

# HAGSTRÖMER & QVIBERG

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## INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2005

- Operating earnings third quarter SEK 18 (15) million
- Operating earnings SEK 71 (104) million
- Operating income SEK 334 (378) million
- Earnings after tax excluding divested businesses SEK 50 (74) million
- Earnings per share SEK 11.2 (15.2)
- Operating earnings Private Banking SEK 48 (32) million
- Assets under management SEK 37 (26 per December 31, 2004) billion + SEK 11 billion, of which net inflow SEK 5.2 billion
- Pro forma operating earnings including HQ Fonder SEK 105 (138) million
- Pro forma operating earnings third quarter including HQ Fonder SEK 33 (26) million
- Pro forma assets under management SEK 50 (36 per december 31, 2004) billion + SEK 14 billion, of which net inflow SEK 5.4 billion
- Pro forma including HQ Fonder repeat income amounts to SEK 147 (118) million, which means that 100 (92) percent of the current expenses of the merged Private Banking excluding bonus are covered by repeat income.

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## COMMENTS ON EARNINGS FOR THE THIRD QUARTER

- Hagströmer & Qviberg (H&Q) reports for the third quarter operating earnings of SEK 18 (15) million, and earnings after tax less the minority share of SEK 13 (12) million, corresponding to SEK 3.0 (2.4) per share.
- Income increased by 15 percent to SEK 100 (87) million. Net income from commissions and fees increased by 50 percent to SEK 69 (46) million while trading on the company's own account, comprising the net result of financial transactions including dividends, declined by 19 percent to SEK 30 (37) million. Trading on the company's own account is expected to continue to make up a lower proportion of the group's operating income.
- Expenses increased by 14 percent to SEK 82 (72) million, which is directly attributable to earnings-based variable payments. Personnel expenses thus increased by 16 percent to SEK 58 (50) million. Other expenses increased by 9 percent to SEK 24 (22) million.
- Assets under management increased during the third quarter by SEK 4 billion to SEK 37 (33 per June 30, 2005) billion. The net inflow of new client volumes during the third quarter amounted to SEK 1.3 billion.  
Pro forma including HQ Fonder, total assets under management have increased by SEK 6 billion to SEK 50 (44 per June 30, 2005) billion.
- The development of Private Banking was satisfactory during the third quarter, with operating earnings of SEK 18 (4) million. The proportion of repeat income in Private Banking, in the form of asset management fees and net interest income, increased with the inflow of new volumes. During the third quarter, repeat income in Private Banking amounted to SEK 29 (20) million, which corresponded to 43 (48) percent of the total income of the business unit for the period.
- Within Investment Banking the development is positive for the Equities services unit, which has succeeded in redirecting income flows to value-added products that offer higher margins. At the same time, trading on the company's own account is focusing more on traditional market making. The business unit reports earnings before tax for the third quarter of SEK 10 (14) million.

## GROUP JANUARY 1 - SEPTEMBER 30

### Results

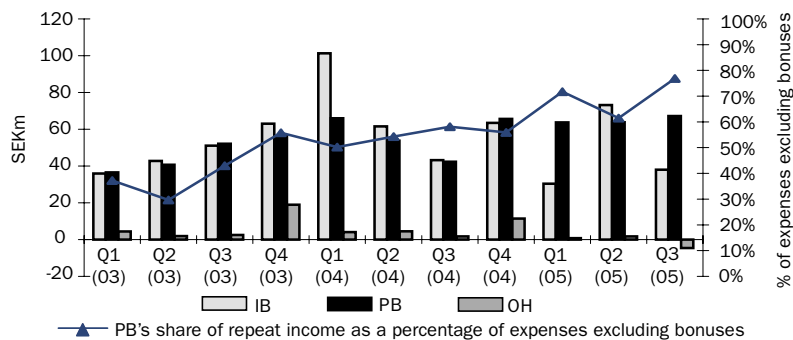
H&Q reports for the period January 1 to September 30 operating earnings of SEK 71 (104) million, and earnings after tax less minority share of SEK 50 (79) million. During the second quarter H&Q entered into an agreement to divest its part-owned subsidiary H&Q Norden Fondsmeglerforretning ASA. In conjunction 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. In order to facilitate comparability between the periods, 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.

