

HAGSTRÖMER & QVIBERG

INTERIM REPORT JANUARY 1 – JUNE 30, 2005

- OPERATING EARNINGS SEK 53 (90) MILLION
- OPERATING INCOME SEK 234 (291) MILLION
- EARNINGS AFTER TAX LESS MINORITY SHARE SEK 37 (66) MILLION
- EARNINGS PER SHARE SEK 8.1 (12.8)
- OPERATING EARNINGS SECOND QUARTER SEK 35 (30) MILLION
- ASSETS UNDER MANAGEMENT + SEK 7 BILLION IN FIRST HALF YEAR, SEK 33 (26) BILLION, OF WHICH NET INFLOW SEK 3.6 BILLION
- PROPOSAL OF MERGER BETWEEN HAGSTRÖMER & QVIBERG AND HQ FONDER

Earnings and financial position Group

Hagströmer & Qviberg (H&Q) reports for the first half of 2005 operating earnings of SEK 53 (90) million, and earnings after tax less minority share of SEK 37 (66) million. During the period H&Q has reached an agreement to divest its part-owned subsidiary H&Q Norden Fondsmeglerförretning ASA. In conjunction with this transaction, H&Q has entered into an alliance with the new owners. The transaction has not had any material effect on earnings during the period. The divested business is reported separately from other operations, in accordance with IFRS 5. As a result of this, all comparative figures have been recalculated.

In total operating income amounted to SEK 234 (291) million, a decrease of 20 percent compared to the same period in the preceding year. Net income from commissions and fees decreased by 6 percent to SEK 142 (151) million. Of net income from commissions and fees, SEK 159 (157) million was from commissions and fees from the secondary market. Net income from commissions and fees also includes income of SEK 30 (34) million from financial advisory services and underwriting, a decrease of 12 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, decreased by 31 percent to SEK 86 (124) million.

Operating expenses for the period amounted to SEK 181 (201) million, a decrease compared to the preceding year of 10 percent. The decrease in expenses is explained primarily by lower personnel expenses as a consequence of lower bonus expenses during 2005. Personnel expenses thus decreased by 11 percent to SEK 134 (151) million. Other expenses decreased by 6 percent to SEK 47 (50) million.

The group's cash and cash equivalents amounted to SEK 265 (123 per 31 December, 2004) million. Equity was SEK 282 (390 per December 31, 2004) million, corresponding to SEK 67 (83 per December 31, 2004) per share. During the first half-year, an ordinary dividend of SEK 6 per share has been paid and in addition to this SEK 116 million has been distributed to shareholders through a redemption. Consolidated capital adequacy amounted to 19 (32 per December 31, 2004) percent.

The number of employees in the group amounted to 180 (173 per December 31, 2004). The average number of employees during the period amounted to 176 (162).

Parent company

The parent company reports for the period a net turnover amounting to SEK 0 (0) million, and earnings after tax of SEK 106 (-7) million.

H&Q Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 103 (163) million, a decrease of 37 percent compared to the same period in the preceding year. The decrease is explained mainly by trading on the company's own account, which demonstrated weaker earnings during the first quarter than compared to the same period in the preceding year. However, the level of activity was higher during the second quarter, which resulted in improved earnings for trading. The business unit reports earnings before tax of SEK 34 (71) million.

The number of employees was 48 (48 per December 31, 2004).

H&Q Private Banking

Operating income for H&Q Private Banking amounted to SEK 128 (119) million, an increase of 8 percent compared to the preceding year. During the first quarter Alfred Berg's Privatkärleri business segment was acquired, and during the second quarter the operations of securities company Alterum were acquired. Both transactions are expected to have a marginally positive effect on earnings during 2005. In addition, H&Q has received authorisation to conduct insurance brokerage, which further broadens the range of products and services offered.

This business is currently being built up and will be conducted under the name Hagströmer & Qviberg Pension AB.

Total assets under management have increased to SEK 33 (26 per December 31, 2004) billion, an increase of 27 percent compared with the beginning of the year. The net inflow of new client volumes during the first half year is SEK 3.6 billion. As the net inflow of new client volumes has risen, the proportion of repeat income has also risen. Asset management fees, annualised, increased by 36 percent compared to 2004. The business unit reports earnings before tax of SEK 30 (28) million.

The number of employees amounted to 71 (67 per December 31, 2004).

