

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2000
ASSETS

in thousands of Swiss francs	Notes	2000	1999
CURRENT ASSETS			
Cash	III.1	45	528
Call deposits	III.1	72,682	59,485
Short-term deposits	III.1	47,537	63,639
Trade debtors	III.2	93,345	72,029
Receivables linked to account holder activities	III.6	52,552	43,072
Other short-term receivables	III.2	16,594	11,599
Receivables from affiliated companies	III.2	4,821	5,132
Receivables from shareholders and associated companies	III.7	7,648	1,346
Marketable securities	III.1	49,881	33,720
Prepaid expenses and accrued income	III.2	8,922	8,438
TOTAL CURRENT ASSETS		354,027	298,988
FIXED ASSETS			
Other long-term receivables	III.2	10,218	12,147
Subsidiary shares and non-consolidated investments	III.3	8,181	2,868
Treasury shares	III.3	937	514
Tangible fixed assets			
• Installations and equipment	III.4	19,140	19,538
• Buildings	III.4	7,516	7,516
Intangible fixed assets	III.4	8,430	4,712
TOTAL FIXED ASSETS		54,422	47,295
TOTAL ASSETS		408,449	346,283

LIABILITIES

in thousands of Swiss francs	Notes	2000	1999
CREDITORS			
Short-term bank borrowings	III.1	30,408	6,512
Debts to shareholders and associated companies	III.7	8,390	10,945
Other short-term debts	III.5	35,488	38,434
Debts linked to account holder activities	III.6	50,882	41,133
Taxes payable	III.5	23,105	21,393
Accrued expenses and deferred income	III.5	76,030	55,924
Long-term debts	III.5	4,416	6,718
Contingency and loss provisions	IV.3	3,376	3,376
TOTAL CREDITORS		232,095	184,435
SHAREHOLDERS' EQUITY			
Share capital	III.8	12,975	12,684
Share premium		2,117	1,435
General reserve	III.9	17,570	17,570
Reserve for treasury shares		514	-
Special reserve		3,100	3,100
Other reserves		15,300	15,300
Consolidated reserves	III.10		
• Group share		94,984	83,190
• Minority interests		29,794	28,569
TOTAL SHAREHOLDERS' EQUITY		176,354	161,848
TOTAL LIABILITIES		408,449	346,283

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in thousands of Swiss francs	Notes	2000	1999
Net turnover	IV.1	645,128	496,598
Other operating income		670	1,440
OPERATING INCOME		645,798	498,038
Employee compensation and benefits		- 430,549	- 327,607
Other operating expenses		- 153,078	- 127,876
Depreciation and amortisation		- 10,760	- 7,459
OPERATING EXPENSES		- 594,387	- 462,942
OPERATING PROFIT		51,411	35,096
Net financial income	IV.2	15,537	9,060
PROFIT BEFORE TAX, ASSOCIATED UNDERTAKINGS, MINORITY INTERESTS AND EXTRAORDINARY ITEMS		66,948	44,156
Taxes		- 31,501	- 19,711
NET PROFIT BEFORE ASSOCIATED UNDERTAKINGS, MINORITY INTERESTS AND EXTRAORDINARY ITEMS		35,447	24,445
Associated undertakings		- 1,933	- 1,181
Extraordinary items	IV.3	-	-
NET PROFIT		33,514	23,264
• Group share		28,030	16,707
• Minority interests		5,484	6,557

CHANGE IN CONSOLIDATED RESERVES

in thousands of Swiss francs	2000	1999
CONSOLIDATED RESERVES		
Consolidated reserves at 1 January	76,370	56,133
Net profit for the year - Group share	28,030	16,707
Foreign currency translation adjustment	- 9,416	10,350
CONSOLIDATED RESERVES BEFORE DISTRIBUTION	94,984	83,190
CHANGE IN CONSOLIDATED RESERVES		
Consolidated reserves before distribution	94,984	83,190
Allocation to reserve for treasury shares	- 423	- 514
Dividend of CHF 6 / CHF 5 per bearer share	- 7,785	- 6,342
Dividend on treasury shares	-	36
CONSOLIDATED RESERVES AFTER DISTRIBUTION	86,776	76,370

CONSOLIDATED CASH FLOW STATEMENT

in thousands of Swiss francs	Notes	2000	1999
CASH FLOW FROM OPERATING ACTIVITIES			
Pre tax income, Group share		59,531	36,418
ADJUSTMENTS:			
Net financial income		- 9,506	- 6,002
Depreciation and amortisation		10,760	7,459
Exchange rate (gain)/loss		- 6,031	- 3,058
Extraordinary items		-	-
NET CHANGE RELATING TO OPERATING ACTIVITIES BEFORE CHANGE IN OPERATING ASSETS AND LIABILITIES		54,754	34,817
(Increase)/decrease in receivables, other assets, prepaid expenses and accrued income		- 24,866	- 365
Increase in other short-term debts, accrued expenses and deferred income		17,160	33,545
Change in receivables and payables related to affiliated companies		312	- 5,096
CASH INFLOW FROM OPERATING ACTIVITIES		47,360	62,901
Taxes paid		- 29,789	- 10,263
NET CASH INFLOW FROM OPERATING ACTIVITIES		17,571	52,638
CASH FLOW FROM INVESTMENT ACTIVITIES			
Proceeds from disposal of fixed assets		744	-
Purchase of securities		- 16,161	- 9,589
Purchase of treasury shares		- 462	- 514
Net financial income		9,546	6,002
Acquisition of fixed assets		- 10,258	- 8,865
Acquisition of intangible assets		- 6,509	- 1,381
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES		- 23,100	- 14,347

in thousands of Swiss francs	Notes	2000	1999
CASH FLOW FROM FINANCIAL ACTIVITIES			
Change in receivables and debts related to the parent company and affiliated companies		- 8,857	- 7,958
Decrease in external debt		- 1,712	- 1,875
(Increase)/decrease in non-consolidated holdings		- 5,313	2,427
Increase of minority interests		1,225	6,800
Increase in share capital and share premium		973	1,003
Dividend		- 6,306	- 4,957
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		- 19,990	- 4,560
CHANGE IN ACCOUNTS LINKED TO ACCOUNT HOLDER ACTIVITIES	III.6	269	- 10,656
EXTRAORDINARY INCOME AFFECTING CASH FLOW		-	- 842
EXCHANGE RATE GAIN (LOSS)		- 2,034	13,134
NET INCREASE IN CASH AND CASH EQUIVALENTS	III.1	- 27,284	35,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I PRINCIPLES AND BASIS OF CONSOLIDATION

1.1 Principles of consolidation

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

The general accounting conventions were applied, respecting the principle of prudence, 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.

