

INTERIM REPORT

JANUARY 1 – JUNE 30 • 2003

HAGSTRÖMER
& QVIBERG

INTERIM REPORT JANUARY 1 - JUNE 30, 2003

- EARNINGS BEFORE TAX AND MINORITY SEK 14 (-13) MILLION
- SUCCESSFUL LAUNCH OF H&Q FOND I FOND PRODUCTS
- NET INFLOW OF NEW CLIENT VOLUMES SEK +1.1 BILLION

Performance and financial position

Group

Hagströmer & Qviberg (H&Q) reports for the first half of 2003 earnings before tax and minorities of SEK 14 (-13) million, and earnings after tax and minorities of SEK 8 (-10) million. Earnings during the period have been burdened by restructuring expenses, due to staff reductions, of SEK 4 (3) million. Despite continued low market activity, earnings have improved. In short, this is explained by market-adapted products and services together with a sharply higher level of activity within the company. Hagströmer & Qviberg has in this way won ground compared to its competitors. In one year Hagströmer & Qviberg's market share on Stockholmsbörsen has risen from 3.3 percent to 6.3 percent, which makes the company the fourth-largest player on the market at the end of the first half of 2003.

Earnings growth is positive, which is confirmed by income in the second quarter rising by 7 percent while expenses, excluding costs of an extraordinary nature, decreased by 6 percent compared to the same period a year earlier.

In all, operating income amounted to SEK 170 (190) million, a decrease of 11 percent compared to the same period a year earlier. Net income from commissions and fees decreased by 31 percent to SEK 90 (131) million. Of the net income from commissions and fees, SEK 28 (49) million was income from financial advisory services and underwriting, a decrease of 43 percent. Net income from financial transactions including dividends increased by 45 percent to SEK 64 (44) million.

Operating expenses for the period amounted to SEK 156 (203) million, a decrease compared to the same period in the previous year of 23 percent. Staff expenses decreased by 9 percent to SEK 109 (120) million and other expenses by 43 percent to SEK 47 (83) million.

The group's liquid funds amounted to SEK 1,121 (-175 per December 31, 2002) million. Shareholders' equity amounted to SEK 355 (373 per December 31, 2002) million, corresponding to SEK 69 (72 per December 31, 2002) per share. Capital adequacy for the group amounted to 38 (42 per December 31, 2002) percent.

The number of employees in the group on June 30 amounted to 165 (229 per June 30, 2002; 177 per December 31, 2002). The average number of employees during the period amounted to 175 (244).

H&Q Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 90 million, a decrease of 1 percent compared to the same period in the previous year. Fewer completed capital procurement and advisory engagements are weighed up against considerably greater activity in trading on the company's own account. Continued great focus has been placed on automation of client trading and trading on the company's own account. Institutional stock trading continues to increase, but from a low level. Earnings for the business unit were positive.

The number of employees on June 30 was 53 (69 per June 30, 2002; 60 per December 31, 2002).

H&Q Private Banking

Operating income for H&Q Private Banking amounted to SEK 74 million, a decrease of 25 percent in relation to the same period in the previous year. This decrease should be viewed against the average daily turnover on Stockholmsbörsen decreasing by 30 percent.

H&Q Private Banking has met this low level of market activity by focusing on products and services that imply lower risk for the client, but that also provide an attractive return – Absolute Asset Management. The

products launched in the first half of the year have been well received. During the second quarter the launch took place of the H&Q Fond i Fond fund-of-funds company, which has opened up an opportunity for investment in Swedish and international hedge funds. Both of these launches have strongly contributed to a continued net inflow to custody accounts, i.e. growth. The business unit reported breakeven earnings for the period.

Total assets under management amounted to SEK 17.5 (16 per December 31, 2002) billion. Net inflow of new client volumes for the period was SEK 1.1 billion.

The number of employees on June 30 was 58 (87 per June 30, 2002; 59 per December 31, 2002).

Other

On July 2 and extraordinary general meeting was called following a proposal by the board of directors to, during the period until the next annual general meeting, on one or more occasions conduct synthetic buybacks of the company's own common shares, corresponding to a maximum of 600,000 common shares in the company. The extraordinary general meeting will be held on July 30, 2003 at 11 am in the company's premises at Norrlandsgatan 15, Stockholm.