Proposed merger

The boards of directors of H&Q and HQ Fonder decided on June 20 to propose to their shareholders a merger of the two companies. It is the belief of both boards of directors that a merger will create increased size and thus improved scalability, which is critical in order to successfully develop and conduct the businesses of both companies, and to generate added value for clients through new products and services and therefore improved shareholder value. The merger can be summarised as follows:

- H&Q and HQ Fonder are to merge through a legal merger in accordance with the Swedish Companies Act, where H&Q is the acquiring company
- For every share in HQ Fonder, shareholders will receive 0.62 newly issued common shares in H&Q
- Extraordinary general meetings seeking approval of the merger will be held on August 5, 2005
- It is anticipated that the merger will be completed at the end of October 2005

To illustrate the effect of the merger, the last page of this interim report shows pro forma accounts as if the merger had been completed on January 1, 2004. For complete information on the proposed merger, please refer to the information memorandum on the company's website, www.hagqvi.com.

Outlook

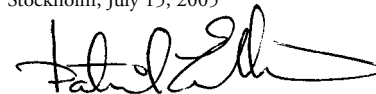
With a successful and scalable business model at H&Q, there are good opportunities for continued profitable growth. In addition to the strong organic growth, the acquisition of Alfred Berg's operations and Alterum's business will mean increased volumes of assets under management and will therefore further reinforce scalability.

New products are being developed and in addition H&Q plans to apply for a banking permit from the Swedish Financial Supervisory Authority, which will further strengthen the range of services and improve the opportunities for growth.

A merger with HQ Fonder will provide greater assets under management, improved and broadened asset management, and a greater proportion of recurring revenues. Through this H&Q will become bigger and stronger.

In summary, the future looks bright.

Stockholm, July 15, 2005



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

Forthcoming reports

Interim report Q3 2005
Year-end press release 2005

October 14, 2005
January 2006

CONSOLIDATED INCOME STATEMENT (SEKm)

	2005 Apr - Jun	2004 Apr - Jun	2005 Jan - Jun	2004 Jan - Jun
Income from commissions and fees	94	97	189	192
Expenses from commissions and fees	-21	-21	-47	-41
Interest income	11	11	22	30
Interest expense	-8	-7	-18	-18
Dividends received	61	56	62	57
Net result of financial transactions	1	-20	24	67
Other operating income	1	4	2	4
Total operating income	139	120	234	291
General administrative expenses	-96	-83	-167	-184
Depreciation and amortisation of fixed assets	-2	-1	-3	-2
Other operating expenses	-6	-6	-11	-15
Credit losses and bad debt losses	0	-	0	-
Total operating expenses	-104	-90	-181	-201
Operating earnings	35	30	53	90
Tax on earnings for the period	-10	-9	-16	-27
Earnings for the period from remaining businesses	25	21	37	63
Net earnings, divested businesses	0	9	0	8
Earnings for the period	25	30	37	71
Of which minority share of earnings for the period	0	6	0	5
Earnings per share before dilution, SEK	5.4	4.7	8.1	12.8
Earnings per share after dilution, SEK	5.4	4.7	8.1	12.8
Average number of shares outstanding before dilution	4,515,868	5,202,574	4,608,459	5,199,882
Average number of shares after dilution	4,515,868	5,202,574	4,608,459	5,199,882
Number of shares outstanding before dilution	4,238,096	5,202,574	4,238,096	5,202,574
Number of shares outstanding after dilution	4,238,096	5,202,574	4,238,096	5,202,574

CONSOLIDATED BALANCE SHEET (SEKm)

	Jun 30, 2005	Dec 31, 2004
Lending to credit institutions	265	123
Lending to the public	925	809
Shares and participations	3,549	3,609
Other assets	1,626	1,324
Total assets	6,365	5,865
Liabilities to credit institutions	105	556
Deposits and borrowing from the public	2,169	1,438
Other liabilities	3,809	3,481
Equity	282	390
Total equity and liabilities	6,365	5,865

CONSOLIDATED CHANGE IN EQUITY (SEKm)

	Jun 30, 2005	Jun 30, 2004	Dec 31, 2004
Equity per adopted balance sheet, start of period	390	404	404
Re-valuation of trading inventory (IAS 39)	-1	-	-
Adjusted equity, start of period	389	404	404
Purchases/sales of own shares	-	7	7
Dividend	-28	-26	-26
Share redemption	-116	-	-102
Earnings for the period	37	66	107
Equity, end of period	282	451	390