1.2 Basis of consolidation at 31 December 2000

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 S.A., Lausanne</i>		Switzerland	100.00%	100.00%	CHF 100	FCM
• Tradition S.A., Luxembourg (branch)		Luxembourg	100.00%	100.00%	LUF 15,000	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 Italia Sim S.p.A., Milan		Italy	100.00%	100.00%	EUR 1,150	FCM
• Tradition Argentina S.A., Buenos Aires		Argentina	100.00%	100.00%	USD 12	FCM
• Tradition (Asia) Ltd., Hong Kong		Hong Kong	100.00%	100.00%	HKD 25,000	FCM
• Meitan Tradition Co. Ltd., Tokyo		Japan	55.34%	55.34%	JPY 300,000	FCM
• Ong Tradition Singapore (Pte) Ltd., Singapore		Singapore	49.00%	49.00%	SGD 300	FCM
• Arbitrage Change S.A., Luxembourg		Luxembourg	99.93%	99.93%	LUF 15,000	FCM
• VIEL Debeausse and Co. Inc., New York		U.S.A.	91.00%	91.00%	USD 50	FCM
• Tradition International S.A., Panama		Panama	100.00%	100.00%	USD 1,790	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 5,099	FCM
• Banque Pallas Monaco, Monaco		Monaco	20.00%	20.00%	FRF 35,000	EM
<i>Tradition (North America) Inc., New York</i>		U.S.A.	100.00%	100.00%	USD 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 500	EM

	New companies	Country	Controlling interest	Equity interest	Capital (000 currency)	Method of consolidation
1 - FINANCIAL COMPANIES (continued)						
HOLDING TRADITION CLEARING, LAUSANNE		Switzerland	100.00%	100.00%	CHF 100	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
• Tradition London Clearing Ltd., London		United Kingdom	100.00%	100.00%	GBP 1,000	FCM
HOLDING TRADITION SECURITIES S.A., LAUSANNE		Switzerland	100.00%	100.00%	CHF 250	FCM
• Tradition Eurobond S.A., Luxembourg		Luxembourg	100.00%	100.00%	LUF 20,000	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%	42.40%	EUR 1,976	FCM
TFS, LAUSANNE		Switzerland	68.40%	68.40%	CHF 3,419	FCM
• Tradition Financial Services (Hong Kong) Ltd., Hong Kong		Hong Kong	100.00%	68.40%	HKD 200	FCM
• Tradition Financial Services Japan Ltd., Tokyo		British Virgin Islands	100.00%	68.40%	USD 50	FCM
• TFS Energy (S) Pte Ltd., Singapore		Singapore	100.00%	68.40%	SGD 100	FCM
• TFS Currencies Pte Ltd., Singapore		Singapore	100.00%	68.40%	SGD 1,000	FCM
• TFS Nordisk Energi AS, Sandefjord		Norway	100.00%	68.40%	NOK 500	FCM
• TFS Australia Pty. Ltd., Sydney		Australia	100.00%	68.40%	AUD 5	FCM
• Tradition Financial Services GmbH, Frankfurt		Germany	100.00%	79.46%	DEM 300	FCM
<i>Tradition Financial Services Ltd., London and its Swedish branch</i>		United Kingdom	100.00%	68.40%	GBP 250	FCM
• TFS Futures & Options Pty. Ltd., Johannesburg	✓	South Africa	100.00%	68.40%	ZAR 250	FCM
• Equitek Capital Ltd., London	✓	United Kingdom	100.00%	68.40%	GBP 625	FCM
• TFS-ICAP Ltd., London	✓	United Kingdom	50.00%	37.62%	GBP 2,240	PCM
• TFS Currency Options Ltd., London	✓	United Kingdom	100.00%	37.62%	GBP 621	PCM
• ICAP Currency Options Ltd., London	✓	United Kingdom	100.00%	37.62%	GBP 504	PCM
<i>Tradition Financial Services Inc., New York</i>		U.S.A.	100.00%	68.40%	USD 50	FCM
• TFS Derivatives Corp., New York		U.S.A.	100.00%	68.40%	USD n/s	FCM
• Capstone Global Energy LLC, Houston		U.S.A.	50.00%	34.20%	- -	FCM
• TFS Energy LLC, Stamford	✓	U.S.A.	53.00%	36.25%	USD n/s	FCM
• TFS Energy Futures LLC, Stamford	✓	U.S.A.	100.00%	36.25%	USD 35	FCM
• TFS Blackwood LLC, New York and its London branch, TFSB Ltd.	✓	U.S.A.	93.75%	64.12%	USD 1,000	FCM
• Equitek Capital Inc., Delaware	✓	U.S.A.	100.00%	68.40%	USD n/s	FCM
TRC Lausanne, Lausanne		Switzerland	100.00%	68.40%	CHF 100	FCM
• The Recruitment Company Ltd., British Virgin Islands		British Virgin Islands	90.00%	61.56%	GBP n/s	FCM
• The Recruitment Company Pty. Ltd., Sydney	✓	Australia	100.00%	68.40%	AUD n/s	FCM
• The Recruitment Company Inc., New York	✓	U.S.A.	100.00%	68.40%	USD n/s	FCM
• The Recruitment Company Ltd., London	✓	United Kingdom	100.00%	68.40%	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						
• Tradcom Management, Lausanne		Switzerland	100.00%	100.00%	CHF 100	FCM
• Infotec S.A., Geneva		Switzerland	45.64%	45.64%	CHF 5,000	EM
• StreamingEdge.com Inc., New Jersey	✓	U.S.A.	60.00%	60.00%	USD 1,000	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, a service provider in the telecommunications and IT sectors, Infotec S.A., a provider of financial information on the Internet, and StreamingEdge.com Inc., a developer of online transactional tools.

