

AUDITORS' REPORT

INCLUDING

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2003

OF

COMPAGNIE FINANCIERE TRADITION, LAUSANNE

1. BUSINESS REPORT – 1ST HALF 2003

Compagnie Financière Tradition posted a consolidated turnover of CHF 387.7 million at 30 June 2003, against CHF 433.9 million a year ago. This represents **an increase of 3.0% in constant terms**, after restatement of EBFL's contribution to first-half consolidated revenues, of CHF 15.0 million.

These figures reflect Compagnie Financière Tradition's good showing in the U.K., which accounts for 32.9% of consolidated turnover, and in Asia, where the Group enhanced its leadership in interest rate derivatives. The Group's business model of a diversified product portfolio and broad geographic footprint, significantly limits its dependence on any specific market. The wisdom of this policy was born out by its strong performance in interest rate derivatives, which helped offset the fall of over 50% in the electricity and natural gas markets

A segmental analysis of consolidated revenues of Compagnie Financière Tradition is as follows:

CHF (000s)	1 st half		1 st half	
	2003	%	2002	%
Currencies and interest rates	214,608	55.4	220,109	50.8
Futures	36,322	9.4	27,043	6.2
Securities	100,534	25.9	132,985	30.6
Commodities	32,049	8.3	51,767	11.9
Other	4,184	1.0	1,996	0.5
Total	387,697	100.0	433,900	100.0

... a consolidated operating profit of CHF 37.9 million ...

Consolidated operating expenses dropped 13.0% to CHF 349.9 million in the first half. Personnel costs were down 11.0% to CHF 261.9 million, or 67.6% of consolidated revenues, against 67.8% in H1 2002. Variable personnel costs represented 43.5% of global pay costs during the period.

Consolidated operating profit stood at CHF 37.9 million, down from CHF 38.5 million in the first half of 2002. In H1 2002, the operating profit included income of CHF 6.3 million from insurance payouts and compensation from the New York City Government, for losses suffered by two U.S. subsidiaries in the aftermath of the 11 September attacks. During the period, Compagnie Financière Tradition booked a final compensation of CHF 0.5 million from New York City, received by its U.S. subsidiary.

In constant terms, and excluding compensation related to the 11 September events and the contribution of EBFL, **consolidated operating profit was ahead 34.2%**. **The consolidated operating margin, as restated, reached 9.7% of consolidated turnover** compared with 7.4% in the first half of 2002. This marked improvement was due to restructuring measures announced and implemented during the second half of last year.

... and Group share of consolidated net profit of CHF 21.9 million, for a return on consolidated equity of 22.3%.

First-half consolidated **financial income** was CHF 5.2 million, against CHF 15.3 million a year ago, when Compagnie Financière Tradition realised net capital gains of CHF 14.4 million on the disposal of marketable securities and investments. Net gains on marketable securities and investments in the first half of this year amounted to CHF 1.7 million.

Consolidated profit before tax stood at CHF 43.1 million, against CHF 53.9 million a year ago. The Group took a consolidated tax charge of CHF 15.9 million, compared with CHF 25.0 million in H1 2002. This brought the average consolidated tax rate down from 46.5% in the first half of 2002 to 36.9% in the first six months of this year. This average tax rate was negatively impacted by losses suffered by certain subsidiaries in H1 2002, without which it would have been 41.5%.

After taking account of this tax charge, **consolidated net profit stood at CHF 26.7 million**, against CHF 26.5 million in the first half of 2002. Minority interests' share of profit dropped significantly to CHF 4.8 million, or 17.9% of consolidated profit, against CHF 8.6 million, or close to one-third of consolidated profit in H1 2002. This decline in minority interests stemmed primarily from deterioration in profitability of the companies concerned, but also, to a marginal extent, from the gradual strengthening of Compagnie Financière Tradition's stake in its subsidiaries. This strategy, which began in 2002, will be pursued in the second half of this year.

Group share of net profit was up 22.7%, to CHF 21.9 million, compared with CHF 17.8 million in the same period last year. This result brought consolidated shareholders' equity to CHF 237.0 million at 30 June 2003, CHF 194.3 million of which was Group share, for a consolidated net cash and marketable securities position of CHF 173.9 million. Compagnie Financière Tradition's strong balance sheet position is still a rarity in the financial brokerage business.