Outlook

Hagströmer & Qviberg has during the first half of 2003 launched a number of new products and services, which have strongly contributed to further moving forward Hagströmer & Qviberg's position on the market. These proactive measures in the form of Absolute Asset Management, fund-of-funds products and automated client and proprietary trading, will be further intensified since it is in these areas that Hagströmer & Qviberg is seeing continued growth.

Hagströmer & Qviberg has additionally adapted its cost base to the current stock market climate by, in the past 27 months, reducing current expenses excluding bonuses, from an annual level of SEK 460 million to less than SEK 250 million. Hagströmer & Qviberg is therefore well positioned for when the financial sector recovers.

Stockholm, July 16, 2003



Patrik Enblad, Chief Executive Officer, Telephone +46 8 696 17 00

Forthcoming Reports

Interim Report Jan-Sep
Year-end Report 2003

October 16, 2003
January, 2004

CONSOLIDATED INCOME STATEMENT (SEKm)

		2003	2002	2003	2002
		Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun
Income from commissions and fees	Note 1	64	71	110	151
Expenses from commissions and fees		-12	-8	-20	-20
Interest income		16	22	34	44
Interest expense		-10	-15	-20	-29
Dividends received		26	24	26	25
Net result of financial transactions		9	-7	38	19
Other operating income		0	0	2	-
Total operating income		93	87	170	190
General administrative expenses		-72	-75	-139	-161
Depreciation and amortization of fixed assets		-4	-5	-8	-11
Other operating expenses		-5	-5	-9	-10
Credit and bad dept losses		0	-13	0	-13
Items affecting comparability		-	-8	-	-8
Total operating expenses		-81	-106	-156	-203
Operating profit/loss		12	-19	14	-13
Tax on profit/loss for the period		-4	3	-6	-1
Minority share of profit/loss for the period		-2	4	0	4
Profit/loss for the period		6	-12	8	-10
Earnings per share before dilution, SEK		1.3	-2.4	1.6	-2.0
Earnings per share after dilution, SEK		1.3	-2.3	1.6	-1.9
Average number of shares before dilution		5,176,162	5,176,591	5,176,162	5,176,007
Average number of shares after dilution		5,208,562	5,458,624	5,208,562	5,458,624
Number of shares outstanding before dilution		5,176,162	5,177,724	5,176,162	5,177,724
Number of shares outstanding after dilution		5,208,562	5,458,624	5,208,562	5,458,624

CONSOLIDATED BALANCE SHEET (SEKm)

		Jun 30, 2003	Dec 31, 2002
Lending to credit institutions		1,121	143
Lending to the public		487	681
Shares and participations		921	831
Other assets	Note 2	711	1,103
Total assets		3,240	2,758
Liabilities to credit institutions		-	318
Deposits and borrowing from the public		1,266	1,158
Other liabilities	Note 2	1,614	904
Minority share of equity		5	5
Shareholders' equity	Note 3	355	373
Total equity and liabilities		3,240	2,758

CHANGE IN SHAREHOLDERS' EQUITY

	2003	2002	2002
	Jun 30	Jun 30	Dec 31
Shareholders' equity at beginning of period	373	389	389
Dividend	-26	-26	-26
Translation difference etc	0	0	-2
Profit/loss for period	8	-10	12
Shareholders' equity at end of period	355	353	373

GROUP TRENDS PER QUARTER (SEKm)

	2003	2003	2002	2002	2002
	Apr - Jun	Jan - Mar	Oct - Dec	Jul - Sep	Apr - Jun
Commissions and fees, net	52	38	43	48	63
Net interest income	6	8	7	9	7
Financial transactions including dividends, net	35	29	49	18	17
Other operating income	0	2	7	7	-
Operating income	93	77	106	82	87
Operating expenses	-81	-75	-93	-86	-106
Earnings before tax and minority	12	2	13	-4	-19

