

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2004

- OPERATING EARNINGS SEK 121 (44) MILLION
- OPERATING INCOME SEK 416 (278) MILLION
- EARNINGS AFTER TAX AND MINORITY SEK 79 (30) MILLION, CORRESPONDING TO SEK 15.2 (5.7) PER SHARE
- UNCHANGED FULL-YEAR FORECAST

Earnings and financial position

Group

Hagströmer & Qviberg (H&Q) reports for the period January 1 to September 30, 2004, operating earnings of SEK 121 (44) million, and earnings after tax and minority of SEK 79 (30) million. The level of activity on Stockholmsbörsen was high during the initial months of the year, but has since declined. During the third quarter, turnover on Stockholmsbörsen was 33 percent lower than during the first quarter. H&Q's earnings have followed this pattern during the year. Cost control remains good, as does the ongoing capacity to generate income.

In total operating income amounted to SEK 416 (278) million, an increase of 50 percent compared with the same period in the previous year. Net income from commissions and fees increased by 61 percent to SEK 235 (146) million. Of net income from commissions and fees, SEK 210 (140) million was from secondary fees, an increase of 50 percent. Net income from commissions and fees also includes income of SEK 79 (40) million from financial advisory services and underwriting, an increase of 98 percent. The net result of financial transactions including dividends increased by 57 percent to SEK 160 (102) million.

Operating expenses for the period amounted to SEK 295 (234) million, an increase compared to the previous year of 26 percent. The increase in expenses is explained mainly by higher personnel expenses as a consequence of higher bonus costs during 2004. Bonus provisions are directly attributable to underlying earnings, which for the current year are considerably higher than in the previous year. Personnel expenses thus increased by 36 percent to 222 (163) million. Other expenses increased by 3 percent to 73 (71) million. Adjusted for recovered bad debt of SEK 4 million, other expenses have risen by 8 percent compared to the previous year. The increase is explained mainly by marketing expenses for new products.

The group's liquid funds amounted to SEK 1,018 (1,142 per December 31, 2003) million. Shareholder equity amounted to SEK 362 (404 per December 31, 2003) million, corresponding to SEK 77 (78 per December 31, 2003) per share. Capital adequacy for the group amounted to 31 percent (35 percent per December 31, 2003).

The number of employees in the group amounted to 188 (168 per December 31, 2003). The average number of employees during the period amounted to 178 (172).

Redemption

The share redemption programme approved by the annual general meeting has been completed during the third quarter, with payments made to the shareholders on September 29. Shareholder equity has through this reduced by approximately SEK 102 million, while the number of shares outstanding has reduced by 501,524. The board of directors has, through this, continued to work with a capital structure that is appropriate for the time, while assets have effectively been distributed to H&Q's shareholders.

H&Q Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 244 (143) million, an increase of 71 percent compared to the same period in the previous year. The increase in income is explained mainly by a higher level of activity on the financial market in general, and for H&Q in particular. Institutional stock brokerage continues to increase as a result of a strong brand and good analysis products. Trade on H&Q's own account increased during the period, mainly during the first half of the year. The market for corporate finance business has increased during the year, and H&Q has initiated and participated in a number of transactions. The business unit reports earnings before tax and minority of SEK 102 (30) million.

The number of employees amounted to 62 (53 per December 31, 2003). The increase in the number of employees is attributable mainly to Corporate Finance and Institutional Stockbrokerage.

H&Q Private Banking

Operating income for H&Q Private Banking amounted to SEK 162 (126) million, an increase of 29 percent compared to the previous year. The increase in income is the effect of a continued focus on Asset Management and Financial Planning, combined with a generally increased level of activity on Stockholmsbörsen.

H&Q Private Banking continues to build upon its strategy of an open architecture with external partnerships and distributors. There has been continued development of the Structured Products services, Financial Planning including Family Office, Absolute Asset Management, Emerging Markets and Pension Solutions, which during the fourth quarter will mean the launch of several new products and services. In addition, interest in investing in the five funds of H&Q's fund-of-funds company, H&Q Fond i Fond, is great, which overall for the period has resulted in a continued net inflow, that is to say continued growth. With its absolute discretionary services and funds, H&Q Private Banking is now one of Sweden's largest active investors in hedge funds.

