserve		3,100	3,100
Other reserves		15,300	15,300
Consolidated reserves	III.11	83,459	66,954
Net profit - Group share		46,716	28,030
SHAREHOLDERS' EQUITY - GROUP SHARE		189,056	146,560
Minority interests		42,440	29,794
TOTAL SHAREHOLDERS' EQUITY		231,496	176,354
TOTAL LIABILITIES		521,624	412,815

Change in consolidated shareholders' equity

in thousands of Swiss francs	Shareholders' equity at 1.1.00	Miscellaneous special reserves	Dividend paid net of dividend on treasury shares	Increase in capital	Effect of changes in the basis of consolidation	Other changes	Currency translation adjustments	Net profit 2000	Shareholders' equity at 31.12.00
Capital	12,684	-	-	291	-	-	-	-	12,975
Share premium	1,435	-	-	682	-	-	-	-	2,117
General reserve	17,570	-	-	-	-	-	-	-	17,570
Reserve for treasury shares	-	514	-	-	-	-	-	-	514
Special reserve	3,100	-	-	-	-	-	-	-	3,100
Other reserves	15,300	-	-	-	-	-	-	-	15,300
Consolidated reserves	83,190	- 514	- 6,306	-	-	-	- 9,416	28,030	94,984
Total - Group share	133,279	-	- 6,306	973	-	-	- 9,416	28,030	146,560
Minority interests	28,569	-	- 2,890	-	110	-	- 1,479	5,484	29,794
TOTAL	161,848	-	- 9,196	973	110	-	- 10,895	33,514	176,354

in thousands of Swiss francs	Shareholders' equity at 1.1.01	Miscellaneous special reserves	Dividend paid net of dividend on treasury shares	Increase in capital	Effect of changes in the basis of consolidation	Other changes	Currency translation adjustments	Net profit 2001	Shareholders' equity at 31.12.01
Capital	12,975	-	-	287	-	-	-	-	13,262
Share premium	2,117	-	-	6,595	-	-	-	-	8,712
General reserve	17,570	-	-	-	-	-	-	-	17,570
Reserve for treasury shares	514	423	-	-	-	-	-	-	937
Special reserve	3,100	-	-	-	-	-	-	-	3,100
Other reserves	15,300	-	-	-	-	-	-	-	15,300
Consolidated reserves	94,984	- 423	- 7,736	-	-	- 236	- 3,130	46,716	130,175
Total - Group share	146,560	-	- 7,736	6,882	-	- 236	- 3,130	46,716	189,056
Minority interests	29,794	-	- 2,943	-	2,706	- 25	- 1,388	14,296	42,440
TOTAL	176,354	-	- 10,679	6,882	2,706	- 261	- 4,518	61,012	231,496

Consolidated cash flow statement for 2001

in thousands of Swiss francs	Note	2001	2000
Cash flow from operating activities			
Profit before tax		104,041	66,948
Adjustments:			
Net financial income and exchange gain/loss		- 19,666	- 15,537
Depreciation and amortisation		11,341	10,760
Exceptional items		-	-
Net changes relating to operating activities before change in operating assets and liabilities		95,716	62,171
Increase/decrease in working capital		- 10,414	- 7,429
Cash inflow from operating activities		85,302	54,742
Taxes paid		- 42,763	- 29,789
Net cash inflow from operating activities		42,539	24,953
Cash flow from investment activities			
Purchase/sale of marketable securities		754	- 16,161
Purchase/sale of treasury shares		- 793	- 462
Purchase/sale of non-consolidated investments		9,676	- 7,246
Net financial income		17,656	9,546
Net acquisition of fixed assets		- 12,066	- 9,514
Net acquisition of intangible assets		- 11,697	- 6,509
Net cash inflow/outflow from investment activities		3,530	- 30,346
Cash flow from financial activities			
Change in receivables and debts related to shareholders and affiliated companies		11,506	- 8,857
Increase/decrease in external financial debt		- 2,279	- 1,712
Increase in capital		6,882	973
Effect of changes in the basis of consolidation		2,681	110
Dividends and other payments outside Group		- 2,943	- 2,890
Dividends paid by the Company		- 7,736	- 6,306
Net cash inflow/outflow from financing activities		8,111	- 18,682
Exceptional income affecting cash flow		-	-
Exchange gain/loss		- 3,011	- 3,409
Net increase/decrease in cash and cash equivalents	III.1	51,169	- 27,284

Notes to the consolidated financial statements

I. ACCOUNTING POLICIES

I.1 Principles of consolidation

The consolidated financial statements have been prepared in compliance with the provisions of the Accounting and Reporting Recommendations (ARR), in accordance with the listing rules of the Swiss Stock Exchange, and include those of Compagnie Financière Tradition and its affiliates.

General accounting conventions were applied, respecting the conservatism principle, in accordance with generally accepted accounting standards for the preparation of consolidated statements.

Consolidation methods

Interests are fully consolidated when Compagnie Financière Tradition, directly or indirectly, holds majority voting rights in a company or owns a controlling interest in it. Minority interests in the shareholders' equity and net income of these companies are presented separately in the consolidated balance sheet and profit and loss account.

The financial statements of jointly controlled companies are consolidated using the proportionate consolidation method. Compagnie Financière Tradition's share of jointly controlled entities is stated on a line-by-line basis in the consolidated balance sheet and profit and loss account.

Affiliated companies in which Compagnie Financière Tradition has a significant but not controlling influence are consolidated using the equity method. "Significant influence" is presumed when Compagnie Financière Tradition directly or indirectly holds over 20% of the equity voting rights in these companies. Companies with totally different activities from those of the Group, whose inclusion could prejudice the fair presentation of the Group's consolidated financial statements, are also consolidated using the equity method.

With the exception of recently created companies of strategic importance to the Group, companies in which Compagnie Financière Tradition has exclusive or joint control or significant influence, but one which is not significant in terms of turnover or balance sheet total within the consolidation, are not included in the consolidated accounts.

Elimination of intercompany transactions

When preparing the consolidated statements, the results of intragroup transactions are eliminated if they are of material importance.

Intercompany receivables and debts, and profits and expenses of fully consolidated companies are eliminated fully, as are the results of sales of assets between consolidated companies and provisions for depreciation recognised on consolidated investments, and loans and advances to consolidated affiliates.

I.2 Goodwill

The difference between the acquisition cost of newly consolidated company shares and the share capital acquired in such a company at the date of acquisition is divided between:

- premium (or negative premium) concerning certain identifiable items,
- goodwill (or negative goodwill) for the non-attributable balance.

Premium (or negative premium) is booked using the same rules as the foregoing items.

Goodwill is amortised over a maximum of ten years. However, a reserve for depreciation may be established if the performance of the acquired company is not in line with expectations.

Negative goodwill is recoverable on an individual basis over a period not exceeding five years, depending on the profitability of the new companies.

I.3 Foreign currencies, foreign exchange and interest rate transactions

Currency translation

At the time of consolidation, financial statements of foreign affiliates prepared in foreign currencies are translated into Swiss francs as follows:

- assets and liabilities are translated at the exchange rate effective on the date of consolidation,
- income and expenses are translated at the average exchange rate for the year.

Foreign exchange differences resulting from variations in exchange rates from one year to the next, as applied to the net worth of the companies, and the difference between the average rate over the year and the closing rate applied to the results of such subsidiaries, are taken directly to shareholders' equity and dealt with under "Currency translation adjustment".

Foreign exchange transactions

Foreign exchange gains and losses are recorded under "Net financial income".

Foreign exchange risk arising from brokerages listed or billed in foreign currencies is evaluated and, if necessary, hedged by each affiliate of Compagnie Financière Tradition, in accordance with prudent practices. These entities only conduct forward foreign exchange transactions with highly reputable financial institutions.

These hedging transactions are booked in the same manner as hedged transactions and are re-valued at market rates in effect on the date of closing the accounts.

Interest rate transactions

Compagnie Financière Tradition and its subsidiaries are not significantly affected by fluctuations in interest rates since all their fixed rate monetary assets and liabilities are short-term.

I.4 Valuation methods

The main valuation methods used are as follows:

Recognition of income

Brokerage revenues are recognised in the profit and loss account under specific income and expenses at the time of the transaction and recorded after deduction of correspondents' fees.

