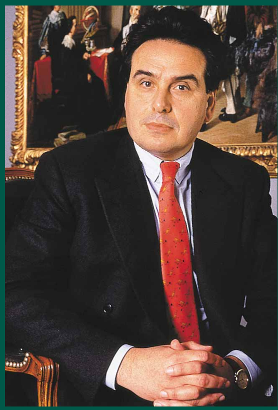


CHAIRMAN'S MESSAGE

Compagnie Financière Tradition embarked on a new stage in its development in 1999, as sustained growth in operations was matched by a strong rise in profitability and accelerated integration of new technologies into existing activities.

With consolidated revenues reaching CHF 496.6 million in 1999, a rise of 29% over the previous period, and an increase of over 120% in three years, CFT reasserted its global position as the fifth largest financial brokerage company, and No. 1 in terms of its internal growth rate, in an industry undergoing widespread restructuring.

At the same time, CFT consolidated its profitability, with profit before tax and extraordinary items reaching CHF 44.2 million, up 63% over the previous period. This places Tradition among the best in the industry in terms of operating performance. Net profit Group share reached CHF 16.7 million, up 75% on 1998 figures, bringing return on consolidated equity to 15.2% in 1999.

This excellent financial performance was accompanied by a strengthening of added-value services offered to clients, through the integration of new technologies that enabled us to complete our product portfolio and further improve performance. The partnership with Infotec SA, in which CFT now has a 50% controlling interest, is the first promising step in Tradition's drive to assert its expertise in the field of new finance-oriented technologies.

With our teams of highly qualified brokers, whom we would again like to thank for their exceptional contribution to the Group's development in 1999, an increasingly diversified product portfolio, and a proactive strategy in the field of new technologies, we are well positioned to assert Tradition's decisive role in reconfiguring the financial brokerage scene in the coming years.

Finally, we wish to thank our shareholders for their continued confidence in 1999, which enabled CFT to triple its market capitalisation during the year and reach close to CHF 230 million at 31 December 1999. Continuing our high-yield policy implemented three years ago, the AGM is again being asked to approve an increase in dividend, bringing it to CHF 5 per share.

Patrick COMBES

1999

A PIVOTAL YEAR

1999 will be remembered as a pivotal year for the economy and markets, and certainly one of the most eventful of the century. After several years of turbulence (the crises in Asia in 1997, and Russia in 1998, followed by shock waves in the banking world in the wake of the LTCM hedge fund crisis), 1999 saw the emergence of a new world economy, characterised by growing internationalisation, the unprecedented spread of new information and communication technologies, and continuous innovation.

It was also a milestone year for the European Union, with the introduction of the single currency. Although the euro's performance against the dollar proved disappointing, it set the stage for an extensive European securities market.

1. The new economy was a driving force behind world economic growth in 1999 …

After the first hesitant months, marked by upheavals in the European markets and a new series of problems in Latin America, the year ended on a note of general euphoria.

Europe, which had spent much time and resources on preparing for the introduction of the euro, finally emerged from its stupor. After a very uneventful start to the year, compounded by the aftermath of the Asian financial crisis, there was a general pick up in the European economies, which achieved a growth rate of almost 3% in the fourth quarter. France enjoyed the strongest growth of the three major countries in the euro zone.

In the United States, which registered its ninth consecutive year of growth, an unprecedented long cycle, characterised by strong investment in new technologies, productivity gains and an absence of inflationary tensions, the growth rate reached close to 4% during the year.

Finally, there were the developing countries, which at last seemed to be emerging from their systemic crisis. The Asian countries were on the road towards solid growth on the back of extremely strong exports, a massive influx of foreign capital and, to a lesser extent, plans for a budgetary revival that had been set in place in several of the countries. On the reverse side of the coin, this recovery led governments and companies to postpone needed reforms, particularly in the banking sector, somewhat weakening the upturn during the year. The only cloud was Latin America, which undoubtedly suffered one of its worst years in 1999, confronted as it was by a devaluation of the Brazilian real, Equator's default, tensions within Mercosur and, most importantly, a recession in most of the countries, with GNP falling by 1%.

Amidst this climate of widespread growth, 1999 marked a new step on the road to globalisation. Having begun in the United States the trend spread to Europe where it was predominant in the telecommunications sector – seeking economies of scale in the burgeoning digital and Internet markets – and banking. After a wave of tie-ups on the domestic scene, mainly for defensive reasons, the trend in 2000 will tend increasingly towards transnational operations, creating major players to meet the challenge of a global market. The financial brokerage sector has been a part of these critical developments, with three out of the five leading brokers at the end of 1999 being the product of mergers and take-overs in 1998 and 1999.

Confirmed growth in Europe, particularly in Germany, hopes of a recovery in Japan, and the determination of central banks to contain the first signs of inflation and any speculative pockets, without curbing expansion, should provide a favourable economic environment for such development in 2000.

2. … while contributing to sustained activity in the capital markets …

A year of euphoria for the major stock markets

The upturn in the world economy in the second half impacted favourably on the equity markets. Stock market ratings soared during the last weeks of the year as investors poured into tech stocks, encouraged by revised upward growth prospects for 2000.

Paris registered an exceptional year, with the CAC 40 advancing by 51.12% to become number one in continental Europe in terms of market capitalisation. Tokyo benefited from an influx of foreign capital in anticipation of the upturn in the Japanese economy, and the Nikkei put in a very good performance with a rise of 36.79%. But by far and away the greatest gains were to be found on the Nasdaq, which ended the year up by 85.59%.

Increased volatility on the financial markets at the start of the year boosted volumes on futures and derivatives, as well as non-financial products.

The financial markets experienced considerable volatility, brought about by a combination of events. The drop in the euro, the Latin American crisis, upheavals in the Japanese bond markets, looming devaluation of the yuan and difficulties with Chinese investment funds, the central banks' massive sell off of gold reserves, and the OPEC agreement to reduce oil production, led investors to turn extensively to hedging instruments and over-the-counter products.

Overall, however, volumes in the OTC markets remained stable in the first half, masking a deep underlying disparity: currency transactions dropped by almost 17%, negatively impacted by the introduction of the euro, while interest rate derivatives continued their advance, registering close to 8% growth in the first six months of the year (BRI statistics).

Moreover, the trend that began in the third quarter of 1998, which saw a move out of risk assets and into the most liquid and safest government securities, continued into the early months of 1999. At the same time, the introduction of the euro resulted in a spectacular growth in European bond markets, which now compete on an even keel with the American market. With a 45% market share, the international euro bond market has more than doubled when compared to the number of issues launched the previous year in all of the eleven currencies of the EMU. This reflected the low interest rate environment and the depth of the euro market, which attracted significant numbers of major international issuers.

3. … and the finance industry underwent its own electronic revolution

The financial world has not been spared the onslaught of new technologies, experiencing its own revolution in 1999. Moves towards consolidation in the banking sector and a gradual electronicisation of the regulated markets over the past two years, gave way to a more profound move towards a redefinition of the brokers' role and the emergence of new forms of brokerage services.

The main players in this technological revolution – the ECNs (Electronic Communication Networks), who offer their clients lower transaction costs and greater transparency in the execution of orders – continued to expand in the U.S. equity markets in 1999, and now handle up to 25% or 30% of the daily volumes on the Nasdaq.

Confronted with moves by these powerful players to break into the unified European market - the United Kingdom being the only major European country to remain outside the euro zone – 8 European stock exchanges formed an alliance centring around the Frankfurt-London axis. This alliance should pave the way for a single market model built around a joint negotiating platform that has yet to materialise, which led the Nasdaq to announce its forthcoming arrival in Europe. Lack of unification among member clearing systems, an essential element for any unified capital market, will also weaken the alliance. The groundwork is still being laid, but could lead to the coexistence of two independent European systems.

More generally, the technological revolution, which is facilitating the emergence of new actors, particularly in on-line brokerage services, should stimulate all market firms to adapt their development to a new environment, one in which technology transcends national borders and geographic distances. This will require substantial investments if the players are to offer a global approach to what are now global clients. The flotation currently being considered or launched by some stock exchanges seems to be an initial response to this new problem.

TRADITION GROUP ACTIVITIES

TSH

TFS

HTS

CLEARING

RESULTS

SHARE

OUTLOOK

In 1999, the Tradition Group continued to develop its core brokerage services in an intensely competitive environment affected by widespread restructuring. Consolidated revenues reached CHF 496.6 million, an increase of 29.1% - 13% in constant terms - and profitability was once again on the rise, with net profit Group share up by 75%. The Tradition Group further integrated new technologies into its product portfolio by acquiring a stake in Infotec.

TSH GROUP

A wholly owned subsidiary of Compagnie Financière Tradition, with a team of 750 brokers operating in twelve regional offices, Tradition Service Holding (TSH) regroups all the Tradition Group's brokerage activities in the money markets, interest rate derivatives, credit derivatives and developing country debt. TSH achieved consolidated revenues of CHF 328.4 million in 1999, a rise of 29% over the previous year (18% on the former consolidation basis and at constant exchange rates).

TSH ranks among the top three global players, distinguishing itself from its principal competitors by a significant and long-standing presence in continental Europe. This was further consolidated by a new operation in France: since 1st April, VIEL Tradition SA (formerly Médiation SA), a TSH subsidiary, has been renting the business of VIEL & Cie, indirect majority shareholder of CFT.

