

swissfirst Report 2. Quarter
2005

swissfirst AG, Zug

Interim consolidated financial statements 2005

Balance sheet	Interim statement 30.06.2005	End year statement 31.12.2004	Interim statement 30.06.2004
	CHF	CHF	CHF
Assets			
Cash	44,587,697	39,222,002	96,146,517
Due from banks	425,900,205	223,291,606	305,049,929
Due from customers	445,839,510	393,335,678	360,173,449
Securities trading portfolio	88,998,620	37,029,592	42,831,680
Derivative financial instruments	26,135,626	21,647,246	27,269,289
Financial investments	158,350,931	133,770,126	187,420,861
Associated participations	1,382,922	1,382,922	1,382,922
Fixed assets	22,407,529	22,719,335	23,425,625
Intangible fixed assets	339,267	534,293	692,798
Prepaid expenses and accrued income	7,644,377	3,988,083	4,259,997
Current tax assets	18,096,105	10,262,075	11,518,879
Other assets	12,428,630	29,231,613	38,312,941
Total assets	1,252,111,419	916,414,571	1,098,484,887
Liabilities and shareholders' equity			
Due to banks	167,758,676	137,129,145	164,542,968
Due to customers	582,390,391	435,252,513	508,968,925
Derivative financial instruments	90,840,812	41,662,872	42,780,828
Deferred income	24,557,629	21,117,068	24,385,483
Other liabilities	63,257,721	5,137,943	17,700,788
Current tax liabilities	2,746,893	2,140,504	5,367,026
Deferred tax liabilities	3,555,985	3,565,087	3,885,098
Valuation adjustments and provisions	9,628,579	8,709,091	9,952,023
Total Liabilities	944,736,686	654,714,223	777,583,139
Share capital	5,000,000	5,000,000	5,000,000
Treasury shares	-12,530,105	-98,898,730	-533,800
Capital reserve	90,915	-	-
Retained earnings	265,894,012	291,302,074	269,700,807
Net profit attributable to shareholders of swissfirst AG	23,787,009	41,253,066	24,645,357
Equity attributable to shareholders of swissfirst AG	282,241,831	238,656,410	298,812,364
Minority interests	25,132,902	23,043,938	22,089,384
Total Equity	307,374,733	261,700,348	320,901,748
Total liabilities and shareholders' equity	1,252,111,419	916,414,571	1,098,484,887

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Profit and loss account	Period	Period	Period	Period
	1.1. - 30.06.2005	1.1. - 30.06.2004	1.4. - 30.06.2005	1.4. - 30.06.2004
	6 months	6 months	3 months	3 months
	CHF	CHF	CHF	CHF
Net interest income				
Interest and discount income	9,233,918	7,278,871	4,989,108	3,977,016
Dividend income	2,184,466	877,000	1,684,466	877,000
Interest expenses	-3,672,743	-2,106,933	-2,041,840	-1,146,352
<i>Subtotal: Net interest income</i>	7,745,641	6,048,938	4,631,734	3,707,664
Net commission and service fee income				
Commission income from lending activities	37,439	77,339	20,011	33,455
Commission income from securities and investment business	33,700,263	35,593,730	16,791,424	16,582,336
Commission income from other services	1,294,850	1,445,309	687,917	964,294
Commission expenses	-3,900,031	-3,155,195	-2,207,339	-910,981
<i>Subtotal: Net commission and service fee income</i>	31,132,521	33,961,183	15,292,013	16,669,104
Net trading income	5,885,537	6,032,731	3,292,368	370,983
Other ordinary income				
Real estate income	129,350	136,836	61,975	52,527
Income from associated companies	1,000,000	234,257	1,000,000	234,257
Income from sales of financial investments	268,235	1,940,655	-	1,825,655
Sundry ordinary expenses	-396,716	-126,315	-372,312	-26,672
Sundry ordinary income	874,612	1,030,796	394,557	445,736
<i>Subtotal: Other ordinary income</i>	1,875,481	3,216,229	1,084,220	2,531,503
Net operating income	46,639,180	49,259,081	24,300,335	23,279,254
Operating expenses				
Personnel expenses	-11,515,748	-12,391,889	-5,581,998	-6,077,359
Other operating expenses	-6,788,614	-6,920,710	-3,471,251	-3,433,695
<i>Subtotal: Operating expenses</i>	-18,304,362	-19,312,599	-9,053,249	-9,511,054
Gross operating profit	28,334,818	29,946,482	15,247,086	13,768,200
Depreciation and write-offs on fixed assets	-868,051	-866,031	-434,000	-477,962
Valuation adjustments, provisions and losses	-1,337,232	-14,394	-1,239,318	-9,167
Taxes	-2,342,526	-4,420,700	-1,749,061	-1,589,374
Profit for the period incl. minority interests	23,787,009	24,645,357	11,824,707	11,691,697
Minority interests	1,839,721	1,466,577	834,216	683,451
Group profit for the period	21,947,288	23,178,780	10,990,491	11,008,246

