

Review Report

with interim consolidated financial statements as of
June 30, 2005 of

Compagnie Financière Tradition, Lausanne

1. ACTIVITY REPORT – FIRST HALF 2005

Compagnie Financière Tradition posted a 4.2% rise in consolidated turnover in the first half...

Consolidated turnover stood at CHF 460.8 million at 30 June 2005, against CHF 442.4 million a year ago, an increase of 4.2%. In constant terms, this represents a rise of 7.2% during the period.

Compagnie Financière Tradition remain a global player, with a balanced distribution of turnover in terms of both products and geographic spread. In the first six months of the year, 49.8% of turnover was generated in Europe, 28.3% in the United States, and 21.9% in Asia as presented below.

	Europe		United States		Asia-Pacific		Total	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2005	2004	2005	2004	2005	2004	2005	2004
in thousands of Swiss francs								
Currencies and interest rates	111,627	106,399	56,782	55,204	80,476	70,872	248,885	232,475
Securities and security derivatives	97,267	104,347	50,980	63,803	2,213	1,531	150,460	169,681
Commodities and other activities	20,510	15,842	22,728	16,591	18,206	7,773	61,444	40,206
TOTAL	229,404	226,588	130,490	135,598	100,895	80,176	460,789	442,362

The item "Currencies and interest rates" covers operations in the money markets, interest rate and currency derivatives, as well as spot and forward forex trading. "Securities and security derivatives" comprises interest rate and equity activities in the futures markets, as well as broking operations in equities, government and corporate bonds, credit derivatives and repos, and corresponding derivatives. "Commodities and other activities" includes broking activities in energy, precious metals and pulp and paper, as well as income from brokerage activities for private investors, and income from recruitment activities.

Revenues in **Europe** grew by 1.2% (2.7% at constant exchange rates), while operations conducted from London grew by 17.9% (20.4% at constant exchange rates).

In the **United States**, turnover was down 3.8% (up 1.6% at constant exchange rates), although results in this region were mixed. Activities in the energy sector expanded by 50.2%, while operations in bonds declined by 19.6%.

Lastly, Compagnie Financière Tradition is strengthening its position as a major player in **Asia**, where it registered an overall increase of 25.8% in its activities (29.7% at constant exchange rates), driven mainly by interest rate derivatives business in Singapore and Hong Kong.

... with consolidated operating profit of CHF 37.1 million...

Consolidated operating expenses reached CHF 427.1 million, a rise of 7.3% compared with the same period last year. Personnel costs climbed 6.8% to CHF 316.1 million, or 68.6% of consolidated revenues, against CHF 66.9% in the first half of 2004 and 68.7% for the full year. Variable personnel costs represented 37.5% of global pay costs during the period.

Consolidated operating profit amounted to CHF 37.1 million at 30 June 2005, against CHF 44.3 million in the same period last year, showing a decline of 16.4%. The consolidated operating margin stood at 8.0% of consolidated turnover, compared with 10.0% for the first half of 2004 and 6.4% for the full year. Consolidated operating profit for the period included a gain of CHF 3.8 million on the sale of two exchange seats on the New York Stock Exchange (NYSE).

... and Group share of consolidated net profit reaching CHF 18.6 million.

First-half **consolidated financial income** showed a profit of CHF 4.3 million, against a loss of CHF 2.7 million a year ago. This improvement stems primarily from consolidated foreign exchange gains of CHF 2.2 million during the period, whereas the Group posted a net foreign exchange loss of CHF 2.5 million in the first half of 2004. First-half consolidated financial income in 2004 was restated in compliance with Swiss GAAP FER 24 resulting in the profit of CHF 0.5 million on the disposal of treasury shares being credited directly to shareholders' equity at 30 June 2004.

Consolidated profit before tax stood at CHF 41.4 million, against CHF 41.7 million a year ago. The Group took a consolidated tax charge of CHF 15.2 million, compared with CHF 16.5 million in first-half of 2004. The overall consolidated tax rate reached to 36.8% of profit before tax, against 39.6% a year ago.

After taking account of goodwill amortisation of CHF 1.4 million and a loss of CHF 0.2 million from holdings accounted for using the equity method, **consolidated net profit** stood at CHF 24.5 million, against CHF 45.5 million in the first half of 2004. This decline is explained by the recognition in the first-half of 2004 of an exceptional net gain of CHF 21 million on the disposal by Compagnie Financière Tradition of its two buildings in Lausanne. If this exceptional item is excluded from the 2004 results, first-half net profit in 2004 would have been CHF 24.5 million.

The share of earnings attributable to **minority interests** was up to CHF 6.0 million, or 24.3% of consolidated net profit, against CHF 3.9 million, or 8.6% in H1 2004. This increase was mainly the result of improved profitability at the companies concerned.

