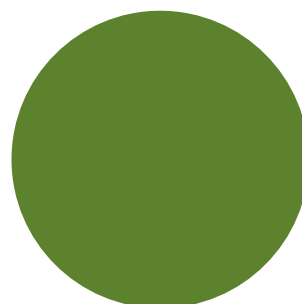
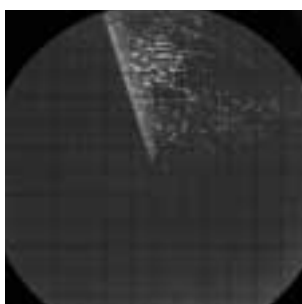




HAGSTRÖMER
& QVIBERG AB

ANNUAL REPORT 1999



CONTENTS

| | | |
|---|----|---|
| ■ | 5 | Group Development in Brief |
| ■ | 6 | Comments from the President and CEO |
| ■ | 8 | Review of Operations |
| ■ | 12 | Human Capital |
| ■ | 13 | Risks and Risk Management |
| ■ | 15 | <u>H&Q HOLDING</u> |
| ■ | 16 | Comments from the President |
| ■ | 18 | Management of H&Q Holding |
| ■ | 19 | H&Q Technology |
| ■ | 23 | H&Q Private Banking |
| ■ | 26 | The H&Q Holding Group |
| ● | 29 | <u>HQ.SE</u> |
| ● | 30 | Comments from the President |
| ● | 32 | Management of HQ.SE |
| ● | 33 | HQ.SE Fondkommission |
| ● | 35 | HQ.SE Fonder |
| ■ | 38 | The H&Q Share |
| ■ | 39 | Principal Shareholders |
| ■ | 40 | Administration Report |
| ■ | 42 | Recommended Distribution of Profit |
| ■ | 43 | Consolidated Income Statement |
| ■ | 44 | Consolidated Balance Sheet |
| ■ | 46 | Parent Company Income Statement |
| ■ | 47 | Parent Company Balance Sheet |
| ■ | 49 | Cash Flow Statement |
| ■ | 50 | Accounting Principles and Notes |
| ■ | 52 | Notes |
| ■ | 61 | Auditors' Report |
| ■ | 62 | Excerpts from the Articles of Association |
| ■ | 62 | Definitions |
| ■ | 63 | Scheduled Reports |
| ■ | 63 | Annual General Meeting |
| ■ | 64 | Board of Directors, Auditors and Management |
| ■ | 66 | Addresses |

| | 1999 | 1998 | 1997 | 1996 | 1995 |
|--|----------------|----------------|----------------|----------------|----------------|
| INCOME STATEMENT (SEK m) | | | | | |
| Net commissions and other revenues | 513.7 | 340.2 | 342.9 | 176.9 | 127.8 |
| Net interest income | 67.0 | 67.3 | 60.3 | 79.9 | 97.5 |
| Net income from financial transactions, including dividends | 559.6 | 174.7 | 169.4 | 48.3 | 31.3 |
| Total income | 1,140.3 | 582.2 | 572.6 | 305.1 | 256.6 |
| Operating expenses | -791.9 | -489.5 | -398.8 | -233.7 | -192.7 |
| Operating profit | 348.4 | 92.7 | 173.8 | 71.4 | 63.9 |
| Tax | -109.1 | -39.1 | -43.6 | -21.4 | -17.9 |
| Net profit for the year | 239.3 | 53.6 | 130.2 | 50.0 | 46.0 |
| BALANCE SHEET (SEK m) | | | | | |
| Lending to the public | 1,366.6 | 1,209.0 | 1,271.2 | 956.1 | 919.5 |
| Shares and participations | 2,328.2 | 766.6 | 1,040.6 | 629.3 | 289.9 |
| Other assets | 1,333.5 | 529.0 | 255.1 | 406.1 | 533.9 |
| Total assets | 5,028.3 | 2,504.6 | 2,566.9 | 1,991.5 | 1,743.3 |
| Deposits and borrowing from the public | 2,142.0 | 1,094.7 | 1,087.8 | 1,110.1 | 487.7 |
| Other liabilities and provisions | 2,235.7 | 785.7 | 820.0 | 304.5 | 688.3 |
| Total liabilities | 4,377.7 | 1,880.4 | 1,907.8 | 1,414.6 | 1,176.0 |
| Equity | 650.6 | 624.2 | 659.1 | 576.8 | 567.3 |
| Total equity, liabilities and provisions | 5,028.3 | 2,504.6 | 2,566.9 | 1,991.5 | 1,743.3 |
| KEY RATIOS | | | | | |
| Equity per share, SEK | 14.95 | 3.29 | 8.00 | 3.08 | 2.46 |
| Equity per share after tax, SEK | 45.63 | 38.38 | 40.53 | 35.47 | 34.89 |
| Return on equity, % | 38 | 8 | 21 | 9 | 7 |
| Profit margin, % | 30.6 | 15.9 | 30.3 | 23.4 | 24.9 |
| Equity/assets ratio, % | 13 | 25 | 26 | 29 | 33 |
| Capital coverage ratio, % | 27 | 26 | 38 | 60 | 47 |
| Dividend (1999; proposed) SEK per share | 7.00 | 4.50 | 4.50 | 3.00 | 2.50 |
| No. of shares ¹⁾ | 14,257,408 | 16,262,395 | 16,262,395 | 16,262,395 | 16,261,927 |
| Market capitalisation at year-end, SEK m | 1,326 | 894 | 1 496 | 712 | 480 |
| Average no. of employees | 322 | 292 | 216 | 177 | 178 |
| Profit per employee, SEK k | 1,082 | 318 | 805 | 403 | 358 |

See definitions of key ratios on page 62.

1) See page 38.

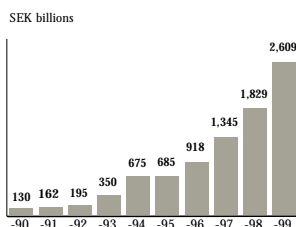
COMMENTS FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



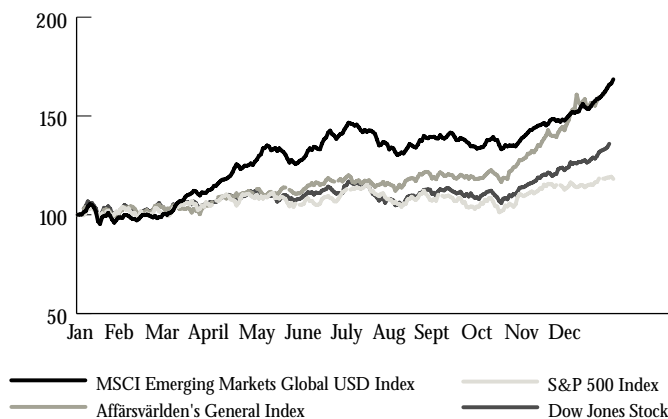
Stefan Dahlbo, President and Chief Executive Officer

Last year turned out to be the best of the decade for the Stockholm Stock Exchange, with an upturn of 66 percent, with 40 percent coming during the fourth quarter. The world index rose some 30 percent during the course of the year. Trading volume on the Stockholm exchange

Trading on the Stockholm Stock Exchange



Market Trend 1999



increased by 43 percent to a record-breaking SEK 2,609 billion. The inflow of capital to the Stockholm Stock Exchange was considerable, due to high financial savings and unabated interest on the part of foreign investors in Swedish equities.