After five consecutive years of strong growth, which made Compagnie Financière Tradition the world's No. 3 leader in financial and non-financial products, followed by a year of consolidation in 2002, the Group set itself two strategic objectives at the end of 2002: to reinforce cost controls and increase cost flexibility, and to pursue the diversification of its portfolio of activities in order to further reduce its exposure to economic and monetary cycles.

The benefits of this strategy were felt in the first half, despite a flat trading climate at the start of the year. The Group posted an increase of 22.7% in its net profit, Group share, with an increase of 3.0% in consolidated turnover in constant terms.

The restructuring measures undertaken in 2002, coupled with the gradual repurchase of minority interests and a simplification of the Group's organisational structure, should provide the impetus for Compagnie Financière Tradition to consolidate these trends in 2003.

2. CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	30 June 2003	30 June 2002	31 December 2002
		CHF (000s)	CHF (000s)	CHF (000s)
Net turnover	4.1	387,697	433,900	791,505
Other operating income	4.2	140	6,631	6,408
Operating income		387,837	440,531	797,913
Employee compensation and benefits		-261,918	-294,165	-546,630
Other operating expenses		-82,618	-100,815	-184,437
Depreciation and amortisation		-5,374	-7,028	-12,468
Operating expenses		-349,910	-402,008	-743,535
Operating profit		37,927	38,523	54,378
Net financial income	4.3	5,214	15,336	23,277
Profit before tax and exceptional items		43,141	53,859	77,655
Exceptional items	4.4	-	-1,110	-1,452
Tax	4.5	-15,923	-25,037	-31,998
Net profit of consolidated companies		27,218	27,712	44,205
Associated undertakings		-293	-838	-3,043
Goodwill amortisation		-254	-401	-1,220
Consolidated net profit		26,671	26,473	39,942
Group share		21,891	17,839	31,813
Minority interests		4,780	8,634	8,129
Net profit - Group share in Swiss francs, per share of CHF 2.50 nominal value based on weighted average number of shares outstanding	4.13	4.13	3.36	6.00

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2003

		30 June 2003	30 June 2002	31 December 2002
	Notes	CHF (000s)	CHF (000s)	CHF (000s)
<u>ASSETS</u>				
Current assets				
Cash	3.1	201	52	50
Call deposits	3.1	108,448	121,319	113,291
Short-term deposits	3.1	46,855	47,953	58,939
Trade debtors	3.2	128,555	129,898	101,245
Receivables linked to account holder activities	3.5	70,640	58,256	54,996
Other short-term receivables		37,344	36,696	36,193
Receivables from affiliated companies		758	88	636
Receivables from shareholders and associated companies		753	3,505	3,344
Marketable securities	3.1	65,844	40,435	55,344
Prepaid expenses and accrued income		13,008	19,712	13,619
Total current assets		472,406	457,914	437,657
Fixed assets				
Other long-term receivables		8,205	9,152	9,135
Long-term receivables from subsidiaries and associated undertakings		-	5,757	-
Associated undertakings and other investments		2,069	2,162	9,639
Treasury shares	3.3	8,092	339	339
Tangible fixed assets				
Installations and equipment		24,200	19,894	21,363
Buildings		7,516	7,516	7,516
Intangible fixed assets	3.4	13,042	17,086	13,815
Total fixed assets		63,124	61,906	61,807
TOTAL ASSETS		535,530	519,820	499,464

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2003

		30 June 2003	30 June 2002	31 December 2002
	Notes	CHF (000s)	CHF (000s)	CHF (000s)
<u>LIABILITIES</u>				
Creditors				
Short-term bank borrowings	3.1	45,723	47,041	44,345
Debts to affiliated companies		1,456	227	2,269
Debts to shareholders and associated companies		12,206	13,355	16,334
Other short-term debts		38,607	38,029	37,999
Debts linked to account holder activities	3.5	76,188	54,206	53,877
Taxes payable		21,410	23,838	14,897
Accrued expenses and deferred income		91,017	98,052	82,596
Long-term financial debts		1,698	1,870	1,753
Contingency and loss provisions	3.6	10,097	14,929	10,282
Total creditors		298,402	291,547	264,352
Shareholders' equity				
Share capital		13,262	13,262	13,262
Share premium		8,712	8,712	8,712
General reserve		17,570	17,570	17,570
Reserve for treasury shares		1,730	1,730	339
Special reserve		3,100	3,100	3,100
Other reserves		15,300	15,300	15,300
Consolidated reserves		112,707	107,903	105,990
Net profit - Group share		21,891	17,839	31,813
Shareholders' equity - Group share		194,272	185,416	196,086
Minority interests		42,856	42,857	39,026
Total shareholders' equity		237,128	228,273	235,112
TOTAL LIABILITIES		535,530	519,820	499,464