Current assets and short-term debts

Current assets and short-term debts include receivables and debts payable or renewable within a year. Receivables are entered in the balance sheet after deduction of economically necessary provisions.

Accrued and deferred items

Accrued items are calculated according to the cut-off principle, with expenses and income allocated proportionally in the year in which they arise.

Marketable securities

Marketable securities are recorded in the balance sheet at their acquisition cost, after deduction of necessary provisions valued on the basis of their stock market price, for listed securities, or probable realisable value, for unlisted securities.

Long-term investments

Long-term investments are recorded in the balance sheet at their acquisition cost, after deduction of necessary provisions, valued on the basis of their stock market price, for listed securities, or probable realisable value, for unlisted securities.

Notes to the consolidated financial statements

Tangible fixed assets

Tangible fixed assets are stated at cost and depreciated on a straight-line method over their estimated useful life as follows:

Fixtures and installations	between 5 and 10 years
Computer and telecom. equipment	between 3 and 5 years
Other tangible fixed assets	between 3 and 5 years

Intangible fixed assets

Intangible fixed assets are stated at cost and depreciated on a straight-line basis over their useful economic life, over a maximum of twenty years.

Other balance sheet items

Other balance sheet items are booked at face value, after deducting economically necessary provisions and amortisation.

Provisions for future and deferred taxes

Provisions for taxes are calculated on the basis of profits for the financial year in accordance with applicable local tax regulations.

Provision is made for deferred taxes using the variable carry-over method. Provisions include deferred taxes calculated on all timing differences outstanding at the close of the financial year, on the basis of rates ruling at the balance sheet date in each country, or rates known in advance for future financial years if those timing differences are of material importance.

Deferred tax assets are recognised when it is considered probable that they will be recovered in the foreseeable future because of the existence of future profits. Should this not be the case, they are booked at the amount of deferred tax liabilities for each company considered individually.

Debtor minority interests

Where, following losses, the share attributable to minority interests of a fully consolidated company becomes negative, the excess and subsequent losses chargeable to minority interests are deducted from majority interests, unless partners or minority shareholders have a formal obligation to make good such losses. If the consolidated company subsequently returns to profit, the majority interests are credited with the full profits until the portion they assumed of losses chargeable to minority interests has been fully eliminated.

Pension and other post-retirement benefits

Defined benefit or defined contribution pension plans have been set up, depending on the country in which the Group has operations and local pension regulations.

Under defined contribution plans, contributions from employees and companies of the Group are paid to approved pension institutions.

An actuarial valuation of defined benefit plans is carried out each year by independent experts, and a provision is made and adjusted accordingly.

Other pension commitments, such as pension indemnity, are subject to an actuarial valuation and are fully provisioned.

Derivative financial instruments

Derivative financial instruments outstanding at the balance sheet date are shown in the notes to the consolidated financial statements. Hedging transactions are valued on the same basis as hedged transactions. Other off-balance sheet transactions in derivative instruments are valued at the market price at the balance sheet date. Unrealised gains and losses arising from derivative instruments traded on regulated interest rate, currency and equity markets are recognised under financial income. A provision is made to cover unrealised losses determined by homogenous portfolio of operations for OTC traded instruments.

II. BASIS OF CONSOLIDATION

II.1 Basis of consolidation at 31 December 2001

The table below shows the consolidated companies held, directly or indirectly, by Compagnie Financière Tradition and the method of consolidation used for each company:

	New companies	Country	Controlling interest	Equity interest	Capital (000 currency)	Method of consolidation
1 - Financial companies						
- TRADITION SERVICE HOLDING S.A., LAUSANNE		Switzerland	100.00%	100.00%	CHF 21,000	FCM
- <i>Tradition (UK) Ltd., London</i>		United Kingdom	100.00%	100.00%	GBP 15,050	FCM
- Tradition Bond Brokers Ltd., London		United Kingdom	100.00%	100.00%	GBP 8,410	FCM
- Tradition Securities (Kenya) Ltd., Nairobi	✓	Kenya	70.00%	70.00%	KES 7,500	FCM
- <i>Monecor Ltd., London</i>	✓	United Kingdom	100.00%	100.00%	EUR 10,621	FCM
- Euro Brokers Finacor Ltd., London	✓	United Kingdom	50.00%	50.00%	GBP 4,650	PCM
- <i>Finacor Belgique S.A., Brussels</i>	✓	Belgium	99.95%	99.95%	EUR 149	FCM
- Finacor & Associés S.A., Brussels	✓	Belgium	50.00%	49.98%	EUR 2,125	PCM
- Arbitrage Change S.A., Luxembourg		Luxembourg	99.93%	99.93%	EUR 375	FCM
- <i>Finance 2000 S.A., Paris</i>		France	100.00%	100.00%	EUR 4,575	FCM
- VIEL Tradition S.A., Paris		France	100.00%	100.00%	EUR 9,099	FCM
- Banque Pallas Monaco, Monaco		Monaco	20.00%	20.00%	EUR 5,336	EM
- Finacor Deutschland GmbH, Munich	✓	Germany	100.00%	100.00%	EUR 547	FCM
- <i>Tradition S.A., Lausanne</i>		Switzerland	100.00%	100.00%	CHF 100	FCM
- Tradition S.A., Luxembourg (branch)		Luxembourg	100.00%	100.00%	EUR 375	FCM
- Tradition Italia Sim S.p.A., Milan		Italy	100.00%	100.00%	EUR 1,550	FCM
- Fincor SGPS, Lisbon	✓	Portugal	20.00%	20.00%	EUR 4,090	EM
- <i>Tradition (North America) Inc., New York</i>		U.S.A.	100.00%	100.00%	USD 14,500	FCM
- Tradition Asiel Securities Inc., New York		U.S.A.	100.00%	100.00%	USD n/s	FCM
- Tradition Services (Delaware) Corp., Delaware		U.S.A.	100.00%	100.00%	USD n/s	FCM
- Govdesk, LLC, Redondo Beach, California		U.S.A.	35.00%	35.00%	USD 531	EM
- VIEL Debeausse and Co. Inc., New York		U.S.A.	91.00%	91.00%	USD 50	FCM
- Tradition Argentina S.A., Buenos Aires		Argentina	100.00%	100.00%	USD 12	FCM
- Meitan Tradition Co. Ltd., Tokyo		Japan	55.34%	55.34%	JPY 300,000	FCM
- Tradition (Asia) Ltd., Hong Kong		Hong Kong	100.00%	100.00%	HKD 25,000	FCM
- Ong Tradition Singapore (Pte) Ltd., Singapore		Singapore	49.00%	49.00%	SGD 300	FCM
- Tradition International S.A., Panama		Panama	100.00%	100.00%	USD 1,000	FCM
- HOLDING TRADITION CLEARING, LAUSANNE		Switzerland	100.00%	100.00%	CHF 100	FCM
- Tradition London Clearing Ltd., London		United Kingdom	100.00%	100.00%	GBP 1,000	FCM
- <i>Tradition Holding (U.S.A.) Inc., New York</i>		U.S.A.	100.00%	100.00%	USD 400	FCM
- Tradition (Global Clearing) Inc., New York		U.S.A.	100.00%	100.00%	USD n/s	FCM
- HOLDING TRADITION SECURITIES S.A., LAUSANNE		Switzerland	100.00%	100.00%	CHF 250	FCM
- Finacor Rabe AG, Frankfurt	✓	Germany	70.00%	71.91%	EUR 7,500	FCM
- Tradition Eurobond S.A., Luxembourg		Luxembourg	100.00%	100.00%	EUR 500	FCM
- <i>Tradition Securities And Futures S.A., Paris and branches in London and Lausanne</i>		France	77.10%	77.10%	EUR 12,121	FCM
- MIA, Paris		France	55.00%	42.41%	EUR 1,976	FCM