Foreign investors continued to increase their ownership of Swedish equities, for which foreign ownership now accounts for about 40 percent. Last year, investors from continental Europe in particular were tempted by the opportunities they saw in Sweden.

The euro was introduced on 1 January 1999 as the common currency for much of Europe. Among other effects, commitments and investments by institutional investors previously in local currency are now in euros. To the surprise of many, Germany was the weak link in the first year of monetary union and moderate German growth was the primary indicator of the imbalances in the currency field. However, macroeconomic development in much of the rest of the western world, the United States in particular, remained surprisingly strong.

Meanwhile, inflation worries as manifested in rising capital market rates seem so far to have been clearly exaggerated.

On the whole, conditions for doing financial business were highly favourable in 1999, particularly during the second half. Early in the year, there was still some nervousness and hesitation following the strong turbulence of autumn 1998.

H&Q is active in a high-growth industry. This applies to the highest degree in the areas that H&Q has chosen to focus on – Technology, Private Banking, Funds and Internet Trading. Financial markets have developed extremely rapidly the past decade, and the pace of change is still accelerating. H&Q made major investments during the 1990s to expand the business in the areas of research, distribution, skills enhancement, quality and IT. The strong trends in our business environment – globalisation, new technology and increased saving – have brought new opportunities and new threats.

The Swedish venture capital market has taken on a new face in recent years. And the transformation was swift. Nowhere else in Europe was it as easy to find venture capital as in Sweden last year. This applied first and foremost to companies and business concepts related to the Internet and e-business. Sweden's place as one of the foremost countries in the world within the fields of Internet and mobile communications has been reinforced. This also strengthened H&Q's role as a financial advisor oriented towards the companies and people of the "New Economy". Of the 54 new companies listed on the

Stockholm Stock Exchange last year, 31 were tech companies.

With the Nordic region as our base, we shall expand H&Q Technology into a pan-European company providing financial advice for the companies and investors of the New Economy. This is an exciting challenge, made possible by the world-leading major corporations, successful small companies and suppliers, and talented entrepreneurs in our immediate vicinity. Following these companies out into Europe in our capacity as financial advisor gives H&Q Technology a fine starting position. Success within the primary market also leads to a robust position in the secondary market.

It is of utmost importance to ensure that the client gets the product in demand and that we can bill for what we deliver. Clarity and focus in every area of business are critical. The proposed division and structure of the group are aimed at securing these vital parameters. Efforts within H&Q Private Banking to assure quality and profitability in services and products were carried out successfully during the year. The processes that resulted in changed service definitions, higher productivity, improved working methods, skills enhancement and follow up of profitability and costs have yielded significant and progressive effects during the year, with full impact showing in the final months of 1999 and early this year. Never has the inflow of capital to custody accounts at H&Q Private Banking been so strong as in 1999. By the end of the year, total capital on deposit had more than doubled to SEK 25 billion. The launch of the new Internet

service HQ.SE is exciting. The market for Internet stock trading is growing rapidly. HQ.SE fulfils all necessary conditions for being one of the leading players in this rapidly growing market, particularly considering that the brand has enjoyed widespread recognition and acceptance from the first day. The Internet service is also creating new distribution channels for the mutual funds of HQ.SE Fonder. Assets under management in the funds increased by 60 percent in 1999, the crowning achievement of a decade in which assets under management increased by more than 50 percent every year. Once again, we realised excellent management results. Strategifonden (The Strategy Fund) was the third-best fund of the decade in Sweden, with a total upswing of 821 percent.

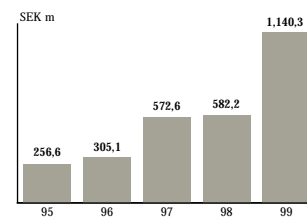
I am pleased to say that the proposed measures for the group have also contributed to creating strong confidence in the future and a long-term perspective within the organisation. An organisation like H&Q's is dependent upon being an attractive workplace capable of recruiting and retaining the most competent staff in the business. I am convinced that our issues of preferred shares and warrants are an important step in the endeavour to achieve and maintain leading positions in each of our areas of business.

However, reality is not always as one believes it to be. I am saddened to report that our motto for risk control – do not trust the one you trust – has proved well founded. In connection with an internal review in November, the company discovered that a SAX broker on the private investment side had engaged in fraudulent

conduct by executing prohibited deals. The broker was reported to the police and arrested immediately. An indictment is expected in 2000. A group-wide review of procedures and control functions has been carried out.

The year 1999 shall go down in the books as not only an eventful year in the financial markets, but also as the best year so far for our clients, our staff and our shareholders. A great deal of work was devoted during the year to H&Q's future structure. The decision to divide the group into two independent units with separate focus has laid the foundation for many successful years to come.


Total Revenues for the H&Q Group



H&Q's revenues increased an average of 44 percent a year during the 1990s. The staff grew from 30 to 307 people and the company achieved a net profit of SEK 348 million last year.

I should like to thank our clients, staff and shareholders for making this possible. There is every reason to be proud of what we achieved during the final decade of the 20th century. Both H&Q and HQ.SE can look to the future with confidence and strength.

Stockholm, March 2000


Stefan Dahlbo

REVIEW OF OPERATIONS

Development 1999

Operating revenues for H&Q in 1999 amounted to SEK 1,140 (582) million, an increase of 96 percent. Operating revenues increased for all business units except H&Q Russia, which was wound up in June. Operating revenues compared with 1998 increased by 50 percent for H&Q Investment Banking, which concentrated its activities during the year on the technology sector, and by 52 percent for H&Q Private Banking. This was primarily

due to higher income from commissions and fees. Revenues increased by 19 percent for H&Q Fonder.

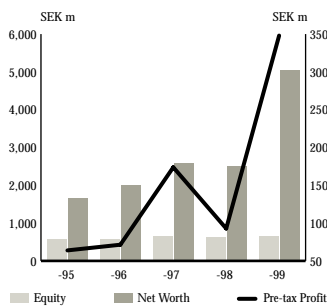
Operating expenses amounted to SEK 792 (489) million, an increase of 62 percent. The increase in costs is mainly attributable to adjustable costs for personnel. In light of the unstable situation in Russia, the Moscow office was closed during the second quarter. The costs of closing the office impacted net profit by SEK 23 million, of which SEK 16 million referred to exchange rate differences previously reported against equity, which were posted to the income statement due to the closing.