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

CHF (000s)	Shareholder's equity at 01.01.02	Miscellaneous special reserves	Dividend paid net of dividend on treasury shares	Effect of changes in the basis of consolidation	Other changes	Currency translation adjustments	Net profit	Shareholders' equity at 31.12.02
Capital	13,262	-	-	-	-	-	-	13,262
Share premium	8,712	-	-	-	-	-	-	8,712
General reserve	17,570	-	-	-	-	-	-	17,570
Reserve for treasury shares	937	-598	-	-	-	-	-	339
Special reserve	3,100	-	-	-	-	-	-	3,100
Other reserves	15,300	-	-	-	-	-	-	15,300
Consolidated reserves	130,175	598	-10,567	103	-	-14,319	31,813	137,803
TOTAL - Group share	189,056	-	-10,567	103	-	-14,319	31,813	196,086
Minority interests	42,440	-	-6,058	-2,949	-	-2,536	8,129	39,026
TOTAL	231,496	-	-16,625	-2,846	-	-16,855	39,942	235,112

CHF (000s)	Shareholders' equity at 01.01.03	Miscellaneous special reserves	Dividend paid net of dividend on treasury shares	Effect of changes in the basis of consolidation	Other changes	Currency translation adjustments	Net profit	Shareholders' equity at 30.06.03
Capital	13,262	-	-	-	-	-	-	13,262
Share premium	8,712	-	-	-	-	-	-	8,712
General reserve	17,570	-	-	-	-	-	-	17,570
Reserve for treasury shares	339	1,391	-	-	-	-	-	1,730
Special reserve	3,100	-	-	-	-	-	-	3,100
Other reserves	15,300	-	-	-	-	-	-	15,300
Consolidated reserves	137,803	-1,391	-23,141	214	-	-778	21,891	134,598
TOTAL - Group share	196,086	-	-23,141	214	-	-778	21,891	194,272
Minority interests	39,026	-	-1,951	-332	-	1,333	4,780	42,856
TOTAL	235,112	-	-25,092	-118	-	555	26,671	237,128

CONSOLIDATED CASH FLOW STATEMENT

FOR 2003 AND 2002

	30 June 2003	30 June 2002	31 December 2002
	CHF (000s)	CHF (000s)	CHF (000s)
Cash flow from operating activities			
Profit before tax and associated undertaking	42,887	52,348	74,983
Adjustments:			
Net financial income and exchange gains and losses	-5,214	-15,336	-23,277
Depreciation and amortisation	5,628	7,429	13,688
Exceptional items	-	1,110	1,452
Net changes relating to operating activities before change in operating assets and liabilities	43,301	45,551	66,846
Changes in working capital	-8,826	-32,932	-6,038
Cash inflow from operating activities	34,475	12,619	60,808
Taxes paid	-9,410	-20,802	-36,704
Net cash inflow/(outflow) from operating activities	25,065	-8,183	24,104
Cash flow from investment activities			
Purchase/sale of marketable securities	-10,500	8,692	-6,217
Purchase/sale of treasury shares	-6,331	420	420
Purchase/sale of non-consolidated investments	3,883	544	-2,664
Net financial income	1,170	15,655	26,904
Net acquisition of fixed assets	-4,709	-3,639	-10,295
Net acquisition of intangible assets	-655	-2,081	-3,594
Net cash inflow/(outflow) from investment activities	-17,142	19,591	4,554
Cash flow from financing activities			
Change in receivables and debts related to shareholders and affiliated companies	-3,886	-2,398	742
Effect of changes in the basis of consolidation	67	-1,546	-8,922
Dividends and other payments outside Group	-1,951	-5,108	-6,058
Dividends paid by the Company	-23,141	-10,609	-10,567
Net cash outflow from financing activities	-28,911	-19,661	-24,805
Exceptional income affecting cash flow	-	-	-1,404
Currency translation adjustments	2,834	-10,489	-15,539
Net decrease in cash and cash equivalents (cf. Note 3.1)	-18,154	-18,742	-13,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

Monecor, prior to its acquisition by Compagnie Financière Tradition on 30 June 2001, had been required to participate in a capital call of GBP 250,000 (CHF 610,000) for its subsidiary EuroBrokers Finacor Ltd. (EBFL). Monecor London Ltd. (Monecor) failed to meet this capital call. Under the terms of a shareholders' agreement, signed between Maxcor Financial Group Inc. (Maxcor, Monecor's partner in EBFL) and Monecor in 1998, if such an event were to occur, the shareholder had an obligation to sell its entire holding to its partner, on the basis of 70% of EBFL's equity.