1999 was a year of transition for Tradition SA, Lausanne and its subsidiary, TSA Luxembourg, confronted with the continuing trend towards restructuring in the banking sector, and money market volumes somewhat affected by the introduction of the euro. The two companies will focus on broadening their client base in continental Europe in the coming year and diversifying their product portfolio.

Tradition Milan had a satisfactory year on the back of its good performance in derivative products. This was despite an increasingly competitive environment, marked by a trend towards consolidation in the Italian banking sector, and accentuated by the entry of new brokers in its market.

In London, Tradition UK consolidated its position as a key player in the City, amid an overall background of restructuring on the heels of the mergers in British and US brokerage houses late in 1998. With its team of 230 experienced brokers, Tradition UK continued to progress in terms of both revenues and profits in 1999. The interest rate derivatives desks further strengthened their position, particularly in operations involving the euro and sterling. The product portfolio of interest rate derivatives developed by Tradition UK was completed early in the year by the recruitment of a team brokering interest rate options. Its first year results were extremely encouraging, confirming the Group's renown in this area. Tradition UK also strengthened its activities in the money markets with the creation of two new desks for dollar and sterling operations, and expanded activities in repos. Finally, Tradition UK successfully embarked on the area of structuring security issues in 1999, with the development of its African desk. During the coming year, Tradition UK hopes to expand into new market segments, such as asset swaps and government debt, and to strengthen its position in forwards.

In the United States, Tradition North America and its subsidiary Tradition Government Securities continued their momentum from 1998, with revenues up by 13% over the year, and close to 160 brokers on board at 31 December 1999. The experienced team in the New York office contributed greatly to another exceptional year in securities, while most of its competitors were grappling with the installation of new electronic platforms. TNA also tightened its grip on market share during the year and improved the profitability of its interest rate derivatives desks, which doubled the number of brokers in 1999. Finally, TNA took advantage of the consolidation movement among brokers to reinforce its position in the eurodollar market and, late in the year, to recruit a new forwards team. This new team will help strengthen TNA's

leadership in euro and Canadian dollar operations. The coming year should see the New York office confirm the excellent orientation of its activities, and further strengthen its teams, now relocated in spacious new premises.

The crisis in the developing countries in 1998, compounded by the collapse of the Brazilian currency in early 1999, took its toll on operations in emerging markets. Both TNA and Tradition Argentina suffered a considerable decline in their emerging markets business compared with the previous period. Tradition Argentina nevertheless maintained its leadership in the domestic issues sector, and was able to remain profitable by further reducing its fixed costs in the face of significantly lower revenues.

In Tokyo, MEITAN, 55% controlled by Tradition since October 1997, enjoyed another year of exceptional of growth. The medium-term yen interest rate swap desk continued its expansion and is now a leader in the Tokyo market. It also completed its product portfolio with the creation of a team brokering interest rate options. MEITAN devoted its efforts to the redeployment of its other activities in 1999, taking advantage of the difficulties of some of its competitors to recruit new teams of highly experienced brokers, particularly in the dollar deposits and spot foreign exchange sectors. Strengthened by these new teams, MEITAN should continue its expansion on all fronts in the coming year.

The economic crisis in Japan continued to affect regional markets, such as Singapore and Hong Kong, also confronted with a reduction in the number of locally established banks. ONG Tradition Singapore, 49% owned by TSH, and Tradition ASIA, Hong Kong, once again experienced a mixed year, with revenues continuing their two-year decline. Faced with this continuing sluggishness, the brokerage teams were restructured to obtain optimum exploitation of local markets. Tradition ASIA also continued to develop activities in credit derivatives, and launched a new product, Switchfix - an online tool designed to allow automatic clearing of residual positions in swaps - which should enjoy significant development in 2000. Finally, Tradition ASIA continued to develop its operations portfolio with China, working in collaboration with CFT's representation in Peking, while exploring other high potential countries such as Korea, Thaïland and Taipei.

With consolidated net profits of CHF 15.1 million before extraordinary items, compared with CHF 9.8 million in 1998, TSH confirmed the sound orientation of its activities. In 1999, the Company consolidated its market share and profitability in the world's three principal financial markets, London, New York and Tokyo, while maintaining regional teams that allow it to grow its client base. With a financial environment in constant flux and some of its competitors weakened by recent mergers and consolidations, TSH will continue to develop its activities in 2000.

THE TFS GROUP

TFS, 57.8% owned by Compagnie Financière Tradition at 31 December 1999, is principally involved in four main product sectors: currency options, equity derivatives, precious metals and energy. TFS recorded consolidated revenues of CHF 128.7 million in 1999, a rise of 8% over the previous period. Net profits declined slightly to CHF 4.8 million, compared to CHF 5.7 million in 1998, primarily due to investments in the development of new activities and mixed performances by several desks, which were closed at the end of the year.

Currency options suffered indirectly from the introduction of the euro and lower volatility levels. Despite excellent and improved market share in all the time zones, which positioned the Company as world leader in this market, the year-on-year contribution of these operations to TFS's consolidated revenues declined slightly.

In equity derivatives the reverse was true and in Europe options volumes soared on the back of high volumes in the underlying markets. In Asian equities too, especially in Japan, improvements continued, whilst in the U.S. performance remained the same as in 1998.

TFS maintained its position as a world leader in precious metals, and continued its advances in 1999. Activities improved considerably in the second half on the back of an exceptional rise in spot gold prices in September and October, following the announcement by the Bank of England of its intention to interrupt sales of gold reserves.

TFS's operations in a wide range of energy derivatives experienced a more contrasted year. In the electricity sector, the Company suffered from continuing low volumes in the U.S., despite a slight improvement in the fourth quarter, which led to the restructuring of one of its desks. In Europe, against a backdrop of the gradual opening up of domestic markets to comply with the E.U. electricity Directive, implemented in February 1999, TFS decided to relocate its activities to Frankfurt, moving into a growth market. The London desk also pursued its development in this market.

Drawing on its experienced team of brokers in the oil derivatives market, and aided by an increase in oil prices throughout the year, the Company reaffirmed its leadership position in England and consolidated its market share in Asia. The Group likewise strengthened its market share in the natural gas sector during the year, despite less than favourable conditions in the United States, where exceptionally mild temperatures negatively impacted volumes. Finally, new energy products launched over the past two years, such as coal, weather derivatives and emission allowances, progressed well and are now contributing, albeit marginally, to revenues.

The Company pursued its innovative activities in the energy sector by launching a new 50% owned subsidiary in 1999, Capstone Global Energy L.L.C. This Houston based company provides brokerage consulting and services in the field of energy. Its wide client base comprises participants in the world's deregulating and restructuring energy markets.

Finally, TFS created a new structure in September, The Recruitment Company, in which it holds a 90% controlling interest. This Hong Kong based company specialises

in job placement in the financial and new technologies sectors. Using databases and Internet oriented tools, TRC offers clients an innovative approach to recruitment and the outsourcing of contractor and interim management personnel.

Restructuring measures taken during the last quarter, leading to the closure of loss-making activities, and the launch of new activities that negatively affected the bottom line in 1999, but which should begin to contribute to profits in 2000, are all factors that should have a favourable impact on TFS's performance in the coming year.

THE HTS GROUP

Holding Tradition Securities, a wholly owned branch of CFT, regroups all activities in the securities and exchange-traded products of Tradition Securities And Futures in Paris and London, MIA in Paris and Tradition Eurobond in Luxembourg. HTS achieved consolidated revenues of CHF 39.5 million in 1999 and consolidated net profits of CHF 5.6 million.

Tradition Securities And Futures (formerly STAFF SA) in which CFT took a 78% controlling interest in September 1998, is a major broker in all European futures products, and a leader particularly in options. TSAF is a member of MATIF, MONEP, DTB and since July 1999, LIFFE through its London branch created in February 1999.

During the year, the futures market continued to shift from Paris and London to Frankfurt, a trend that had started in 1998. The Bunds contract, which in 1998 registered its strongest volumes by open outcry on the LIFFE, is now primarily handled on the electronic EUREX market. Tradition Securities And Futures enjoyed a corresponding rise in its activities, with futures and options on Bunds accounting for over 50% of its revenues in the futures markets. In 2000, Tradition Securities And Futures should benefit from a redeployment of MATIF's activities, as part of the creation of MIB (Matif Intervention Bancaire), the new operations centre created to stimulate the Paris market, and the favourable development of MONEP. While expanding its activities on the futures markets in 1999, Tradition Securities And Futures continued to develop its activities as a matched principal broker in European government debt. These activities should be further strengthened in the coming year, particularly in the German and Italian markets.

CFT actively completed its brokerage infrastructure in securities and exchange-traded products through internal and external growth. Although it was a late starter in these activities, compared to its major competitors, the Group enjoys strategic flexibility so essential in the climate of rapid technological changes in these markets. This is evidenced by the acquisition late in the year of Prominnofi, a broker specialising in operations with primary dealers (SVT) on French government debt, equipped with a screen based system.

CLEARING ACTIVITIES

Compagnie Financière Tradition created a dedicated clearing company, Holding Tradition Clearing, which controls Tradition Global Clearing (TGC) in the United States and Tradition London Clearing (TLC) in London, a company created in 1999. These two companies act as principals for the benefit of all affiliates of the Group, with the exception of Tradition Securities And Futures, able to handle such transactions directly.