### Income – Increased proportion of repeat income

In total operating income amounted to SEK 334 (378) million, a decrease of 12 percent compared to the same period in the preceding year. Net income from commissions and fees increased by 7 percent to SEK 211 (197) million. Of net income from commissions and fees, SEK 242 (210) million was from commissions and fees from the secondary market, an increase of 15 percent. The increase is explained primarily by an increased level of activity on the stock market, in combination with an inflow of volumes under management that generates a greater proportion of repeat income in the form of management fees. Net income from commissions and fees also includes income of SEK 34 (41) million from financial advisory services and underwriting, a decrease of 17 percent. Trading on the company's own account, comprising the net result of financial transactions and dividends, decreased by 28 percent to SEK 116 (160) million. The decline in trading on the company's own account is mainly attributable to the first quarter, which did not equal the results demonstrated in the first quarter of 2004. Trading on the company's own account is expected to continue to make up a lower proportion of the whole.

As the net inflow of new client volumes has risen, the proportion of repeat income has also risen. Repeat income includes asset management fees and net interest income from the public. Repeat income in Private Banking amounted to SEK 81 (57) million, which means that 70 (54) percent of Private Banking's current expenses are covered by repeat income. Pro forma including HQ Fonder, repeat income amounted to SEK 147 (118) million, which means that 100 (92) percent of the current expenses of the merged Private Banking excluding bonuses are covered by repeat income.

#### Quarterly income by segment

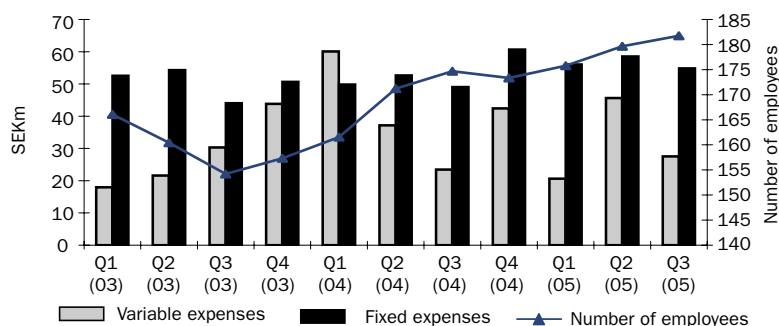


### Expenses – Continued cost control

Operating expenses for the period amounted to SEK 263 (274) million, a decrease compared to the preceding year of 4 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 5 percent to SEK 192 (202) million. Other expenses decreased marginally compared to the preceding year and amounted to SEK 71 (72) million.

Cost control remains. Fixed expenses per employee are more or less constant over time. Variable expenses, comprising bonuses, marketing activities, and variable asset management expenses fluctuate over time and largely correlate with underlying earnings. The bonus system is directly linked to earnings and no bonuses are paid if earnings are negative for the particular department.

#### Fixed and variable expenses per quarter



## Cash and cash equivalents, capital adequacy, net interest income and personnel

The group's cash and cash equivalents amounted to SEK 689 (123 per December 31, 2004) million. Equity amounted to 295 (390 per December 31, 2004) million, corresponding to SEK 70 (83 per December 31, 2004) per share. During the period, 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 redemptions. As an effect of completed redemption schemes, consolidated capital adequacy has decreased and amounted to 20 (32 per December 31, 2004) percent. The current level of capital adequacy exceeds both the legal requirement of at least 8 percent and H&Q's financial target of a minimum of 15 percent.