Pursuant to this shareholders' agreement, Maxcor sued Compagnie Financière Tradition in 2001. Compagnie Financière Tradition defended the case before the High Court in London, and then appealed against the judgment. In February 2003, the appeal was dismissed by the Court of Appeal, and as a result, Monecor had to sell its holding in EBFL on 19 February 2003, for GBP 1,625,000 (CHF 3,628,000).

This disposal was reflected in the consolidated accounts at 31 December 2002. EBFL was excluded from the basis of consolidation as of 1 January 2002, and turnover for the year was adjusted accordingly, while an extraordinary charge of CHF 1.5 million was recognised for this litigation.

However, since the appeal was still pending at 30 June 2002, EBFL continued to be included in the accounts under the proportionate consolidation method, and contributed CHF 15.0 million to consolidated turnover, CHF 1.3 million to consolidated operating profit and CHF 0.7 million to consolidated net profit, Group share, in the first half of 2002. A contingency provision of CHF 3.9 million was set aside at 30 June 2002, CHF 3.1 million of which was through reclassification of the original negative goodwill and CHF 0.8 million through exceptional expenses. This provision was based on the difference between the price of an eventual disposal of Compagnie Financière Tradition's stake in EBFL and EBFL's contribution to Compagnie Financière Tradition's consolidated shareholders' equity at 30 June 2002.

1. ACCOUNTING POLICIES

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.

The same accounting policies have been applied in the preparation of these financial statements as those applied for year ended 31 December 2002.

2. BASIS OF CONSOLIDATION

2.1 Basis of consolidation at 30 June 2003

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 EM/FCM/PCM
COMPAGNIE FINANCIERE TRADITION		Switzerland	Consolidating company		CHF 13,262	
<u>TRADITION SERVICE HOLDING S.A., LAUSANNE</u>		Switzerland	100.00%	100.00%	CHF 21,000	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
Tradition Securities (Kenya) Ltd., Nairobi		Kenya	70.00%	70.00%	KES 7,500	FCM
Monecor (London) Ltd., London		United Kingdom	100.00%	100.00%	EUR 10,621	FCM
Finacor Belgique S.A., Brussels		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 372	FCM
Finance 2000 S.A., Paris		France	100.00%	100.00%	EUR 4,575	FCM
VIEL Tradition S.A., Paris		France	100.00%	100.00%	EUR 9,899	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 S.A., Luxembourg (branch)		Luxembourg	100.00%	100.00%	EUR 372	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
Tradition (North America) Inc., New York		U.S.A.	100.00%	100.00%	USD 14,500	FCM
STAFF USA 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 1,397	FCM
Tradition Asiel Securities Inc., New York		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
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%	ARS 12	FCM
Tradition Australia Pty. Ltd., Sydney	✓	Australia	100.00%	100.00%	AUD n/s	FCM
Meitan Tradition Co. Ltd., Tokyo		Japan	55.34%	55.34%	JPY 300,000	FCM
Meitan Information Service Co. Ltd., Tokyo		Japan	100.00%	59.81%	JPY 10,000	FCM
Tradition Orient FX Co. Ltd., Tokyo		Japan	50.00%	27.67%	JPY 100,000	PCM
Tradition (Asia) Ltd., Hong Kong		Hong Kong	100.00%	100.00%	HKD 25,000	FCM
Tradition Singapore (Pte) Ltd., Singapore		Singapore	100.00%	100.00%	SGD 1,200	FCM
Tradition International S.A., Panama		Panama	100.00%	100.00%	CHF 1,790	FCM
<u>HOLDING TRADITION CLEARING, LAUSANNE</u>		Switzerland	100.00%	100.00%	CHF 100	FCM
Tradition London Clearing Ltd., London		United Kingdom	100.00%	100.00%	GBP 1,000	FCM
Tradition Holding (U.S.A.) Inc., New York		U.S.A.	100.00%	100.00%	USD 1	FCM
<u>HOLDING TRADITION SECURITIES S.A., LAUSANNE</u>		Switzerland	100.00%	100.00%	CHF 250	FCM
Finacor Rabe AG, Frankfurt		Germany	90.28%	91.48%	EUR 5,625	FCM
Tradition Eurobond S.A., Luxembourg		Luxembourg	100.00%	100.00%	EUR 500	FCM
Tradition Securities And Futures S.A., Paris, and branches in London and Lausanne		France	77.79%	77.79%	EUR 12,121	FCM
MIA, Paris		France	55.00%	42.78%	EUR 1,976	FCM