By using TGC and TLC, clients of the different Tradition offices may carry out transactions without revealing their market position. TGC and TLC intervene in this instance as a screen between the counterparties, by taking two simultaneous positions that are cleared instantly. TGC has been a member of the GSCC (Government Securities Clearing Corporation) since the American repos market switched to a principal brokerage mode.

All matched principal based activities are controlled by a credit committee that sets the limits allocated to each counterparty and ensures they are respected. These operations, which respond to a growing demand among Tradition's clients, represent around 5% of total Group revenues. The risk taken by Tradition on such operations is limited, since a majority of these transactions were carried out with GSCC.

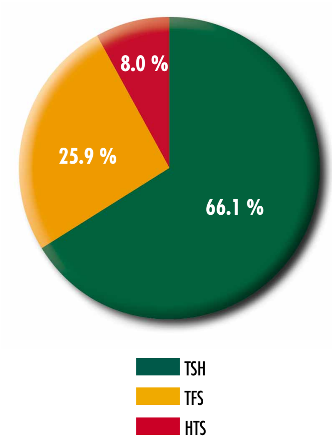
CFT RESULTS

Group profits

With consolidated revenues of CHF 496.6 million in 1999, CFT recorded an operating profit of CHF 35.1 million, up 65% over the previous period, for an operating performance of 7.1% of revenues, against 5.5% in 1998.

These encouraging results reflect CFT's firm grip on operating expenses, particularly in the area of costs of telecommunications and purchasing financial information, which declined considerably to 9.6% of revenues against 11.7% in 1998. Not only did CFT benefit from the overall structural drop in prices in this market, but it also initiated an important project designed to further reduce its need to purchase financial information, and even allow it to become a net seller of information in line with a number of its competitors. This, combined with less pressure on salaries following the widespread restructuring among brokerage companies in 1999, should allow it to further strengthen its operating margin over the next few years.

1999 REVENUES
PER BRANCH



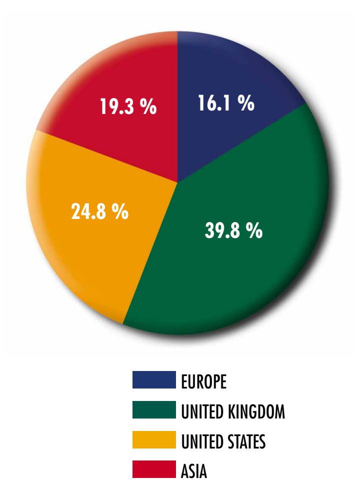
Net financial income stood at CHF 9.1 million against CHF 5.7 million in the previous year. This figure includes dividends received by CFT on investment portfolios held by TSAF and MIA, consolidated affiliates since 30 September 1998, and significant foreign exchange gains.

The tax charge shown in the consolidated accounts stood at CHF 19.7 million or close to 45% of pre-tax profit - a slightly improved ratio over the previous year taking into account the return of most of the companies in the Group to break-even.

The contribution of associated undertakings, consolidated using the equity method, showed a loss of CHF 1.2 million. This primarily consisted of CFT's share of losses suffered by Infotec for the second half of the year.

Consolidated net profit rose to CHF 23.3 million, up 68.4% on the previous year, including CHF 16.7 million Group share. This performance represents a 15.2% return on Group shareholders' equity at 31 December 1998. Group shareholders' equity stood at CHF 133.3 million with financial indebtness limited to CHF 13.2 million at 31 December 1999, reflecting the Group's extremely solid financial situation.

1999 REVENUES
PER GEOGRAPHICAL AREA



CFT Company results

As stated in the Notes to the Financial Statements, on 1st July 1998, CFT transferred its commercial brokerage activities in the capital markets to TSA, Lausanne. Since then, CFT has become a pure holding company, and no longer exercises any form of operational activity.

The 1999 Company results reflect these pure holding activities, while 1998 results included income and expenses on brokerage operations in the first half of the year, rendering any meaningful year-on-year comparison difficult.

CFT received dividends of CHF 2.3 million from its affiliates in 1999, and other operating income of CHF 0.7 million. Financial income rose strongly to CHF 6.3 million, including CHF 3.9 million net profits on foreign exchange.

Taking account of significantly lower operating expenses of CHF 5.3 million against CHF 16.6 million in the previous year, reflecting the transfer of all operational teams to TSA Lausanne in mid-1998, CFT's operating profit reached CHF 4.0 million against a loss of CHF 0.4 million in the previous period.

In 1999, as in 1998, CFT recorded a substantial write-back of provisions for depreciation of its majority owned shares and associated receivables, which reached CHF 15.7 million in 1999 against CHF 0.6 million in 1998, reflecting the marked improvement in the financial situation of its main subsidiary, TSH. A CHF 0.8 million write-back of contingency and loss provisions was also made in light of favourable developments in a lawsuit.

After taking a tax charge of CHF 0.3 million, Company net profits reached CHF 20.3 million in 1999 against CHF 11.7 million the previous year. Company equity stood at CHF 119 million.

SHARE PERFORMANCE

Share price up 200%

CFT shares began the year at CHF 62 and ended among the top performing companies on the Swiss Stock Exchange, rising almost 200% in value to CHF 181 at 31 December 1999, compared to an overall increase in the SMI of 5.7% during the year. A steady increase in volumes traded also strengthened the share's progress and reflected investor interest.

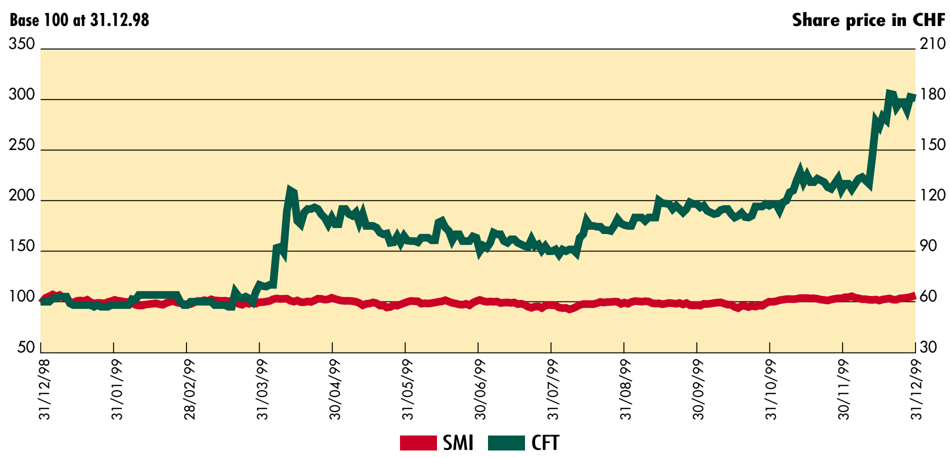
Several events influenced this stock market performance during the year. The share rose sharply on the announcement that CFT was acquiring a substantial stake in Infotec, reflecting the Group's strong presence in the up and coming financial information technologies sector. Half-year results, up 194%, and revenues rising strongly throughout the year also impacted the share's remarkable performance in 1999.

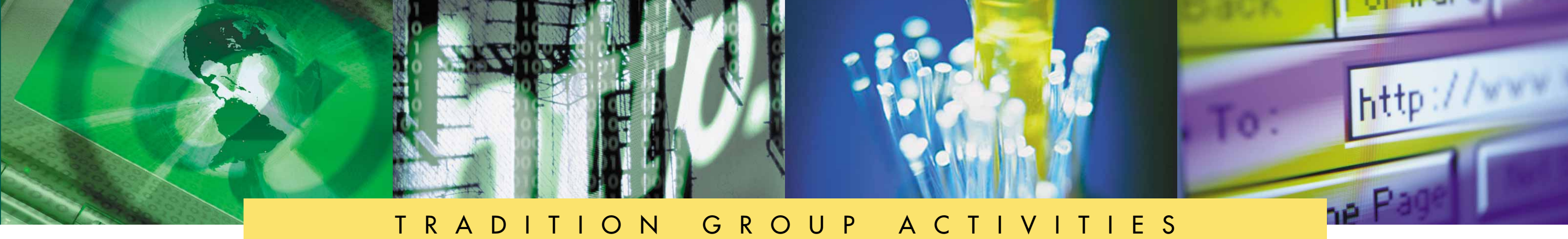
Market capitalisation at the end of the year stood at CHF 229.6 million, valuing CFT at 13.7 times 1999 consolidated profit, a ratio that is still well below the average multiples registered on the SMI, which reached 20.7 at 31 December 1999. Consolidated equity reached CHF 162 million at year-end, with Group share standing at CHF 133 million.

This encouraging progression has continued into 2000. It should be noted that Compagnie Financière Tradition is also listed in the third compartment of the Frankfurt Stock Exchange, where the share is quoted in euros.

Share capital was increased by CHF 291,750 to CHF 12,683,500 during the year following the exercise of share options.

CFT SHARE PERFORMANCE





A1999 dividend of CHF 5, up 25 %

In light of the excellent performance, the Board is proposing that the AGM approves a dividend of CHF 5 per share, an increase of 25% over the previous year. This represents a total dividend payment of CHF 6,341,750 for the 1,268,350 shares comprising the share capital, and reflects Compagnie Financière Tradition's commitment to improving dividend yield.