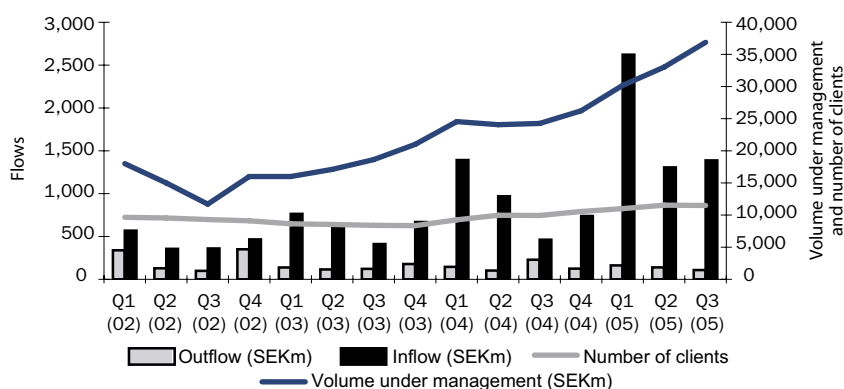
Average lending to the public and borrowing from the public has increased compared with the preceding year. Net interest income attributable to H&Q's custodian account clients has therefore increased by 14 percent to SEK 33 (29) million.

The number of employees in the group amounted to 182 (173 per December 31, 2004). The average number of employees during the period amounted to 178 (166).

## Assets under management

Total assets under management have increased to SEK 37 (26 per December 31, 2004) billion, an increase of 42 percent compared to the start of the year. The net inflow of new client volumes during the period amounted to SEK 5.2 billion, which represents growth of 20 percent. As the net inflow of new client volumes has risen, the proportion of repeat income has also risen. Asset management fees, annualised, increased by 47 percent compared to 2004.

Pro forma, including HQ Fonder, total assets under management have increased to SEK 50 (36 per December 31, 2004) billion, an increase of 39 percent compared to the start of the year. H&Q's financial target of 20 percent annual volume growth has thus been achieved. The pro forma net inflow of new client volumes during the period amounted to SEK 5.4 billion, which represents growth of 15 percent.



## Ongoing merger

The boards of directors of H&Q and HQ Fonder decided on June 20, 2005 to propose to their shareholders a merger of the two companies. The merger was approved by the respective general meetings on August 5, 2005 and is expected to be completed at the end of October 2005. A merger with HQ Fonder will provide greater assets under management, improved and broadened asset management and a greater proportion of repeat income.

In order to illustrate the effect of the merger, pro forma accounts are provided at the end of this interim report as if the merger had been completed on January 1, 2004. Synergy effects have not been considered in the pro forma accounts. For complete information about the proposed merger, please refer to the information memorandum available on the company's website at [www.hq.se](http://www.hq.se).

## Outlook

### Comments from Patrik Enblad, Chief Executive Officer

"Developments at H&Q have taken place quickly. The transformation into a growing-cash-flow company offering added-value services is highlighted by accelerating growth and an increased proportion of repeat income. Pro forma, including HQ Fonder, all of Private Banking's expenses excluding bonuses are covered by repeat income. At the same time growth has increased. The net inflow so far this year indicates 20 percent growth. In addition the Stockholm Stock Exchange has risen 20.8 percent. Overall this has led to total asset volumes under management for H&Q including HQ Fonder increasing to SEK 50 billion. Compare this with the SEK 26 billion that H&Q (excluding HQ Fonder) managed at the start of the year.

The new H&Q, including HQ Fonder, will be a company with rapidly growing cash flow, a large proportion of repeat income and good profitability. The financial targets that were established in conjunction with the merger are a challenge to H&Q. We believe that H&Q has good prospects of living up to these targets, and the future looks bright."