Group share of net profit stood at CHF 18.6 million, against CHF 41.5 million in the first half of 2004, bringing **consolidated shareholders' equity** of Compagnie Financière Tradition to CHF 225.5 million at 30 June 2005, CHF 206.5 million of which was Group share, for a consolidated net cash and marketable securities position of CHF 115.8 million.

Group turnover continued to grow in the first six months of this year, up by 7.2% at constant exchange rates. These results were achieved in line with Compagnie Financière Tradition's medium-term strategy, which focuses on maintaining organic growth, by continuing to enhance its product portfolio and geographic spread through a dynamic recruitment policy - this weighed on the operating margin in the short-term - and by restructuring its remaining loss-making activities. Compagnie Financière Tradition is geared to maintaining these objectives throughout 2005 despite the relatively calm market environment in the third quarter.

2. CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT AT 30 JUNE 2005

in thousands of Swiss francs	Notes	30 June 2005	30 June 2004 (*)	31 December 2004
Net turnover	4.1	460,789	442,362	849,685
Other net operating income	4.2	3,386	-3	-483
Operating income		464,175	442,359	849,202
Employee compensation and benefits		-316,050	-295,831	-584,037
Other operating expenses		-104,611	-96,688	-199,543
Depreciation and amortisation		-6,438	-5,498	-11,359
Operating expenses		-427,099	-398,017	-794,939
Operating profit		37,076	44,342	54,263
Net financial income	4.3	4,335	-2,659	-1,654
Profit before tax		41,411	41,683	52,609
Tax	4.4	-15,242	-16,497	-23,137
Net profit of consolidated companies		26,169	25,186	29,472
Associated undertakings		-206	244	-842
Goodwill amortisation		-1,437	-999	987
Net exceptional item	4.5	-	21,021	25,561
Consolidated net profit		24,526	45,452	55,178
Group share		18,566	41,547	50,521
Minority interests		5,960	3,905	4,657
Net profit - Group share in Swiss francs, per share of CHF 2.50 nominal value based on weighted average number of shares outstanding		3.40	7.69	9.32

* After restatement, see note 1.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2005

in thousands of Swiss francs	Notes	30 June 2005	30 June 2004 (*)	31 December 2004
<u>ASSETS</u>				
Current assets				
Cash	3.1	199	345	222
Call deposits	3.1	137,230	104,538	124,397
Short-term deposits	3.1	34,636	42,501	31,229
Trade debtors	3.2	145,770	123,688	105,304
Receivables linked to account holder activities	3.5	316,253	89,551	173,594
Other short-term receivables		71,446	39,967	42,884
Receivables from affiliated companies		2,097	1,340	1,281
Receivables from shareholder and associated companies		1,574	27,392	3,668
Marketable securities	3.1	27,087	51,557	39,475
Prepaid expenses and accrued income		26,716	21,571	19,844
Total current assets		<u>763,008</u>	<u>502,450</u>	<u>541,898</u>
Fixed assets				
Other long-term receivables		5,896	7,171	6,988
Associated undertakings and other investments		8,086	3,353	7,596
Tangible fixed assets		33,986	29,561	30,790
Intangible fixed assets	3.4	26,791	26,118	28,557
Total fixed assets		<u>74,759</u>	<u>66,203</u>	<u>73,931</u>
TOTAL ASSETS		<u>837,767</u>	<u>568,653</u>	<u>615,829</u>

* After restatement, see note 1.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2005

in thousands of Swiss francs	Notes	30 June 2005	30 June 2004 (*)	31 December 2004
<u>LIABILITIES</u>				
Creditors				
Short-term bank borrowings	3.1	83,334	56,285	49,265
Short-term debts to affiliated companies		1,078	738	995
Short-term debts to shareholder and associated companies		28,493	6,430	8,362
Other short-term debts		43,040	36,137	41,449
Debts linked to account holder activities	3.5	313,564	89,178	173,222
Taxes payable		18,876	33,498	17,817
Accrued expenses and deferred income		106,949	100,224	91,451
Long-term financial debts		1,741	1,727	1,657
Contingency and loss provisions	3.6	15,147	12,884	15,820
Total creditors		612,222	337,101	400,038
Shareholders' equity				
Share capital		13,672	13,503	13,624
Share premium		20,491	20,416	20,337
General reserve		17,570	17,570	17,570
Treasury shares	3.3	-13,954	-10,166	-15,418
Special reserve		3,100	3,100	3,100
Other reserves		15,300	15,300	15,300
Consolidated reserves		131,773	108,179	99,564
Net profit - Group share		18,566	41,547	50,521
Shareholders' equity - Group share		206,518	209,449	204,598
Minority interests		19,027	22,103	11,193
Total shareholders' equity		225,545	231,552	215,791
TOTAL LIABILITIES		837,767	568,653	615,829