Net profit was encumbered by write-down of goodwill in the amount of SEK 13 million for the branch office in Oslo. During an internal review in autumn, the company discovered that a SAX broker on the private in-

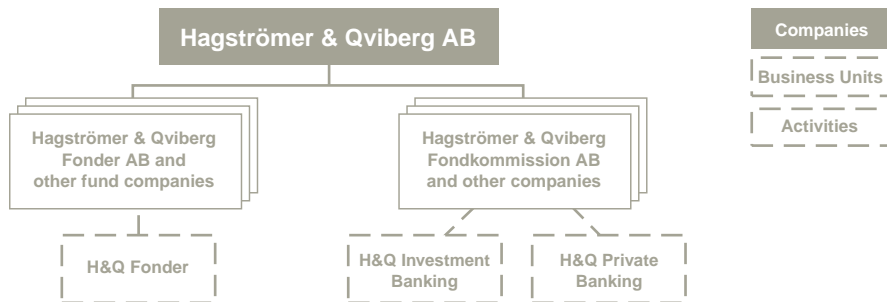
vestments side of Hagströmer & Qviberg Fondkommission AB had engaged in fraudulent conduct by executing prohibited deals. The deals were closed and the SAX broker was reported to the police and arrested immediately. An indictment is expected in spring 2000. H&Q was caused significant injury by that which occurred, which encumbered net profit for the year.

Pre-tax profit amounted to SEK 348 (93) million, which constitutes an increase of 274 percent. The profit margin improved to 31 (16) percent, and return on equity to 38 (8) percent. Group equity as of 31 December 1999 was SEK 651 (624) million following a stock redemption of SEK 150 million carried out during the year. The number of employees at year-end declined to 307 (333), with the change attributable to +5 employees in Sweden and -31 employees abroad.

Equity, Net Worth and Pre-tax Profit, 1995-1999



The legal structure of the H&Q Group prior to restructuring.



H&Q in Future

In recent years, H&Q has improved its positions in all areas of business. Major investments have been made to expand the business with respect to research production, distribution, competence, quality and IT, particularly Internet services and other IT infrastructure.

Within H&Q Technology, formerly Investment Banking, focus has long been on a few sectors and segments wherein we can achieve competitive advantages and superior competence, which are the foundation for our ventures in the primary and secondary markets related to IT/Telecom and arbitrage and market making within Trading.

Slightly more than a year ago, a revision of the private market business was carried out, aimed at assuring quality and profitability in services and products.

Understanding the client and the client's needs is crucial to our success. Quality and profitability are more important than the number of clients – for the client and for H&Q. The revision led to a decision to concentrate private market business to H&Q Private Banking. H&Q Private Banking provides individual asset management to clients with high standards for personalised, long-term collaboration.

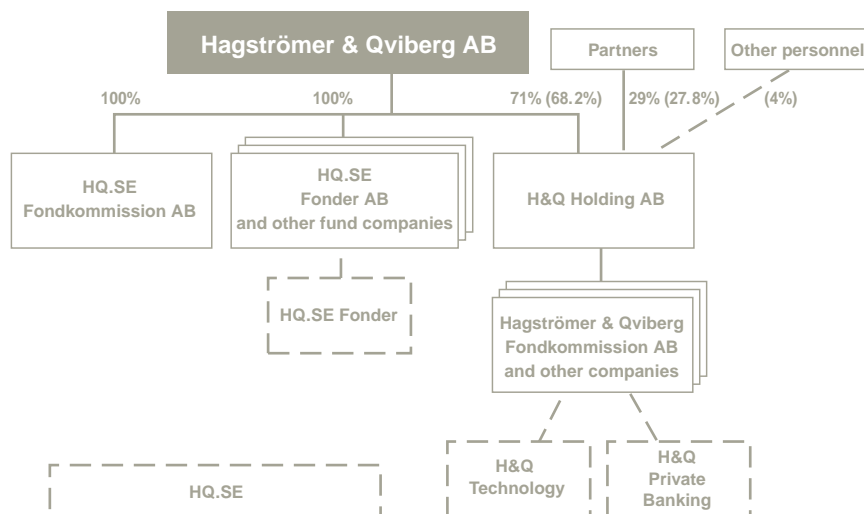
In autumn 1999, all business oriented towards a broad target group – trading via the Internet and fund management – was gathered under the name HQ.SE. Through offering an array of different savings products, HQ.SE shall be an attractive alternative for long-term saving as well as active securities trading with a short investment horizon. The new Internet service HQ.SE was launched in December 1999. The common denominator for the

Internet service and fund management is that both units are directed at a wider market.

Activities within H&Q Technology and H&Q Private Banking differ in several ways from those within HQ.SE, which is partially oriented towards other customer segments and is based upon different business models. The business units have developed well in recent years and there are many advantages to allowing them to work independently and with even sharper focus within each respective area.

In light of the above, the board of directors of H&Q announced in 1999 that the H&Q Group intends to divide into two independent groups. In order to make the proposed division possible, the business units H&Q Technology and H&Q Private Banking have been merged in a new subsidiary, H&Q Holding.

The legal structure of the H&Q Group following issues of preferred shares and warrants.



Employee Ownership

Success for a securities broker is highly dependent upon competence and a long-term perspective among the personnel. At the same time, the business requires a considerable capital base in order to bear the inherent risks. This has often entailed a conflict in the industry, since employees have demanded significant bonuses as part of their remuneration while shareholders have demanded high returns on their investments to compensate for the risks entailed in the business.

The extraordinary general meeting of October 1999 voted in favour (in accordance with the Swedish Act on Certain Directed Placements in Stock Market Companies, etc.) of a private placement of preferred shares in H&Q Holding to senior officers (Partners) and a private placement of debt instruments car-

rying separable warrants in H&Q Holding to other employees of H&Q Holding. The private placement to Partners provided H&Q Holding with a capital infusion of SEK 94 million.

Employee ownership lays the foundation for a stronger H&Q and for the H&Q Group as an attractive workplace, as well as our prerequisites for recruiting and retaining the most competent employees in the business. The decisions are an important step in the ventures ongoing within H&Q Technology and H&Q Private Banking. Conditions are being created for developing the various areas of business and for achieving and maintaining leading positions in each area.