1.3 Changes in the basis of consolidation

Changes in the basis of consolidation in 2000 were as follows:

Tradition Service Holding S.A. (TSH)

- Govdesk LLC: on 12 April 2000, TSH, through its wholly owned subsidiary Tradition Services (Delaware) Corp., acquired a 35% interest in Govdesk LLC, a brokerage company in Los Angeles, for a total cost of USD 600,000, of which USD 200,000 was paid up front and USD 400,000 was to be paid out of Tradition Services (Delaware) Corp.'s share of Govdesk's profits. Goodwill of USD 395,000 (CHF 647,000) arose on this acquisition and will be amortised over ten years,
- In June 2000, Tradition (Government Securities) Inc. took over the operating activities of Asiel & Co. LLC, one of the founding members of the New York Stock Exchange, and changed its name to Tradition Asiel Securities Inc. The takeover was completed on the basis of an up-front payment of USD 450,000 (CHF 737,000), and a further consideration equal to 35% of earnings on the company's entire securities activities in the first year, 25% in the second year and 15% in the third year.

TFS

Early in April 2000, Compagnie Financière Tradition increased its interest in TFS with the acquisition from its ultimate majority shareholder, VIEL & Cie, of 34,459 shares in TFS, or 10.42% of its capital on the transaction date. The acquisition price of CHF 4,991,000 was based on the stock market value of TFS, and resulted in goodwill of CHF 1,307,000. Compagnie Financière Tradition also opted to receive payment of TFS's 1999 dividend in shares, bringing its holding in the company to 68.40% at 31 December 2000, compared with 57.79% in the previous year,

- TRC: TFS's recruitment arm, established in 1999 with the creation of TRC Lausanne and The Recruitment Company Ltd., British Virgin Islands, established in Hong Kong, continued to expand in 2000, with the creation of three new companies, The Recruitment Company Pty. Ltd. in Sydney, The Recruitment Company Inc. in New York and The Recruitment Company Ltd. in London. These three new entities are wholly owned by TRC Lausanne,
- The creation of TFS Energy LLC, Stamford, capitalized at USD 100, which wholly owns TFS Energy Futures LLC, a broker on the New York Mercantile Exchange, capitalized at USD 35,000. TFS Energy LLC, in which Tradition Financial Services Inc. has a 53% stake, was created from a merger of TFS Inc.'s activities in the United States in the field of energy, and those of Sakura Dellscher Inc., and offers brokerage services for all energy related products in both OTC and regulated markets,
- The creation of TFS Blackwood LLC, New York, and its branch TFSB Ltd., London. TFS Blackwood LLC, held 93.75% by Tradition Financial Services Inc., New York, offers a trading platform in American markets, for which it has a license worldwide. The first trading room, for a clientele of day traders, is scheduled to open in London in the first quarter of 2001,

- The creation of TFS Futures & Options Pty. Ltd.: this South African company, capitalized at ZAR 250,000, wholly owned by Tradition Financial Services Ltd., is a member of the SAFEX - the South African Futures Exchange,

- The creation of Equitek Capital Inc., Delaware, and Equitek Capital Ltd., London. These companies, controlled 100% by TFS Lausanne, provide consulting and investment services, particularly to Equitek Capital Ltd., Cayman, a company 45% controlled by TFS Lausanne, specialised in the creation and management of investment funds. Equitek Capital Ltd., Cayman, was in the launch stage at 31 December 2000 and was not included in the basis of consolidation.

TFS and Garban Intercapital signed an agreement on 29 June 2000 to merge their OTC brokerage activities in currency options. This new division, trading under the name of TFS-ICAP, is present in London, New York, Tokyo and Singapore - where new joint ventures are scheduled to be created by the two Groups in each of the respective countries - and in Frankfurt, Copenhagen and Sydney, where the two Groups will conclude profit sharing agreements.

In this context, a new company was created in London during the year, TFS-ICAP Ltd., a 55% held subsidiary of Tradition Financial Services Ltd., which controls 50% of the equity voting rights. TFS-ICAP Ltd. wholly owns TFS Currency Options Ltd. and ICAP Currency Options Ltd.; these two companies took over the London-based currency options activities of TFS and ICAP on 1 December 2000. TFS-ICAP Ltd., jointly controlled by TFS and Garban Intercapital, was consolidated under the proportionate consolidation method at 31 December 2000.

In New York, Tokyo and Singapore, where no new entities had been created by 31 December 2000, TFS and Garban Intercapital agreed on an intermediate arrangement, which provides for TFS to be allocated 55% of earnings and profits generated by the combined activities of the two Groups on currency options in New York, and 50% of such earnings and profits in Tokyo and Singapore.

In accordance with the arrangement, revenues and profits from these activities were recognised in the consolidated profit and loss account for 2000 based on Compagnie Financière Tradition's share in the operations.

In Frankfurt, Tradition Financial Services GmbH will pay Garban Intercapital 45% of its operating profits on currency options operations. In turn, TFS Lausanne will receive respectively 55% and 50% of the operating profits from ICAP's currency options activities in Copenhagen and Sydney. These fees represent an aggregate net amount of CHF 126,000 for the period, reported under "Other operating income".

Holding Tradition Securities S.A. (HTS)

This company groups all the companies specialised in securities and exchange-traded products.

- Tradition Securities And Futures S.A. sold 45% of its interest in MIA for a consideration of FRF 11.0 million (CHF 2,554,000). Tradition Securities And Futures S.A. took a capital loss of FRF 1.3 million (CHF 295,000) on the transaction,

- The merger of Tradition Securities And Futures S.A. and Prominnofi, by way of a takeover of Tradition Securities And Futures S.A. by Prominnofi, brought Prominnofi's capital to €12.1 million (CHF 18.4 million). Prominnofi, which took over the Tradition Securities And Futures S.A. name, is 77.10% held by Holding Tradition Securities S.A.,

- As of 27 December 2000, Tradition Securities And Futures S.A. began renting the business of VIEL Eurovaleurs, Paris, a subsidiary of VIEL & Cie, indirect majority shareholder of Compagnie Financière Tradition. Tradition Securities And Futures S.A. will pay an annual rental fee of 4.0% of generated turnover. VIEL Eurovaleurs was active in OTC markets for French and European government debt.