Notes to the consolidated financial statements

	New companies	Country	Controlling interest	Equity interest	Capital (000 currency)	Method of consolidation
- TFS, LAUSANNE		Switzerland	69.64%	69.64%	CHF 3,419	FCM
- TFS Nordisk Energi AS, Sandefjord		Norway	100.00%	69.64%	NOK 500	FCM
- <i>Tradition Financial Services Ltd., London and its Swedish branch</i>		United Kingdom	100.00%	69.64%	GBP 250	FCM
- TFS-ICAP Ltd., London		United Kingdom	50.00%	38.30%	GBP 2,240	PCM
- TFS Derivatives Ltd., London	✓	United Kingdom	100.00%	69.64%	GBP 1,200	FCM
- Equitek Capital Ltd., London		United Kingdom	100.00%	69.64%	GBP 1,200	FCM
- TFS Futures & Options Pty. Ltd., Johannesburg		South Africa	100.00%	69.64%	ZAR 250	FCM
- Tradition Financial Services GmbH, Frankfurt		Germany	100.00%	55.90%	EUR 153	FCM
- <i>Tradition Financial Services Inc., New York</i>		U.S.A.	100.00%	69.64%	USD 50	FCM
- TFS Derivatives Corp., New York		U.S.A.	100.00%	69.64%	USD 95	FCM
- TFS-ICAP LLC, New York	✓	U.S.A.	50.00%	34.82%	USD 0	PCM
- TFS Energy LLC, Stamford		U.S.A.	53.00%	36.91%	USD n/s	FCM
- TFS Energy Futures LLC, Stamford		U.S.A.	100.00%	36.91%	USD 35	FCM
- TFS Blackwood LLC, New York, and its London branch, TFSB Ltd.		U.S.A.	93.75%	65.29%	USD 1,000	FCM
- Equitek Capital Inc., Delaware		U.S.A.	100.00%	69.64%	USD n/s	FCM
- Capstone Global Energy LLC, Houston		U.S.A.	57.50%	40.04%	- -	FCM
- TFS Australia Pty. Ltd., Sydney		Australia	100.00%	69.64%	AUD 5	FCM
- Tradition Financial Services Japan Ltd., Tokyo		Virgin Islands	100.00%	69.64%	USD 50	FCM
- Tradition Financial Services (Hong Kong) Ltd., Hong Kong		Hong Kong	100.00%	69.64%	HKD 200	FCM
- TFS Energy (S) Pte Ltd., Singapore		Singapore	100.00%	69.64%	SGD 100	FCM
- TFS Currencies Pte Ltd., Singapore		Singapore	100.00%	69.64%	SGD 1,000	FCM
- <i>TRC Lausanne, Lausanne</i>		Switzerland	100.00%	69.64%	CHF 100	FCM
- The Recruitment Company Ltd., London		United Kingdom	100.00%	69.64%	GBP n/s	FCM
- The Recruitment Company Inc., New York		U.S.A.	100.00%	69.64%	USD n/s	FCM
- The Recruitment Company Pty. Ltd., Sydney		Australia	100.00%	69.64%	AUD n/s	FCM
- The Recruitment Company Ltd., Hong Kong		Hong Kong	100.00%	69.64%	GBP n/s	FCM
- Cofitra Investments Inc., British Virgin Islands		British Virgin Islands	100.00%	100.00%	USD 6,000	FCM

2 - Non-financial companies

- HKI Systems Ltd., London	✓	United Kingdom	50.03%	34.84%	GBP n/s	FCM
- Tradcom Management, Lausanne		Switzerland	100.00%	100.00%	CHF 100	FCM
- Tradificom International, Lausanne	✓	Switzerland	100.00%	100.00%	CHF 100	FCM
- Infotec S.A., Geneva		Switzerland	45.53%	45.53%	CHF 10,000	EM
- <i>StreamingEdge.com Inc., New Jersey</i>		U.S.A.	60.00%	60.00%	USD 1,000	EM
- StreamingEdge (Canada) Inc., Toronto	✓	Canada	100.00%	60.00%	CAD n/s	EM

All affiliates and major companies in which Compagnie Financière Tradition has a direct or indirect equity interest are active in the brokerage of financial products and their derivatives, with the exception of Tradcom Management and Tradificom International, service providers in the telecommunications and IT sectors working exclusively for the Group. Infotec S.A., an online financial information portal (details at

31 December 2001: turnover of CHF 11.0 million, consolidated net loss of CHF 5.7 million, negative consolidated equity of CHF 10.6 million), and StreamingEdge.com Inc. and its Canadian subsidiary, developers of online transactional platforms (turnover of CHF 1.1 million in 2001), were consolidated using the equity method since the nature of their activities was completely different from those of the Group.

II.2 Changes in the basis of consolidation

The main changes in the basis of consolidation in 2001 were as follows:

FINACOR

As part of two financial transactions, Compagnie Financière Tradition acquired stakes in several European financial brokerage companies from its indirect majority shareholder, VIEL & Cie:

1. In June, the acquisition of 100% of the capital of Finacor Deutschland GmbH, Munich, 100% of the capital of Monecor Ltd., London, 99.95% of the capital of Finacor Belgique, Brussels, and 20.0% of the capital of Fincor SGPS S.A., for an initial total cost of €4,501,000 (CHF 6,882,000). As consideration for this acquisition, VIEL & Cie received 57,350 newly created shares in Compagnie Financière Tradition, with a nominal value of CHF 5.

Compagnie Financière Tradition could also pay an maximum makeup price of €1.6 million (CHF 2.4 million), based on a share of the net profit of Finacor Deutschland GmbH, set at 35.0% for fiscal 2001, 25.0% for fiscal 2002 and 15.0% for fiscal 2003 respectively. The makeup price due for fiscal 2001 stands at CHF 535,000 and was recognised as additional goodwill on Finacor Deutschland GmbH.

Compagnie Financière Tradition could pay a makeup price of €2.4 million (CHF 3.6 million), depending on the outcome of pending litigation concerning the 50.0% interest held by Monecor Ltd. in Euro Brokers Finacor Ltd.

2. The acquisition of 55.0% of the capital of Finacor Rabe AG in June 2001, for a consideration of €4.9 million (CHF 7.5 million), increased, if necessary, by a makeup price determined on the basis of Finacor Rabe AG's profits during the fiscal years 2001 to 2003. Compagnie Financière Tradition's holding in Finacor Rabe AG was raised to 70.0% when the company's capital was increased in November 2001, for an overall equity interest of 71.9% at 31 December 2001, taking into account the treasury shares held by the company at that date.

Goodwill of CHF 5.8 million, and negative goodwill of CHF 4.9 million, recognised on these operations are detailed in Notes III.4 and III.6.

On 9 May 2001, Compagnie Financière Tradition acquired from VIEL & Cie, through its subsidiaries Tradition Securities And Futures S.A. and VIEL Tradition S.A., two French brokerage business assets, for a total of €2.0 million (CHF 3.0 million), €1.5 million (CHF 2.2 million) of which were tangible fixed assets.

TFS

On 1 December 2001, TFS Ltd.'s activities in equity derivatives were transferred to TFS Derivatives Ltd., a newly created company capitalised at GBP 1.2 million, and a member of LIFFE and Eurex. This operation had no effect on the consolidated financial statements at 31 December 2001.

TFS concluded an agreement to merge its brokerage operations in currency options, handled through TFS-ICAP, with those of Volbroker. Volbroker, held by a banking consortium, is the most active electronic transactional platform in currency options. TFS-ICAP will receive all the profits of the new entity during the first year of operations, i.e. from 1 December 2001 to 30 November 2002. A provision of CHF 95,000 was created at 31 December 2001 to take account of TFS's share of Volbroker's loss, since the structures that were to host the recently merged operations had not yet been created.

Notes to the consolidated financial statements

II.3 Non-consolidated majority shareholdings

Two companies were excluded from the basis of consolidation at 31 December 2001:

- Tradition CIS LLC, Moscow, which ceased operations at the end of 1998. Tradition Service Holding S.A.'s stake in this company and the financing provided were fully provisioned at 31 December 2001,
- Tradcom International, a company capitalised at CHF 250,000, 34.0% held by Tradcom Management. This company, created at the end of 1998, had ceased all activities at 31 December 2000, and was in liquidation at 31 December 2001.

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

III.1 Cash and cash equivalents

Net liquid assets

in thousands of Swiss francs	2001	2000
Cash and call deposits	115,676	72,727
Short-term deposits	58,035	47,537
Short-term bank borrowings	- 32,686	- 30,408
Net cash at 31 December	141,025	89,856
Net cash at 1 January	89,856	117,140
Net cash inflow/outflow during the year	51,169	- 27,284

This change in cash position during the year is detailed in the consolidated cash flow statement.