Distribution of H&Q Holding

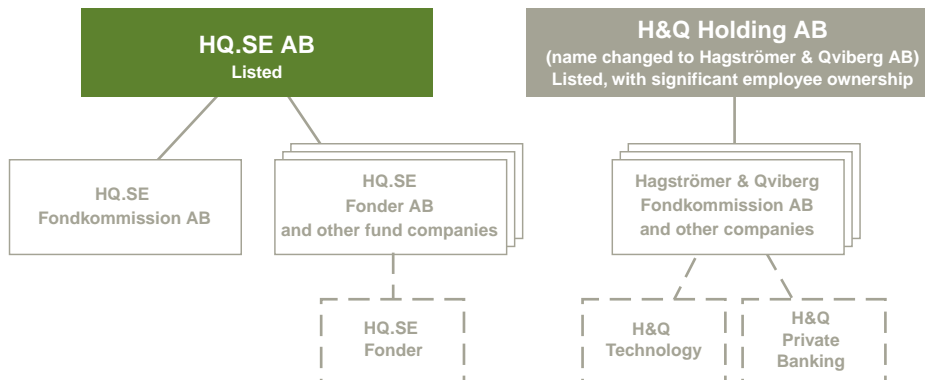
The board of directors has recommended that the annual general

meeting in April 2000 vote on a resolution to distribute all shares in H&Q Holding to the shareholders of H&Q (in accordance with an amendment to the Swedish tax code on distribution in certain cases concerning investment firms divided into smaller units). An application to list H&Q Holding on the O List of the OM Stockholm Stock Exchange has been submitted. The initial public offering of the H&Q Holding share is expected to take place in early July 2000.

Capital Structure and Financial Position

H&Q works with relatively large equity in relationship to net worth, in order to maintain good financial readiness, enjoy high confidence from clients, financial backers and market counterparties, and to avoid unilateral dependence on any one bank or other financial backer. Large equity is

The legal structure of the H&Q Group following the restructuring.



not, however, an end in itself and the relationship between loan capital and equity must be continually balanced to ensure that capital tied up in the business can yield a satisfactory return.

As part of the planned restructuring, the board of directors recommended in autumn 1999 that equity in H&Q be reduced by approximately SEK 150 million. The extraordinary general meeting in October 1999 voted in favour of reducing equity and the redemption sum was distributed in cash to the shareholders in early December 1999.

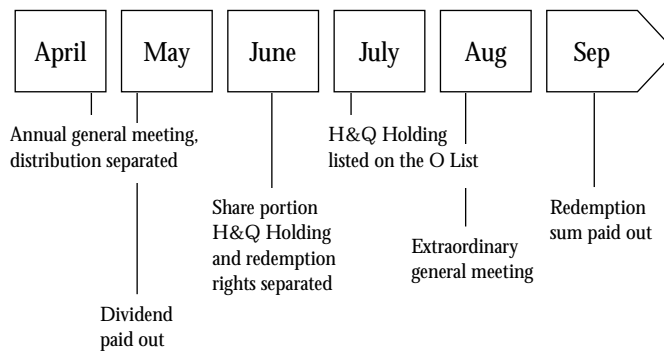
Based upon excellent earnings in 1999, particularly towards the end of the year, the board of directors has concluded that H&Q's present capital base exceeds the requirements considered necessary after the planned restructuring and makes further reductions in capital possible.

Accordingly, the board of directors has recommended that the annual general meeting in April 2000 vote on further reduction of equity through a refund to shareholders of about SEK 200 million, divided between some SEK 100 million in cash and some SEK 100 million nominal-

ly, in debentures in H&Q Holding. As of 31 December 1999, H&Q had net worth of SEK 5,028 (2,505) million and equity of SEK 651 (624) million. The capital coverage ratio for the group was 27 (26) percent.

Change of Company Name

In conjunction with the division, it has been proposed that Hagströmer & Qviberg AB change its name to HQ.SE AB, with H&Q Holding AB changing its name simultaneously to Hagströmer & Qviberg AB. The changes in company name are expected to be carried out in May 2000.



- Dividend SEK 7.00 per share
- Every fourth share yields one share in H&Q Holding
- Every tenth share is redeemed at SEK 140, thereof SEK 70 in cash debentures in H&Q Holding to a nominal value of SEK 70

HUMAN CAPITAL

Human capital

H&Q is a knowledge company for which the competence, experience and commitment of the personnel will determine the company's success. In a rapidly changing world, the ability to recruit, develop and retain personnel and the career opportunities that H&Q can offer are of vital importance for H&Q's future growth and profitability.

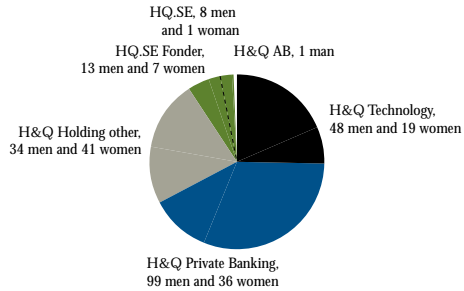
During the year, H&Q recruited new employees from universities and colleges as well as from other players in the industry and companies and organisations in other fields.

In order to identify and stimulate interest among future talents, H&Q took part in a number of activities at universities and colleges. The decisive arguments for choosing H&Q in favour of other companies are the opportunity to work in a stimulating work environment at a growing company, opportunities for professional development within the company and a good remuneration system. H&Q's international business and clear orientation towards growth areas have contributed significantly towards making the company a more attractive workplace. H&Q's distinct orientation towards technology has also led to a situation wherein we need and can attract personnel from industries and knowledge sectors other than those that have been traditionally interested in the financial business.

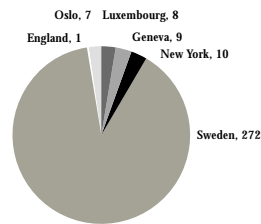
This may be seen as yet another aspect of our endeavours to attract, retain and develop the finest abilities within every area of business within the company.

As of 31 December 1999, H&Q had 307 (333) employees. The average age of personnel was 35 and the average length of employment was 3.2 years. Thirty-four percent of the staff are female and 66 percent are male.

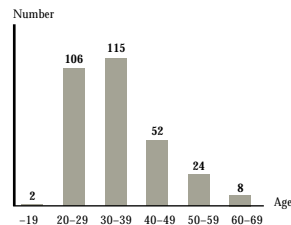
Number of Employees per Business Unit



Number of Employees Geographically



Age Distribution



Risks

H&Q's business entails daily risks that must be measured, controlled and managed as necessary in order to protect the company's capital and its reputation. The manner in which H&Q identifies, follows up and manages these risks is a pivotal aspect of operations. The risks that the company must manage within each area of operations are:

- Market risks
- Counterparty/credit risks
- Liquidity/financing risks
- Legal/ethical risks
- Operational risks

At H&Q, market risks primarily involve price risks associated with trading in equities and derivatives. These risks are mainly managed within the Trading Department but within the client-driven business as well the risk is ultimately the market risk in the traded security, in all transactions that require dealer settlement against delivery. H&Q uses recognised quantitative models to compile market risks, by means of which the company can simulate the effects of exchange rate fluctuations and changes in market volatility.