Technology

Tradition (UK) Ltd. acquired a 1.56% equity stake in Infotec S.A. for CHF 1.0 million, when the company increased its capital. This operation brought Infotec S.A.'s capital from CHF 1.0 million at 31 December 1999 to CHF 5.0 million at 31 December 2000. Following the operation, Compagnie Financière Tradition's direct holding was reduced from 47.0% at 31 December 1999 to 44.08% at 31 December 2000, with its aggregate holding standing at 45.64% at the balance sheet date. As a result, Compagnie Financière Tradition recognised a dilution profit of CHF 914,000, recorded under financial income.

Compagnie Financière Tradition further developed its technology sector with the acquisition of a 60% interest in StreamingEdge.com Inc., an American company specialised in the development of online transactional tools. This stake was acquired for a consideration of USD 1.0 million, resulting in goodwill of CHF 692,000.

Non-consolidated majority shareholdings

Four companies were excluded from the basis of consolidation at 31 December 2000:

- 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 2000,
- Tradcom International, a company capitalized at CHF 250,000, 34% held by Tradcom Management. This company, created at the end of 1998, was in liquidation at 31 December 2000. Tradcom Management's stake in Tradcom International has been fully provisioned, as has all financing granted to this Company, and an additional provision for risks was made to cover all costs involved in any future liquidation,

- Tradition Securities (Kenya) Ltd., created early in 1999, capitalized at KShs 7,500,000, is 70% owned by Tradition (UK) Ltd. This company was not of material importance at 31 December 2000,

- HKI Systems Ltd., London, a company specialising in software development for electronic platforms. This company, in which Tradition Financial Services Ltd. holds a 50.03% stake, was not of material significance at 31 December 2000.

II ACCOUNTING PRINCIPLES AND VALUATION METHODS

II.1 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.

11.2 Foreign currencies, foreign exchange and interest rate transactions

Foreign 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 "Foreign 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 basic operations 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 monetary assets and liabilities are short-term.

11.3 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 entirely eliminated, as are the results of sales of assets between companies included within the consolidation and the reserve for depreciation established on consolidated investments, or loans and advances granted to consolidated affiliates.

11.4 Valuation methods

As indicated in the notes to the Company's financial statements, the main methods used are as follows:

Recognition of income

Brokerage revenues are recognised at the time of the operation 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.

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 realisation value, for unlisted securities.

Accrued and deferred items

Assets and liabilities are calculated on the basis of separate financial years, with pro-rata allocation of expenses and income in respective years.

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.

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 if their recovery is not dependent on future results, in which case they are entered under deferred tax liabilities, or if they are likely to be recovered as a result of a taxable profit.

Minority interests in debit

Where, following losses, the share attributable to minority interests of a company consolidated by global integration becomes negative, the excess as well as subsequent losses attributable to minority interests are to be deduced from majority interests, other than where it is mandatory for partners or minority shareholders to meet the losses. If subsequently the consolidated company realises profits, the majority interests are then to be credited with all of the profits until the portion they had assumed of losses attributable to minority interests has been eliminated in full.

Other balance sheet items

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

Derivative financial instruments

Derivative financial instruments outstanding at the balance sheet date are set out in the notes to the consolidated financial statements. Hedging operations are valued on the same basis as covered operations. 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. A provision is made to cover unrealised losses determined by homogenous portfolio of operations for OTC traded instruments.

III NOTES TO THE CONSOLIDATED BALANCE SHEET

III.1 Cash and cash equivalents

Net liquid assets

in thousands of Swiss francs	2000	1999
Cash and call deposits	72,727	60,013
Short-term deposits	47,537	63,639
Short-term bank borrowings	- 30,408	- 6,512
Net cash at 31 December	89,856	117,140
Net cash at 1 January	117,140	- 81,773
NET CASH INFLOW/OUTFLOW		
DURING THE YEAR	- 27,284	35,367

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	2000	1999
Short-term cash products	19,828	21,490
Bonds	4,741	3,046
Convertible bonds	3,053	3,217
Shares	15,374	1,330
Investment funds	7,348	4,891
	50,344	33,974
Provisions for depreciation	- 463	- 254
TOTAL	49,881	33,720

III.2 Receivables and other assets

Trade debtors

These are short-term receivables representing a net amount of CHF 93,345,000 at 31 December 2000, compared to CHF 72,029,000 the previous year. They are booked at face value after deduction of economically necessary provisions.

Other short-term receivables

in thousands of Swiss francs	2000	1999
Employee current accounts	4,342	2,541
Public authorities	2,508	4,491
Security deposits	943	885
Other short-term receivables	8,801	3,682
TOTAL	16,594	11,599

These receivables are booked at their face value.

Prepaid expenses and accrued income

in thousands of Swiss francs	2000	1999
Prepaid expenses	6,539	5,758
Deferred tax asset	927	-
Other accrued income	1,456	2,680
TOTAL	8,922	8,438

Receivables from affiliated companies

This item regroups all financing granted by Compagnie Financière Tradition to its affiliate Infotec S.A. at 31 December 2000, totalling CHF 4,821,000 compared with CHF 5,132,000 at 31 December 1999. This financing includes a short-term loan of CHF 3,358,000 coupled with a capitalisation clause, of which CHF 2,505,000 are subordinated, and an advance of CHF 1,463,000 on future services from Infotec S.A. (CHF 2,794,000 at 31 December 1999).

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 10,218,000 at 31 December 2000, (CHF 12,147,000 at 31 December 1999) are guaranteed by VIEL & Cie Finance, ultimate indirect shareholder of Compagnie Financière Tradition. Compagnie Financière Tradition and its affiliates received liquidation dividends totalling CHF 1,929,000 in 2000, equivalent to 7.2% of all stated receivables. This brings the total liquidation dividends received since the beginning to CHF 15,106,000, or 58.0% 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 I.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	2000	1999
ASSOCIATED UNDERTAKINGS		
Pallas Monaco	1,281	1,325
Infotec S.A.	- 4,366	- 2,547
Govdesk LLC	308	-
OTHER UNDERTAKINGS		
Tradition CIS LLC	230	230
Tradcom International	85	85
Tradition Securities (Kenya) Ltd.	111	118
HKI Systems Ltd.	57	-
ParisBourse ^{SBF} S.A.	-	1,858
Euronext N.V.	7,475	-
VIEL & Cie	3,236	2,103
Other investments	79	11
TOTAL	8,496	3,183
Provisions for depreciation	- 315	- 315
TOTAL	8,181	2,868

Treasury shares

The Company held 8,127 of its own shares at 31 December 2000. These shares were acquired in 1999 and 2000 at a purchase value of CHF 937,000. Changes in the situation of treasury shares during the period may be summarised as follows:

	Book value (in thousands of Swiss francs)	Acquisition cost or realization price (in thousands of Swiss francs)	No. of shares
SITUATION AT 1 JANUARY 2000	514	514	7,280
Acquisitions in 2000	546	546	2,597
Sales in 2000	- 123	- 84	- 1,750
Capital losses for the year	-	- 39	-
SITUATION AT 31 DECEMBER 2000	937	937	8,127

Based on the market price at 31 December 2000, the potential capital gain on these shares amounted to CHF 810,000 (CHF 804,000 at 31 December 1999).