Total assets under management have increased to just over SEK 24 (21 per December 31, 2003) billion, an increase of 14 percent compared with the beginning of the year. The net inflow of new client volumes during the nine-month period amounts to SEK 2.3 billion, which represents organic growth of 11 percent. The net inflow to the fund company amounted to SEK 1.2 billion. The fund company, which initiated its business in April 2003, therefore manages SEK 1.9 billion.

As the net inflow of new client volumes has increased, so the proportion of repeat income has also increased. Asset management fees increased by 137 percent. The business unit reports earnings before tax and minority of SEK 32 (13) million.

The number of employees amounted to 69 (59 per December 31, 2003).

Outlook

The third quarter was a typical summer quarter; the level of activity in the financial market was considerably lower than during the first half of the year. This is normal.

H&Q has continued to work systematically and with a goal-driven approach. The brand has been strengthened and this has increased the number of possible and completed transactions. H&Q remains profitable in all of the company's departments and is demonstrating considerable growth.

The positive trend for H&Q, with low costs, a high level of activity and improved earnings, is expected to continue. Operating earnings during the past quarter were, as expected, lower than during the two initial quarters of the year, but this does not affect the full-year forecast. With continuity, a systematic approach and high goals, this good earnings growth is expected to continue. The operating earnings for 2004 are predicted, as previously, to exceed those of last year by a good margin.

Stockholm, oktober 15, 2004



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

Scheduled reports and shareholder meetings

Year-end report 2004	January 28, 2005
Annual report	March 2005
AGM	March 22, 2005

CONSOLIDATED INCOME STATEMENT (SEKM)

		2004	2003	2004	2003
		Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep
Income from commissions and fees	Note 1	67	69	290	179
Expenses from commissions and fees		-14	-13	-55	-33
Interest income		11	23	41	57
Interest expense		-7	-9	-25	-29
Dividends received		2	0	58	26
Net result of financial transactions		35	38	102	76
Other operating income		0	-	5	2
Total operating income		94	108	416	278
General administrative expenses		-72	-69	-274	-208
Depreciation and amortisation of fixed assets		-1	-3	-4	-11
Other operating expenses		-5	-6	-21	-15
Credit losses and bad debt losses		4	-	4	0
Total operating expenses		-74	-78	-295	-234
Operating earnings		20	30	121	44
Tax on earnings for the period		-5	-9	-34	-14
Minority share of earnings for the period		-3	0	-8	0
Earnings for the period		12	21	79	30
Earnings per share before dilution, SEK		2.4	4.1	15.2	5.7
Earnings per share after dilution, SEK		2.4	4.1	15.2	5.7
Average number of shares before dilution		5,114,394	5,188,512	5,171,396	5,180,294
Average number of shares after dilution		5,114,394	5,188,512	5,171,396	5,201,854
Number of shares outstanding before dilution		4,701,050	5,188,512	4,701,050	5,188,512
Number of shares outstanding after dilution		4,701,050	5,188,512	4,701,050	5,188,512

CONSOLIDATED BALANCE SHEET (SEKM)

		Sep, 30 2004	Dec 31, 2003
Lending to credit institutions		1,018	1,142
Lending to the public		798	590
Shares and participations		2,977	1,986
Other assets	Note 2	727	1,125
Total assets		5,520	4,843
Deposits and borrowing from the public		1,553	1,297
Other liabilities	Note 2	3,594	3,136
Minority share of equity		11	6
Shareholder equity	Note 3	362	404
Total equity and liabilities		5,520	4,843

CONSOLIDATED CHANGE IN SHAREHOLDER EQUITY (SEKm)

	Sep 30, 2004	30 sep, 2003	Dec 31, 2003
Shareholder equity at beginning of the period	404	373	373
Purchases/sales of own shares	7	-	-3
Dividend	-26	-26	-26
New issue (exercised warrants)	-	1	1
Share redemption	-102	-	-
Translation differences etc.	0	-1	-1
Earnings for the period	79	30	60
Shareholder equity at end of the period	362	377	404