GROUP TRENDS PER QUARTER (SEKm)

	2005 Apr - Jun	2005 Jan-Mar	2004 Oct-Dec	2004 Jul-Sep	2004 Apr-Jun
Net income from commissions and fees	73	69	86	46	76
Net interest income	3	1	3	4	4
Financial transactions including dividends, net	62	24	40	37	36
Other operating income	1	1	12	0	4
Operating income	139	95	141	87	120
Operating expenses	-104	-77	-103	-68	-90
Operating earnings	35	18	38	19	30

KEY FIGURES

	2005 Jan - Jun	2004 Jan - Jun	2004-2005 Jul-Jun	2004	2003	2002
Operating income, SEKm	234	291	462	519	406	365
Operating expenses, SEKm	-181	-201	-352	-373	-320	-359
Operating earnings, SEKm	53	90	110	146	86	6
Earnings per share before dilution, SEK	8.1	12.8	16.3	21.2	11.6	2.4
Equity per share, SEK	67	83	67	83	78	72
Operating margin, %	23%	31%	24%	28%	21%	2%
Return on equity, %*	25%	29%	25%	27%	15%	3%
Capital adequacy, %	19%	36%	19%	32%	35%	42%

* Returns are calculated on a moving 12-month basis

INFORMATION BY SEGMENT (SEKm)

	Investment Banking		Private Banking		Other/Eliminations		Total	
	2005 Jan - Jun	2004 Jan - Jun	2005 Jan - Jun	2004 Jan - Jun	2005 Jan - Jun	2004 Jan - Jun	2005 Jan - Jun	2004 Jan - Jun
Operating income	103	163	128	119	3	9	234	291
Operating expenses	-69	-92	-98	-91	-14	-18	-181	-201
Operating earnings	34	71	30	28	-11	-9	53	90
Tax	-	-	-	-	-16	-27	-16	-27
Earnings for the period from remaining businesses	34	71	30	28	-27	-36	37	63
Net earnings, divested business	0	8	-	-	0	0	0	8
Earnings for the period	34	79	30	28	-27	-36	37	71

CONSOLIDATED CASH FLOW STATEMENT (SEKm)

	2005 Jan - Jun	2004 Jan - Jun
Cash flow from operating activities	25	21
Cash flow from assets and liabilities of operating activities	265	1,302
Cash flow from operating activities	290	1,323
Cash flow from investing activities	-4	-1
Cash flow from financing activities	-144	-26
Cash flow for the period	142	1,296
Cash and cash equivalents at start of the period	123	-175
Cash and cash equivalents at end of the period	265	1,121

Accounting policies

In accordance with the IAS regulations adopted by the EU in 2002, market-listed companies throughout the European Union must from 2005 apply the International Financial Reporting Standards (IFRS) in their consolidated accounts. Therefore Hagströmer & Qviberg's interim report for the first half of 2005 is presented in accordance with the IFRS standards adopted by the EU, and the interpretations of these standards adopted by the EU, IFRIC. This report is presented in accordance with IAS 34, Interim Financial Reporting, and the regulations of the Swedish Financial Supervisory Authority (FFFS 2002:22).

Hagströmer & Qviberg has in a special press release provided a description of which accounting policies are affected by the transition to IFRS. The new IFRS standards that affect Hagströmer & Qviberg are IAS 27 (Consolidated Financial Statements) and those standards that affect financial instruments, IAS 32 and IAS 39. For a complete description, please refer to the company's website at www.hagqvi.com.

Notes (all amounts in SEKm)

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage fees of 131 (142) 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 540 (actual value), as well as currency-related derivative instruments with positive value in the amount of 31 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 785 (actual value) as well as currency-related derivative instruments with negative values in the amount of 12 (actual value).

Definitions

Earnings per share after tax

Net profit for the period, less minority share of net profit for the period, in relation to the average number of shares before dilution during the period.

Equity per share

Equity, less minority share of equity, in relation to the number of shares outstanding before dilution on the balance sheet date.

Operating margin

Operating earnings in relation to operating income.