Marketable securities

The marketable securities portfolio comprised the following:

in thousands of Swiss francs	2001	2000
Short-term cash products	28,185	19,828
Bonds	1,444	4,741
Convertible bonds	-	3,053
Shares	17,730	15,374
Investment funds	2,381	7,348
GROSS TOTAL	49,740	50,344
Provisions for depreciation	- 613	- 463
TOTAL	49,127	49,881

III.2 Receivables and other assets

Trade debtors

These are short-term receivables representing a net amount of CHF 130,505,000 at 31 December 2001, compared to CHF 93,345,000 the previous year. They are booked at face value after deduction of economically necessary provisions.

Other short-term receivables

in thousands of Swiss francs	2001	2000
Employee current accounts	5,792	4,342
Public authorities	2,812	2,508
Deposits	3,353	943
Other short-term receivables	13,596	8,801
TOTAL	25,553	16,594

These receivables are booked at their face value.

Prepaid expenses and accrued income

in thousands of Swiss francs	2001	2000
Prepaid expenses	11,528	6,539
Deferred tax asset	3,747	927
Other accrued income	29	1,456
TOTAL	15,304	8,922

Receivables from affiliated companies

This item includes total financing of CHF 5,775,000 at 31 December 2001 (CHF 4,821,000 at 31 December 2000) granted by Compagnie Financière Tradition to its subsidiary Infotec S.A. This financing included a subordinated debt of CHF 4,387,000 at 31 December 2001 (CHF 2,505,000 at 31 December 2000) and advances of CHF 1,388,000 in respect of future services.

Other long-term receivables

This item contains receivables held by Compagnie Financière Tradition and its subsidiaries from its former ultimate majority shareholders, Comipar, Paris, and Banque Pallas Stern, Paris. These receivables, totalling CHF 9,162,000 at 31 December 2001 (CHF 10,218,000 at 31 December 2000) are guaranteed by VIEL & Cie Finance, ultimate indirect shareholder of Compagnie Financière Tradition. Compagnie Financière Tradition and its affiliates received liquidation dividends totalling CHF 1,056,000 in 2001, equivalent to 4.0% of all stated receivables. This brings the total liquidation dividends received since the beginning to CHF 16,162,000, or 62.0% of stated receivables.

III.3 Financial investments**Subsidiary shares and non-consolidated investments**

This item includes Compagnie Financière Tradition's equity holdings in associated companies, consolidated using the equity method, and in companies where it holds the majority shareholding but which are not included in the basis of consolidation (cf. Note II.3). It also includes minority interests acquired with a view to a long-term holding.

This item may be summarised as follows:

in thousands of Swiss francs	2001	2000
Associated undertakings		
Banque Pallas Monaco	578	1,281
Govdesk LLC	550	308
Fincor SGPS	737	–
StreamingEdge.com Inc.	726	–
Other investments		
Tradition CIS LLC	230	230
Tradcom International	85	85
Tradition Securities (Kenya) Ltd.	–	111
HKI Systems Ltd.	–	57
Euronext N.V.	–	7,475
VIEL & Cie	–	3,236
Other investments	2,056	79
GROSS TOTAL	4,962	12,862
Provisions for depreciation	– 2,282	– 315
TOTAL	2,680	12,547

The negative value of Infotec S.A., consolidated under the equity method, amounting to CHF 4,841,000 at 31 December 2001 (CHF 4,366,000 at 31 December 2000), was reclassified under "Contingency and loss provisions" (cf. Note III.6) at 31 December 2001. In order to facilitate a year-on-year comparison, this reclassification was also recorded on the consolidated balance sheet at 31 December 2000.

Notes to the consolidated financial statements

The indirect stake in Euronext N.V., representing 0.94% of its capital, for a consideration of CHF 7,475,000 at 31 December 2000, was reclassified under "Marketable securities" at 31 December 2001, after the sale of part of the investment when the company floated in July 2001.

Likewise, VIEL & Cie shares, held by a subsidiary of Compagnie Financière Tradition, were reclassified in the "Marketable securities" portfolio, following the

part sale of this investment which amounts to CHF 2,373,000 at 31 December 2001, or 0.9% of VIEL & Cie's capital.

A provision of CHF 315,000 was recorded at 31 December 2001 and 2000 for holdings in Tradition CIS LLC and Tradcom International, on the basis of their equity at that date. Both of these companies were inactive at 31 December 2001.

Treasury shares

At 31 December 2001, the Company held 21,154 treasury shares with a nominal value of CHF 5. These shares were acquired at a purchase value of CHF 1,730,000. Movements on treasury shares during the period were as follows:

	Book value in thousands of Swiss francs	Acquisition cost or realisation price in thousands of Swiss francs	No. of shares of CHF 5 nominal value
Situation at 1 January 2001	937	937	16,254
Acquisitions in 2001	1,071	1,071	8,400
Sales in 2001	- 278	- 84	- 3,500
Capital losses for the year	-	- 194	-
Situation at 31 December 2001	1,730	1,730	21,154

III.4 Tangible and intangible fixed assets

Tangible fixed assets

Consolidated tangible fixed assets of Compagnie Financière Tradition are as follows:

in thousands of Swiss francs	2001			2000		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and buildings	7,516	–	7,516	7,516	–	7,516
Fixtures and installations	37,766	30,476	7,290	34,103	26,167	7,936
Computer and telecom. equipment	49,967	35,979	13,988	49,676	39,095	10,581
Other tangible fixed assets	1,017	573	444	1,378	755	623
TOTAL	96,266	67,028	29,238	92,673	67,017	26,656

The item "Land and buildings" includes buildings in Lausanne owned by Compagnie Financière Tradition. These land and buildings are recorded on the balance sheet at their original cost price at the time of construction in 1971, i.e. CHF 7,516,000, which is significantly lower than their market value at 31 December 2001. No depreciation has been made on this property.

Changes in tangible fixed assets in 2001 and 2000 were as follows:

in thousands of Swiss francs	2001	2000
Gross value at 1 January	92,673	92,526
Change in the basis of consolidation	5,096	–
Translation adjustment	– 425	– 3,393
Acquisitions during the year	8,142	10,258
Disposals and write-offs	– 9,220	– 6,718
Gross value at 31 December	96,266	92,673
Cumulative depreciation at 1 January	66,017	65,472
Change in the basis of consolidation	1,064	–
Translation adjustment	– 547	– 2,184
Amortisation and depreciation for the year	9,606	7,744
Disposals and write-offs	– 9,112	– 5,015
Cumulative depreciation at 31 December	67,028	66,017
Net value at 31 December	29,238	26,656

Fire insurance value at 31 December 2001 stood at CHF 91,505,000 for installations and equipment and CHF 17,775,000 for buildings (CHF 100,284,000 and CHF 17,775,000 respectively at 31 December 2000).

Notes to the consolidated financial statements

Intangible fixed assets

Intangible fixed assets comprised the following:

in thousands of Swiss francs	2001			2000		
	Gross	Amort.	Net	Gross	Amort.	Net
Telephone rights	2,112	1,568	544	2,195	1,620	575
Intangible business assets	1,487	168	1,319	737	52	685
Goodwill	13,452	1,959	11,493	7,115	941	6,174
Other intangible fixed assets	13,680	9,016	4,664	2,998	2,002	996
TOTAL	30,731	12,711	18,020	13,045	4,615	8,430

Intangible business assets

In 2001, VIEL Tradition S.A. and Tradition Securities & Futures S.A. acquired two intangible business assets from VIEL & Cie, for an amount of €111,000 (CHF165,000) and €407,000 (CHF 605,000) respectively. These business assets are being amortised over a period of five years from the date of acquisition on 1 May 2001.

Goodwill

Goodwill arising on acquisitions was as follows:

in thousands of Swiss francs	2001				2000
	Gross	Accrued Amort.	Net	Amort. for the period	Net
TFS	3,218	777	2,441	322	2 691
Infotec S.A.	2,630	667	1,963	271	2 234
StreamingEdge.com Inc.	691	115	576	69	645
Govdesk LLC	665	111	554	67	604
Finacor Rabe AG	2,983	149	2,834	149	–
Finacor Deutschland GmbH	2,834	115	2,719	115	–
Capstone Global Energy LLC	431	25	406	25	–
TOTAL	13,452	1,959	11,493	1,018	6,174

Goodwill amortisation was booked separately under its own heading on the profit and loss account at 31 December 2001, having previously been included under "Depreciation and amortisation". To allow a year-on-year comparison of the consolidated financial statements, this item from fiscal 2000 (CHF 692,000) has been reclassified under the heading "Goodwill amortisation".