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	2000			1999		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and buildings	8,501	985	7,516	8,501	985	7,516
Fixtures and installations	34,103	26,167	7,936	33,968	25,914	8,054
Computer and telecom. equipment	49,676	39,095	10,581	48,606	37,850	10,756
Other tangible fixed assets	1,378	755	623	1,451	723	728
TOTAL	93,658	67,002	26,656	92,526	65,472	27,054

Changes in tangible fixed assets in 2000 and 1999 were as follows:

in thousands of Swiss francs	2000	1999
Gross value at 1 January	92,526	78,292
Change in the basis of consolidation	-	1,178
Translation adjustment	- 3,393	6,666
Acquisitions during the year	10,258	7,687
Disposals and write-off	- 5,733	-1,297
GROSS VALUE AT 31 DECEMBER	93,658	92,526
Cumulative depreciation at 1 January	65,472	55,088
Change in the basis of consolidation	-	-
Translation adjustment	- 2,184	4,739
Amortisation and depreciation for the year	8,729	6,895
Disposals and write-off	- 5,015	- 1,250
CUMULATIVE DEPRECIATION AT 31 DECEMBER	67,002	65,472
NET VALUE AT 31 DECEMBER	26,656	27,054

Fire insurance value at 31 December 2000, stood at CHF 100,284,000 for installations and equipment and CHF 17,775,000 for buildings (CHF 69,723,000 and CHF 17,775,000 respectively at 31 December 1999).

Intangible fixed assets

Intangible fixed assets comprised the following:

in thousands of Swiss francs	2000			1999		
	Gross	Amort.	Net	Gross	Amort.	Net
Telephone rights	2,195	1,620	575	1,919	892	1,027
Intangible business assets	737	52	685	138	138	-
Goodwill	7,115	941	6,174	3,147	249	2,898
Other intangible fixed assets	2,998	2,002	996	2,037	1,250	787
TOTAL	13,045	4,615	8,430	7,241	2,529	4,712

Intangible business assets

At the end of June 2000, Tradition Asiel Securities Inc. acquired intangible business assets from Asiel & Co. LLC, in the amount of USD 450,000

(CHF 737,000, cf. Note I.3). These are being amortised over ten years from the date of acquisition, end of June 2000.

Goodwill

Goodwill arising on acquisitions was as follows:

in thousands of Swiss francs	Gross	2000		1999 Net	
		Accrued Amort.	Net Amort. for the period		
TFS	3,146	455	2,691	271	1,657
Infotec S.A.	2,630	396	2,234	331	1,241
StreamingEdge.com Inc.	692	47	645	47	-
Govdesk LLC	647	43	604	43	-
TOTAL	7,115	941	6,174	692	2,898

III.5 Accrued expenses and deferred income

Other short-term debts

This item may be summarised as follows:

in thousands of Swiss francs	2000	1999
Employee current accounts	548	954
Public authorities	9,842	16,202
Trade debtors	2,221	2,082
Other short-term debts	22,877	19,196
TOTAL	35,488	38,434

Accrued expenses

This item is broken down as follows:

in thousands of Swiss francs	2000	1999
Employee compensation and benefits	52,391	41,017
Other miscellaneous accrued expenses	23,639	14,907
TOTAL	76,030	55,924

Taxes payable

Consolidated taxes payable at 31 December 2000 totalled CHF 23,105,000, and primarily comprised current taxes on income earned by Compagnie Financière Tradition and its subsidiary holdings in 2000, and a deferred tax liability of CHF 667,000 arising from the gain realised by MIA on its stake in ParisBourse^{SBF} S.A. (cf. Note IV.2), which benefits from three year's deferred taxation. Compagnie Financière Tradition recognised a deferred tax asset of CHF 927,000 (cf. Note III.2) arising from taxes and bonuses posted by Meitan Tradition Co. Ltd. in 2000, deductible at the time of their actual payment, which is mostly scheduled for the first quarter of 2001.

Long-term debts

Long-term debts of CHF 4,416,000 at 31 December 2000, consisted of JPY 310 million of debts owed by Meitan Tradition Co. Ltd. (JPY 430 million or CHF 6,718,000 at 31 December 1999) granted or guaranteed in 1997 by its former majority shareholder.

These debts have no scheduled maturity date and are being repaid in line with Meitan Tradition Co. Ltd.'s cash flows. They may eventually be converted into share capital after eight years, or renewed for an unspecified period.

III.6 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.

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 2000 and 1999:

in thousands of Swiss francs	2000	1999
RECEIVABLES LINKED TO ACCOUNT HOLDER ACTIVITIES		
Deposits paid	256	2,607
Current accounts with clearing institutions	13,692	16,610
Dealing accounts	38,604	23,855
	52,552	43,072
DEBTS LINKED TO ACCOUNT HOLDER ACTIVITIES		
Deposits received	- 1,118	- 3,987
Current accounts with clearing institutions	- 20,268	- 13,074
Dealing accounts	- 29,496	- 24,072
	- 50,882	- 41,133
TOTAL	1,670	1,939

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.7 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 2000 stood at CHF 742,000 (net debt of CHF 9,599,000 in 1999).

III.8 Share capital

Composition of share capital

Share capital at 31 December 1999, stood at CHF 1,268,350, consisting of 12,683,500 shares of CHF 10.