	New companies	Country	Controlling interest	Equity interest	Capital (000 currency)	Method EM/FCM/PCM
<u>TFS, LAUSANNE</u>		Switzerland	70.77%	70.77%	CHF 3,441	FCM
Tradition Financial Services Ltd., London and Israeli branch		United Kingdom	100.00%	70.77%	GBP 250	FCM
<u>TFS-ICAP Holdings Ltd., London</u>		United Kingdom	50.00%	38.92%	GBP 2,470	PCM
TFS-ICAP Ltd., London		United Kingdom	51.00%	19.85%	GBP 20	FCM
TFS-ICAP Currency Options Ltd., London		United Kingdom	100.00%	19.85%	GBP 550	FCM
TFS Currency Options Ltd., London		United Kingdom	100.00%	19.85%	GBP 5	FCM
ICAP Currency Options Ltd., London		United Kingdom	100.00%	19.85%	GBP 5	FCM
TFS Derivatives Ltd., London		United Kingdom	100.00%	70.77%	GBP 1,200	FCM
Equitek Capital Ltd., London		United Kingdom	100.00%	70.77%	GBP 1,300	FCM
TFS Futures & Options (Pty.) Ltd., Johannesburg		South Africa	100.00%	70.77%	ZAR 250	FCM
TFS Securities (Pty.) Ltd., Johannesburg		South Africa	100.00%	70.77%	ZAR 1,000	FCM
Tradition Financial Services GmbH, Frankfurt		Germany	100.00%	70.77%	EUR 153	FCM
Tradition Financial Services Inc., New York		U.S.A.	100.00%	70.77%	USD 50	FCM
TFS Derivatives Corp., New York		U.S.A.	100.00%	70.77%	USD 95	FCM
TFS-ICAP Holdings LLC, New York		U.S.A.	50.00%	38.92%	USD n/s	PCM
TFS-ICAP LLC, New York		U.S.A.	51.00%	19.85%	USD n/s	FCM
TFS Energy LLC, Stamford		U.S.A.	53.00%	43.88%	USD n/s	FCM
TFS Energy Futures LLC, Stamford		U.S.A.	100.00%	43.88%	USD 35	FCM
TFS Blackwood LLC, New York and its London Branch, TFSB Ltd.		U.S.A.	93.75%	66.35%	USD 1,388	FCM
Equitek Capital Inc., Delaware		U.S.A.	100.00%	70.77%	USD n/s	FCM
Capstone Global Energy LLC, Houston		U.S.A.	57.50%	40.69%	USD -	FCM
Current Capital LP, Houston		U.S.A.	50.49%	20.55%	USD 4,388	EM
Current Capital LLC, Houston		U.S.A.	51.00%	20.75%	USD -	EM
TFS Australia Pty. Ltd., Sydney		Australia	100.00%	70.77%	AUD 5	FCM
Tradition Financial Services Japan Ltd., Tokyo		British Virgin Islands	100.00%	70.77%	USD 50	FCM
Tradition Financial Services (Hong Kong) Ltd., Hong Kong		Hong Kong	100.00%	70.77%	HKD 200	FCM
TFS Energy (S) Pte Ltd., Singapore		Singapore	100.00%	70.77%	SGD 100	FCM
TFS Currencies Pte Ltd., Singapore		Singapore	100.00%	70.77%	SGD 1,000	FCM
TRC Lausanne, Lausanne		Switzerland	100.00%	70.77%	CHF 100	FCM
<i>The Recruitment Company Holdings Inc., Delaware</i>		U.S.A.	79.00%	55.91%	USD n/s	FCM
The Recruitment Company Ltd., London		United Kingdom	100.00%	55.91%	GBP 1	FCM
The Recruitment Company Inc., New York		U.S.A.	100.00%	55.91%	USD n/s	FCM
The Recruitment Company Pty. Ltd., Sydney		Australia	100.00%	55.91%	AUD n/s	FCM
The Recruitment Company Ltd., Tokyo		Tokyo	100.00%	55.91%	JPY 5,000	FCM
The Recruitment Company Ltd., Hong Kong		Hong Kong	100.00%	55.91%	HKD 10	FCM
Equitek Capital Limited, George Town		Cayman Islands	50.00%	36.85%	USD -	FCM
Cofitra Investments Inc., British Virgin Islands		British Virgin Islands	100.00%	100.00%	USD 5,000	FCM
NON-FINANCIAL COMPANES						
Tradcom Management, Lausanne		Switzerland	100.00%	100.00%	CHF 100	FCM
Tradificom International, Lausanne		Switzerland	100.00%	100.00%	CHF 100	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
VIEL Gestion	✓	France	100.00%	68.08%	EUR -	FCM
VCF Gestion	✓	France	100.00%	80.01%	EUR -	FCM