OUTLOOK

The profound changes affecting the brokerage industry, in which CFT is now a major player, are likely to continue and even accelerate during the coming year. The technological developments that have been taking shape over the past few months with the increasing role of electronic platforms and the gradual emergence of new forms of information distribution, could lead to a reconfiguration of the competition scene.

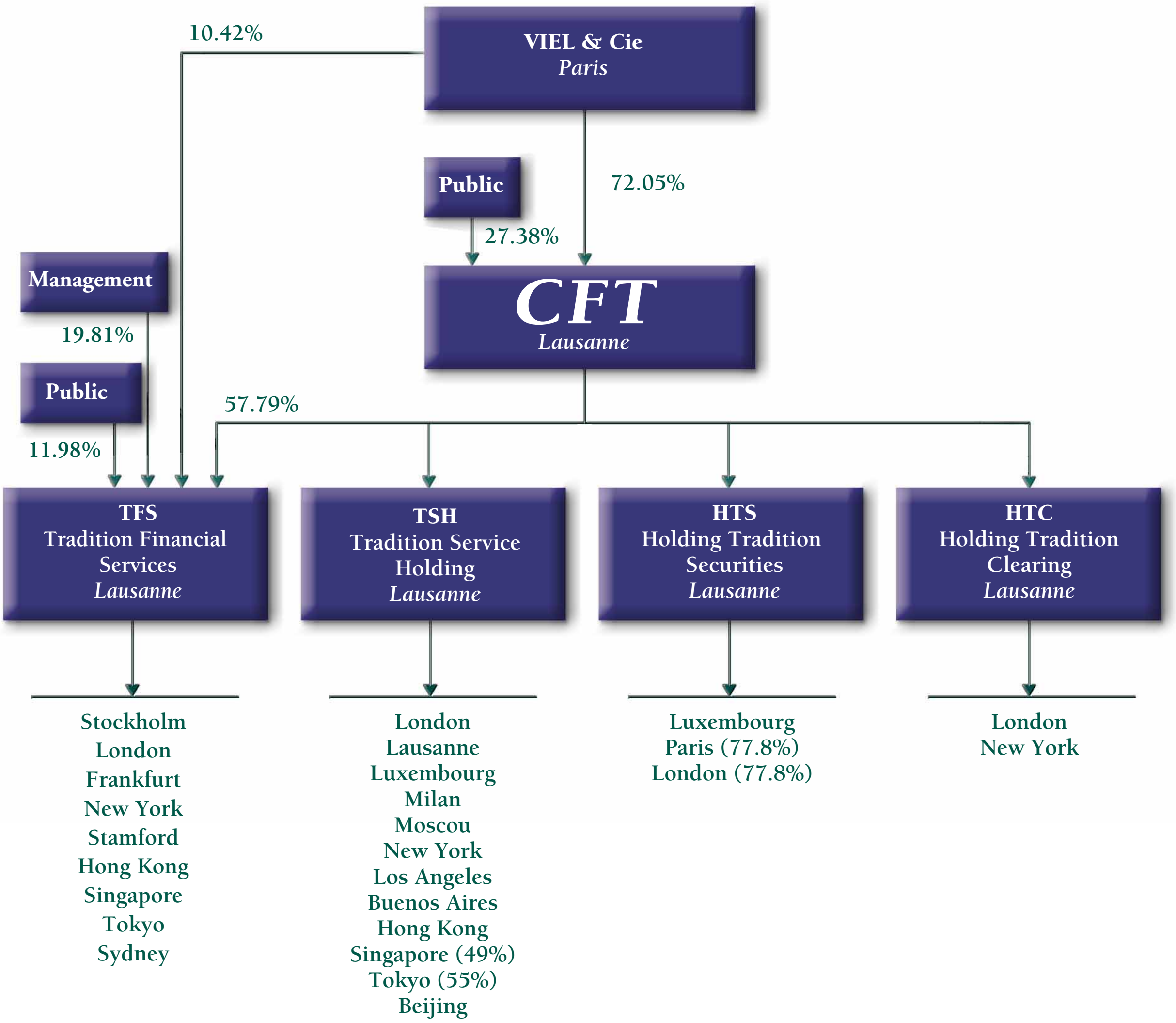
In this constantly changing environment, CFT will continue selectively to analyse opportunities that arise, in a drive to further strengthen its presence in a number of markets and products, through the acquisition of teams or companies, in line with its commitment to maintain its profitability.

Following on the heels of its partnership with Infotec and building on its leadership position in a number of markets, the Group, in line with its major competitors, will continue to move forward in the field of market information technology.

But above all, the Tradition Group is committed to consolidating its role as a forerunner in the field of new finance-oriented technologies, in a drive to provide innovative responses to the demands of the market and improve its portfolio of products and services.

Now, more than ever, CFT is equipped to respond to the needs of its shareholder and clients, particularly with its interactive Internet site at www.traditiongroup.com.

ORGANISATION CHART OF THE TRADITION GROUP



All holdings are 100%
except where stated

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1999

ASSETS

in thousands of Swiss francs	Notes	1999	1998
CURRENT ASSETS			
Cash	III.1	528	121
Call deposits	III.1	59,485	28,486
Short-term deposits	III.1	63,639	53,166
Trade debtors	III.2	72,029	60,068
Receivables linked to account holder activities	III.6	43,072	16,537
Other short-term receivables	III.2	11,599	12,742
Receivables from affiliated companies	III.2	5,132	36
Receivables from shareholders and associated companies	III.7	1,346	6,690
Marketable securities	III.1	33,720	24,131
Prepaid expenses and accrued income	III.2	8,438	5,714
TOTAL CURRENT ASSETS		298,988	207,691
FIXED ASSETS			
Other long-term receivables	III.2	12,147	25,324
Subsidiary shares and non-consolidated investments	III.3	2,868	5,295
Treasury shares	III.3	514	-
Tangible fixed assets			
• Installations and equipment	III.4	19,538	15,688
• Buildings	III.4	7,516	7,516
Intangible fixed assets	III.4	4,712	3,566
TOTAL FIXED ASSETS		47,295	57,389
TOTAL ASSETS		346,283	265,080

LIABILITIES

in thousands of Swiss francs	Notes	1999	1998
CREDITORS			
Short-term bank borrowings	III.1	6,512	-
Debts to shareholders and associated companies	III.7	10,945	24,247
Other short-term debts	III.5	38,434	18,482
Debts linked to account holder activities	III.6	41,133	25,254
Taxes payable		21,393	11,945
Accrued expenses and deferred income	III.5	55,924	42,331
Long-term debts	III.5	6,718	6,659
Contingency and loss provisions	IV.3	3,376	4,218
TOTAL CREDITORS		184,435	133,136
SHAREHOLDERS' EQUITY			
Capital	III.8	12,684	12,392
Share premium		1,435	723
General reserve	III.9	17,570	17,570
Special reserve		3,100	3,100
Other reserves		15,300	15,300
Consolidated reserves	III.10		
• Group share		83,190	61,090
• Minority interests		28,569	21,769
TOTAL SHAREHOLDERS’ EQUITY		161,848	131,944
TOTAL LIABILITIES		346,283	265,080

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in thousands of Swiss francs	Notes	1999	1998
Net revenues	IV.1	496,598	384,623
Other operating income		1,440	743
OPERATING INCOME		498,038	385,366
Employee compensation and benefits		-327,607	-250,765
Other operating expenses		-127,876	-104,961
Depreciation and amortisation		-7,459	-8,348
OPERATING EXPENSES		-462,942	-364,074
OPERATING PROFIT		35,096	21,292
Net financial income	IV.2	9,060	5,747
PROFIT BEFORE TAX, ASSOCIATED UNDERTAKINGS AND EXTRAORDINARY ITEMS		44,156	27,039
Taxes		-19,711	-12,849
NET PROFIT BEFORE ASSOCIATED UNDERTAKINGS, MINORITY INTERESTS AND EXTRAORDINARY ITEMS		24,445	14,190
Associated undertakings		-1,181	36
Net extraordinary items	IV.3	-	-410
NET PROFIT		23,264	13,816
• Group share		16,707	9,554
• Minority interests		6,557	4,262

CHANGE IN CONSOLIDATED RESERVES

in thousands of Swiss francs	1999	1998
CONSOLIDATED RESERVES		
Consolidated reserves at 1 January	56,133	55,335
Net profit for the year	16,707	9,554
Foreign currency translation adjustment	10,350	-3,799
CONSOLIDATED RESERVES BEFORE DISTRIBUTION	83,190	61,090
CHANGE IN CONSOLIDATED RESERVES 1999 AND 1998		
Consolidated reserves before distribution	83,190	61,090
Allocation to reserve for treasury shares	-514	-
Dividend of CHF 5 / CHF 4 per CHF 10 bearer share	-6,342	-4,957
CONSOLIDATED RESERVES AFTER DISTRIBUTION	76,334	56,133