Stockholm, October 14, 2005

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

## Forthcoming reports

Year-end press release 2005

February 2, 2006

Annual report 2005

March 2006

Annual general meeting

March 30, 2006

<b>CONSOLIDATED INCOME STATEMENT (SEKm)</b>		<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
		<b>Jul - Sep</b>	<b>Jul - Sep</b>	<b>Jan - Sep</b>	<b>Jan - Sep</b>
Income from commissions and fees	Note 1	87	60	276	252
Expenses from commissions and fees		-18	-14	-65	-55
Interest income		9	11	31	41
Interest expense		-8	-7	-26	-25
Dividends received		8	2	70	58
Net result of financial transactions		22	35	46	102
Other operating income		0	0	2	5
<b>Total operating income</b>		<b>100</b>	<b>87</b>	<b>334</b>	<b>378</b>
Personnel expenses		-58	-50	-192	-202
General administrative expenses		-16	-16	-49	-49
Depreciation and amortisation of fixed assets		-2	-1	-5	-3
Other operating expenses		-6	-5	-17	-20
Credit losses and bad debt losses		0	0	0	0
<b>Total operating expenses</b>		<b>-82</b>	<b>-72</b>	<b>-263</b>	<b>-274</b>
<b>Operating earnings</b>		<b>18</b>	<b>15</b>	<b>71</b>	<b>104</b>
Tax on earnings for the period		-5	-5	-21	-30
<b>Earnings for the period from remaining businesses</b>		<b>13</b>	<b>10</b>	<b>50</b>	<b>74</b>
Net earnings from divested businesses		-	5	-	13
<b>Earnings for the period</b>		<b>13</b>	<b>15</b>	<b>50</b>	<b>87</b>
Of which minority share of earnings for the period		-	3	-	8
Earnings per share before dilution, SEK		3.0	2.4	11.2	15.2
Earnings per share after dilution, SEK		3.0	2.4	11.2	15.2
Average number of shares before dilution		4,238,096	5,114,394	4,483,189	5,171,396
Average number of shares after dilution		4,238,096	5,114,394	4,483,189	5,171,396
Number of shares outstanding before dilution		4,238,096	4,701,050	4,238,096	4,701,050
Number of shares outstanding after dilution		4,238,096	4,701,050	4,238,096	4,701,050

<b>CONSOLIDATED BALANCE SHEET (SEKm)</b>		<b>30 Sep 2005</b>	<b>31 Dec 2004</b>
Lending to credit institutions		689	123
Lending to the public		851	809
Shares and participations		3,832	3,609
Other assets	Note 2	1,737	1,324
<b>Total assets</b>		<b>7,109</b>	<b>5,865</b>
Liabilities to credit institutions		150	556
Deposits and borrowing from the public		1,922	1,438
Other liabilities	Note 2	4,742	3,481
Equity		295	390
<b>Total equity and liabilities</b>		<b>7,109</b>	<b>5,865</b>

<b>CONSOLIDATED CHANGE IN EQUITY (SEKm)</b>		<b>30 Sep 2005</b>	<b>30 Sep 2004</b>	<b>31 Dec 2004</b>
<b>Equity per adopted balance sheet, start of period</b>		<b>390</b>	<b>404</b>	<b>404</b>
Re-valuation of trading inventory per IAS 39		-1	-	-
<b>Adjusted equity, start of period</b>		<b>389</b>	<b>404</b>	<b>404</b>
Purchases/sales of own shares		-	7	7
Dividend		-28	-26	-26
Share redemption		-116	-102	-102
Earnings for the period		50	79	107
<b>Equity, end of period</b>		<b>295</b>	<b>362</b>	<b>390</b>

<b>GROUP TRENDS PER QUARTER (SEKm)</b>		<b>2005</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
		<b>Jul - Sep</b>	<b>Apr - Jun</b>	<b>Jan - Mar</b>	<b>Oct - Dec</b>	<b>Jul - Sep</b>
Net income from commissions and fees		69	73	69	86	46
Net interest income		1	3	1	3	4
Financial transactions including dividends, net		30	62	25	40	37
Other operating income		0	1	0	12	0
Operating income		100	139	95	141	87
Operating expenses		-82	-104	-77	-103	-72
Operating earnings		18	35	18	38	15