Counterparty risk, i.e., the risk that a customer or counterparty to a deal will be unable to fulfil his settlement obligations is limited through H&Q's reliance upon reputable clearing organisations, such as VPC and OM, for settlement of all executed transactions. OTC business in

derivatives with counterparties unaffiliated with these clearing or settlement systems occurs only to a very limited extent.

Credit risk consists mainly of lending to custody account clients. The majority of such loans are secured by liens on marketable securities to a maximum of the collateral value recommended by the Swedish Bankers' Association. Should it become necessary, the credit risk can be reduced by lowering the collateral value below the recommended level, e.g., for certain isolated securities with high risk or poor liquidity.

Liquidity risk is the risk that H&Q cannot immediately sell assets on the balance sheet in order to free up capital. The assets consist mainly of liquid, marketable securities or lending based upon collateral in such. Liquidity risk can be reduced by reducing the scope of individual commitments.

Financing risk is inherent in H&Q's opportunity to finance operations on a running basis (primarily the trading portfolio) in the banking system. The risk can be limited by distributing borrowing among several counterparties and by limiting the extent of the portfolio.

Legal and ethical risks originate in part from the extensive external regulations, primarily pursuant to Swedish law and the regulations of the Swedish Finan-

cial Supervisory Authority, that apply to the business, and in part from the demands of the external environment that the business be conducted in a manner that inspires confidence. The company has formulated and documented extensive internal regulations that apply to all H&Q employees. The Legal/Compliance Department regularly checks and follows up on regulatory compliance and is responsible for keeping regulations up to date.

Operational risk is the risk of losses consequent upon inadequate internal procedures and controls, erroneous business registrations, breakdowns in internal systems or the systems of outside parties (e.g., the settlement system, VPC or OM), fire, sabotage, etc. Efforts to eliminate operational risk involve continual improvement of procedures and technical systems, improvements in reporting to management, and ongoing training of personnel.

Risk Management

The board of directors has allocated duties and powers with respect to risk management by means of the company's risk and security policy. This allocation creates a structure for decisions on risk issues. The most important decision-makers are the president, heads of business units and the balance sheet committee, which takes decisions upon issues immediately below the board level.

The previously separate Risk Management /Finance and Credit/Counterparty units within H&Q Holding were merged during the first quarter of 2000 into a new, joint unit, which shall be reinforced with additional personnel and systems.

This unit is also responsible for monitoring trade organised by H&Q in certain unlisted companies.

Senior executives participate actively in the formulation of guidelines for risk management. These guidelines are constantly evaluat-

ed and changed, primarily at the initiative of Risk Management.

The Risk Management function is independent from the business operations and reports to the president and directly to the board of directors. Risk management is carried out within every business unit, as well as back office, under the oversight of and in communication with Risk Management and other administrative functions.

Operative responsibility for follow-up is the duty of the Risk Management function with res-

pect to all market, liquidity/financing, credit/counterparty and operational risks. Responsibility for legal risks lies with the Legal Department, whilst ethical risks are divided between the Legal/Compliance and Credit functions. The Credit Department monitors personal trading carried out by H&Q employees.

Special reviews of procedures in addition to regular controls are performed by the internal auditors at the behest of the board of directors.



H&Q HOLDING

H&Q TECHNOLOGY

H&Q PRIVATE BANKING

COMMENTS FROM THE PRESIDENT



Anders Böös, President

H&Q Holding was formed on 1 January 1999 to take over the operations of the H&Q Group alongside HQ.SE Fonder and the newly started HQ.SE Fondkommission. If the general meeting this spring votes in favour of distribution of H&Q Holding to the shareholders of H&Q, in accordance with the recommendation of the board of directors, H&Q Holding will assume the familiar name of Hagströmer & Qviberg and be designated H&Q verbally and in writing, while the present listed company Hagströmer & Qviberg will change names to HQ.SE.

The basis of H&Q Holding's operations are H&Q Technology, which is oriented towards companies and institutions, and H&Q Private Banking, which is primarily aimed at affluent pri-

vate individuals, as well as companies, organisations and foundations.

During the past year, we have strongly focused activities within each area of business. Focus has been continually sharpened within H&Q Technology, formerly H&Q Investment Banking, to bring about the present orientation solely upon the companies of the New Economy. Consequently, we elected during the winter to sell our Oil & Marine business in Oslo to Orkla Finans and further emphasise the concentrated direction of the business unit by changing its name to H&Q Technology.

H&Q Technology's business model is simple and uncomplicated. Based upon a strong research and competence base, we assist growth companies in the Nordic technology sector with financial advice and capital through the incubation, growth and consolidation phases. During the past year, the business model was implemented in its entirety in the organisation and has, despite burgeoning competition, helped us successfully further our market position. There are several signs of success. H&Q Technology's Research team was once again ranked as the best in the country by Affärsvärlden and the Corporate Fin-

ance team executed more transactions than ever before. Strongly improved earnings during the second half confirmed that the business is highly attractive to the market. Consequently, we advanced considerably in 1999 towards the achievement of our objective of becoming one of the foremost financial advisors in Europe to companies in the field of information technology and e-business.

Another significant step in the development of the business model was taken in autumn, when we started H&Q Tech Market, the first unofficial marketplace for trading equities in unlisted companies operating solely within the technology sector. The idea behind H&Q Tech Market is not to run a stock exchange, but rather to offer liquidity in stocks in companies undergoing vigorous growth phases, which may eventually be quoted on an exchange in Sweden or abroad. Unlisted trading in a company's shares makes expansion possible through acquisition and construction of incentive schemes, making it an attractive tool for companies of the New Economy. Interest was not long in coming. Ten companies were traded unofficially in March over H&Q Tech Market, with a collective market capitalisation of SEK 45 billion.

HAGSTRÖMER & QVIBERG



Geneva, Luxembourg, New York, Oslo, Stockholm

Within H&Q Private Banking, we began the preceding year by wholly and totally concentrating the business on clients with considerable wealth and more sophisticated needs for financial planning. In order to fully realise our vision of a complete Private Banking concept for our clients, we also entered into several alliances during the year with a number of highly reputable Swedish and international players in areas that lie partially outside our traditional competence base of individual needs analysis, stockbroking and asset management.

These alliances, whose business activities range from specialist expertise in tax law and accounting to asset management in markets that we do not follow or believe that we can contribute anything to, are carefully selected so that each provides an exact piece of the puzzle necessary to complete our overall concept. We do certain things while other things are done best by others. This is the best way. The point, however, is that the customer needs deal only with us to benefit from the "best way".