Share capital was increased by CHF 291,500 in April 2000 through the creation of 29,150 new bearer shares of CHF 10, following the exercise of share options. This increase, accompanied by a share premium of CHF 682,110, brought Compagnie Financière Tradition's share capital to CHF 12,975,000 at 31 December 2000.

Major shareholders

At 31 December 2000, the only shareholder holding over 5% of equity voting rights in Compagnie Financière Tradition was VIEL & Cie Finance, Paris, with 69.28%, compared to 72.47% the previous year.

The 69.28% equity voting rights held by VIEL & Cie Finance, Paris, are exercised indirectly through Financière Vermeer B.V., Amsterdam, wholly owned by VIEL & Cie, which itself was 57.28% held by VIEL & Cie Finance at 31 December 2000.

Increase in share capital

Share capital may be increased by up to CHF 6,000,000, through the issue of up to 600,000 new bearer shares of CHF 10. 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 10 May 1999, is valid until 11 May 2001.

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 132,500 bearer shares of CHF 10. 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.

III.9 General reserve

The general reserve is not available for distribution.

III.10 Consolidated reserves

This item includes cumulative foreign currency translation adjustments, which decreased by CHF 9,416,000 in 2000 (increase of CHF 10,350,000 in 1999).

IV NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

IV.1 Net turnover

Consolidated net turnover increased from CHF 496.6 million in 1999 to CHF 645.1 million in 2000, a rise of 29.9%. On a like for like consolidation basis, excluding Company acquisitions and creations during the year, sales increased by 28.8% in 2000 or 19.2% at constant exchange rates.

These revenues result from commissions on pure brokerage operations conducted by Compagnie Financière Tradition's affiliates for a broad client portfolio of banks, financial institutions and large

corporations. It also marginally includes revenues - less than 1% in 2000 - from arbitrage activities on exchange-traded products realised by Tradition Securities And Futures S.A. and its affiliates.

The segmental and geographical analysis of revenues is as follows:

in thousands of Swiss francs	TSH		TFS		HTS		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
Europe	188,290	172,582	61,384	65,431	53,281	39,500	302,955	277,513
United States	179,147	81,932	47,733	41,103	-	-	226,880	123,035
Asia - Pacific	94,306	73,842	20,987	22,208	-	-	115,293	96,050
TOTAL	461,743	328,356	130,104	128,742	53,281	39,500	645,128	496,598

IV.2 Net financial income

This item may be summarised as follows:

in thousands of Swiss francs	2000	1999
Income from investments	1,500	2,539
Capital gains on investments	3,576	766
Dilution profit	914	-
Interest and exchange gains and losses	9,547	5,755
TOTAL	15,537	9,060

In 2000, income from investments included dividends received from two undertakings held by Tradition Securities And Futures S.A. and its subsidiary MIA, totalling CHF 1,500,000 (CHF 2,539,000 in 1999).

Capital gains on investments include gains of CHF 3,576,000 arising from the exchange of MIA's stake in ParisBourse^{SBF} S.A. against 936,587

Euronext N.V. shares, representing 0.94% of its capital. Euronext N.V. shares were recognized on MIA's balance sheet on the basis of consolidated net worth at 30 June 2000.

IV.3 Extraordinary items

in thousands of Swiss francs	2000	1999
EXTRAORDINARY INCOME		
Partial use of the contingency provision	-	842
	-	842
EXTRAORDINARY EXPENSES		
Other extraordinary items after tax	-	- 842
	-	- 842
NET EXTRAORDINARY ITEMS	-	-

A contingency provision of CHF 9,865,000 was set aside in 1996 and 1997 to cover the risks involving Compagnie Financière Tradition and its affiliates. This provision was partially written back in 1998 and 1999 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 and CHF 842,000 in 1999 respectively.

In light of the information available at 31 December 2000, Compagnie Financière Tradition's Directors consider the residual contingency provision of CHF 3,376,000 (CHF 3,376,000 at 31 December 1999) to be sufficient to cover risks carried by the Compagnie Financière Tradition and its affiliates at that date.

V ADDITIONAL INFORMATION

V.1 Commitments and contingent liabilities

Guarantees and commitments given

in thousands of Swiss francs	2000	1999
Guarantees and commitments to third parties	27	37
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.

This undertaking relates to receivables of FRF 107,867,000 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, Compagnie Financière Tradition and its subsidiaries received part repayment from Banque Pallas Stern and Comipar, equivalent to 50.8% of their outstanding claims, bringing residual receivables held by Compagnie Financière Tradition at 31 December 1999 to CHF 12,147,000.

In 2000, a further repayment was received of CHF 1,929,000, or 7.2% of the original receivables, bringing the total unsecured dividends received since the liquidation of Banque Pallas Stern and Comipar to 58.0% of stated receivables. Residual receivables held by Compagnie Financière Tradition and its affiliates amounted to CHF 10,218,000 at 31 December 2000.

In light of the undertaking received from VIEL & Cie Finance, the Company's Directors considered that no provision was required to cover these receivables at the close of the accounts.

V.2 Operations on derivative products

in thousands of Swiss francs	2000	1999
Future commitments to deliver securities	222,477	17,142
Future commitments to purchase securities	221,688	4,257
Index futures purchased	78,716	250,808
Index futures sold	78,560	250,785
Securities received as guarantee	24,121	16,874
Securities given as guarantee	24,121	15,484

Purchases and sales of index 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 2000 and liquidated after that date, in connection with matched principal activities realised by Tradition London Clearing Ltd. and Tradition (Global Clearing) Inc.

V.3 Assets pledged or sold as guarantees

in thousands of Swiss francs	2000	1999
Cash deposits frozen as a guarantee for brokerage activity	18,953	17,641

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

Retirement benefits

Given the average age of the personnel and their seniority within Compagnie Financière Tradition and its affiliates, no provision has been set aside for pension benefit schemes.

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 stood at CHF 21.89 in 2000 and CHF 13.22 in 1999, based on the weighted average number of shares outstanding in each of these two years.

REPORT OF THE GROUP AUDITORS**To the Annual General Meeting of Shareholders of Compagnie Financière Tradition, Lausanne**

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, profit and loss account, cash flow statement and notes) of Compagnie Financière Tradition, Lausanne, for the year ended 31 December 2000.