CONSOLIDATED CASH FLOW STATEMENT

in thousands of Swiss francs	Notes	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES			
Pre tax income, group share		36,418	22,403
ADJUSTMENTS:			
Net financial income		-6,002	-5,496
Depreciation and amortisation		7,459	8,348
Exchange rate (gain)/loss		-3,058	-251
Extraordinary items		-	410
NET CHANGE DUE TO OPERATING ACTIVITIES BEFORE CHANGE IN OPERATING ASSETS AND LIABILITIES		34,817	25,414
(Increase)/decrease in receivables and other assets		2,359	-12,448
(Increase)/decrease in prepaid expenses and accrued income		-2,724	-757
Increase in other short-term debts, accrued expenses and deferred income		33,545	4,668
Change in receivables and payables related to affiliated companies		- 5,096	486
CASH FLOW FROM OPERATING ACTIVITIES		(a) 62,901	(a) 17,363
Taxes paid		-10,263	-11,989
NET CASH FLOW FROM OPERATING ACTIVITIES		52,638	5,374
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		-	(b) 848
Purchase of securities		- 9,589	(c) -8,711
Purchase of treasury shares		-514	-
Non-operating income		6,002	5,496
Acquisition of fixed assets		(b) -8,865	(b) -6,360
Acquisition of intangible assets		(b) -1,381	(b) -2,788
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		-14,347	-11,515

in thousands of Swiss francs	Notes	1999		1998
CASH FLOW FROM FINANCING ACTIVITIES				
Change in receivables and debts related to the parent company and affiliated companies		-7,958	(d)	17,557
Decrease in external debt		-1,875		-673
(Increase)/decrease in non-consolidated holdings		2,427		-3,740
Increase of minority interests		6,800		7,584
Increase in share capital and share premium		1,003		1,015
Dividend		-4,957		-4,356
NET CASH FLOW FROM FINANCING ACTIVITIES		-4,560		17,387
CHANGE IN ACCOUNTS LINKED TO ACCOUNT HOLDER ACTIVITIES	III.6	-10,656		8,717
EXTRAORDINARY INCOME AFFECTING CASH FLOW		-842		-6,057
EXCHANGE RATE GAIN (LOSS)		13,134		-3,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	III.1	35,367		10,823

Newly consolidated companies Prominnofi in 1999 and TSAF SA, VIEL Debeausse & Co, Inc. and Arbitrage Change SA in 1998, had the following effect on the consolidated cash flow statements:

in thousands of Swiss francs		1999	1998
	(a)	5,259	-3,106
	(b)	-1,178	-904
	(c)		-7,119
	(d)		11,965

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I BASIS AND PRINCIPLES OF CONSOLIDATION

I.1 Principles of consolidation

The consolidated financial statements of Compagnie Financière Tradition, Lausanne (hereafter CFT), were drawn up 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 CFT 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

Holdings are fully consolidated when CFT, 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.

Affiliated companies in which CFT has a significant but not controlling influence are consolidated using the equity accounting method. "Significant influence" is presumed when CFT directly or indirectly holds over 20% of the voting rights in these companies.

I.2 Consolidated companies at 31 December 1999

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

	New companies in 1999	Country	Controlling interest	Equity interest	Capital (000 currency)		Method of consolidation
1 – FINANCIAL COMPANIES							
• Tradition Service Holding SA, Lausanne		Switzerland	100.00%	100.00%	CHF	21,000	FCM
• Tradition SA, Lausanne		Switzerland	100.00%	100.00%	CHF	100	FCM
• Tradition SA, Luxembourg (branch)		Luxembourg	100.00%	100.00%	LUF	15,000	FCM
• Tradition (UK) Ltd, London		United Kingdom	100.00%	100.00%	GBP	15,050	FCM
• Tradition Italia Sim S.p.A., Milan		Italy	100.00%	100.00%	ITL	3,000,000	FCM
• Tradition (North America) Inc., New York, and Los Angeles branch		USA	100.00%	100.00%	USD	500	FCM
• Tradition (Government Securities) Inc., NY		USA	100.00%	100.00%	USD	n/s	FCM
• Tradition Argentina SA, 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, Sing.		Singapore	49.00%	49.00%	SGD	300	FCM
• Arbitrage Change SA, Luxembourg		Luxembourg	99.93%	99.93%	LUF	15,000	FCM
• VIEL Debeausse and Co., Inc., New York		USA	91.00%	91.00%	USD	50	FCM
• Tradition International SA, Panama		Panama	100.00%	100.00%	USD	1,790	FCM
• Holding Tradition Clearing, Lausanne		Switzerland	100.00%	100.00%	CHF	100	FCM
• Tradition Holding (USA) Inc., NY		USA	100.00%	100.00%	USD	400	FCM
• Tradition Global Clearing Inc., NY		USA	100.00%	100.00%	USD	n/s	FCM
• Tradition London Clearing, London	✔	United Kingdom	100.00%	100.00%	GBP	1,000	FCM
• Holding Tradition Securities SA, Lausanne		Switzerland	100.00%	100.00%	CHF	250	FCM
• Tradition Eurobond SA, Luxembourg		Luxembourg	100.00%	100.00%	LUF	20,000	FCM
• Tradition Securities And Futures SA, Paris		France	77.87%	77.87%	FRF	75,000	FCM
• MIA, Paris		France	100.00%	77.87%	FRF	12,750	FCM
• Prominnofi, Paris	✔	France	89.94%	70.03%	FRF	30,000	FCM
• TFS, Lausanne		Switzerland	57.79%	57.79%	CHF	3,309	FCM
• Tradition Financial Services Ltd, London		United Kingdom	100.00%	57.79%	GBP	250	FCM
• TFS Derivatives GmbH, Frankfurt		Germany	100.00%	72.56%	EUR	153	FCM
• Tradition Financial Services Inc., New York		USA	100.00%	57.79%	USD	50	FCM
• TFS Derivatives Corp., New York		USA	100.00%	57.79%	USD	n/s	FCM
• Tradition Financial Services (Hong Kong) Ltd		Hong Kong	100.00%	57.79%	HKD	200	FCM
• Tradition Financial Services Japan Ltd.		BVI	100.00%	57.79%	USD	50	FCM
• TFS Energy (S) Pte Ltd, Singapore		Singapore	100.00%	57.79%	SGD	100	FCM
• TFS Currencies Pte Ltd, Singapore		Singapore	100.00%	57.79%	SGD	1,000	FCM
• TFS Nordisk Energi AS, Sandefjord		Norway	100.00%	57.79%	NOK	500	FCM
• TFS Australia Pty. Ltd, Sydney		Australia	100.00%	57.79%	AUD	5	FCM
• TRC Lausanne, Lausanne	✔	Switzerland	100.00%	57.79%	CHF	100	FCM
• The Recruitment Company Ltd, BVI	✔	BVI	90.00%	52.01%	GBP	n/s	FCM
• Capstone Global Energy L.L.C., Houston	✔	USA	50.00%	28.90%	USD	0	FCM
• Tradition Bond Brokers Ltd, London		United Kingdom	100.00%	100.00%	GBP	8,410	FCM
• Finance 2000 SA, Paris		France	100.00%	100.00%	FRF	30,000	FCM
• VIEL Tradition SA, Paris		France	100.00%	100.00%	FRF	7,500	FCM
• Banque Pallas Monaco, in receivership		Monaco	20.00%	20.00%	FRF	35,000	EM
• Cofitra Investments Inc., BVI		BVI	100.00%	100.00%	USD	6,000	FCM
2 – NON-FINANCIAL COMPANIES							
• Tradcom Management, Lausanne		Switzerland	100.00%	100.00%	CHF	100	FCM
• Infotec SA, Delémont	✔	Switzerland	50.00%	47.00%	CHF	1,000	EM

All affiliates and major companies in which CFT has a direct or indirect equity interest are active in the brokerage of financial products and their derivatives, with the exception of the sub-group Tradcom, a service provider in the telecommunications and IT sectors, and Infotec SA, a provider of financial information and related distribution platforms on the Internet.

Changes in the basis of consolidation

Changes in the basis of consolidation in 1999 were as follows:

TFS

• creation of TRC, Lausanne, a wholly owned subsidiary of TFS, with a capital of CHF 100,000. TRC Lausanne itself acquired a 90% controlling interest in the newly created The Recruitment Company, incorporated in the BVI and active in Hong Kong, with a capital of GBP 100. This company specialises in personnel recruitment for the financial and new technologies sectors.

• creation of Capstone Global Energy L.L.C., 50% owned by Tradition Financial Services Inc., New York. Capstone Global Energy L.L.C. offers financial and industrial consulting services in the field of energy and, more specifically, in electricity.

Holding Tradition Securities (HTS)

• Tradition Securities And Futures SA, Paris, acquired an 89.94% interest in Prominnofi, Paris, a brokerage company with a capital of FRF 30 million specialising in matched principal operations on European debt. Since the transfer of equity was not completed until 18 November 1999, the effects of this acquisition on CFT's financial statements for the year ended 31 December 1999 were only fully shown in the balance sheet.

• Tradition Securities And Futures SA, Paris, acquired the remaining 44.12% of the share capital of MIA, bringing its holding to 100%. This additional stake was purchased for FRF 3 million, in addition to an earn-out clause on future profits. The negative goodwill incurred of CHF 842,000 was immediately taken to the profit and loss account and included in "Other operating income".

Holding Tradition Clearing (HTC)

• creation of Tradition London Clearing, whose GBP 1 million share capital is wholly owned by Holding Tradition Clearing. Since the end of the 1999, Tradition London Clearing clears transactions of the European-based members of the Tradition Group on a "matched principal" basis, while transactions conducted in the United States are cleared by Tradition Global Clearing Inc.