* After restatement, see note 1.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

in thousands of Swiss francs	Share capital	Share premium	General reserve	Treasury shares	Reserve for treasury shares	Special reserve	Other reserves	Consolidated reserves	Total - Group share	Minority interests	TOTAL
Shareholders' equity at 01.01.04	13,503	19,879	17,570	-	7,367	3,100	15,300	125,730	202,449	21,243	223,692
Application of FER 24	-	-	-	-7,367	-7,367	-	-	7,367	-7,367	-	-7,367
Purchase of treasury shares	-	-	-	-10,904	-	-	-	-	-10,904	-	-10,904
Disposal of treasury shares	-	144	-	2,853	-	-	-	-	2,997	-	2,997
Dividends paid net of dividend on treasury shares	-	-	-	-	-	-	-	-26,560	-26,560	-4,645	-31,205
Increase in capital	121	314	-	-	-	-	-	-	435	-	435
Effect of changes in the basis of consolidation	-	-	-	-	-	-	-	-	-	-9,427	-9,427
Currency translation adjustments	-	-	-	-	-	-	-	-6,973	-6,973	-635	-7,608
Net profit	-	-	-	-	-	-	-	50,521	50,521	4,657	55,178
Shareholders' equity at 31.12.04	13,624	20,337	17,570	-15,418	-	3,100	15,300	150,085	204,598	11,193	215,791

in thousands of Swiss francs	Share capital	Share premium	General reserve	Treasury shares	Reserve for treasury shares	Special reserve	Other reserves	Consolidated reserves	Total - Group share	Minority interests	TOTAL
Shareholders' equity at 01.01.05	13,624	20,337	17,570	-15,418	-	3,100	15,300	150,085	204,598	11,193	215,791
Purchase of treasury shares	-	-	-	-671	-	-	-	-	-671	-	-671
Disposal of treasury shares	-	-27	-	2,135	-	-	-	-	2,108	-	2,108
Dividends paid net of dividend on treasury shares	-	-	-	-	-	-	-	-32,068	-32,068	-5,621	-37,689
Increase in capital	48	181	-	-	-	-	-	-	229	-	229
Effect of changes in the basis of consolidation	-	-	-	-	-	-	-	-	-	6,558	6,558
Currency translation adjustments	-	-	-	-	-	-	-	13,756	13,756	937	14,693
Net profit	-	-	-	-	-	-	-	18,566	18,566	5,960	24,526
Shareholders' equity at 30.06.05	13,672	20,491	17,570	-13,954	-	3,100	15,300	150,339	206,518	19,027	225,545

CONSOLIDATED CASH FLOW STATEMENT

in thousands of Swiss francs	30 June 2005	30 June 2004 (*)	31 December 2004
Cash flow from operating activities			
Group profit before tax and associated undertaking	39 974	68,178	81,080
Elimination of income and expenses of no material effect on cash flow and/or not related to activities :			
Net financial results and exchange gains and losses	-4 335	2,649	1,654
Depreciation and amortisation	7 875	6,497	10,372
Gain on disposal of fixed assets	-3 794	-27,484	-27,484
Net changes relating to operating activities before changes in working capital	39 720	49,840	65,622
Changes in working capital	-59 591	-20,998	-6,093
Cash inflow/outflow from operating activities	-19 871	28,842	59,529
Tax paid	-14 183	-17,234	-25,674
Net cash inflow/outflow from operating activities	-34 054	11,608	33,855
Cash flow from investment activities			
Purchase/sale of marketable securities	12 388	-8,918	3,164
Purchase/sale of treasury shares	1 437	-2,799	-7,907
Purchase/sale of investments	-4 931	-2,844	-21,023
Net financial income	2 128	398	459
Net acquisition of fixed assets	-7 774	-8,141	-14,979
Cash from disposal of tangible fixed assets	1 616	35,000	35,000
Net acquisition of intangible assets	-3,019	-1,946	-4,370
Cash from disposal of intangible fixed assets	6,240	-	-
Net cash inflow/outflow from investment activities	8,085	10,750	-9,656
Cash flow from financing activities			
Change in receivables and debts related to shareholder and associated companies	20,763	-23,373	-735
Increase in capital and share premium	229	-	435
Effect of changes in the basis of consolidation	9,599	-	50
Dividends and other payments outside Group	-5,621	-3,000	-4,645
Dividends paid by the Company	-32,068	-26,560	-26,560
Net cash outflow from financing activities	-7,098	-52,933	-31,455
Currency translation adjustments	15,215	-836	-8,671
Net decrease in cash and cash equivalents (cf. Note 3.1)	-17,852	-31,411	-15,927

* After restatement, see note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES, PRINCIPLES OF CONSOLIDATION AND VALUATION METHODS

The consolidated financial statements have been prepared in compliance with SWISS GAAP FER 12, in accordance with the listing rules of the SWISS Stock Exchange, and include those of Compagnie Financière Tradition and its affiliates.