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. StreamingEdge.com Inc. and its Canadian subsidiary, 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:

The capital of Finacor Rabe AG decreased from €6,250,000 at 31 December 2002 to €5,625,000 at 30 June 2003, after the nominal value of its shares were halved by loss absorption of €1,125,000, followed by an increase in capital of €2,500,000, fully subscribed by Holding Tradition Securities S.A. This brought Holding Tradition Securities S.A.'s controlling interest and equity interest from 82.50% to 90.28% and from 84.51% to 91.49% respectively. Goodwill arising on this operation amounted to CHF 206,000.

A new company, Tradition Australia Pty. Ltd., was created in December 2002, capitalised at AUD 100. The company is held 100% by TSH, and will handle TSH's new brokerage activities in interest rate activities based in Sydney. The entity was included in the consolidated accounts of Compagnie Financière Tradition at 30 June 2003.

Two French intercompany ventures (GIEs) with French capital, VIEL Gestion and VCF Gestion, held respectively 54.03% and 45.00% by Tradition Securities And Futures S.A. and 26.05% and 45.00% by VIEL Tradition S.A. at 30 June 2003, were included in the consolidated accounts of Compagnie Financière Tradition at that date.

Finally, as mentioned in the introduction, EBFL, which was sold in February 2003, was deconsolidated at 31 December 2002.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 Cash and cash equivalents

Net liquid assets

	30 June 2003	31 December 2002
	CHF (000s)	CHF (000s)
Cash and call deposits	108,649	113,341
Short-term deposits	46,855	58,939
Short-term bank borrowings	-45,723	-44,345
Net cash at end of period	109,781	127,935
Net cash at 1 January	127,935	141,025
Net cash inflow/outflow during the period	-18,154	-13,090

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:

	30 June 2003	31 December 2002
	CHF (000s)	CHF (000s)
Short-term cash products	46,700	43,277
Bonds	978	704
Shares	17,054	9,968
Investment funds	2,355	2,557
GROSS TOTAL	67,087	56,506
Provisions for depreciation	-1,243	-1,162
TOTAL	65,844	55,344

3.2 Trade debtors

These are short-term receivables representing a net amount of CHF 128,555,000 at 30 June 2003, compared to CHF 101,245,000 at 31 December 2002. They are booked at face value after deduction of economically necessary provisions.

3.3 Treasury shares

At 30 June 2003, the Company held 110,537 treasury shares with a nominal value of CHF 2.50. These shares were acquired at a purchase value of CHF 8,092,000. Movements on treasury shares during the period were as follows:

	Book value CHF (000s)	Acquisition cost or realisation price CHF (000s)	No. of shares of CHF 2.50 nominal
Situation at 1 January 2003	339	339	7,308
Acquisitions in 2003	13,866	13,866	212,292
Sales in 2003	-278	-84	-7,000
Shares paid-out as a dividend during the period	-5,835	-7,451	-102,063
Capital losses for the year	-	1,422	-
Situation at 31 December 2003	8,092	8,092	110,537

3.4 Intangible fixed assets

Intangible fixed assets comprised the following:

	30 June 2003 CHF (000s)			31 December 2002 CHF (000s)		
	Gross	Amort.	Net	Gross	Amort.	Net
Telephone rights	1,859	1,705	154	1,917	1,647	270
Intangible business assets	1,725	841	884	1,664	694	970
Goodwill	11,573	3,223	8,350	11,382	2,662	8,720
Other intangible fixed assets	18,185	14,531	3,654	15,197	11,342	3,855
TOTAL	33,342	20,300	13,042	30,160	16,345	13,815