CFT also acquired a 47% equity interest in Infotec SA, on 12 July 1999, giving it 50% of the voting rights. Infotec SA, a technology company with a capital of CHF 1 million, specialises in providing financial information on the Internet. The company was acquired for a token sum, coupled with a two-year undertaking by CFT to purchase Infotec services. Infotec was consolidated at 31 December 1999 using the equity method.

Finally, Médiation, a wholly owned subsidiary of Finance 2000, changed its name to VIEL Tradition SA., and as of 1st April 1999, rented the business of VIEL & Cie. VIEL Tradition SA is now active in the brokerage of interest rate products.

Non-consolidated majority shareholdings

Four companies were excluded from the basis of consolidation at 31 December 1999:

• Tradition CIS LLC, Moscow, which discontinued operations at the end of 1998. TSH's stake in this company, and the financing provided, are fully provisioned at 31 December 1999.

• Tradcom International, a company with a capital of CHF 250,000, 34% owned by Tradcom Management, and its wholly owned subsidiary, Tradcom France. These two companies, created at the end of 1998, were either ceasing operations or in liquidation at 31 December 1999. Tradcom Management's stake in Tradcom International has been fully provisioned, as has all financing granted to this Company.

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

II ACCOUNTING PRINCIPLES AND EVALUATION 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 according to 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.

II.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 operational entity of the CFT Group, 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

CFT is not significantly affected by fluctuations in interest rates since all monetary assets and liabilities are short-term.

II.3 Elimination of intercompany transactions

When preparing the consolidated statements, the results of intra-group 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.

II.4 Methods of evaluation

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

Recognition of brokerage revenues

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.

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 only if they are likely items.

Other balance sheet items

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

III NOTES ON THE CONSOLIDATED BALANCE SHEET

III.1 Cash and cash equivalents

Net liquid assets

in thousands of Swiss francs	1999	1998
Cash and call deposits	60,013	28,607
Short-term deposits	63,639	53,166
Short-term bank borrowings	-6,512	-
Net cash at 31 December	117,140	81,773
Net cash at 1 January	-81,773	-70,950
NET CASH INFLOW DURING THE YEAR	**35,367**	**10,823**

On a like for like consolidation basis - excluding the contribution of Prominnofi - CFT's net consolidated cash would have amounted to CHF 113,059,000 at 31 December 1999 compared to CHF 81,773,000 the previous year, representing a net cash inflow of CHF 31,286,000 in 1999.

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

Investments

The investment portfolio comprises the following:

in thousands of Swiss francs	1999	1998
Short-term cash products	21,490	15,933
Bonds	3,046	386
Convertible bonds	2,963	3,338
Shares	1,330	990
Investment funds	4,891	4,084
	33,720	**24,731**
Provisions for depreciation	-	- 600
TOTAL	**33,720**	**24,131**

III.2 Receivables and other assets

Trade debtors

These are short-term receivables representing a net amount of CHF 72,029,000 at 31 December 1999 compared to CHF 60,068,000 the previous year. They are booked at face value after deduction of economically necessary provisions.

Other short-term receivables

in thousands of Swiss francs	1999	1998
Employee current accounts	2,541	3,448
Public authorities	4,491	2,316
Security deposits	885	672
Other short-term receivables	3,682	6,306
TOTAL	**11,599**	**12,742**

These receivables are booked at their face value.

Prepaid expenses and accrued income

in thousands of Swiss francs	1999	1998
Prepaid expenses	5,758	4,092
Other accrued income	2,680	1,622
TOTAL	**8,438**	**5,714**

Receivables from affiliated companies

This item regroups all financing granted by CFT to its affiliate Infotec SA at 31 December 1999, totalling CHF 5,132,000. This financing includes a short-term loan of CHF 2,338,000 coupled with a capitalisation clause and an advance of CHF 2,794,000 on future services from Infotec.

Other long-term receivables

This item contains receivables held by CFT and its subsidiaries from its former ultimate majority shareholders, Compagnie Industrielle Pallas, Paris and Banque Pallas Stern, Paris. These receivables, totalling CHF 12,147,000 at 31 December 1999 (CHF 25,324,000 at 31 December 1998) are guaranteed by the new ultimate majority shareholder, VIEL & Cie Finance. CFT and its affiliates received liquidation dividends totalling CHF 13,177,000 in 1999, equivalent to 50.8% of all declared receivables.

III.3 Financial investments

Subsidiary stock and non-consolidated investments

This item includes CFT'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. paragraph I.2). It also includes minority interests acquired with a view to a long-term holding.

It covers the following companies:

in thousands of Swiss francs	1999	1998
ASSOCIATED UNDERTAKINGS		
Pallas Monaco	1,325	1,267
Infotec SA	-2,547	-
OTHER UNDERTAKINGS		
Tradition CIS LLC, Moscow	230	230
Tradcom International	85	85
Tradition Securities (Kenya) Limited	118	-
ParisBourse SA	1,858	1,862
VIEL & Cie, Paris	2,103	2,071
Other investments	11	10
TOTAL	**3,183**	**5,525**
Provisions for depreciation	-315	-230
TOTAL	**2,868**	**5,295**

Treasury shares

The Company held 7,280 of its own shares at 31 December 1999. These shares were acquired during the year at a purchase value of CHF 514,000. Based on the market price at 31 December 1999, the potential capital gain on these shares would amount to CHF 804,000.

III.4 Tangible and intangible fixed assets

Tangible fixed assets

Tangible fixed assets in the CFT Group are as follows:

in thousands of Swiss francs	1999 Gross	1999 Amort.	1999 Net	1998 Gross	1998 Amort.	1998 Net
Land and buildings	8,501	985	7,516	8,501	985	7,516
Fixtures and installations	33,968	25,914	8,054	28,973	22,547	6,426
Computer and telecom. equipment	48,606	37,850	10,756	39,149	30,744	8,405
Other tangible fixed assets	1,451	723	728	1,669	812	857
TOTAL	**92,526**	**65,472**	**27,054**	**78,292**	**55,088**	**23,204**

Changes in tangible fixed assets during 1999 and 1998 are as follows:

in thousands of Swiss francs	1999	1998
Gross value at 1 January	78,292	70,186
Change in the basis of consolidation	1,178	5,607
Translation adjustment	6,666	-2,045
Acquisitions during the year	7,687	5,648
Disposals and write-off	-1,297	-1,104
GROSS VALUE AT 31 DECEMBER	**92,526**	**78,292**
Cumulative depreciation at 1 January	55,088	44,710
Change in the basis of consolidation	-	4,893
Translation adjustment	4,739	-2,009
Amortisation and depreciation for the year	6,895	8,117
Disposals and write-off	-1,250	-623
CUMULATIVE DEPRECIATION AT 31 DECEMBER	**65,472**	**55,088**
NET VALUE AT 31 DECEMBER	**27,054**	**23,204**

Fire insurance value at 31 December 1999 stood at CHF 69,723,000 for installations and equipment and CHF 17,775,000 for buildings (CHF 54,435,000 and CHF 17,775,000 respectively at 31 December 1998).

Intangible fixed assets

Intangible fixed assets comprised the following:

in thousands of Swiss francs	1999 Gross	1999 Amort.	1999 Net	1998 Gross	1998 Amort.	1998 Net
Telephone rights	1,919	892	1,027	1,845	775	1,070
Intangible business assets	138	138	-	136	27	109
Goodwill	3,147	249	2,898	1,840	-	1,840
Other intangible fixed assets	2,037	1,250	787	2,359	1,812	547
TOTAL	**7,241**	**2,529**	**4,712**	**6,180**	**2,614**	**3,566**

Intangible business assets

Intangible business assets totalling NOK 750,000 were acquired upon the incorporation of TFS Nordisk Energi AS, Sandefjord, early in 1998. This company ceased all activities in 1999 and the intangible business assets were fully depreciated at 31 December 1999.

Goodwill

Goodwill of CHF 1,840,000, arising on the acquisition by CFT of an additional 6.19% of the capital of TFS Lausanne, is being amortised over ten years as of 30 December 1998, the effective date of the transaction.

Additional goodwill of CHF 1,307,000 arose on the acquisition of the 47% interest in Infotec SA, early in July 1999. This goodwill is being amortised over ten years from the effective date of acquisition.

III.5 Accrued expenses and other debts

Other short-term debts

This item is broken down as follows:

in thousands of Swiss francs	1999	1998
Employee current accounts	954	773
Public authorities	16,202	6,976
Trade debtors	2,082	1,968
Other short-term debts	19,196	8,765
TOTAL	**38,434**	**18,482**

Accrued expenses

This item is broken down as follows:

in thousands of Swiss francs	1999	1998
Employee compensation and benefits	41,017	26,823
Other miscellaneous accrued liabilities	14,907	15,508
TOTAL	**55,924**	**42,331**

Long-term debts

Long-term debts of CHF 6,718,000 at 31 December 1999 consisted of JPY 430 million of debts owed by Meitan Tradition Co, Ltd (JPY 550 million or CHF 6,659,000 at 31 December 1998) granted or guaranteed in 1997 by its former majority shareholder.

These debts have no scheduled maturity date and are being repaid according to Meitan'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 SA 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 1999 and 1998:

in thousands of Swiss francs	1999	1998
RECEIVABLES LINKED TO ACCOUNT HOLDER ACTIVITIES		
Deposits paid	2,607	5,069
Current accounts with clearing institutions	16,610	11,468
Dealing accounts	23,855	-
	43,072	**16,537**
DEBTS LINKED TO ACCOUNT HOLDER ACTIVITIES		
Deposits received from clients	-3,987	-3,931
Current accounts with clearing institutions	-13,074	-21,323
Dealing accounts	-24,072	-
	-41,133	**-25,254**
TOTAL	**1,939**	**-8,717**

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 placed in bank deposits or borrowed short.