The same accounting policies have been applied in the preparation of these financial statements as those applied for year ended 31 December 2004.

The consolidated financial statements at 30 June 2004 were restated in compliance with Swiss GAAP FER 24. Accordingly, treasury shares amounting to CHF 10,166,000 were presented against shareholders' equity and the gain of CHF 537,000 realised on the disposal of treasury shares was carried directly to shareholders' equity and credited to the share premium account.

2. BASIS OF CONSOLIDATION

2.1 Basis of consolidation at 30 June 2005

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 in thousands	Method FCM/PCM/EM
COMPAGNIE FINANCIÈRE TRADITION		Switzerland			CHF 13,672	Consolidating company
1. FINANCIAL COMPANIES						
<u>TRADITION SERVICE HOLDING S.A., LAUSANNE</u>		Switzerland	100.00 %	100.00 %	CHF 21,350	FCM
Tradition (UK) Ltd, London		United Kingdom	100.00 %	100.00 %	GBP 15,050	FCM
Tradition Bond Brokers Ltd, London		United Kingdom	100.00 %	100.00 %	GBP 9,160	FCM
Tradition Beaufort House Ltd, London		United Kingdom	100.00 %	100.00 %	GBP n/s	FCM
Monecor (London) Ltd, London		United Kingdom	100.00 %	100.00 %	EUR 10,621	FCM
SP Angel & Co. Ltd, London		United Kingdom	100.00 %	100.00 %	GBP 3,138	FCM
ABC Clearing Ltd, London		United Kingdom	100.00 %	100.00 %	GBP 5,000	FCM
Tradition London Clearing Ltd, London		United Kingdom	100.00 %	100.00 %	GBP 2,000	FCM
Finacor Belgique S.A., Brussels		Belgium	99.95 %	99.95 %	EUR 149	FCM
Tradition Luxembourg S.A., Luxembourg		Luxembourg	99.93 %	99.93 %	EUR 372	FCM
Tradition Eurobond S.A., Luxembourg		Luxembourg	100.00 %	100.00 %	EUR 500	FCM
Finance 2000 S.A., Paris		France	100.00 %	100.00 %	EUR 4,575	FCM
Tradition Securities And Futures S.A., Paris, and branches in London		France	99.87 %	99.87 %	EUR 13,325	FCM
VIEL Tradition S.A., Paris		France	99.94 %	99.81 %	EUR 10,101	FCM
Finacor & Associés S.A., Brussels		Belgium	100.00 %	99.87 %	EUR 497	FCM
Tradition Wertpapierhandel GmbH, Frankfurt		Germany	100.00 %	100.00 %	EUR 2 531	FCM
Finacor Deutschland GmbH, Munich		Germany	100.00 %	100.00 %	EUR 547	FCM
Tradition S.A., Lausanne		Switzerland	100.00 %	100.00 %	CHF 100	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 4,092	EM
Tradition (North America) Inc., New York		U.S.A.	100.00 %	100.00 %	USD 14,500	FCM
Tradition Securities And Futures Inc., New York		U.S.A.	100.00 %	100.00 %	USD n/s	FCM
FXDirectDealer LLC, New York		U.S.A.	75.00 %	75.00 %	USD 3,637	FCM
Elite Broker S.A. de C.V., Mexico		Mexico	100.00 %	100.00 %	MXN 50	FCM
Tradition Chile Agentes de Valores Limitada, Santiago		Chile	100.00 %	100.00 %	CLP490,886	FCM
<u>Tradition Asiel Securities Inc. New York</u>		U.S.A.	100.00 %	100.00 %	USD n/s	FCM
Tradition (Global Clearing) Inc, New York		U.S.A.	100.00 %	100.00 %	USD n/s	FCM
<u>Tradition Services (Delaware) Corp., Delaware</u>		U.S.A.	100.00 %	100.00 %	USD n/s	FCM
Govdesk LLC, Redondo Beach, California		U.S.A.	35.00 %	35.00 %	USD 75	EM
VIEL Debeausse and Co. Inc, New York		U.S.A.	91.00 %	91.00 %	USD 50	FCM
Tradition Services S.A. de C.V., Mexico		Mexico	100.00 %	100.00 %	MXN 50	FCM
Tradition Argentina S.A., Buenos Aires		Argentina	100.00 %	100.00 %	ARS 485	FCM
Meitan Tradition Co. Ltd, Tokyo		Japan	55.34 %	55.34 %	JPY 300,000	FCM
Gaitame.com Co., Ltd, Tokyo		Japan	40.71 %	22.53 %	JPY 760,250	PCM
Tradition (Asia) Ltd, Hong Kong		Hong Kong	100.00 %	100.00 %	HKD 25,001	FCM
Tradition Singapore (Pte) Ltd, Singapore		Singapore	100.00 %	100.00 %	SGD 1,200	FCM
Tribond (Pte) Ltd, Singapore	✓	Singapore	100,00 %	100,00 %	SGD 1	IG
Ong First Tradition (Pte) Ltd, Singapore	✓	Singapore	35.00 %	35.00 %	SGD 3,000	FCM
Tradition Australia Pty Ltd, Sydney		Australia	100.00 %	100.00 %	AUD n/s	FCM