Goodwill

Goodwill arising on acquisitions was as follows:

	30 June 2003 CHF (000s)			31 December 2002 CHF (000s)	
	Gross	Amort.	Net	Period amort.	Net
TFS	3,460	1,285	2,175	173	2,348
StreamingEdge.com Inc.	692	219	473	35	507
Govdesk LLC	537	177	360	27	401
Finacor Rabe AG	3,485	639	2,846	174	2,814
Finacor Deutschland GmbH	3,051	555	2,496	154	2,650
Capstone Global Energy LLC	348	348	-	-	-
TOTAL	11,573	3,223	8,350	563	8,720

Amortisation, for a net amount of CHF 254,000 (CHF 401,000 in H1 2002), included CHF 563,000 for amortisation of goodwill, less an amortisation of CHF 309,000 recognised on negative goodwill arising on Finacor Belgique (cf. Note 3.6).

3.5 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.

Tradition Orient FX Co. Ltd., FX DirectDealer LLC 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:

	30 June 2003	31 December 2002
	CHF (000s)	CHF (000s)
Receivables linked to account holder activities		
Deposits paid	4,420	1,162
Current accounts with clearing institutions	20,020	10,420
Dealing accounts	46,200	43,414
	<u>70,640</u>	<u>54,996</u>
Debts linked to account holder activities		
Deposits received	-3,361	-961
Current accounts with clearing institutions	-23,215	-10,338
Dealing accounts	-49,612	-42,578
	<u>-76,188</u>	<u>-53,877</u>
TOTAL	<u>-5,548</u>	<u>1,119</u>

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 at 30 June 2003 were as follows:

	30 June 2003	31 December 2002
	CHF (000s)	CHF (000s)
Provisions for pension benefits	5,000	5,238
Negative goodwill	619	928
Other contingent liabilities	4,478	4,116
	<u>10,097</u>	<u>10,282</u>

Negative goodwill of CHF 1,855,000 and CHF 3,066,000 was recognised at the time of acquiring interests in Finacor Belgique S.A. and Monecor Ltd., on 29 June 2001. Negative goodwill on Finacor Belgique S.A. is being amortised over three years, resulting in an income of CHF 309,000 in the first half of 2003, recognised under "Goodwill amortisation".

As mentioned in the Introduction to the consolidated financial statements, on 11 February 2003, the Court of Appeal in London dismissed the appeal of Monecor. As a result, Monecor had to sell its holding in EBFL on 19 February 2003 for GBP 1,625,000 (CHF 3,628,000), the price calculated on the basis of 70% of EBFL's equity at 26 December 2000. Accordingly, EBFL was excluded from the consolidated accounts at 31 December 2002. A contingency provision of CHF 4,116,000 was booked at 31 December 2002. This provision was used in the first half of 2003 at the same time as a loss was recognised on the disposal of the interest in EBFL. Use of the provision and the corresponding loss are carried under "Exceptional items".

A number of Compagnie Financière Tradition subsidiaries recognised liabilities relating to litigation, mainly to do with salaries. These provisions totalled CHF 3,863,000 at 30 June 2003, and are carried

under “Other contingent liabilities”, compared with CHF 3,532,000 at 31 December 2002, carried under “Other accrued expenses” at that date.

4. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

4.1 Net turnover

Consolidated turnover was CHF 387.7 million, against CHF 433.9 million in the first half of 2002. In constant terms, after restatement of EBFL’s contribution of CHF 15.0 million to first-half consolidated revenues in 2002 (cf. Introduction), this represents an increase of 3.0% during the period.

Turnover is generated from commissions on pure brokerage operations conducted by Compagnie Financière Tradition’s affiliates for a broad clientele of banks, financial institutions and large corporations. A very marginal input (less than 1%) came from revenues on arbitrage operations in the regulated markets, earned by Tradition Securities And Futures S.A. during the period.

The segmental and geographical analysis of revenues is as follows:

CHF (000s)	TSH		TFS		HTS		Total	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002	30 June 2003	30 June 2002	30 June 2003	30 June 2002
Europe	106,897	108,669 ①	42,636	43,363	52,776	48,237	202,309	200,269
United States	91,273	129,881	24,934	38,117	-	-	116,207	167,998
Asia – Pacific	58,582	53,772	10,599	11,861	-	-	69,181	65,633
Total	256,752	292,322	78,169	93,341	52,776	48,237	387,697	433,900

① CHF 15.0 million of which related to EBFL’s contribution to TSH’s consolidated turnover.