I am pleased to report that the concept has met with rapid success and has actively contributed to making the past year one of the most successful ever for our activities on behalf of affluent in-

dividuals. Total assets under management in custody accounts more than doubled to SEK 25 billion by the end of the year, and earnings improved significantly, particularly during the second half. The favourable trend has continued into the new year and assets under management in custody accounts amounted to more than SEK 30 billion by early March.

The investment and private banking business differs in several ways from business that has a larger and broader target group and works with products adapted accordingly. The differences between the businesses are also manifested in the company culture. Our business is staffed by specialists who can use their creativity and innovativeness to meet the needs of a specific client in one way, and then go on to devise a new solution for another customer.

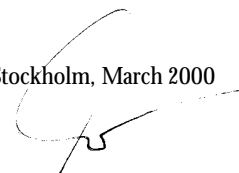
It is important to be able to offer such specialists partnership in the company or instruments that provide equivalent incentives so that we can attract them to the company and keep them over the long term. Accordingly, we are very pleased to report that we were able to establish employee partnership during the year by offering senior officers, specialists and other employees the

opportunity to acquire preferred shares and warrants, yielding total employee ownership of H&Q Holding, after full dilution, of almost one-third of the company.

This lays a superior foundation enabling H&Q Holding to strengthen its position in the market for intellectual capital and to remain an attractive workplace for unique talents, creators and individuals who demand a great deal of themselves and those around them.

The outlook for the year is good. The year began well for both H&Q Technology and H&Q Private Banking, with continued growth in new assignments and managed assets. Without providing a specific forecast, I will say that I am looking at the year with hopes for continued good revenue and profit trends, as well as a good year for our clients, staff and shareholders.

Stockholm, March 2000



Anders Böös

HAGSTRÖMER & QVIBERG

H&Q Real Estate

H&Q Economics
& Strategy

H&Q Technology

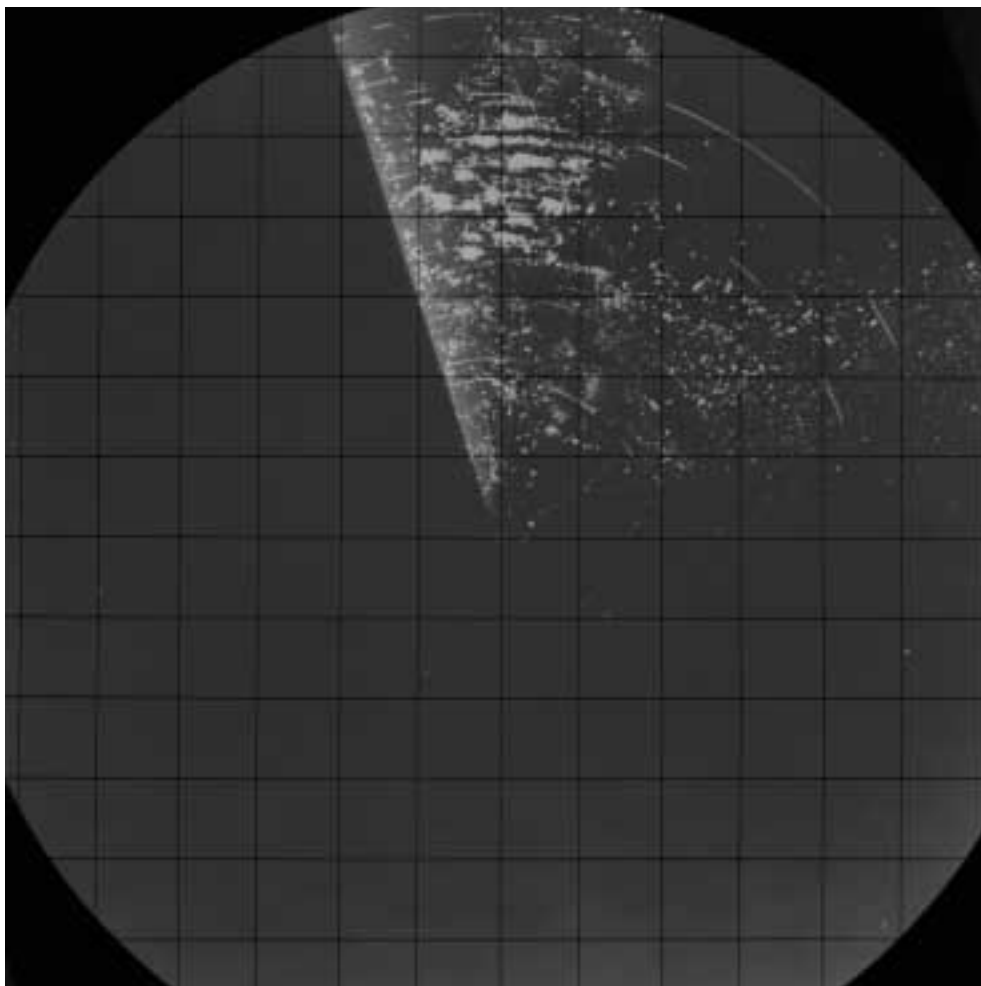
H&Q Private Banking

Geneva, Luxembourg, New York, Oslo, Stockholm

EXECUTIVE MANAGEMENT, H&Q HOLDING



H&Q Holding's executive management, from left: Patrik Enblad, Executive Vice President and Co-Head of H&Q Technology; Anders Böö, President and Co-Head of H&Q Technology; Per Axman, Head of H&Q Private Banking. Not pictured: Olof Neiglick, Head of Administration and Administrative Staff (begins 2 May 2000).



H&Q TECHNOLOGY

H&Q Technology's operations are oriented towards the technology sector and the companies that are the foundation and spearhead of development of the New Economy. The business unit engages in Corporate Finance, Research, Sales, Sales/Trading and Trading. The main target groups are Nordic tech companies and investors in Scandinavia, the rest of Europe and North America. The business is run from offices in Stockholm, Oslo and New York, and had 67 employees at the end of 1999. Anders Böös and Patrik Enblad are co-heads of H&Q Technology.

The past year was very successful for H&Q Technology. Corporate Finance executed some 50 transactions, serving to consolidate H&Q Technology's position as one of the leading financial houses in the Nordic region within the technology sector. This position was further solidified when H&Q Technology Research was in 1999 once again ranked as the foremost research team in the

country in the field of information technology.

As an additional step in H&Q Technology's endeavours to support and follow every aspect of development of the New Economy, H&Q Tech Market was established during the year as a marketplace for unofficial trading of unlisted tech stocks. The launch of H&Q Tech Market was a great success. As of March 2000, ten companies were being traded over H&Q Tech Market, with a total market capitalisation of SEK 45 billion.

H&Q Technology as a whole developed very positively during 1999, showing strong upturns in both revenues and profits. This excellent trend has continued into the new year and prospects for the full year of 2000 look favourable.