III.7 Receivables from and debts to shareholders and associated companies

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

The CFT Group's total outstanding net debt to shareholders and affiliated companies at December 1999 stood at CHF 9,599,000 (net debt of CHF 17,557,000 in 1998).

III.8 Share capital

Composition of share capital

Share capital at 31 December 1998 stood at CHF 12,391,750, consisting of 1,239,175 shares of CHF 10.

Share capital was increased by CHF 291,750 in June 1999 through the creation of 29,175 new bearer shares of CHF 10, following the exercise of share options. This increase, accompanied by a share premium of CHF 711,870, brought CFT's share capital to CHF 12,683,500 at 31 December 1999.

Major shareholders

At 31 December 1999, the only shareholder holding over 5% of the voting rights in CFT was the group VIEL & Cie Finance, Paris, with 72.47%, compared to 73.25% the previous year.

The 72.47% voting rights held by the group VIEL & Cie Finance, Paris, are exercised indirectly through Financière Vermeer BV, Amsterdam, wholly owned in fine by VIEL & Cie, which itself is 69.56% held by VIEL & Cie Finance at 31 December 1999.

Increase in share capital

The Company's 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 416,500 through the issue of up to 41,650 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 increased by CHF 10,350,000 in 1999 (CHF -3,799,000 in 1998).

IV NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

IV.1 Revenues

Consolidated net revenues increased from CHF 384.6 million in 1998 to CHF 496.6 million in 1999, a rise of 29.1%. On a like for like consolidation basis, excluding Company acquisitions and creations during the year, and the effect of Tradition Securities And Futures, consolidated since 1 October 1998, sales increased by 17.7% in 1999 or 13% at constant exchange rates.

These revenues result from commissions related to pure brokerage operations conducted by operational companies in the Tradition Group with a substantial clientele of large banks and financial institutions. It also marginally includes revenues - less than 2% in 1999 - from arbitrage activities on the exchange-traded products realised by Tradition Securities And Futures and its affiliates.

The breakdown of revenues by sector of activity and geographical area is as follows:

	TSH		TFS		HTS		Total	
in thousands of Swiss francs	**1999**	**1998**	**1999**	**1998**	**1999**	**1998**	**1999**	**1998**
Europe	172,582	136,856	65,431	60,958	39,500	10,959	277,513	208,773
United States	81,932	70,697	41,103	39,980	-	-	123,035	110,677
Asia	73,842	47,057	22,208	18,116	-	-	96,050	65,173
TOTAL	**328,356**	**254,610**	**128,742**	**119,054**	**39,500**	**10,959**	**496,598**	**384,623**

IV.2 Net financial income

This item is broken down as follows:

in thousands of Swiss francs	1999	1998
Interest and exchange rate transactions	5,755	4,533
Income from investments	2,539	1,214
Capital gains on investments	766	-
TOTAL	**9,060**	**5,747**

In 1999, income from investments include dividends received from two undertakings held by Tradition Securities And Futures SA, and its subsidiary MIA, totalling CHF 2,539,000 (CHF 1,214,000 in 1998).

IV.3 Extraordinary items

in thousands of Swiss francs	1999	1998
INCOME		
Partial use of the contingency provision	842	5,647
	842	**5,647**
EXPENSES		
Costs of TFS Initial Public Offering	-	-410
Other after tax extraordinary items	-842	-5,647
	-842	**-6,057**
NET EXTRAORDINARY ITEMS	**-**	**-410**

A contingency provision of CHF 9,865,000 was set aside in 1996 and 1997 to cover the risks involving the Tradition Group. 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 and CHF 842,000 respectively.

In light of the information available at 31 December 1999, the Company's Directors consider the residual contingency provision of CHF 3,376,000 to be sufficient to cover risks carried by the Tradition Group at that date.

V ADDITIONAL INFORMATION

V.1 Conditional guarantees and commitments

Guarantees and commitments given

in thousands of Swiss francs	1999	1998
Guarantees and commitments to third parties	37	1,345
Guarantees to clients	-	1,496

Conditional guarantees and commitments received

When the VIEL Group purchased the shares of Compagnie Financière Tradition held by Banque Pallas Stern, it undertook to pay CFT and its subsidiaries the difference between aggregate receivables from Comipar and Banque Pallas Stern and the liquidation dividends to be received by the CFT Group 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. The VIEL Group will honour this undertaking when these two entities pay the final liquidation dividend in connection with these receivables.

In 1999, CFT and its subsidiaries received part repayment from Banque Pallas Stern and Comipar, equivalent to 50.8% of its outstanding claims, bringing residual receivables held by the CFT Group at 31 December 1999 to CHF 12,147,000.

In light of the undertaking received from the VIEL Group, the Company's Directors consider that no provision is required to cover these receivables at the close of the accounts.

V.2 Operations on derivative products

in thousands of Swiss francs	1999	1998
Future commitments to deliver securities	17,142	1,091
Future commitments to purchase securities	4,257	1,952
Index futures purchased	250,808	24,376
Index futures sold	250,785	24,443
Securities received as guarantee	16,874	10,693
Securities given as guarantee	15,484	10,361

The purchase and sale of index futures correspond to arbitrage transactions carried out in its own name by Tradition Securities And Futures SA.

V.3 Assets pledged or sold as guarantees

in thousands of Swiss francs	1999	1998
Cash deposits frozen as a guarantee for brokerage activity	17,641	16,246

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 companies in the CFT Group 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.

V.4 Other information

Retirement benefits

Given the average age of the personnel and their seniority within the different CFT Group entities, no provision has been set aside for pension benefit schemes.

V.5 Dividends

Dividends paid by CFT are subject to withholding tax of 35% 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.

V.6 Earnings per share

Consolidated earning per ordinary share stood at CHF 13.17 in 1999 and CHF 7.71 in 1998.

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, income statement, cash flows and notes) of Compagnie Financière Trradition, Lausanne, for the year ended 31 December 1999.

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

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the cash flows and the results of operations in accordance with the Accounting provisions as contained in the Listing Rules of the Swiss Exchange and comply with the law.

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

Lausanne, 13 March 2000

ATAG Ernst & Young SA

P. Gisiger
Certified accountant

J.-M. Favre
Certified accountant

(Auditors in charge)

FINANCIAL STATEMENTS

BALANCE SHEET AT 31 DECEMBER 1999

ASSETS

in thousands of Swiss francs	Notes	1999	1998
CURRENT ASSETS			
Cash		-	22
Call deposits		1,525	2,635
Short-term deposits		-	10,035
Net short-term receivables from affiliated companies	II.3	16,959	3,440
Other short-term receivables		493	233
Prepaid expenses and accrued income		15	155
TOTAL CURRENT ASSETS		18,992	16,520
FIXED ASSETS			
Long-term receivables from affiliated companies	II.2	99,629	77,143
Receivables from direct and ultimate shareholders		181	-
Other long-term receivables	II.3	10,242	21,437
Investments	II.1	21,712	13,569
Treasury shares	II.7	514	-
Installations and equipment	II.4	838	1,662
Buildings	II.4	7,516	7,516
TOTAL FIXED ASSETS		140,632	121,327
TOTAL ASSETS		159,624	137,847

LIABILITIES

in thousands of Swiss francs	Notes	1999	1998
CREDITORS			
Short-term bank borrowings		6,502	-
Net short-term debts to affiliated companies		6,404	1,778
Short-term debts to shareholders		3,135	5,095
Other short-term debts	II.5	840	1,946
Taxes payable		28	34
Accrued expenses and deferred income	II.5	870	2,823
Net long-term debts to affiliated companies	II.5	19,483	19,287
Contingency and loss provisions		3,376	4,218
TOTAL CREDITORS		40,638	35,181
SHAREHOLDERS’ EQUITY			
Share capital	II.6	12,684	12,392
Share premium		1,435	723
General reserve		13,284	13,284
Other reserves		15,300	15,300
Retained earnings		76,283	60,967
TOTAL SHAREHOLDERS’ EQUITY		118,986	102,666
TOTAL LIABILITIES		159,624	137,847

PROFIT AND LOSS ACCOUNT

in thousands of Swiss francs	Notes	1999	1998
Net revenues	III.1	-	13,210
Dividend received		2,270	-
Other operating income		733	743
Net financial income		6,320	2,276
OPERATING INCOME		9,323	16,229
Employee compensation and benefits		-1,201	-10,930
Other operating expenses		-3,487	-4,945
Depreciation and amortisation		-593	-730
OPERATING EXPENSES		-5,281	-16,605
OPERATING PROFIT		4,042	-376
Extraordinary income	III.2	17,077	13,651
Extraordinary expenses	III.2	-582	-423
Taxes		-264	-1,141
NET PROFIT		20,273	11,711

CHANGE IN RETAINED EARNINGS

in thousands of Swiss francs	1999	1998
RETAINED EARNINGS		
Retained earnings brought forward	56,010	49,256
Net profit for the year	20,273	11,711
RETAINED EARNING AT THE END OF THE YEAR	76,283	60,967
CHANGE IN RETAINED EARNINGS IN 1999 AND 1998		
Retained earnings	76,283	60,967
Allocation to reserve for treasury shares	-514	-
Dividend of CHF 5 / CHF 4 per CHF 10 bearer share	-6,342	-4,957
RETAINED EARNINGS CARRIED FORWARD	69,427	56,010

NOTES ON THE FINANCIAL STATEMENTS

Introduction

In a contract dating back to 1971, CFT had entrusted TSA, Lausanne with the exploitation, in its own name but for the benefit of CFT, of brokerage activities until 1998, in Lausanne and Luxembourg. Under this contract, all income and expenses generated by these activities were to be returned to CFT, which in turn paid a commission to TSA Lausanne. This contract was terminated on 29 September 1998, effective as of 30 June 1998.