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Cash flow statement	Period	Period	Period	Period
	1.1. - 30.06.2005	1.1. - 30.06.2004	1.4. - 30.06.2005	1.4. - 30.06.2004
	6 months	6 months	3 months	3 months
	CHF	CHF	CHF	CHF
Cash flow from operating activities				
Interest income (excluding financial investments)	7,226,220	8,301,176	3,807,287	5,094,232
Fee and commission income	35,268,605	39,169,565	17,699,242	16,808,750
Interest expense	-2,482,318	-2,565,437	-1,478,092	-1,846,834
Fee and commission expense	-3,665,564	-4,281,935	-1,962,581	-2,252,313
Personnel and general expense	-21,166,679	-23,232,707	-6,169,382	-8,305,120
Other income	277,041	423,046	1,443,177	-347,158
Subtotal	15,457,305	17,813,708	13,339,651	9,151,557
Net change in assets and liabilities relating to operating activities				
Receivables and financial investments	-249,905,537	-14,476,024	-98,233,543	193,302,386
Trading positions	-7,279,469	9,122,933	1,421,944	-23,969,207
Liabilities	177,767,409	47,544,485	43,714,806	-33,568,681
Other	25,667,166	-18,590,587	-15,579,392	-66,041,082
Cash flow from operating activities before tax	-38,293,126	41,414,515	-55,336,534	78,874,973
Tax expense	-9,276,500	-9,355,552	-2,028,531	2,257,536
Cash flow from operating activities after tax	-47,569,626	32,058,963	-57,365,065	81,132,509
Cash flow from investing activities				
Purchase of financial assets	-38,756,699	-20,348,540	-2,077,899	-
Purchase of fixed assets	-361,219	-14,478	-361,219	-14,478
Proceeds from the disposal of financial assets	8,969,000	6,195,000	-	1,033,000
Interest income from financial investments and associated companies	487,981	704,877	352,877	340,733
Dividends received from financial investments and associated companies	2,480,938	963,975	1,683,438	963,975
Net cash flow from investing activities	-27,179,999	-12,499,166	-402,803	2,323,230
Cash flow from financing activities				
Dividends paid	-	-5,994,055	-	-5,994,055
Net movements in treasury shares/derivatives	87,854,767	21,957,450	53,649,464	-
Other movements	-6,193,198	-806,492	-1,270,027	-
Cash flow from financing activities	81,661,569	15,156,903	52,379,437	-5,994,055
Balance	6,911,944	34,716,700	-5,388,431	77,461,684
Cash and cash equivalents, beginning of period	54,327,394	70,129,817	66,627,769	27,384,833
Cash flow from operating activities after tax	-47,569,626	32,058,963	-57,365,065	81,132,509
Net cash flow from investing activities	-27,179,999	-12,499,166	-402,803	2,323,230
Cash flow from financing activities	81,661,569	15,156,903	52,379,437	-5,994,055
Cash and cash equivalents, end of period	61,239,338	104,846,517	61,239,338	104,846,517

Cash and cash equivalents comprise cash (cash on hand, postal check account deposits and deposits at central banks) as well as debt securities eligible for refinancing at central banks. The composition of cash and cash equivalents was as follows:

Cash	44,587,697	96,146,517	44,587,697	96,146,517
Immediately available securities eligible for refinancing at central banks	16,651,641	8,700,000	16,651,641	8,700,000
Total	61,239,338	104,846,517	61,239,338	104,846,517