	New companies	Country	Controlling interest	Equity interest	Capital in thousands	Method FCM/PCM/EM
TFS, LAUSANNE		Switzerland	98.63%	99.83%	CHF 3,916	FCM
<i>Tradition Financial Services Ltd, London and branch in Tel Aviv</i>		United Kingdom	100.00%	99.83%	GBP 250	FCM
<u>TFS-ICAP Holdings Ltd, London</u>		United Kingdom	50.00%	54.91%	GBP 2,240	PCM
TFS-ICAP Ltd, London		United Kingdom	51.00%	27.45%	GBP 20	FCM
TFS-ICAP Currency Options Ltd, London		United Kingdom	100.00%	27.45%	GBP 550	FCM
TFS Currency Options Ltd, London		United Kingdom	100.00%	27.45%	GBP 5	FCM
Intercapital Currency Options Ltd, London		United Kingdom	100.00%	27.45%	GBP 5	FCM
TFS Derivatives Ltd, London		United Kingdom	100.00%	99.83%	GBP 1,200	FCM
Equitek Capital Ltd, London		United Kingdom	100.00%	99.83%	GBP 1,300	FCM
TFS Futures & Options (Pty) Ltd, Johannesburg		South Africa	100.00%	99.83%	ZAR 250	FCM
TFS Securities (Pty) Ltd, Johannesburg		South Africa	100.00%	99.83%	ZAR 1,000	FCM
Tradition Financial Services GmbH, Frankfurt		Germany	100.00%	99.83%	EUR 153	FCM
Tradition Financial Services Inc, New York		U.S.A.	100.00%	99.83%	USD 50	FCM
TFS Derivatives Corp., New York		U.S.A.	100.00%	99.83%	USD 95	FCM
TFS Services (Texas) Inc., Houston	✓	U.S.A.	100.00%	99.83%	USD n/s	IG
Tradition Financial Services (Texas) LP, Houston	✓	U.S.A.	100.00%	99.83%	USD n/s	IG
<u>TFS-ICAP Holdings LLC, New York</u>		U.S.A.	50.00%	54.91%	USD n/s	PCM
TFS-ICAP LLC, New York		U.S.A.	51.00%	27.45%	USD n/s	FCM
<u>TFS Energy LLC, Stamford</u>		U.S.A.	53.00%	52.91%	USD n/s	FCM
TFS Energy Futures LLC, Stamford		U.S.A.	100.00%	52.91%	USD n/s	FCM
TFS Energy Inc., Houston	✓	U.S.A.	100.00%	52.91%	USD n/s	IG
TFS Energy (Texas) LP, Houston	✓	U.S.A.	100.00%	52.91%	USD n/s	IG
Energy Curves LLC, Houston		U.S.A.	25.00%	13.23%	USD n/s	EM
<u>TFS Blackwood LLC, New York</u>		U.S.A.	93.75%	93.59%	USD 1,388	FCM
TFS Blackwood Ltd, London		United Kingdom	93.75%	93.59%	GBP n/s	FCM
Equitek Capital Inc., Delaware		U.S.A.	100.00%	99.83%	USD n/s	FCM
Equitek Capital LLC, Delaware		U.S.A.	50.00%	49.92%	USD n/s	FCM
TFS Australia Pty Ltd, Sydney		Australia	100.00%	99.83%	AUD 5	FCM
		British Virgin Islands				
Tradition Financial Services Japan Ltd, Tokyo		British Virgin Islands	100.00%	99.83%	USD 50	FCM
Tradition Financial Services (Hong Kong) Ltd, Hong Kong		Hong Kong	100.00%	99.83%	HKD 200	FCM
TFS Energy (S) Pte Ltd, Singapore		Singapore	100.00%	99.83%	SGD 100	FCM
TFS Currencies Pte Ltd, Singapore		Singapore	100.00%	99.83%	SGD 1,000	FCM
<i>The Recruitment Company Holdings Inc., Delaware</i>		U.S.A.	79.00%	78.87%	USD n/s	FCM
TRC Recruitment Ltd, London		United Kingdom	100.00%	78.87%	GBP 1	FCM
The Recruitment Company Pty Ltd, Sydney		Australia	100.00%	78.87%	AUD n/s	FCM
The Recruitment Company Ltd, Tokyo		Japan	100.00%	78.87%	JPY 5,000	FCM
The Recruitment Company Ltd, Hong Kong		Hong Kong	100.00%	78.87%	HKD 10	FCM
Equitek Capital Limited, Georgetown		Cayman Islands	50.00%	49.92%	USD -	FCM
		British Virgin Islands				
Cofitra Investments Inc., British Virgin Islands		British Virgin Islands	100.00%	100.00%	USD 5,000	FCM
RG Asset Management Pte Ltd, Singapore	✓	Singapore	30.00%	30.00%	SGD n/s	EM
2. NON-FINANCIAL COMPANIES						
Tradifocom International, Lausanne		Switzerland	100.00%	100.00%	CHF 200	FCM
StreamingEdge.com Inc., New Jersey		U.S.A.	60.00%	60.00%	USD 1,000	EM
StreamingEdge (Canada) Inc., Toronto		Canada	100.00%	60.00%	CAD n/s	EM
StreamingEdge UK Ltd, London		United Kingdom	100.00%	60.00%	GBP n/s	EM
VIEL Gestion		France	78.05%	77.95%	EUR -	FCM
VCF Gestion		France	90.00%	89.89%	EUR -	FCM