<b>KEY FIGURES</b>		<b>2005</b>	<b>2004</b>	<b>2004 - 2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
		<b>Jan - Sep</b>	<b>Jan - Sep</b>	<b>Oct - Sep</b>			
Operating income, SEKm		334	378	475	519	406	365
Operating expenses, SEKm		-263	-274	-366	-377	-320	-359
Operating earnings, SEKm		71	104	109	142	86	6
Earnings per share before dilution, SEK		11.2	15.2	15.3	21.2	11.6	2.4
Equity per share, SEK		70	77	70	83	78	72
Operating margin, %		21%	28%	23%	28%	21%	2%
Return on equity, %*		26%	30%	26%	27%	15%	3%
Capital adequacy, %		20%	31%	20%	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-Sep	2004 Jan-Sep	2005 Jan-Sep	2004 Jan-Sep	2005 Jan-Sep	2004 Jan-Sep	2005 Jan-Sep	2004 Jan-Sep
Operating income	142	206	194	162	-2	10	334	378
Operating expenses	-97	-121	-146	-130	-20	-23	-263	-274
<b>Operating earnings by segment</b>	<b>45</b>	<b>85</b>	<b>48</b>	<b>32</b>	<b>-22</b>	<b>-13</b>	<b>71</b>	<b>104</b>
Tax	-	-	-	-	-21	-30	-21	-30
<b>Earnings for the period</b>	<b>45</b>	<b>85</b>	<b>48</b>	<b>32</b>	<b>-43</b>	<b>-43</b>	<b>50</b>	<b>74</b>

**CONSOLIDATED CASH FLOW STATEMENT (SEKm)**

	2005 Jan - Sep	2004 Jan - Sep
Cash flow from operating activities	32	101
Cash flow from assets and liabilities of operating activities	686	-146
<b>Cash flow from operating activities</b>	<b>718</b>	<b>-45</b>
Cash flow from investing activities	-8	-5
Cash flow from financing activities	-144	-74
<b>Cash flow for the period</b>	<b>566</b>	<b>-124</b>
Cash and cash equivalents at start of the period	123	1 142
Cash and cash equivalents at end of the period	689	1 018

**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 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.hq.se](http://www.hq.se).

**Notes (all amounts in SEKm)**

Note 1 – Income from commissions and fees

Income from commissions and fees includes brokerage fees of 192 (182) 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 1,005 (actual value), as well as currency-related derivative instruments with positive value in the amount of 33 (actual value). Other liabilities includes stock-related derivative instruments with negative value in the amount of 1,278 (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 attributable to the parent company's shareholders. 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.

**Review report**

This interim report has not been reviewed by the company's auditors.

**OVERALL FINANCIAL TARGETS AND DIVIDEND POLICY FOR THE MERGED COMPANY**

Ahead of the proposed merger between H&Q and HQ Fonder, the board of directors of H&Q has established the following overall financial targets for the merged company:

- Assets under management shall increase by an average of 20 percent per year during the coming five-year period.
- The operating margin shall on average amount to 25 percent across the business cycle.
- Capital adequacy shall not be less than 15 percent.
- In the long term at least 80 percent of earnings shall be distributed to shareholders through dividends, redemptions or buybacks of the company's own shares.

## INVESTMENT BANKING

The Investment Banking unit conducts business in research, trade in stocks and derivatives on behalf of both Hagströmer & Qviberg and its clients, capital market transactions, and advice in connection with acquisitions and mergers. The business focuses on providing advice and ideas that offer clients added value.

(SEKm)	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep
Brokerage income	19	14	59	60
Income from financial advisory services and underwriting	5	5	21	26
Net interest income	-2	-2	-5	-8
Net result of financial transactions, including dividends	20	30	86	146
Transaction expenses	-5	-5	-23	-21
Other operating income	1	1	4	3
<b>Total operating income</b>	<b>38</b>	<b>43</b>	<b>142</b>	<b>206</b>
Personnel expenses	-19	-20	-69	-91
General administrative expenses	-6	-5	-15	-15
Depreciation and amortisation of fixed assets	-1	-1	-3	-2
Other operating expenses	-2	-3	-10	-13
Credit losses and bad debt losses	0	0	0	0
<b>Total operating expenses</b>	<b>-28</b>	<b>-29</b>	<b>-97</b>	<b>-121</b>
<b>Operating earnings</b>	<b>10</b>	<b>14</b>	<b>45</b>	<b>85</b>
Average number of employees	46	46	47	45
C/I	0.72	0.68	0.68	0.59
Operating margin	28%	32%	32%	41%
Assets under management at end of period			7,994	5,699