KEY RATIOS

	2003	2002	2002-2003	2002	2001	2000
	Jan - Jun	Jan - Jun	Jul - Jun			
Operating income, SEKm	170	190	358	379	505	935
Operating expenses, SEKm	-156	-203	-335	-382	-495	-685
Earnings before tax and minority, SEKm	14	-13	23	-3	10	250
Earnings per share before dilution, SEK	1.6	-2.0	5.9	2.4	-0.8	36
Earnings per share after dilution, SEK	1.6	-1.9	5.6	2.3	-0.8	35
Shareholders' equity per share, SEK	69	68	69	72	75	93
Operating margin, %	8%	-7%	6%	-1%	2%	27%
Return on equity, %*	9%	-4%	9%	3%	-1%	46%
Capital adequacy, %	38%	32%	38%	42%	26%	24%

* Returns are calculated on moving 12-month basis

INFORMATION BY SEGMENT (SEKm)

Note 4

	Investment Banking		Private Banking		Other		Total	
	2003 Jan - Jun	2002 Jan - Jun	2003 Jan - Jun	2002 Jan - Jun	2003 Jan - Jun	2002 Jan - Jun	2003 Jan - Jun	2002 Jan - Jun
Total operating income	90	91	74	99	6	0	170	190
Total operating expenses	-78	-103	-74	-93	-4	-7	-156	-203
Operating profit/loss by segment	12	-12	0	6	2	-7	14	-13
Minority share and tax	0	6	-	-	-6	-3	-6	3
Profit/loss for the period	12	-6	0	6	-4	-10	8	-10

CASH FLOW STATEMENT (SEKm)

	2003 Jan - Jun	2002 Jan - Jun
Cash flow from continuing operations	21	7
Cash flow from continuing assets and liabilities	1,302	-685
Cash flow from continuing operations	1,323	-678
Cash flow from investing activities	-1	-3
Cash flow from financing activities	-26	-28
Cash flow for the period	1,296	-709
Liquid funds at beginning of period	-175	1,474
Liquid funds at end of period	1,121	765

Accounting principles

This interim report has been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council for interim reports (RR20), and the regulations of the Swedish Financial Supervisory Authority 2002:22. The accounting principles and methods of calculation are unchanged from those used in the annual report for 2002. New recommendations from the Swedish Financial Supervisory Council have had no effect on the accounts for the first half of the year.

Notes (all amounts in SEKm)

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage fees of 83 (118) for the six-month period.

Note 2 – Other assets/Other liabilities

Other assets includes stock-related derivative instruments with positive value in the amount of 165 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 117 (actual value).

Note 3 – Shareholders' equity

Of the total number of issued shares in the amount of 5,190,224, preference shares account for 1,413,631. Including 14,062 common shares bought back.

Note 4 – Segments

The group is organised into two business segments, Investment Banking and Private Banking. The business areas constitute the primary basis for division. Other matters consist of overhead expenses and group adjustments which cannot be attributed to either of the business areas.

Definitions

Earnings per share after tax

Net profit after tax in relation to the average number of shares during the period. In the calculation of the average number of shares after dilution, outstanding warrants with exercise prices of SEK 71 and 133 have been included. From the third quarter of 2002 outstanding warrants with an exercise price of SEK 133 have been excluded.

Shareholders' equity per share

Shareholders' equity in relation to the number of shares on the closing day. Consideration has been made for 14,062 own shares bought back.

Operating margin

Operating profit in relation to operating income.

Return on equity

Profit after tax in relation to average shareholders' equity. Returns are calculated on a moving 12-month basis.

Liquid funds

Liquid funds include cash and central bank balances, lending to credit institutions and liabilities to credit institutions.

Capital adequacy

Capital base in relation to risk-weighted amount for market and credit risks.

Auditor's report for Hagströmer & Qviberg AB (Publ.)

We have reviewed this year-end report in accordance with the recommendations issued by the Swedish Institute of Authorised Public Accountants (FAR). A review is considerably limited compared to an audit. Nothing has come to our attention that indicates that the year-end report does not fulfill the requirements of the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm, July 16, 2003

KPMG

Caj Nackstad, Authorised Public Accountant

**HAGSTRÖMER
& QVIBERG**

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