III.5 Accrued expenses and deferred income

Other short-term debts

This item may be summarised as follows:

in thousands of Swiss francs	2001	2000
Public authorities	12,331	9,842
Trade creditors	3,937	2,221
Other short-term debts	28,083	23,425
TOTAL	44,351	35,488

Accrued expenses

This item is broken down as follows:

in thousands of Swiss francs	2001	2000
Employee compensation and benefits	78,499	52,391
Other miscellaneous accrued expenses	26,813	23,639
TOTAL	105,312	76,030

Taxes payable

Consolidated taxes payable at 31 December 2001 totalled CHF 19,603,000, compared with CHF 23,105,000 at 31 December 2000.

Long-term financial debts

Long-term financial debts of CHF 1,929,000 at 31 December 2001 consisted of JPY 150 million owed by Meitan Tradition Co. Ltd. (JPY 310 million or CHF 4,416,000 at 31 December 2000) repayable in November 2005.

III.6 Contingency and loss provisions

Contingency and loss provisions at 31 December 2001 were as follows:

in thousands of Swiss francs	2001	2000
Provisions for pension benefits	3,988	–
Negative value of Infotec S.A. consolidated under the equity method	4,841	4,366
Negative goodwill	4,612	–
Other contingent liabilities (cf. Note IV.4)	948	3,376
TOTAL	14,389	7,742

Provisions for pension benefits of CHF 1,840,000 were classified under "Accrued expenses" at 31 December 2000. In future they will be shown under "Contingency and loss provisions".

Negative goodwill was recognised at the time of purchasing interests in Finacor Belgique S.A. and Monecor Ltd. in June 2001, in the amount of CHF 1,855,000 and CHF 3,066,000 respectively. Negative goodwill on Finacor Belgique S.A. is being amortised over three years, i.e. an income of CHF 309,000 in 2001 recognised under "Goodwill amortisation". The negative goodwill in respect of Monecor covers legal risks and will be recovered depending on the outcome.

III.7 Account holder activities

Tradition Securities And Futures S.A. exercises an account holder activity, meaning it receives deposits from its clients. These deposits are then placed with clearing institutions to ensure a satisfactory conclusion to the clients' operations. Its subsidiary MIA mainly specialises in matched principal operations, resulting in it having to show on its balance sheet, in the short-term, securities purchased in the market on behalf of its clients.

Notes to the consolidated financial statements

Assets and liabilities associated with this activity, booked in the balance sheet under "Receivables linked to account holder activities" and "Debts linked to account holder activities" were as follows at 31 December 2001 and 2000:

in thousands of Swiss francs	2001	2000
Receivables linked to account holder activities		
Deposits paid	255	256
Current accounts with clearing institutions	10,315	13,692
Dealing accounts	49,967	38,604
TOTAL	60,537	52,552
Debts linked to account holder activities		
Deposits received	- 590	- 1,118
Current accounts with clearing institutions	- 9,669	- 20,268
Dealing accounts	- 49,069	- 29,496
TOTAL	- 59,328	- 50,882
NET TOTAL	1,209	1,670

The net balance of this activity represents the difference between the amounts received from clients and the amounts paid to clearing institutions. This balance is held in bank deposits or borrowed short.

III.8 Receivables from and debts to shareholders and associated companies

The items "Receivables from shareholders and associated companies" and "Debts to shareholders and associated companies" include all receivables and debts owed by Compagnie Financière Tradition Group to its ultimate majority shareholder, VIEL & Cie Finance, Paris, and its subsidiaries.

Compagnie Financière Tradition's total outstanding consolidated net debt to shareholders and associated companies at 31 December 2001 stood at CHF 12,248,000 (net debt of CHF 742,000 in 2000).

III.9 Share capital

Composition of share capital

Share capital at 31 December 2000 stood at CHF 12,975,500, consisting of 1,297,500 bearer shares of CHF 10.

The Annual General Meeting of 11 May 2001 approved the halving of the par value of shares. In July, share capital was increased by CHF 286,750 through the creation of 57,350 new shares of CHF 5 in consideration of the acquisition of four investments (cf. Note II.2). This increase, with a share premium of CHF 6,595,000, brought the number of Compagnie Financière Tradition's shares to 2,652,350 and issued share capital to CHF 13,261,750 at 31 December 2001.

Major shareholders

At 31 December 2001, the only shareholder holding over 5% of equity voting rights in Compagnie Financière Tradition was VIEL & Cie Finance, Paris, with 72.31%, compared to 69.28% at 31 December 2000.

The 72.31% interest held by VIEL & Cie Finance, Paris, is exercised indirectly through Financière Vermeer B.V., Amsterdam, wholly owned by VIEL & Cie, which itself was 57.23% held by VIEL & Cie Finance at 31 December 2001.

Increase in share capital

Share capital may be increased by up to CHF 5,713,250, through the issue of up to 1,142,650 new bearer shares of CHF 5. The issue price of such new shares and the date from which they are to pay dividends shall be determined by the Board of Directors. This authorisation, renewed by the Annual General Meeting of 11 May 2001, is valid until 11 May 2003.

The Board of Directors is empowered to cancel or limit existing shareholders' preferential subscription rights to allow acquisitions or equity interest acquisitions to take place. Share subscription rights for which a preferential subscription right is granted but not exercised are available to the Board for use in the Company's interests.

Conditional capital

Share capital may be increased by up to CHF 1,325,000 through the issue of up to 265,000 bearer shares of CHF 5. Such an increase is effected through the exercise of preferential subscription rights by Company employees. The preferential subscription rights of existing shareholders are cancelled. Conditions for employee participation are to be determined by the Board of Directors.

Share capital may also be increased by up to CHF 5,000,000 through the issue of up to 1,000,000 bearer shares of CHF 5. Such an increase is effected through the exercise of a conversion feature attached to the Company's issue of bonds or similar convertible notes on national and international markets. The preferential subscription rights of existing shareholders are cancelled. Conditions for employee participation are to be determined by the Board of Directors, with a conversion right based on an issue price of no less than the average quoted price of the last twenty sessions prior to the issue date. The preferential rights of shareholders to subscribe to such notes are cancelled. The conversion rights may be exercised for a period not exceeding five years from the date of issue, after which time such rights will automatically expire.

III.10 General reserve

The general reserve is not available for distribution.

III.11 Consolidated reserves

This item includes cumulative consolidated currency translation adjustments, which decreased by CHF 3,130,000 in 2001 (decrease of CHF 9,416,000 in 2000).

IV. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

IV.1 Net turnover

Consolidated net turnover increased from CHF 645.1 million in 2000 to CHF 829.2 million in 2001, a rise of 28.5%. On a like for like consolidation basis, excluding companies acquired and created during the year, sales increased by 21.0% in 2001 or 24.9% at constant exchange rates.

This net turnover results from commissions on brokerage operations conducted by Compagnie Financière Tradition's affiliates for a broad clientele of banks, financial institutions and large corporations.

Notes to the consolidated financial statements

The segmental and geographical analysis of revenues is as follows:

in thousands of Swiss francs	TSH		TFS		HTS		TOTAL	
	2001	2000	2001	2000	2001	2000	2001	2000
Europe	216,140	188,290	74,495	61,384	97,475	53,281	388,110	302,955
United States	241,552	179,147	76,503	47,733	-	-	318,055	226,880
Asia - Pacific	102,033	94,306	20,982	20,987	-	-	123,015	115,293
TOTAL	559,725	461,743	171,980	130,104	97,475	53,281	829,180	645,128

TSH, Tradition Service Holding S.A., is a broker specialised in money market products, interest rate derivatives and credit derivatives. TFS is a broker in currency options and equity derivatives, as well as energy and precious metals. HTS, Holding Tradition Securities S.A., brokers exchange-traded securities.

IV.2 Other operating income

Other operating income of CHF 3,664,000 in 2001 (CHF 670,000 in 2000) includes revenues from property owned by Compagnie Financière Tradition, which stood at CHF 531,000 in 2001 (CHF 544,000 in 2000), income of CHF 331,000 from the joint venture TFS-ICAP, and insurance payouts on lost revenue and additional expenses incurred by Tradition North America) Inc. and its subsidiary Tradition Asiel Securities Inc. subsequent to the 11 September events in New York.