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 profession in Switzerland, which require that our 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, cash flows and results of operations in accordance with the Accounting and Reporting Recommendations (ARR) and comply with Swiss law.

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

Lausanne, 13 March 2001

Ernst & Young S.A.

P. Gisiger
Certified accountant

J.-M. Favre
Certified accountant
(Auditor in charge)

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BALANCE SHEET AT 31 DECEMBER 2000

ASSETS

in thousands of Swiss francs	Notes	2000	1999
CURRENT ASSETS			
Call deposits		4,689	1,525
Net short-term receivables from affiliated companies	II.3	9,437	16,959
Other short-term receivables		1,221	493
Marketable Securities		950	-
Prepaid expenses and accrued income		248	15
TOTAL CURRENT ASSETS		16,545	18,992
FIXED ASSETS			
Long-term receivables from affiliated companies	II.2	98,078	99,629
Receivables from direct and ultimate shareholders		82	181
Other long-term receivables	II.3	8,675	10,242
Investments	II.1	41,994	21,712
Treasury shares	II.7	937	514
Installations and equipment	II.4	530	838
Buildings	II.4	7,516	7,516
TOTAL FIXED ASSETS		157,812	140,632
TOTAL ASSETS		174,357	159,624

LIABILITIES

in thousands of Swiss francs	Notes	2000	1999
CREDITORS			
Short-term bank borrowings		12,325	6,502
Net short-term debts to affiliated companies		6,582	6,404
Short-term debts to shareholders		1,654	3,135
Other short-term debts	II.5	360	840
Taxes payable		270	28
Accrued expenses and deferred income	II.5	1,142	870
Long-term debts to affiliated companies	II.5	19,765	19,483
Contingency and loss provisions		3,376	3,376
TOTAL CREDITORS		45,474	40,638
SHAREHOLDERS' EQUITY			
Share capital	II.6	12,975	12,684
Share premium		2,117	1,435
General reserve		13,284	13,284
Reserve for treasury shares		514	-
Other reserves		15,300	15,300
Retained earnings		84,693	76,283
TOTAL SHAREHOLDERS' EQUITY		128,883	118,986
TOTAL LIABILITIES		174,357	159,624

PROFIT AND LOSS ACCOUNT 2000

in thousands of Swiss francs	Notes	2000	1999
Dividend received		1,585	2,270
Other operating income	III.1	1,285	733
Net financial income		3,570	6,320
OPERATING INCOME		6,440	9,323
Employee compensation and benefits		- 1,165	- 1,201
Other operating expenses		- 1,479	- 3,487
Depreciation and amortisation		- 396	- 593
OPERATING EXPENSES		- 3,040	- 5,281
OPERATING PROFIT		3,400	4,042
Extraordinary income	III.2	12,570	17,077
Extraordinary expenses	III.2	- 506	- 582
Taxes		- 234	- 264
NET PROFIT		15,230	20,273

CHANGE IN RETAINED EARNINGS

in thousands of Swiss francs	2000	1999
RETAINED EARNINGS		
Retained earnings brought forward	69,463	56,010
Net profit for the year	15,230	20,273
RETAINED EARNINGS AT 31 DECEMBER	84,693	76,283
CHANGE IN RETAINED EARNINGS		
Retained earnings	84,693	76,283
Allocation to reserve for treasury shares	- 423	- 514
Dividend of CHF 6 / CHF 5 per bearer share	- 7,785	- 6,342
Dividend on treasury shares	-	36
RETAINED EARNINGS CARRIED FORWARD	76,485	69,463

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 Accounting and Reporting Recommendations (ARR), 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		Acquisition cost (in thousands of Swiss francs)	
			2000	1999	2000	1999
Tradition Service Holding S.A., Lausanne	CHF	21,000	100.00	100.00	20,892	20,892
TFS, Lausanne	CHF	3,419	68.40	57.79	10,822	4,820
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
Infotec S.A., Geneva	CHF	5,000	44.08	47.00	-	-
StreamingEdge.com Inc., New Jersey	USD	1,000	60.00	-	1,698	-
Other investments					932	920
					43,624	35,912
Economically necessary provisions					- 1,630	- 14,200
TOTAL					41,994	21,712

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 provides the Group with information technology and telecommunication services. Cofitra Investments Inc. is a financial company. Infotec S.A. is a technology company specialised in providing online financial information. StreamingEdge.com Inc., created in 2000, develops online transactional platforms.

The net asset value, on which economically necessary provisions were estimated, was determined on the basis of the financial statements (or, when required, on the

basis of the consolidated financial statements of these companies) translated at year-end exchange rates. Such provisions stood at CHF 1,630,000 at 31 December 2000 against CHF 14,200,000 at 31 December 1999, resulting in a net write-back of provisions of CHF 12,570,000 in 2000, recognised under extraordinary items. This net write-back of provisions consists of a recovery of provisions, in the amount of CHF 14,088,000, on the stake in Tradition Service Holding, whose consolidated equity rose from CHF 6,805,000 at 31 December 1999 to CHF 29,907,000 at 31 December 2000, and a charge to provisions of CHF 1,518,000 on three other equity holdings.

11.2 Long-term receivables from affiliated companies

This item was composed of the following:

	Receivables in thousands of local currency			Receivables in thousands of CHF	
	currency	2000	1999	2000	1999
Tradition Service Holding S.A., Lausanne	CHF	75,201	69,636	75,201	69,636
Tradition Service Holding S.A., Lausanne	DEM	911	911	743	743
Holding Tradition Securities S.A., Lausanne	CHF	11,706	11,706	11,706	11,706
Holding Tradition Clearing, Lausanne	CHF	7,076	15,206	7,076	15,206
Infotec S.A., Geneva	CHF	3,858	2,338	3,858	2,338
				98,584	99,629
Economically necessary provisions				- 506	-
TOTAL				98,078	99,629

Gross receivables in Swiss francs from Tradition Service Holding S.A. were subordinated to the extent of CHF 27,500,000 at 31 December 2000 (CHF 30,620,000 at 31 December 1999). Gross receivables from Holding Tradition Securities S.A. and Holding Tradition Clearing were subordinated to the extent, respectively, of CHF 143,000 and CHF 500,000 at 31 December 2000. Receivables from Infotec S.A. to Compagnie Tradition were subordinated to the extent of CHF 2,505,000 at 31 December 2000.