FCM: Full consolidation method - PCM: Proportionate consolidation method - EM: Equity method

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 Tradicom International, service providers in the telecommunications and IT sectors working exclusively for the Group. StreamingEdge.com Inc. and its Canadian and British subsidiaries, developers of online transactional platforms, were consolidated using the equity method since the nature of their activities was different from those of the Group.

2.2 Changes in the basis of consolidation

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

TFS: Compagnie Financière Tradition pressed ahead with its policy of reducing the weight of minority interests on the balance sheet by increasing its holding in TFS to 99.63% at 30 June 2005 from 99.32% at 31 December 2004, and its interest in the company to 99.83%. This operation resulted in recognition of additional goodwill of CHF 0.5 million.

TRC Lausanne: This company was merged with TFS under a merger by acquisition, effective 1 January 2005. Since TFS held the entire share capital of TRC Lausanne, the merger did not give rise to an increase in capital.

Gaitame.com Ltd: In the first quarter of 2005, this company increased its share capital by JPY 492.8 million, from JPY 267.5 million to JPY 760.3 million. JPY 104.0 million of this amount resulted from the exercise of employee share options. Meitan Tradition Co. Ltd contributed JPY 211.0 million to the capital increase, bringing its holding in the company to 40.7% (previously 37.4%). These operations resulted in a profit of JPY 4.8 million, or CHF 55,000, consolidated under "Other net financial income" at 30 June 2005.

Ong First Tradition Pte Ltd: Tradition Service Holding S.A. (TSH) acquired 35% of the capital of Ong First Tradition Pte Ltd in January 2005, for a consideration of SGD 6.0 million. Goodwill booked on this operation amounted to CHF 0.6 million. TSH has two call options allowing it to increase its holding in the company to 60% and thereby acquire a controlling interest. Ong First Tradition Pte Ltd is therefore fully consolidated in the accounts.

Tradcom Management: This company was merged with Tradicom International under a merger by acquisition, effective 1 January 2005. Following this operation, the share capital of Tradicom International was increased by CHF 100,000, the amount of the acquired company's share capital, bringing it to CHF 200,000.

Furthermore, in December 2004, Compagnie Financière Tradition had signed a letter of intend covering the acquisition of Chapdelaine & Co and its affiliates. At 30 June 2005, the transaction is being finalised.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 Cash and cash equivalents

Net liquid assets

in thousands of Swiss francs	<u>30 June 2005</u>	<u>31 December 2004</u>
Cash and call deposits	137,429	124,619
Short-term deposits	34,636	31,229
Short-term bank borrowings	<u>-83,334</u>	<u>-49,265</u>
Net cash at end of period	88,371	106,583
Net cash at beginning of period	<u>106,583</u>	<u>122,510</u>
Net cash outflow during the period	<u><u>-17,852</u></u>	<u><u>-15,927</u></u>

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	30 June 2005	31 December 2004
Short-term cash products	20,249	36,088
Bonds	1,035	229
Shares	5,480	2,583
Investment funds	2,154	2,156
GROSS TOTAL	28,918	41,056
Provisions for depreciation	-1,831	-1,581
NET TOTAL	27,087	39,475

3.2 Trade debtors

These are short-term receivables representing a net amount of CHF 145,770,000 at 30 June 2005, compared to CHF 105,304,000 at 31 December 2004. They are booked at face value after deduction of economically necessary provisions.