These two companies were forced to evacuate their premises for almost three months, and received an initial payment of USD 2.2 million in February 2002 as compensation for losses incurred in September 2001. An amount of USD 1.7 million (CHF 2.8 million) was recognised under operating income and the remaining USD 0.5 million went to repay various expenses. An additional indemnity should be received in respect of the period October to December 2001. This amount had not been finalised at the close of the year and has therefore not been recognised in the consolidated accounts at 31 December 2001.

IV.3 Net financial income

This item may be summarised as follows:

in thousands of Swiss francs	2001	2000
Income from investments	1,175	1,500
Capital gains on investments and marketable securities	15,225	3,576
Dilution profit	-	914
Interest and exchange gains and losses	5,233	9,547
Provisions on securities	- 1,967	-
TOTAL	19,666	15,537

In 2001, income from investments included dividends received from two undertakings held by Tradition Securities And Futures S.A. and its subsidiary MIA, totalling CHF 1,175,000 (CHF 1,500,000 in 2000).

Gains on investments and marketable securities in 2001 include a gain of CHF 9,283,000 booked by MIA on the sale of a third of its holding in Euronext N.V., a gain of CHF 3,685,000 realised by Finacor Rabe AG on the sale of its holding in Deutsche Börse, and a gain of CHF 2,115,000 from the sale of Tradition Securities And Future S.A.'s holding in an investment fund.

Compagnie Financière Tradition recognised net allowances for depreciation on equity investments of CHF 1,967,000 in 2001.

IV.4 Exceptional items

in thousands of Swiss francs	2001	2000
Exceptional income		
Partial use of the contingency provision	2,428	-
TOTAL	2,428	-
Exceptional expenses		
Other exceptional items	- 2,428	-
TOTAL	- 2,428	-
NET EXCEPTIONAL ITEMS	-	-

A contingency provision of CHF 9,865,000 was set aside in 1996 and 1997 to cover risks involving Compagnie Financière Tradition and its affiliates. This provision was partially written back in 1998, 1999 and 2001 at the same time as taking an exceptional charge for costs and penalties sustained in those years, amounting to CHF 5,647,000 in 1998, CHF 842,000 in 1999 and CHF 2,428,000 in 2001 respectively. The residual balance at 31 December 2001 stood at CHF 948,000 (cf. Note III.6).

IV.5 Income tax

Compagnie Financière Tradition took a consolidated income tax charge of CHF 39,261,000 in 2001, or 37.5% of the consolidated profit before tax against 46.6% in 2000. This consolidated tax charge includes income of CHF 2,015,000, corresponding to the activation of a part of the tax loss carry-forward of its American subsidiary, Tradition (North America) Inc., which can be used over the next three years.

This effective tax rate of 37.5% is reduced by the impact of two fiscally transparent companies, TFS Energy LLC and its subsidiary TFS Energy Futures LLC, 53.0 % owned by Tradition Financial Services Inc. The tax charge of these two companies is recognised in the consolidated accounts at the actual tax amount paid by Tradition Financial Services Inc., i.e. 53.0% of the income tax of these two companies, while their income and expenses are fully consolidated. The consolidated tax rate after correction of the impact of these two companies is 40.0% for fiscal 2001.

V. 5. ADDITIONAL INFORMATION

V.1 Commitments and contingent liabilities

Guarantees and commitments given

in thousands of Swiss francs	2001	2000
Guarantees and commitments to third parties	27	27
Guarantees to clients	-	-

Guarantees and commitments received

When VIEL & Cie Finance purchased the shares of Compagnie Financière Tradition held by Banque Pallas Stern, it undertook to pay Compagnie Financière Tradition and its subsidiaries the difference between aggregate receivables from Comipar and Banque Pallas Stern and the liquidation dividends to be received by Compagnie Financière Tradition and its subsidiaries in respect of such receivables.

Notes to the consolidated financial statements

This undertaking relates to receivables of €16,444,000 declared by Compagnie Financière Tradition and its subsidiaries at the time Comipar and Banque Pallas Stern went into receivership. VIEL & Cie Finance will honour this undertaking when these two entities pay the final liquidation dividend in connection with these receivables.

In 1999, 2000 and 2001, Compagnie Financière Tradition and its affiliates received repayments from Banque Pallas Stern and Comipar, equivalent to 50.8%, 7.2% and 4.0% of their receivables, bringing total unsecured dividends received since the liquidation of Banque Pallas Stern and Comipar to 62.0% of declared receivables. Residual receivables stood at CHF 9,162,000 at 31 December 2001 (cf. Note III.2).

V.2 Derivative products

in thousands of Swiss francs	2001	2000
Future commitments to deliver securities	102,717	222,477
Future commitments to purchase securities	95,573	221,688
Futures purchased	90,532	78,716
Futures sold	91,102	78,560
Options purchased	391,933	–
Options sold	904,649	–
Securities received as guarantee	5,393	24,121
Securities given as guarantee	5,393	24,121

Purchases and sales of futures relate to proprietary arbitrage transactions conducted on the regulated markets by Tradition Securities And Futures S.A. Securities for delivery and to be purchased reflect purchase and sale transactions initiated prior to 31 December 2001 and liquidated after that date, in connection with matched principal activities realised by Tradition London Clearing Ltd., Tradition (Global Clearing) Inc. and Finacor Rabe AG.

V.3 Assets pledged or sold as guarantees

in thousands of Swiss francs	2001	2000
Cash and securities deposits frozen as a guarantee for brokerage activity	17,425	18,953

Apart from these cash deposits frozen in clearing institutions such as Euroclear or GSCC (Government Securities Clearing Corporation) – included in the consolidated balance sheet under “Short-term deposits” or “Marketable securities” – a number of Compagnie Financière Tradition’s affiliates are subject to minimum equity restrictions imposed by the regulatory authorities, which limit the availability or free circulation of their liquid assets within the Group.

Compagnie Financière Tradition pledged a mortgage note of CHF 12,000,000 encumbering its two buildings in Lausanne, whose net book value was CHF 7,516,000 at 31 December 2000.

V.4 Other information

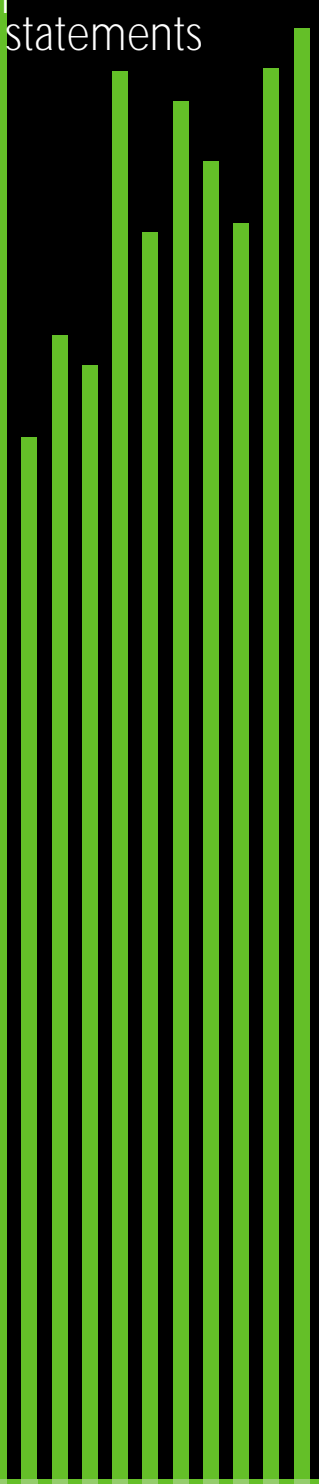
Dividends

Dividends paid by Compagnie Financière Tradition are subject to withholding tax of 35.0% in Switzerland. Shareholders resident in Switzerland may claim back the full tax. Foreign residents may obtain a tax credit under any applicable double taxation treaties in force between Switzerland and their country of tax residence.

Earnings per share

Consolidated earnings per ordinary share of CHF 5 stood at CHF 17.79 in 2001 and CHF 10.87 in 2000, based on the weighted average number of shares outstanding in each of these two years.