Corporate Finance

Corporate Finance provides financial advisory services, primarily in connection with issues,

mergers and acquisitions. The target group is made up mainly of Nordic companies oriented towards information technology, data and telecommunications, the Internet, e-business and media. The business is run from offices in Stockholm and via an associated company in Oslo. There are fifteen employees in Stockholm and seven in Oslo.

Also under the Corporate Finance umbrella are Syndication (coordination upon structured sale of larger blocks of shares in conjunction with e.g., share issues) and Bridge Financing in the form of structured, short-term financing solutions offered to companies in need of growth capital as a preliminary step prior to public financing.

Research

The analysis product offered by Research is based upon fundamental research and is focused upon identifying, underpinning and presenting the business situation to institutional and other



active investors, and to constitute a basis for operations within Corporate Finance. Prioritised segments are industries and companies that are active within or base their operations upon information technology, data and telecommunications, the Internet, e-business and media. The business is run from Stockholm and has eight employees.

Sales

Sales is responsible for systematic sales of the company's analysis products in close cooperation with Research, and for selling Corporate Finance products. The target group is made up of institutional investors in Scandinavia, the rest of Europe and North America. The business is run from Stockholm, where there is a staff of eight, and from New York, with a staff of two employees.

Sales/Trading

Sales/Trading is responsible for execution. The target group is made up of the execution functions of institutional clients, inter-bank (other banks and brokerage firms) and execution of internal flows. The business is run from Stockholm and New York. There are nine employees in Stockholm and two in New York.

Trading

The Trading department trades in standardised and non-standardised spots and derivatives within the markets and segments where H&Q Technology is active. Trading also maintains the unofficial marketplace H&Q Tech Market for trading in unlisted tech stocks. There are eight employees in Stockholm and two in New York.

H&Q REAL ESTATE

In parallel with operations within H&Q Technology, H&Q Real Estate provides financial advice in conjunction with mergers and acquisitions in the real estate sector. The target group is made up of major Swedish and Nordic property companies. Operations are run from Stockholm and via an associated company in Oslo. There are two employees in Stockholm and three in Oslo.



| | | | |
|---|--|---|--|
| <p>New issue and listing on the O List of the Stockholm Stock Exchange</p> <p>SECTRA</p> <p>March 1999</p> | <p>New issue, secondary issue and listing on Nya Marknaden</p> <p>EFFNET</p> <p>March 1999</p> | <p>Involvement in new issue, secondary issue and listing on the O List of the Stockholm Stock Exchange</p> <p>DIGITAL VISION</p> <p>April 1999</p> | <p>Guaranteed new issue</p> <p>Linné</p> <p>April 1999</p> |
| <p>New issue, secondary issue and listing on the O List of the Stockholm Stock Exchange</p> <p>GratisTel</p> <p>May 1999</p> | <p>Buy-out offer to shareholders of Infotel</p> <p>GratisTel</p> <p>May 1999</p> | <p>New issue and listing on the O List of the Stockholm Stock Exchange</p> <p>adera +</p> <p>June 1999</p> | <p>New issue and listing on the O List of the Stockholm Stock Exchange</p> <p>READSOFT</p> <p>June 1999</p> |
| <p>New issue</p> <p>Skanditek</p> <p>June 1999</p> | <p>New issue</p> <p>DYNARC</p> <p>June 1999</p> | <p>Merger</p> <p>Linné CELL</p> <p>August 1999</p> | <p>Private placement</p> <p>Merkantildata</p> <p>September 1999</p> |
| <p>Sale of Caesar Business Systems AB</p> <p>CELL NETWORK</p> <p>December 1999</p> | <p>New issue and listing on the O List of the Stockholm Stock Exchange</p> <p>CYBER.COM CONSULTING GROUP</p> <p>December 1999</p> | <p>Placement</p> <p>READSOFT</p> <p>December 1999</p> | <p>Private Placement</p> <p>EasyT</p> <p>December 1999</p> |
| <p>New issue</p> <p>CELL NETWORK</p> <p>December 1999</p> | <p>New issue</p> <p>EFFNET</p> <p>December 1999</p> | <p>Private placement</p> <p>ACTIVE</p> <p>December 1999</p> | <p>Sale of Navia Aviation ASA</p> <p>NAVIA GROUP</p> <p>Pending</p> |

A selection of transactions carried out by Corporate Finance in 1999



H&Q PRIVATE BANKING

H&Q PRIVATE BANKING

H&Q Private Banking provides asset management, stockbroking and financial planning for private individuals, companies, foundations and organisations. Privata Placeringar, an authorised dealer of premium bonds issued by the Swedish government, is also organised under H&Q Private Banking. The business is run from Stockholm and elsewhere in Sweden through branch offices in Gothenburg, Jönköping, Malmö, Norrköping and Örebro, and internationally from offices in Geneva and Luxembourg.

There are eighty-seven employees in Stockholm and thirty-one in the rest of Sweden. There are seventeen employees in Geneva and Luxembourg. Per Axman is head of Private Banking.

The inflow of capital last year in the business unit H&Q Private Banking was the highest ever, in

part due to the reorganisation and refinement of the business begun in 1998 and continued throughout 1999. Total capital in custody accounts doubled during the year to more than SEK 25 billion, even as the number of clients declined sharply.

The primary objective during the year was to lift the level of service even higher while significantly reducing the number of clients per broker or asset manager. The purpose of this was to focus on customers of greater wealth and more sophisticated needs for financial planning.

As a direct result, H&Q Private Banking entered during the year into a number of alliances with Swedish and foreign companies. In conjunction, the financial planning service was established. The aim of the alliances is to enable the company to arrange financial

planning, based upon the client's specific needs, pertaining to matters outside H&Q's core business, i.e., stockbroking and asset management. Among the alliances may be mentioned companies with specialist expertise in tax law, accounting, audit services and insurance.

A department oriented towards trading of equities in emerging markets around the world, H&Q Emerging Markets, was added to H&Q Private Banking during the year.

H&Q Private Banking developed well during 1999 with respect to both revenues and profits. The new year has started on an equally positive note and the outlook for the full year is good.

Asset Management

H&Q Private Banking provides discretionary and advisory asset



management to private individuals, companies, foundations and other organisations. Swedish operations are based in Stockholm, but the service is also available at other offices in Sweden and the offices in Geneva and Luxembourg. There are eight employees in Sweden, and twelve in Geneva and Luxembourg.

Stockbroking

The department provides advice and stockbroking to active clients. Operations are run in Stockholm and five local offices elsewhere in Sweden. Stockbroking is also available from the office in Luxembourg. There are fifty-three employees in Sweden and five in Luxembourg.

Financial Planning

The new financial planning service assists clients with financial

planning concerning matters that are outside the core business of H&Q Private Banking.