11.3 Other receivables

Net short-term receivables from affiliated companies

These receivables stood at CHF 9,437,000 at 31 December 2000 (CHF 16,959,000 at 31 December 1999). 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 debts, totalling CHF 8,675,000 at 31 December 2000 (CHF 10,242,000 at 31 December 1999) 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 11,195,000 in 1999, equivalent to 50.8% of all stated receivables. A further dividend of CHF 1,567,000, or 7.2% of stated receivables was paid during the period, bringing the total percentage repaid at 31 December 2000 to 58.0%.

11.4 Fixed assets

in thousands of Swiss francs	2000			1999		
	Gross	Amort.	Net	Gross	Amort.	Net
Land and buildings	8,501	985	7,516	8,501	985	7,516
Fixtures and installations	3,527	3,320	207	3,515	3,177	338
Computer and telecom. equipment	4,438	4,188	250	3,868	3,416	452
Other fixed assets	250	177	73	180	132	48
TOTAL	16,716	8,670	8,046	16,064	7,710	8,354

At 31 December 2000, fire insurance value stood at CHF 12,728,000 for fixtures and installations, and CHF 17,775,000 for buildings (CHF 12,728,000 and CHF 17,775,000 respectively at 31 December 1999).

11.5 Accrued expenses and other debts

Other short-term debts

This item was comprised as follows:

in thousands of Swiss francs	2000	1999
Employee current accounts	-	50
Public authorities	-	304
Other short-term debts	360	486
TOTAL	360	840

Accrued expenses and deferred income

This item was comprised as follows:

in thousands of Swiss francs	2000	1999
Employee compensation and benefits	140	147
Other miscellaneous accrued expenses	1,002	723
TOTAL	1,142	870

Long-term debts to affiliated companies

This item, which amounted to CHF 19,765,000 and CHF 19,483,000 at 31 December 2000, and 1999 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 TISA, Panama.

11.6 Share capital

Composition of share capital

Share capital at 31 December 1999, stood at CHF 1,268,350, consisting of 12,683,500 shares of CHF 10.

Share capital was increased by CHF 291,500 in April 2000 through the creation of 29,150 new bearer shares of CHF 10, following the exercise of share options. This increase, accompanied by a share premium of CHF 682,110, brought Compagnie Financière Tradition's share capital to CHF 12,975,000 at 31 December 2000.

Major shareholders

At 31 December 2000, the only shareholder holding over 5% of the equity voting rights in Compagnie Financière Tradition was VIEL & Cie Finance, Paris, with 69.28%, compared to 72.47% the previous year.

The 69.28% equity voting rights held by VIEL & Cie Finance, Paris, are exercised indirectly through Financière Vermeer B.V., Amsterdam, wholly owned by VIEL & Cie, which itself was 57.28% held by VIEL & Cie Finance at 31 December 2000.

Increase in share capital

Share capital may be increased by up to CHF 6,000,000, through the issue of up to 600,000 new bearer shares of CHF 10. 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 10 May 1999, is valid until 11 May 2001.

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 132,500 registered shares of CHF 10. 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.

II.7 Treasury shares

The Company held 8,127 of its own shares at 31 December 2000, with an acquisition value of CHF 937,000. Changes in the situation of these treasury shares during the period were as follows:

	Book value (in thousands of Swiss francs)	Acquisition cost or realization price (in thousands of Swiss francs)	No. of shares
SITUATION AT 1 JANUARY 2000	514	514	7,280
Acquisitions in 2000	546	546	2,597
Sales in 2000	- 123	- 84	- 1,750
Capital losses for the year	-	- 39	-
SITUATION AT 31 DECEMBER 2000	937	937	8,127

These shares showed an unrealised gain of CHF 810,000 over the market price of CHF 215 at 31 December 2000 (CHF 804,000 at 31 December 1999).

III NOTES TO THE PROFIT AND LOSS ACCOUNT

III.1 Operating income

Compagnie Financière Tradition, which became a pure holding company on 1 July 1998, did not exercise any operational activities during the period. Nevertheless, as a holding company it receives rental income on its realty, consisting of two buildings in Lausanne. This income of CHF 544,000 net (CHF 733,000 in 1999) is stated under "Other operating income". The Company also recorded income of CHF 741,000 during the period, arising from depreciation of operating assets invoiced to its subsidiary, Tradition S.A.

III.2 Extraordinary income and expenses

This item was comprised as follows:

in thousands of Swiss francs	2000	1999
EXTRAORDINARY INCOME		
Liquidation of provisions on investments	12,570	7,576
Liquidation of provisions for the depreciation of long-term receivables from affiliated companies	-	8,659
Partial use of the contingency provision	-	842
TOTAL	12,570	17,077
EXTRAORDINARY EXPENSES		
Charge to provisions on long-term receivables from Group companies	- 506	-
Capital loss on sale of investment	-	- 582
TOTAL	- 506	- 582

IV ADDITIONAL INFORMATION

IV.1 Commitments and contingent liabilities

in thousands of Swiss francs	2000	1999
Guarantees and commitments to third parties	27	37

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 FRF 92,046,000 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, Compagnie Financière Tradition received part repayment from Banque Pallas Stern and Comipar, equivalent to 50.8% of its outstanding claims. A further dividend of CHF 1,567,000, or 7.2% of declared receivables was paid in 2000, bringing the residual amount of these receivables to CHF 8,675,000 at 31 December 2000 (CHF 10,242,000 at 31 December 1999).

In view of this undertaking, the Company's Board of Directors considered that no provision was required to cover these receivables at the close of the accounts.

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 2000.

REPORT OF THE STATUTORY AUDITORS**To the Annual General Meeting of Shareholders of Compagnie Financière Tradition, Lausanne**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, profit and loss account and notes) of Compagnie Financière Tradition, Lausanne, for the year ended 31 December 2000.

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 profession in Switzerland, 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 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 and results of operations in accordance with the Accounting and Reporting Recommendations (ARR). Furthermore, the accounting records, financial statements and proposed appropriation of available earnings comply with Swiss law and the Company's Articles of Association.

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

Lausanne, 13 March 2001

Ernst & Young S.A.

P. Gisiger
Certified accountant

J.-M. Favre
Certified accountant
(Auditor in charge)