### Results

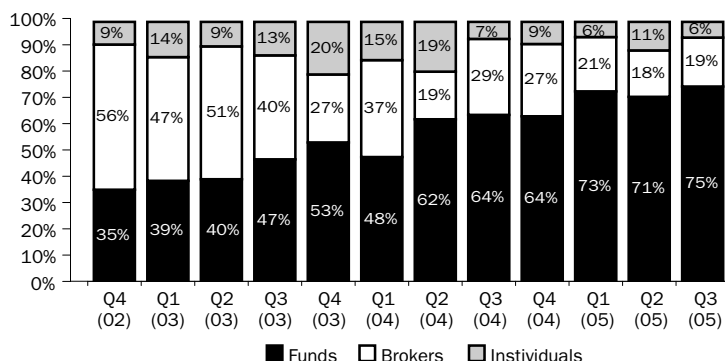
Operating income for H&Q Investment Banking amounted to SEK 142 (206) million, a decrease of 31 percent compared to the same period in the preceding year. The decrease is explained mainly by trading on the company's own account, which demonstrated weaker earnings, mainly attributable to the first quarter. The Equities services unit is developing in a positive direction, and the outlook for further business in Corporate Finance is believed to be good. The business unit reports earnings before tax of SEK 45 (85) million.

### Trends and strategy

Historically, H&Q Investment Banking has received a large proportion of its income from trading on the company's own account and sales trading. The trend in the market for trading on the company's own account is headed towards increased competition and therefore increased exposure to risk. H&Q has chosen to not increase its risk mandate, and to instead focus on more traditional market making.

Within the Equities services unit, there is price pressure on simple services. To counter this, the strategy has been to focus on increased added value in services provided to clients, thus increasing the prospects of a greater proportion of income within other client segments. This strategy has been successful. The broker share has decreased from 56 percent in Q4 2002 to 19 percent in Q3 2005, while the proportion of research-driven brokerage fees for the same period has increased from 35 percent in Q4 2002 to 75 percent in Q3 2005.

#### Equities, distribution of brokerage per quarter, Q4 2002 - Q3 2005



Definition of client category

Funds - Mutual funds, hedge funds, pension funds, major institutions

Brokers - Investment banks executing on behalf of H&Q

Individuals - Major private clients, often through companies

## PRIVATE BANKING

The Private Banking unit is a leading bank-independent player in the field of private banking and asset management. Business is conducted in five service areas – Mutual Funds, Asset Management, Pensions, Emerging Markets and Structured Products.

(SEKm)	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep
Income from commissions and fees	45	29	145	130
Management fees	20	12	53	34
Transaction and commission expenses	-12	-10	-42	-33
Net interest income	9	8	28	23
Net result of financial transactions, including dividends	5	2	9	4
Other operating income	0	1	1	4
<b>Total operating income</b>	<b>67</b>	<b>42</b>	<b>194</b>	<b>162</b>
Personnel expenses	-27	-17	-81	-66
General administrative expenses	-8	-8	-23	-22
Depreciation and amortisation of fixed assets	-1	0	-2	-1
Other operating expenses	-13	-13	-40	-41
Credit losses and bad debt losses	0	0	0	0
<b>Total operating expenses</b>	<b>-49</b>	<b>-38</b>	<b>-146</b>	<b>-130</b>
<b>Operating earnings</b>	<b>18</b>	<b>4</b>	<b>48</b>	<b>32</b>
Average number of employees	73	66	70	65
C/I	0.73	0.91	0.75	0.80
Operating margin	27%	9%	25%	20%
Assets under management at end of period			28,894	18,563
Total income, annualised/average assets under management			1.08%	1.24%