3.3 Treasury shares

At 30 June 2005, the Company held 123,681 treasury shares with a nominal value of CHF 2.50. These shares were acquired at a purchase value of CHF 13,954,000. 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 2.50 nominal
Situation at 1 January 2005	15,418	15,418	136,263
Acquisitions	671	671	5,500
Sales	-2,135	-2,108	-18,082
Capital losses for the year	-	-27	-
Situation at 30 June 2005	13,954	13,954	123,681

3.4 Intangible fixed assets

Intangible fixed assets

Intangible fixed assets comprised the following:

in thousands of Swiss francs	30 June 2005			31 December 2004		
	Gross	Amort.	Net	Gross	Amort.	Net
Exchange seat	-	-	-	1,288	-	1,288
Telephone rights	1,886	1,859	27	1,797	1,771	26
Intangible business assets	2,312	1,296	1,016	1,721	1,124	597
Goodwill	29,115	7,672	21,443	27,937	6,203	21,734
Other intangible fixed assets	13,900	9,595	4,305	16,817	11,905	4,912
TOTAL	47,213	20,422	26,791	49,560	21,003	28,557

Goodwill

Goodwill arising on acquisitions was as follows:

in thousands of Swiss francs	30 June 2005			31 December 2004	
	Gross	Cumulative Amort.	Net	Amort. for the period	Net
TFS	19,750	4,381	15,369	975	15,863
SP Angel & Co Ltd	792	97	695	38	691
StreamingEdge.com Inc.	691	358	335	35	368
Govdesk LLC	507	262	245	24	241
Tradition					
Wertpapierhandelsbank AG	3,582	1,356	2,226	179	2,405
Finacor Deutschland GmbH	3,198	1,193	2,005	161	2,166
Ong First Tradition Pte Ltd	595	25	570	25	-
TOTAL	29,115	7,672	21,443	1,437	21,734

3.5 Account holder activities

Tradition Securities And Futures S.A., Ong First Tradition Pte Ltd and SP Angel & Co Ltd exercise an account holder activity, meaning they receive deposits from their clients. These deposits are then placed with clearing institutions to ensure a satisfactory conclusion to the clients' operations.

FX DirectDealer LLC, Gaitame.com Ltd and Monecor (London) Ltd, as part of their online brokerage activities in spot foreign exchange, receive deposits from their clients, which in turn they deposit with their clearing bank.

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:

in thousands of Swiss francs	30 June 2005	31 December 2004
Receivables linked to account holder activities		
Deposits paid	223,338	99,074
Current accounts with clearing institutions	62,949	44,891
Dealing accounts	29,966	29,629
TOTAL	316,253	173,594
Debts linked to account holder activities		
Deposits received	-232,600	-99,314
Current accounts with clearing institutions	-33,872	-44,279
Dealing accounts	-47,092	-29,629
TOTAL	-313,564	-173,222
NET TOTAL	2 689	372

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.

3.6 Contingency and loss provisions

Contingency and loss provisions were as follows:

in thousands of Swiss francs	30 June 2005	31 December 2004
Provisions for pension benefits	8,370	8,737
Provisions for litigation	4,100	4,688
Provisions for taxes	2,192	2,186
Other provisions	485	209
TOTAL	15,147	15,820

4. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

4.1 Net turnover

Consolidated turnover rose 4.2% to CHF 460.8 million, against CHF 442.4 million a year ago. In constant terms, this represents a rise of 7.2% during the period.

The segmental and geographical analysis of revenues is as follows:

in thousands of Swiss francs	Europe		United States		Asia – Pacific		Total	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004	30 June 2005	30 June 2004	30 June 2005	30 June 2004
Currencies and interest rates	111,627	106,399	56,782	55,204	80,476	70,872	248,885	232,475
Securities and security derivatives	97,267	104,347	50,980	63,803	2,213	1,531	150,460	169,681
Commodities and other activities	20,510	15,842	22,728	16,591	18,206	7,773	61,444	40,206
TOTAL	229,404	226,588	130,490	135,598	100,895	80,176	460,789	442,362

The item "Currencies and interest rates" covers operations in the money markets, interest rate and currency derivatives, as well as spot and forward forex trading. "Securities and security derivatives" comprises interest rate and equity activities in the futures markets, and broking operations in equities, government and corporate bonds, credit derivatives and repos, as well as corresponding derivatives. "Commodities and other activities" includes broking activities in energy, precious metals and pulp and paper, as well as income from brokerage activities for private investors and recruitment activities.

4.2 Other operating income

This item may be summarised as follows:

in thousands of Swiss francs	30 June 2005	30 June 2004
Profit on the disposal of intangible fixed assets	3,794	-
Net income from real estate assets	-	120
Net income from the TFS-ICAP joint venture	-408	-123
TOTAL	3,386	-3

A profit of CHF 3,794,000 million was recognised on the disposal of Compagnie Financière Tradition's two exchange seats on the New York Stock Exchange (NYSE) in June of this year. These were sold for CHF 6,240,000 million, compared with a net book value of CHF 2,446,000 million.