TSH, Tradition Service Holding, 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, brokers exchange-traded securities.

4.2 Other operating income

This item may be summarised as follows:

	30 June 2003	30 June 2002
	CHF (000s)	CHF (000s)
Net income on real estate assets	144	252
Net income from the TFS-ICAP joint venture	-477	117
Insurance payments received in relation to September 11	-	6,017
Compensation payments received from New York City	473	245
TOTAL	140	6,631

4.3 Net financial income

This item may be summarised as follows:

	<u>30 June 2003</u> CHF (000s)	<u>30 June 2002</u> CHF (000s)
Income from investments	-	266
Capital gains on investments and marketable securities	1,627	14,362
Interest and exchange gains and losses	3,587	1,892
Provisions on investments	-	-1,184
TOTAL	<u>5,214</u>	<u>15,336</u>

Financial income, which rose to CHF 5,214,000 from CHF 15,336,000 in the first half of 2002, comprises interest from the replacement of short-term cash, interest paid on consolidated short-term debt, and exchange gains and losses.

This item also included income of CHF 266,000 from non-consolidated investments in H1 2002 (this amount was nil in the first half of 2003) and net capital gains of CHF 1,627,000 (CHF 14,362,000 in H1 2002) on the disposal of investments and marketable securities.

Compagnie Financière Tradition recognised a gain of CHF 1,615,000 at the time of paying its 2002 dividend in June 2003. This amount represents the difference between the selling price of the 102,063 shares allotted to its shareholders and the reference value of the shares on the dividend payment date, i.e. CHF 73.00 per share. At 30 June 2003, the Group still held 110,537 of its own shares, or 2.08 % of its capital, for a total cost price of CHF 8,092,000 (cf. Note 3.3). At the quoted share price on 30 June 2003, i.e. CHF 79.00, this portfolio of own shares represented an unrealised gain of CHF 640,000 at that date.

4.4 Exceptional items

	<u>30 June 2003</u> CHF (000s)	<u>30 June 2002</u> CHF (000s)
Exceptional income		
Use of the contingency provision	4,116	948
	<u>4,116</u>	<u>948</u>
Exceptional expenses		
Other exceptional items	-4,116	
	<u>-4,116</u>	<u>-2,058</u>
NET EXCEPTIONAL ITEMS	<u>-</u>	<u>-1,110</u>

4.5 Consolidated income tax

Compagnie Financière Tradition took a consolidated income tax charge of CHF 15,923,000, or 36.9% of consolidated profit before tax, compared with 46.5% in the first half of 2002. The Group is present in sixteen countries through its network of 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 33.6%, against 37.7% in the first half of 2002.

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

	30 June 2003		30 June 2002	
	Effect on tax rate (%)	Effect on tax charge CHF (000s)	Effect on tax rate (%)	Effect on tax charge CHF (000s)
Standard tax rate	33.6	14,492	37.7	20,301
<u>Tax effect of the following elements:</u>				
Unadjusted tax loss carry forwards	-0.9	-369	-1.0	-521
Unadjusted tax loss for the period	2.5	1,055	5.7	3,035
Unadjusted tax loss from previous years	0.0	-	0.0	-
Tax expense for fully-consolidated fiscally transparent entities charged to minorities	-1.2	-515	-2.1	-1,128
Deferred tax income/expenses	-1.7	-736	0.6	326
Non-taxable income	-1.4	-590	-0.7	-379
Non-deductible expenses	9.2	3,961	7.6	4,100
Miscellaneous items	-3.2	-1,375	-1.3	-697
Group's effective tax rate	36.9	15,923	46.5	25,037

3. REVIEW REPORT ON THE HALF YEARLY CONSOLIDATED FINANCIAL STATEMENTS

To the attention of the Board of Directors of

Compagnie Financière Tradition
Lausanne

According to the terms of our engagement, we have reviewed the half-yearly consolidated financial statements of Compagnie Financière Tradition, Lausanne for the period from 1 January 2003 to 30 June 2003.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these 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 half-yearly 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 half-yearly 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 causes us to believe that the accompanying half-yearly financial statements do not give a true and fair view of the financial position and the results of operations in accordance with the Swiss GAAP ARR.

Lausanne, September 17th 2003

Ernst & Young S.A.

Stéphane Muller
Swiss Certified Accountant

Nigel Le Masurier
Chartered Accountant
in charge of the audit