Financial statements



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Report of the statutory auditors

to the General Meeting of Compagnie Financière Tradition, Lausanne

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, statement of cash flows and notes) of Compagnie Financière Tradition for the year ended 31 December 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the SWISS GAAP RPC. Furthermore, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the Company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Lausanne, 13 March 2002

Ernst & Young S.A.

F. Magnollay
Certified accountant

J. Fournier
Certified accountant
(Auditor in charge)

Profit and loss account 2001

in thousands of Swiss francs	Notes	2001	2000
Dividend received		16	1,585
Other operating income	III.1	5,038	1,285
Net financial income		1,735	3,570
Operating income		6,789	6,440
Employee compensation and benefits		- 1,265	- 1,165
Other operating expenses		- 1,659	- 1,479
Depreciation and amortisation		- 79	- 396
Operating expenses		- 3,003	- 3,040
Operating profit		3,786	3,400
Exceptional income	III.2	2,428	12,570
Exceptional expenses	III.2	- 4,514	- 506
Taxes		- 846	- 234
Net profit		854	15,230

Changes in retained earnings

in thousands of Swiss francs	2001	2000
Retained earnings		
Retained earnings brought forward	76,536	69,463
Net profit for the year	854	15,230
Retained earnings at 31 December	77,390	84,693
Changes in retained earnings		
Retained earnings	77,390	84,693
Allocation to reserve for treasury shares	- 793	- 423
Dividend of CHF 4 / CHF 3 per bearer share of CHF 5	- 10,609	- 7,785
Dividend on treasury shares	-	51
Retained earnings carried forward	65,988	76,536

Balance sheet at 31 December 2001

ASSETS

in thousands of Swiss francs	Notes	2001	2000
CURRENT ASSETS			
Cash and call deposits		3,465	4,689
Net short-term receivables from affiliated companies	II.3	8,476	9,437
Other short-term receivables		618	1,221
Marketable securities		1,538	950
Prepaid expenses and accrued income		291	248
TOTAL CURRENT ASSETS		14,388	16,545
FIXED ASSETS			
Long-term receivables from affiliated companies	II.2	89,951	98,078
Receivables from direct and ultimate shareholders		20	82
Other long-term receivables	II.3	7,804	8,675
Investments	II.1	44,295	41,994
Treasury shares	II.7	1,730	937
Installations and equipment	II.4	402	530
Buildings	II.4	7,516	7,516
TOTAL FIXED ASSETS		151,718	157,812
TOTAL ASSETS		166,106	174,357

LIABILITIES

in thousands of Swiss francs	Notes	2001	2000
CREDITORS			
Short-term bank borrowings		2,000	12,325
Net short-term debts to affiliated companies		5,513	6,582
Short-term debts to shareholders		6,887	1,654
Other short-term debts	II.5	943	360
Taxes payable		339	270
Accrued expenses and deferred income	II.5	508	1,142
Long-term debts to affiliated companies	II.5	20,083	19,765
Contingency and loss provisions		948	3,376
TOTAL CREDITORS		37,221	45,474
SHAREHOLDERS' EQUITY			
Share capital	II.6	13,262	12,975
Share premium account		8,712	2,117
General reserve		13,284	13,284
Reserve for treasury shares		937	514
Other reserves		15,300	15,300
Retained earnings		77,390	84,693
TOTAL SHAREHOLDERS' EQUITY		128,885	128,883
TOTAL LIABILITIES		166,106	174,357

Notes to the financial statements

I. ACCOUNTING PRINCIPLES

The accounting principles applied by Compagnie Financière Tradition comply with the provisions of the Swiss Code of Obligations and the SWISS GAAP RPC, as contained in the Listing of the Swiss Stock Exchange, particularly the principle of prudence.

The basic principles applied in the evaluation and presentation of balance sheet items are as follows:

Current assets and short-term debts

Current assets and short-term debts are stated in the balance sheet at face value, after deduction of economically required provisions. Assets and liabilities denominated in foreign currencies are translated into Swiss francs at the year-end exchange rate. Marketable securities are recognised on the balance sheet at their acquisition cost, after deduction of necessary provisions, and are valued on the basis of their stock market price, for listed securities, or their estimated realisable value, for unlisted securities.

Fixed assets

Long-term receivables

Long-term receivables are stated in the balance sheet at their face value at historical exchange rates, when their nature is that of quasi-equity capital. Otherwise, they are translated at the year-end exchange rates, after deduction of economically necessary provisions.

Investments

Holdings are stated at cost, translated at historical exchange rates. If the value of a company, based on net worth and anticipated results, appears to be less than the historical cost, a provision is made and carried in the section as a deduction.

These provisions are estimated individually for each company.

Tangible and intangible fixed assets

Buildings are valued at cost or net worth after deduction of economically necessary provisions. Other fixed assets are shown in the accounts at cost and amortised over their estimated useful life.

II. NOTES TO THE BALANCE SHEET

II.1 Investments

Compagnie Financière Tradition holds significant interests in the following companies:

	Share capital in thousands	Percentage shareholding in %		Acquisition cost in thousands of Swiss francs	
		2001	2000	2001	2000
Tradition Service Holding S.A., Lausanne	CHF 21,000	100.00	100.00	20,892	20,892
TFS, Lausanne	CHF 3,419	69.64	68.40	11,330	10,822
Holding Tradition Securities S.A., Lausanne	CHF 250	100.00	100.00	250	250
Holding Tradition Clearing, Lausanne	CHF 100	100.00	100.00	50	50
Cofitra Investments Inc., British Virgin Islands	USD 6,000	100.00	100.00	8,880	8,880
Tradcom Management, Lausanne	CHF 100	100.00	100.00	100	100
Tradificom International, Lausanne	CHF 100	100.00	–	50	–
Infotec S.A., Geneva	CHF 10,000	43.87	44.08	2,193	–
StreamingEdge.com Inc., New Jersey	USD 1,000	60.00	60.00	1,698	1,698
Other investments				932	932
GROSS TOTAL				46,375	43,624
Economically necessary provisions				– 2,080	– 1,630
TOTAL				44,295	41,994

The first four companies above are sub-holdings, which in turn hold significant interests in companies active in the brokerage of financial products and their derivatives. Tradcom Management and Tradificom International provide the Group with information technology and telecommunication services. Cofitra Investments Inc. is a financial company. Infotec S.A. is a technology company specialised in online financial information, and StreamingEdge.com Inc. develops online transactional platforms.

The net asset value, on which economically necessary provisions were estimated, was determined on the basis of the company financial statements or, when required, the consolidated financial statements of these companies, translated at year-end exchange rates. Such provisions stood at CHF 2,080,000 at 31 December 2001 compared with CHF 1,630,000 at 31 December 2000, resulting in a net provision of CHF 450,000 in 2001, recognised under exceptional items.

II.2 Long-term receivables from affiliated companies

This item was composed of the following:

	Currency	Receivables in thousands of local currency		Receivables in thousands of Swiss francs	
		2001	2000	2001	2000
Tradition Service Holding S.A., Lausanne	CHF	68,867	75,201	68,867	75,201
Tradition Service Holding S.A., Lausanne	EUR	466	466	743	743
Holding Tradition Securities S.A., Lausanne	CHF	20,524	11,706	20,524	11,706
Holding Tradition Clearing, Lausanne	CHF	-	7,076	-	7,076
Infotec S.A., Geneva	CHF	4,387	3,858	4,387	3,858
GROSS TOTAL				94,521	98 584
Economically necessary provisions				- 4,570	- 506
TOTAL				89,951	98,078

Notes to the financial statements

Gross receivables in Swiss francs from Tradition Service Holding S.A. were subordinated to the extent of CHF 3,800,000 at 31 December 2001 (CHF 27,500,000 at 31 December 2000). Gross receivables from Holding Tradition Securities S.A. were subordinated to the extent of CHF 1,248,000 at 31 December 2001 (CHF 143,000 at 31 December 2000).

Receivables from Infotec S.A. to Compagnie Financière Tradition were fully subordinated and provisioned at 31 December 2001 (to the extent of CHF 2,505,000 at 31 December 2000).

II.3 Other receivables

Net short-term receivables from affiliated companies

These receivables stood at CHF 8,476,000 at 31 December 2001 (CHF 9,437,000 at 31 December 2000). They are payable in the

short-term and result from day-to-day transactions between Compagnie Financière Tradition and affiliated companies.