Return on equity

Net profit for the period, less minority share of net profit for the period, in relation to average equity before dilution. Returns are calculated for rolling twelve-month periods.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances with central banks as well as lending to credit institutions.

Capital adequacy

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

PRO FORMA ACCOUNTS FOR HAGSTRÖMER & QVIBERG AFTER MERGER WITH HQ FONDER

The pro forma accounts reproduced below have been compiled in order to illustrate the merged group's financial position and earnings after the merger has been completed. The pro forma balance sheets have been compiled based on the assumption that the merger became effective on December 31, 2004. The pro forma income statements have been compiled based on the assumption that the merger became effective on January 1, 2004. The pro forma accounts are based on Hagströmer & Qviberg's and HQ Fonder's interim reports for the period January 1, 2004 – June 30, 2004 and for the same period 2005. The pro forma accounts have been compiled in accordance with International Financial Reporting Standards.

The merger has been reported in accordance with the acquisition method and Hagströmer & Qviberg has been identified as the acquiring company. The preliminary acquisition analysis that has been compiled by Hagströmer & Qviberg for pro forma purposes is based on the last price paid for the Hagströmer & Qviberg share on June 17, 2005, namely SEK 176, and the established exchange ratio whereby one (1) share in HQ Fonder provides 0.62 common shares in Hagströmer & Qviberg. Based on this, the acquisition price is SEK 468 million, including transaction costs of SEK 10 million. Since shareholders' equity in HQ Fonder on December 31, 2004, was SEK 57 million, a consolidated surplus value of SEK 411 million arises, which is classified as goodwill in the pro forma balance sheets.

It must be borne in mind that the definitive acquisition analysis will deviate from that used in the pro forma accounts. For complete information regarding the proposed merger, please refer to the information memorandum available on the company's website, www.hagqvi.com.

PRO FORMA INCOME STATEMENT (SEKM)

	2005 Apr - Jun	2004 Apr - Jun	2005 Jan - Jun	2004 Jan - Jun
Income from commissions and fees	133	134	265	264
Expenses from commissions and fees	-38	-37	-82	-72
Interest income	11	11	23	30
Interest expense	-8	-7	-18	-18
Dividends received	61	56	62	57
Net result of financial transactions	1	-20	24	67
Other operating income	1	4	2	4
Total operating income	161	141	276	332
General administrative expenses	-103	-89	-180	-196
Depreciation and amortisation of tangible and intangible fixed assets	-2	-1	-3	-2
Other operating expenses	-13	-9	-21	-22
Credit losses and losses due to bad debt	0	0	0	0
Total operating expenses	-118	-99	-204	-220
Operating earnings	43	42	72	112
Tax on earnings for the period	-12	-13	-22	-33
Earnings for the period	31	29	50	79

PRO FORMA BALANCE SHEET (SEKM)

	Jun 30, 2005	Dec 31, 2004
Lending to credit institutions	332	200
Lending to the public	925	809
Shares and participations	3,549	3,609
Other assets	2,053	1,748
Total assets	6,859	6,366
Liabilities to credit institutions	105	556
Deposits and borrowing from the public	2,170	1,439
Other liabilities	3,855	3,523
Equity	729	848
Total equity and liabilities	6,859	6,366

PRO FORMA KEY FIGURES

	2005 Jan-Jun	2004 Jan-Jun
Earnings per share, SEK	7.4	10.1
Equity per share, SEK	106.6	108.6
Return on equity, %	6.9%	9.3%
Operating margin, %	26.2%	33.7%
Capital adequacy, %	20.8%	34.9%
Number of shares outstanding	6,840,803	7,805,281
Number of employees	197	187

Definitions:

Earnings per share	Net profit for the period less minority share of net profit for the period in relation to the number of shares outstanding on the balance sheet date.
Equity per share	Equity, excluding minority share of equity, in relation to the number of shares outstanding on the balance sheet date.
Return on equity	Net profit for the period, less minority share of net profit for the period, in relation to equity on the balance sheet date
Operating margin	Operating earnings in relation to operating income
Capital adequacy	Capital base in relation to risk-weighted amount for market and credit risks.

Review report for Hagströmer & Qviberg AB (Publ.)

We have reviewed this interim report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act.

Stockholm, July 15, 2005

Caj Nackstad, Authorised Public Accountant, KPMG Bohlins

**HAGSTRÖMER
& QVIBERG**

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