GROUP TRENDS PER QUARTER (SEKM)

	2004	2004	2004	2003	2003
	Jul - Sep	Apr - Jun	Jan - Mar	Oct - Dec	Jul - Sep
Net income from commissions and fees	53	107	75	78	56
Net interest income	4	4	8	10	14
Financial transactions including dividends, net	37	36	88	39	38
Other operating income	0	4	0	19	-
Operating income	94	151	171	146	108
Operating expenses	-74	-107	-114	-100	-78
Earnings before tax and minority	20	44	57	46	30

KEY RATIOS

	2004	2003	2003-2004	2003	2002	2001
	Jan - Sep	Jan - Sep	Oct - Sep			
Operating income, SEKm	416	278	562	424	379	505
Operating expenses, SEKm	-295	-234	-395	-334	-382	-495
Earnings before tax and minority, SEKm	121	44	167	90	-3	10
Earnings per share before dilution, SEK	15.2	5.7	21.2	11.6	2.4	-0.8
Shareholder equity per share, SEK	77	73	77	78	72	75
Operating margin, %	29%	16%	30%	21%	-1%	2%
Return on equity, %*	30%	17%	30%	15%	3%	-1%
Capital adequacy, %	31%	40%	31%	35%	42%	26%

* Returns are calculated on a moving 12-month basis

INFORMATION BY SEGMENT (SEKm)

	Investment Banking		Private Banking		Other/Eliminations		Total	
	2004 Jan - Sep	2003 Jan - Sep	2004 Jan - Sep	2003 Jan - Sep	2004 Jan - Sep	2003 Jan - Sep	2004 Jan - Sep	2003 Jan - Sep
Operating income	244	143	162	126	10	9	416	278
Operating expenses	-142	-113	-130	-113	-23	-8	-295	-234
Operating earnings	102	30	32	13	-13	1	121	44
Minority share and tax	-12	0	-	-	-30	-14	-42	-14
Earnings for the period	90	30	32	13	-43	-13	79	30

CONSOLIDATED CASH FLOW STATEMENT (SEKm)

	2004 Jan - Sep	2003 Jan - Sep
Cash flow from continuing operations	101	8
Cash flow from assets and liabilities of continuing operations	-146	-1,012
Cash flow from continuing operations	-45	-1,004
Cash flow from investing activities	-5	-3
Cash flow from financing activities	-74	-29
Cash flow for the period	-124	-1,036
Liquid funds at beginning of the period	1,142	1,474
Liquid funds at end of the period	1,018	438

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 FFFS 2002:22. The accounting principles and methods of calculation are unchanged from those used in the annual report for 2003. New recommendations from the Swedish Financial Accounting Standards Council have had no effect on the accounts for 2004.

Notes (all amounts in SEKm)

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage fees of 182 (134) for the nine-month period.

Note 2 – Other assets/Other liabilities

Other assets includes stock-related derivative instruments with positive value in the amount of 502 (actual value) as well as currency-related derivative instruments with positive value in the amount of 4 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 466 (actual value) as well as currency-related derivative instruments with negative values in the amount of 16 (actual value).

Note 3 – Shareholder equity

Of the total number of shares outstanding in the amount of 4,701,050, preference shares account for 931,952.

Definitions

Earnings per share after tax

Earnings 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 an exercise price of SEK 71 have been included. From the third quarter of 2003 there are no outstanding warrants.

Shareholder equity per share

Shareholder equity in relation to the number of shares on the closing day.

Operating margin

Operating earnings in relation to operating income.

Return on equity

Earnings after tax in relation to average shareholder 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 interim 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 interim report does not fulfil the requirements of the Swedish Stock Exchange Act and the Swedish Annual Accounts Act.

Stockholm, October 15, 2004

KPMG Bohlins AB

Caj Nackstad, Authorised Public Accountant

HAGSTRÖMER & QVIBERG

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