Net income from the TFS-ICAP joint venture consists of TFS' share of profits from the currency options businesses in Copenhagen, amounting to 27.5%, less a 72.5% share of the profit on the currency options business of Tradition Financial Services GmbH, a fully consolidated company, which revert to ICAP and Volbroker.

4.3 Net financial income

This item is made up as follows:

in thousands of Swiss francs	<u>30 June 2005</u>	<u>30 June 2004</u>
Income from non consolidated investments	16	-
Net capital gains on investments and marketable securities	419	128
Interest and exchange gains and losses	3,646	-2,337
Net provisions on investments and marketable securities	254	-450
TOTAL	<u>4,335</u>	<u>-2,659</u>

Net financial income of CHF 4,355,000 in the first half, compared with a net loss of CHF 2,659,000 in H1 2004, comprised interest income from the reinvestment of short-term cash, interest paid on consolidated short-term debt, and exchange rate gains and losses. Net foreign exchange income increased from a net expense of CHF 2.5 million in first half of 2004 to a net profit of CHF 2.2 million in the current period.

This item also included a recovery of valuation allowance of CHF 500,000 booked on the stake in IFX Group Plc (IFX) based on the market price of IFX shares at 30 June 2005.

Net financial income in the six months ending 30 June 2004 included a net gain of CHF 537,000 on the disposal of treasury shares. After restatement in compliance with Swiss GAAP FER 24, this amount was taken directly to shareholders' equity and credited to the share premium account.

4.4 Consolidated income tax

A consolidated tax expense of CHF 15,242,000 was recognised during the period, which took account of deferred tax income of CHF 826,000 in relation to losses carried forward of Compagnie Financière Tradition's subsidiary, Finacor & Associés S.A. Realisation of this deferred tax asset is considered likely in view of past results and the company's future prospects. This gives an average consolidated tax rate of 36.8% on profit before tax and exceptional items of fully consolidated companies, against 39.6% in the first half of 2004 and 44.0% for the full year. Compagnie Financière Tradition is present in eighteen countries through its various subsidiaries, making it liable for income tax in several tax jurisdictions.

The average standard consolidated tax rate, calculated as the weighted average of all tax rates in effect in the various tax jurisdictions in which the Group has subsidiaries, was 32.1%, against 37.2% in the first half of 2004 and 34.7% for the full year.

An analysis of the difference between the effective tax rate and the standard tax rate is as follows:

	30 June 2005		30 June 2004	
	Effect on tax rate %	Effect on tax charge in thousands of Swiss francs	Effect on tax rate %	Effect on tax charge in thousands of Swiss francs
Standard tax rate	32.1	13,273	37.2	15,496
<u>Tax effect of the following elements:</u>				
Unadjusted tax loss carry forwards	-0.8	-324	-2.2	-896
Unadjusted tax loss for the period	4.3	1,765	3.9	1,571
Unadjusted tax loss from previous years	-2.1	-824	-0.7	-277
Tax expense for fully-consolidated fiscally transparent entities charged to minorities	-2.4	-990	-1.6	-665
Deferred tax income/expenses	-2.9	-1,207	-3.7	-1,541
Non-taxable income	-0.9	-364	-1.4	-585
Non-deductible expenses	8.5	3,501	10.2	4,239
Miscellaneous items	1.0	412	-2.1	-845
Group's effective tax rate	36.8	15,242	39.6	16,497

4.5 Net exceptional items

in thousands of Swiss francs

	30 June 2005	30 June 2004
Exceptional income		
Net profit on disposal of buildings in Lausanne	-	21,021
	-	21,021
Exceptional expenses		
Other exceptional items	-	-
	-	-
NET EXCEPTIONAL ITEMS	-	21,021

3. REVIEW REPORT ON THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

To the attention of the Board of Directors of

**Compagnie Financière Tradition,
Lausanne**

Lausanne, September 30, 2005

According to the terms of our engagement, we have reviewed the interim consolidated financial statements (balance sheet, profit and loss account, cash flow statements and notes) of Compagnie Financière Tradition, Lausanne for the period from 1 January 2005 to 30 June 2005.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

Our review was conducted in accordance with standards promulgated by the Swiss profession, which require that a review be planned and performed to obtain moderate assurance about whether the interim consolidated financial statements are free from material misstatement. A review provides less assurance than an audit. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data on which the interim consolidated statements are based. We have not performed an audit, and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that the interim consolidated financial statements of Compagnie Financière Tradition do not comply with Swiss GAAP RPC 12.

Ernst & Young SA

Hans Isler
Swiss Certified Accountant
(in charge of the audit)

Simon Durrance
Chartered Accountant

Enclosures:

- Interim consolidated financial statements (balance sheet, profit & loss accounts, cash flows and notes)