### Results

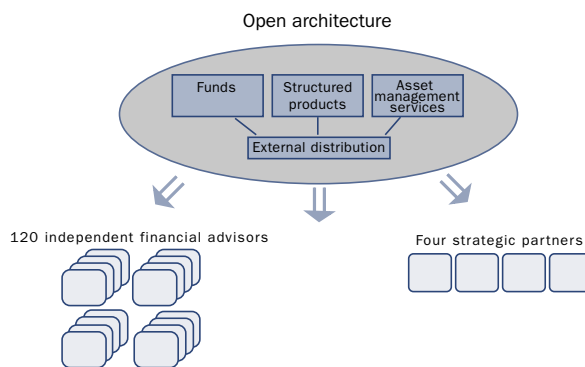
Operating income for H&Q Private Banking amounted to SEK 194 (162) million, an increase of 20 percent compared to the preceding year. The level of activity was high during the third quarter, which contributed to brokerage fees increasing by 55 percent to SEK 45 (29) million. Alongside the inflow of new volumes of managed assets during the year, repeat income in the form of management fees and net interest income has increased by 42 percent to SEK 81 (57) million, which corresponds to 42 (35) percent of Private Banking's total income.

During the first quarter Alfred Berg's Privatismäkleri business segment was acquired, and this was complemented in the second quarter with an acquisition of the operations of securities company Alterum. 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. The business unit reports earnings before tax of SEK 48 (32) million.

### H&Q Private Banking's distribution capacity

Through its strategy of an open architecture, H&Q Private Banking has since 1998 built up a network of partners and distributors. Through this network of partners, H&Q Private Banking is able to strengthen its provision of qualitative services in asset management and financial planning.

With the distribution network, a tool has been created for selling H&Q's products and services. Previously these have primarily been so-called structured products and asset management services. With the merger between Hagströmer & Qviberg AB and HQ Fonder, opportunities will open up for the distribution of HQ Fonder's products through these channels. This will strengthen the distribution capacity for HQ Fonder's products, and therefore increase the proportion of repeat income.



## 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 consolidated 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 – September 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 at [www.hq.se](http://www.hq.se).

### PRO FORMA INCOME STATEMENT (SEKm)

	2005 Jul-Sep	2004 Jul-Sep	2005 Jan-Sep	2004 Jan-Sep
Income from commissions and fees	134	95	399	359
Expenses from commissions and fees	-41	-29	-123	-102
Interest income	9	11	32	42
Interest expense	-8	-7	-26	-24
Dividends received	8	2	70	58
Net result of financial transactions	22	35	46	102
Other operating income	0	0	2	4
<b>Total operating income</b>	<b>124</b>	<b>107</b>	<b>400</b>	<b>439</b>
General administrative expenses	-80	-72	-259	-268
Depreciation and amortisation of fixed assets	-2	-1	-5	-3
Other operating expenses	-9	-8	-31	-30
Credit losses and losses due to bad debt	0	0	0	0
<b>Total operating expenses</b>	<b>-91</b>	<b>-81</b>	<b>-295</b>	<b>-301</b>
<b>Operating earnings</b>	<b>33</b>	<b>26</b>	<b>105</b>	<b>138</b>
Tax on profit/loss for the period	-9	-8	-31	-40
<b>Net profit for the period</b>	<b>24</b>	<b>18</b>	<b>74</b>	<b>98</b>

### PRO FORMA BALANCE SHEET (SEKm)

	30 Sep 2005	31 Dec 2004
Lending to credit institutions	768	200
Lending to the public	851	809
Shares and participations	3,832	3,609
Other assets	2,167	1,748
<b>Total assets</b>	<b>7,618</b>	<b>6,366</b>
Liabilities to credit institutions	150	556
Deposits and borrowing from the public	1,923	1,439
Other liabilities	4,793	3,523
Equity	752	848
<b>Total equity and liabilities</b>	<b>7,618</b>	<b>6,366</b>

### PRO FORMA KEY FIGURES

	2005 Jan-Sep	2004 Jan-Sep
Earnings per share, SEK	10.9	13.4
Equity per share, SEK	110.0	116.1
Return on equity, %	9.9%	11.6%
Operating margin, %	26.3%	31.3%
Assets under management, SEKbn	50	34
Capital adequacy, %	22.4%	33.5%
Number of shares outstanding	6,840,803	7,303,757
Number of employees	199	191

#### Definitions:

Earnings per share	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, less minority share of equity, in relation to the number of shares outstanding on the balance sheet date.
Return on equity	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.

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