Other long-term receivables

This item includes receivables held by Compagnie Financière Tradition on its former ultimate shareholders, Comipar, Paris, and Banque Pallas Stern, Paris. These receivables, totalling CHF 7,804,000 at 31 December 2001 (CHF 8,675,000 at 31 December 2000) are secured by a commitment from the new ultimate majority shareholder, VIEL & Cie Finance, Paris (cf. Note IV.2). Compagnie Financière Tradition received liquidation dividends totalling CHF 871,000 in 2001, equivalent to 4.0% of all stated receivables. This brings total liquidation dividends received since the beginning to CHF 13,633,000, or 62.0% of disclosed receivables.

II.4 Fixed assets

in thousands of Swiss francs	2001			2000		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and buildings	7,516	-	7,516	7,516	-	7,516
Fixtures and installations	3,717	3,581	136	3,527	3,320	207
Computer and telecom. equipment	4,460	4,205	255	4,438	4,188	250
Other fixed assets	643	632	11	250	177	73
TOTAL	16,336	8,418	7,918	15,731	7,685	8,046

At 31 December 2001, fire insurance values stood at CHF 12,728,000 for installations and equipment, and CHF 17,775,000 for buildings (CHF 12,728,000 and CHF 17,775,000 respectively at 31 December 2000).

II.5 Accrued expenses and other debts

Other short-term debts

This item was comprised as follows:

in thousands of Swiss francs	2001	2000
Employee current accounts	24	-
Public authorities	47	-
Other short-term debts	872	360
TOTAL	943	360

Accrued expenses and deferred income

This item was comprised as follows:

in thousands of Swiss francs	2001	2000
Employee compensation and benefits	135	140
Other miscellaneous accrued expenses	373	1,002
TOTAL	508	1,142

Long-term debts to affiliated companies

This item, which amounted to CHF 20,083,000 and CHF 19,765,000 at 31 December 2001 and 2000 respectively, consists of debts to two subsidiaries in which Compagnie Financière Tradition holds a 100% direct and indirect interest: Cofitra Investment Inc., British Virgin Islands, and Tradition International S.A., Panama.

II.6 Share capital

Composition of share capital

Share capital at 31 December 2000 stood at CHF 12,975,000, consisting of 1,297,500 bearer shares with a nominal value of CHF 10.

The Annual General Meeting of 11 May 2001 approved the halving of the par value of shares. In July, share capital was increased by CHF 286,750 through the creation of 57,350 new shares with a nominal value of CHF 5 in consideration of the acquisition of four investments. This increase, with a share premium of CHF 6,595,000, brought the number of Compagnie Financière Tradition's shares at 31 December 2001 to 2,652,350 and issued share capital to CHF 13,261,750.

Major shareholders

At 31 December 2001, the only shareholder holding over 5% of the equity voting rights in Compagnie Financière Tradition was VIEL & Cie Finance, Paris, with 72.31%, compared to 69.28% at 31 December 2000.

The 72.31% interest held by VIEL & Cie Finance, Paris, is exercised indirectly through Financière Vermeer B.V., Amsterdam, wholly owned by VIEL & Cie, which itself was 57.23% held by VIEL & Cie Finance at 31 December 2001.

Increase in share capital

Share capital may be increased by up to CHF 5,713,250, through the issue of up to 1,142,650 new bearer shares with a nominal value of CHF 5. The issue price of such new shares and the date from which they are to pay dividends shall be determined by the Board of Directors. This authorisation, renewed by the Annual General Meeting of 11 May 2001, is valid until 11 May 2003.

The Board of Directors is empowered to cancel or limit existing shareholders' preferential subscription rights to allow acquisitions or equity interest acquisitions to take place. Share subscription rights for which a preferential subscription right is granted but not exercised are available to the Board for use in the Company's interests.

Notes to the financial statements

Conditional capital

Share capital may be increased by up to CHF 1,325,000, through the issue of up to 265,000 bearer shares of CHF 5. Such an increase is effected through the exercise of preferential subscription rights by Company employees. The preferential subscription rights of existing shareholders are cancelled. Conditions for employee participation are to be determined by the Board of Directors.

Share capital may also be increased by up to CHF 5,000,000 through the issue of up to 1,000,000 bearer shares with a nominal value of CHF 5. Such an increase is effected through the

exercise of a conversion feature attached to the Company's issue of bonds or similar convertible notes on national and international markets. The preferential subscription rights of existing shareholders are cancelled. Conditions for employee participation are to be determined by the Board of Directors, with a conversion right based on an issue price of no less than the average quoted price of the last twenty sessions prior to the issue date. The preferential rights of shareholders to subscribe to such notes are cancelled. The conversion rights may be exercised for a period not exceeding five years from the date of issue, after which time such rights will automatically expire.

II.7 Treasury shares

At 31 December 2001, the Company held 21,154 treasury shares with a nominal value of CHF 5, booked at an acquisition value of CHF 1,730,000. Movements in treasury shares during the period were as follows:

	Book value in thousands of Swiss francs	Acquisition cost or realisation price in thousands of Swiss francs	No. of shares of CHF 5 nominal value
Situation at 1 January 2001	937	937	16,254
Acquisitions in 2001	1,071	1,071	8,400
Sales in 2001	- 278	- 84	- 3,500
Capital losses for the year	-	- 194	-
Situation at 31 December 2001	1,730	1,730	21,154

III. NOTES TO THE PROFIT AND LOSS

III.1 Operating income

Compagnie Financière Tradition became a pure holding company on 1 July 1998. As in 2000, it did not exercise any operational activities but as a holding company it received rental income on its buildings of CHF 531,000 in 2001 (CHF 544,000 in 2000) and, since the second quarter of 2001,

royalties from subsidiaries totalling CHF 4,507,000 for the year. This brought total income for the year to CHF 5,038,000, which is reported under "Other operating income".

In 2000, operating income included income of CHF 741,000 from invoicing back its subsidiary, Tradition S.A., for amortisation of fixed assets in prior years. In 2001, this item, amounting to CHF 234,000, was carried as a deduction in the "Depreciation and amortisation" item of the profit and

loss account, which represents a net amount of CHF 79,000.

III.2 Exceptional income and expenses

This item was comprised as follows:

in thousands of Swiss francs	2001	2000
Exceptional income		
Liquidation of provisions on investments	-	12,570
Partial use of the contingency provision	2,428	-
TOTAL	2,428	12,570
Exceptional expenses		
Provision on investments	- 450	-
Allowance for long-term receivables from affiliates	- 4,064	- 506
TOTAL	- 4,514	- 506

IV. ADDITIONAL INFORMATION

IV.1 Commitments and contingent liabilities

in thousands of Swiss francs	2001	2000
Guarantees and commitments to third parties	27	27

The Company also issued comfort letters in favour of two of its indirectly held affiliates:

- letter of 27 January 1988 to the Bank of England confirming a support commitment in favour of Tradition (UK) Ltd., London, with no stated limit,
- letter of 8 February 1988 to the Bank of England confirming a support commitment in favour of

Tradition Financial Services Ltd., London, with no stated limit.

IV.2 Guarantees and commitments received

When VIEL & Cie Finance purchased the shares of Compagnie Financière Tradition held by Banque Pallas Stern, it undertook to pay Compagnie Financière Tradition the difference between aggregate receivables from Comipar and Banque Pallas Stern and the liquidation dividends to be received by Compagnie Financière Tradition in respect of such receivables.

This undertaking relates to receivables of €14,032,000 declared by Compagnie Financière Tradition when Comipar and Banque Pallas Stern went into receivership. VIEL & Cie Finance will honour this undertaking when these two entities pay the final liquidation dividend in respect of such receivables.

In 1999, 2000 and 2001, Compagnie Financière Tradition received payments from Banque Pallas Stern and Comipar, equivalent to 50.8%, 7.2% and 4.0% of its disclosed receivables, bringing total unsecured dividends received since the liquidation of Banque Pallas Stern and Comipar to 62.0% of disclosed receivables. Residual receivables stood at CHF 7,804,000 at 31 December 2001.

IV.3 Pledged assets

Compagnie Financière Tradition pledged a mortgage note of CHF 12,000,000 encumbering its two buildings in Lausanne, whose net book value was CHF 7,516,000 at 31 December 2001.



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