Concomitantly, CFT sold its commercial brokerage activities on capital markets to TSA for CHF 7,4 million, CHF 7 million of which represented intangibles. At 31 December 1998, therefore, CFT became a pure holding company and had ceased to exercise any form of operational activity.

Following this agreement, CFT's profit and loss account at 31 December 1998 included income and expenses on brokerage activities carried out between 1 January and 30 June 1998, making any meaningful year-on-year comparison difficult. The 1999 profit and loss account only reflects CFT's holding activities.

I ACCOUNTING PRINCIPLES

The accounting principles applied by Compagnie Financière Tradition (CFT) 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 used in the evaluation and the presentation of items in the balance sheet 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.

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, in particular, on net worth and anticipated results, appears to be less than the acquisition cost, a provision is made and stated 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 ON THE BALANCE SHEET

II.1 Investments

Compagnie Financière Tradition holds significant interests in the following companies:

	Share capital (in thousand)		% stake		Acquisition cost (in thousands of Swiss francs)	
			1999	1998	1999	1998
Tradition Service Holding SA, Lausanne	CHF	21,000	100.00	100.00	20,892	20,892
TFS, Lausanne	CHF	3,309	57.79	57.39	4,820	3,670
Tradition Holding (USA) Inc., New York	USD	400	100.00	100.00	-	583
Holding Tradition Securities SA, Lausanne	CHF	250	100.00	100.00	250	250
Holding Tradition Clearing, Lausanne	CHF	100	100.00	100.00	50	50
Cofitra Investments Inc., BVI	USD	6,000	100.00	100.00	8,880	8,880
Tradcom Management, Lausanne	CHF	100	100.00	100.00	100	100
Infotec SA	CHF	1,000	47.00	-	-	-
Other investments					920	920
					35,912	**35,345**
Economically necessary provisions					-14,200	-21,776
TOTAL					**21,712**	**13,569**

The first five companies above are sub-holdings, which have significant investments 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 is a technology company specialised in providing financial information on the Internet.

The net asset value, on which economically necessary reserves 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) converted at year-end exchange rates.

II.2 Long-term receivables from affiliated companies

This item is composed of the following:

	Receivables in thousand of local currency			Receivables in thousand of CHF	
	currency	1999	1998	1999	1998
Tradition Service Holding SA, Lausanne	CHF	69,636	46,903	69,636	46,903
Tradition Service Holding SA, Lausanne	DEM	911	911	743	743
Tradition Holding (USA) Inc., New York	USD	-	12,528	-	18,230
Tradition (North America) Inc., New York	USD	-	14,446	-	19,926
Holding Tradition Securities SA, Lausanne	CHF	11,706	-	11,706	-
Holding Tradition Clearing, Lausanne	CHF	15,206	-	15,206	-
Infotec SA	CHF	2,338	-	2,238	-
				99,629	**85,802**
Economically necessary provisions				-	-8,659
TOTAL				**99,629**	**77,143**

Gross receivables in Swiss francs from Tradition Service Holding SA were subordinated to the extent of CHF 30,620,000 at 31 December 1999 (CHF 35,706,000 at 31 December 1998).

II.3 Other receivables

Net short-term receivables to affiliated companies

These receivables stood at CHF 16,959,000 at 31 December 1999 (CHF 3,440,000 in 1998). They are payable in the short-term and result from day-to-day transactions between CFT and affiliated companies.

Other long-term receivables

This item includes receivables held by the Tradition Group on its former ultimate shareholders, Compagnie Industrielle Pallas, Paris and the Banque Pallas Stern, Paris. These debts, totalling CHF 10,242,000 at 31 December 1999 (CHF 21,437,000 at 31 December 1998) are guaranteed by a commitment from the new ultimate majority shareholder, VIEL & Cie Finance, Paris (cf. paragraph IV.3).

CFT received liquidation dividends totalling CHF 11,195,000 in 1999, equivalent to 50.8% of all declared receivables.

II.4 Fixed assets

in thousands of Swiss francs	1999 Gross	1999 Amort.	1999 Net	1998 Gross	1998 Amort.	1998 Net
Land and constructions	8,501	985	7,516	8,501	985	7,516
Fixtures and installations	3,515	3,177	338	3,458	2,861	597
Computer and telecom equipment	3,868	3,416	452	5,132	4,161	971
Other fixed assets	180	132	48	180	86	94
TOTAL	**16,064**	**7,710**	**8,354**	**17,271**	**8,093**	**9,178**

At 31 December 1999, 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 1998).

II.5 Accrued expenses and other debts

Other short-term debts

This item is broken down as follows:

in thousands of Swiss francs	1999	1998
Employee current accounts	50	887
Public authorities	304	265
Other short-term debts	486	794
TOTAL	**840**	**1,946**

Accrued expenses and deferred income

This item is broken down as follows:

in thousands of Swiss francs	1999	1998
Employee compensation and benefits	147	722
Other miscellaneous accrued liabilities	723	2,101
TOTAL	**870**	**2,823**

Long-term debts to affiliated companies

This item, which amounted to CHF 19,483,000 and CHF 19,287,000 at 31 December 1999 and 1998 respectively, consists of CFT's debts to two, directly and indirectly, wholly owned subsidiaries: Cofitra Investment Inc., BVI and TISA, Panama.

II.6 Share capital

Composition of share capital

Share capital at 31 December 1998 stood at CHF 12,391,750, and consisted of 1,239,175 shares of CHF 10.

Share capital was increased by CHF 291,750 in June 1999 through the creation of 29,175 new bearer shares of CHF 10, following the exercise of share options. This increase, accompanied by a share premium of CHF 711,870, brought CFT's share capital to CHF 12,683,500 at 31 December 1999.

Major shareholders

At 31 December 1999, the only shareholder holding over 5% of the voting rights in CFT was the group VIEL & Cie Finance, Paris, with 72.47% compared to 73.25% the previous year.

The 72.47% voting rights, held by the group VIEL & Cie Finance, Paris, are exercised indirectly through Financière Vermeer BV, Amsterdam, wholly owned in fine by VIEL & Cie, which itself is 69.56% held by VIEL & Cie Finance at 31 December 1999.

Increase in share capital

The Company's 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 416,500 through the issue of up to 41,650 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.

II.7 Treasury shares

The Company held 7,280 of its own shares at 31 December 1999. These shares were acquired during the year at a purchase value of CHF 514,000. Based on the market price at 31 December 1999, the potential capital gain on these shares could amount to CHF 804,000.

III NOTES ON THE PROFIT AND LOSS ACCOUNT

III.1 Revenues

Net revenues of CFT and its Luxembourg branch, Tradition SA, stood at CHF 13,2 million in 1998.

As mentioned in the Introduction, CFT's revenues for 1998 only cover six months of activities, since its commercial operations in Switzerland and Luxembourg were transferred to TSA, Lausanne, on 30 June 1998.

CFT exercised a pure holding activity in 1999.

III.2 Extraordinary gains and losses

This item is broken down as follows :

in thousands of Swiss francs	1999	1998
EXTRAORDINARY INCOME		
Liquidation of provisions on investments	7,576	-
Liquidation of provisions for the depreciation of long-term receivables from affiliated companies	8,659	1,004
Capital gains from sale of business	-	7,000
Partial use of the contingency provision	842	5,647
TOTAL	**17,077**	**13,651**
EXTRAORDINARY EXPENSES		
Allocation to provisions for investments	-	-423
Capital loss on sale of investment	-582	-
TOTAL	**-582**	**-423**

IV ADDITIONAL INFORMATION

IV.1 Conditional guarantees and commitments given

in thousands of Swiss francs	1999	1998
Guarantees and commitments to third parties	37	1,345

The Company 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 Conditional guarantees and commitments received

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

This undertaking relates to receivables of FRF 92,046,000 declared by Compagnie Financière Tradition at the time Comipar and Banque Pallas Stern went into receivership. The VIEL Group will honour this undertaking when these two entities pay the final liquidation dividend in respect of such receivables.

In 1999, CFT received part repayment from Banque Pallas Stern and Comipar, equivalent to 50.8% of its outstanding claims, bringing these residual receivables to CHF 10,242,000 at 31 December 1999.

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

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, income statement and notes) of Compagnie Financière Tradition, Lausanne, for the year ended 31 December 1999.

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, 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 provision as contained in the Listing Rules of the Swiss Exchange. Furthermore, the accounting records, the financial statements and the proposed appropriation of available earnings comply with the law and the Company's articles of incorporation.

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

Lausanne, 13 March 2000

ATAG Ernst & Young SA

P. Gisiger
Certified accountant

J.-M. Favre
Certified accountant

(Auditors in charge)