Interim consolidated financial statements 2005

Business segments	Private Banking	Asset Management	Investment Banking	Corporate Items	TOTAL
	CHF	CHF	CHF	CHF	CHF
Period 1.1. - 30.06.2005					
Net operating income	14,602,033	6,744,412	23,555,432	1,737,303	46,639,180
Operating expenses	-8,686,641	-3,155,386	-6,038,656	-423,679	-18,304,362
Gross operating profit	5,915,392	3,589,026	17,516,776	1,313,624	28,334,818
Depreciation, valuation adjustments, provisions and losses	-853,184	-158,968	-1,165,004	-28,127	-2,205,283
Taxes	-702,400	-515,598	-833,931	-290,597	-2,342,526
Minority interests	-906,487	-932,115	-1,119	-	-1,839,721
Profit after taxes	3,453,321	1,982,345	15,516,722	994,900	21,947,288
Total assets	589,841,854	130,117,740	527,355,081	4,796,744	1,252,111,419
Total liabilities	463,556,923	121,819,696	355,373,526	3,986,541	944,736,686
Total capital expenditure	184,222	-	176,997	-	361,219
Total assets under management as 30.6.2005	2,454 m	1,989 m	850 m	57 m	5,350 m
Period 1.1. - 30.06.2004					
Net operating income	14,409,377	7,281,593	25,285,151	2,282,960	49,259,081
Operating expenses	-9,827,427	-3,603,956	-5,699,006	-182,210	-19,312,599
Gross operating profit	4,581,950	3,677,637	19,586,145	2,100,750	29,946,482
Depreciation, valuation adjustments, provisions and losses	-633,119	-116,098	-131,168	-40	-880,425
Taxes	-627,109	-763,465	-2,540,817	-489,309	-4,420,700
Minority interests	-445,027	-1,021,550	-	-	-1,466,577
Profit after taxes	2'876'695	1,776,524	16,914,160	1,611,401	23,178,780
Total assets	504,794,296	128,262,826	462,211,633	3,216,132	1,098,484,887
Total liabilities	468,450,084	123,672,437	206,312,390	1,237,612	799,672,523
Total capital expenditure	235,437	-	-	-	235,437
Total assets under management as 30.6.2004	1,926 m	1,820 m	1,216 m	35 m	4,997 m
Total assets under management as 31.12.2004	2,036 m	1,755 m	1,039 m	64 m	4,894 m

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Analysis of shareholders' equity	Share capital	Treas. shares/ derivatives	Capital reserve	Retained earnings	Minority interest	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF	CHF
As at 31.12.2003	5,000,000	-22,540,385	-	297,981,145	20,982,897	301,423,657
Change to treasury shares/derivatives	-	-76,358,345	-	-14,028,725	-	-90,387,070
Other changes			-	875,733	-	875,733
Net change in reserves for financial investments available for sale			-	15,352,813	-	15,352,813
Dividend 2003			-	-5,994,055	-	-5,994,055
Changes in minority interest			-	-	-823,796	-823,796
Profit for the year 2004			-	38,368,229	2,884,837	41,253,066
As at 31.12.2004	5,000,000	-98,898,730	-	332,555,140	23,043,938	261,700,348
Change to treasury shares/derivatives	-	86,368,625	-	-29,795,096	-	56,573,529
Other changes			90,915	2,927,050	-	3,017,965
Net change in reserves for financial investments available for sale			-	12,046,639	-	12,046,639
Dividend 2004			-	-50,000,000	-	-50,000,000
Changes in minority interest			-	-	249,243	249,243
Profit for the period			-	21,947,288	1,839,721	23,787,009
As at 30.06.2005	5,000,000	-12,530,105	90,915	289,681,021	25,132,902	307,374,733
As at 30.06.2004	5,000,000	-533,800	-	294,346,164	22,089,384	320,901,748

Price of the swissfirst share	30.06.2005	31.12.2004	High	Low
	CHF	CHF	CHF	CHF
	51.50	52.00	56.00	49.20

	1.1. - 30.06.2005 6 months	1.1. - 30.06.2004 6 months	1.4. - 30.06.2005 3 months	1.4. - 30.06.2004 3 months
Number of outstanding shares	10 m	5 m	10 m	5 m
Earnings per share	2.32	4.72	1.14	2.24
Earnings per share (diluted)	2.32	4.72	1.17	2.24
Nominal earnings per share (fully diluted)	2.19	4.64	1.10	2.21
	at 30.06.2005:	at 31.03.2005:	at 31.12.2004:	at 30.06.2004:
Number of employees, absolute	114	116	115	119
Number of employees, full-time equivalent (part-time adjusted)	111.3	112.8	112.8	114.6

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS 2005

Comments on the accounting and valuation regulations

The consolidated interim financial statements of the swissfirst Group are established according to the accounting regulations of the international Accounting Committee (IASC).

The applied accounting and valuation methods correspond to the methods used for the establishment of the audited annual financial statements of the company as at 31 december 2004.

According to IAS 1, minority interest shall now be recognized within the income statement as well as within the equity. The net profit in the consolidated income statement is attributed on the one hand on the shareholders of swissfirst Ltd. And on the other hand to the minority interest. The figure presented for earnings per share is based on the profit attributable to the shareholders of swissfirst Ltd.

Swissfirst Ltd has sold swissfirst Structured Bonds Ltd., Zug to the management on the 1st july 2005. This financial investment has been consolidated on the 30th june 2005 for the last time. All business activities of swissfirst Structured Bonds Ltd. (a.o. the asset management activities) will be continued by other group companies, particularly by swissfirst Bank Ltd as well as swissfirst Asset Management Ltd.. No business will be waived according to IFRS 5.



Source: DATASTREAM