Advice concerning tax and insurance matters, estate planning, formation of companies and foundations, planning prior to company transfers and other financial matters in Sweden and abroad is arranged through a number of Swedish and international alliances. There are six employees.

Privata Placeringar

Privata Placeringar sells and finances premium bonds. The business is run from Stockholm and via a nationwide network of representatives. There are three employees in Stockholm and fourteen located throughout the rest of the country.

H&Q ECONOMICS & STRATEGY

In parallel with activities within H&Q Private Banking, H&Q Economics & Strategy conducts research oriented towards economics and strategy, with focus on presenting the business basis and recommendations for asset type allocation and business proposals based upon this at the industry or company level. The target group is made up of Scandinavian and international institutional investors, as well as clients of H&Q Private Banking. There are eighteen employees.

H&Q PRIVATE BANKING



Operations

H&Q Holding consists of the business units H&Q Technology and H&Q Private Banking. The legal persons included in these business units are:

- Hagströmer & Qviberg Fondkommission AB
- Hagströmer & Qviberg Inc (New York).
- Gadd Capital Management Ltd (Gibraltar)
- J.S Gadd & Cie S.A. (Geneva)
- Hagströmer & Qviberg (Luxembourg) S.A.
- Norden Holding A/S (Oslo, associated company)

Upon its formation, H&Q Holding took over a majority of the group and administrative functions within the H&Q Group.

Financing and Capital Base

Financing and the capital base at H&Q Holding are made up of equity of SEK 281 million (including preferred share capital of SEK 58 million and a premium share reserve of SEK 36 million), and debenture loans of some SEK 100 million. The capital base at H&Q Holding provides good capital coverage in relationship to legal requirements.

Dividend Policy

H&Q Holding shall provide as dividends to the shareholders that portion of the company's profits not deemed necessary to consolidate and develop the company. Over the long term, at least 50 percent of profits after tax shall be distributed as dividends.

Pro forma Financial Statements for H&Q Holding

The pro forma financial statements were based on the following information:

The H&Q Holding Group is financed by:

- SEK 187 million in equity from cash issues to H&Q
- SEK 94 million in issues of preferred shares.
- SEK 100 million in debenture loans raised by H&Q
- Other external financing

H&Q Holding has acquired all shares in:

- H&Q FK.
- Hagströmer & Qviberg Inc.
- Gadd Capital Management Ltd.
- J.S Gadd & Cie S.A.

H&Q Holding has acquired H&Q's holdings of shares and participations in:

- Hagströmer & Qviberg S.A. (99.5%).
- Norden Holding A/S (40.4%)

All acquisitions took place at their book values in the H&Q Group as of 29 December 1999. In order to describe the operations included in H&Q Holding, pro forma financial statements were prepared, which include certain adjustments compared with actual circumstances:

- The value trends of holdings related to Corporate Finance, previously handled outside the business units H&Q Technology and H&Q Private Banking are included under the item "Net result of financial transactions" for H&Q Holding.
- Net interest income has been charged with the estimated effects of the changed capital structure, including interest expense for the debenture loans taken out by H&Q in H&Q Holding.

With these adjustments, a compilation was prepared of the pro forma income statements for H&Q Holding for 1998 and 1999.

CONSOLIDATED INCOME STATEMENT

| (SEK m) | Pro forma 1999 | Pro forma 1998 |
|---|-------------------|-------------------|
| Income from commissions and fees | 514 | 337 |
| Expenses from commissions and fees | -55 | -41 |
| Interest income | 113 | 107 |
| Interest expense | -56 | -54 |
| Dividends received | 31 | 21 |
| Net result of financial transactions | 522 | 116 |
| Share of profits in associated companies | -4 | 1 |
| Total operating income | 1 065 | 487 |
| General administrative expenses | -618 | -371 |
| Depreciation and write-down of tangible and intangible assets | -48 | -19 |
| Other operating expenses | -45 | -60 |
| Net credit losses | -1 | - |
| Total operating expenses | -712 | -450 |
| Operating profit | 353 | 37 |

CONSOLIDATED BALANCE SHEET

| (SEK m) | 31 Dec. 1999 | Pro forma 31 Dec. 1999 |
|---|--------------|---------------------------|
| Other current assets including liquid funds | 4,870 | 4,825 |
| Participations in associated companies | 28 | 28 |
| Goodwill | 21 | 21 |
| Other assets | 26 | 26 |
| Total assets | 4,945 | 4,900 |
| Debenture loans | 100 | 100 |
| Other interest-bearing liabilities | 6 | 6 |
| Non interest-bearing liabilities (including custody accounts) | 4,607 | 4,513 |
| Preferred share capital | - | 58 |
| Other equity | 232 | 223 |
| Total equity and liabilities | 4,945 | 4,900 |

KEY RATIOS FOR THE GROUP

| | Pro forma 1999 | Pro forma 1999 after dilution ³⁾ | Pro forma 1998 | Pro forma 1998 after dilution ³⁾ |
|--|-------------------|--|-------------------|--|
| Equity per share ¹⁾ , SEK | 49.19 | 47.22 | 5.15 | 4.95 |
| Equity per share ²⁾ , SEK | 55.95 | 56.55 | - | - |
| Return on equity, % | 87.9 | 83.5 | - | - |
| Profit margin, % | 33.1 | 33.1 | 7.6 | 7.6 |
| Equity/assets ratio, % | 5.7 | 6.0 | | |
| Equity/assets ratio including 100% of debenture loans, % | 7.8 | 8.0 | | |
| No. of shares | 5,017,374 | 5,226,124 | 5,017,374 | 5,226,124 |

- 1) Equity per share in H&Q Holding is stated after standard tax of 30 percent.
2) Equity per share in H&Q Holding is stated including preferred share capital.
3) Assuming full exercise of warrants.



HQ.SE

HQ.SE FONDKOMMISSION

HQ.SE FONDER

COMMENTS FROM THE PRESIDENT



Nicklas Storåkers

The private savings market in Sweden is developing rapidly, not least due to the Internet. The decision to divide the H&Q Group into two separate units, H&Q Holding and HQ.SE, has created the necessary prerequisites to further improve and clarify products aimed at a broader market and to reinforce their positions.

The mutual funds business and HQ.SE Fondkommission, which engages in trading of securities over the Internet, have been brought together under HQ.SE. The merger has created an Internet-based business focused on financial products

with excellent conditions for success through a strong brand, a large existing customer base and established products.

The books have been closed on an arduous, but stimulating, year within HQ.SE. The new Internet services at www.hq.se were launched in early December 1999 and the company is now ready to take the major step in 2000 and develop HQ.SE into Sweden's leading service for trading in securities and mutual funds via the Internet.

HQ.SE shall be the market leader for Internet trading in securities with respect to quality, service and accessibility by offering Swedish private investors attractive products for longterm saving as well as active securities trading with a shorter investment horizon.

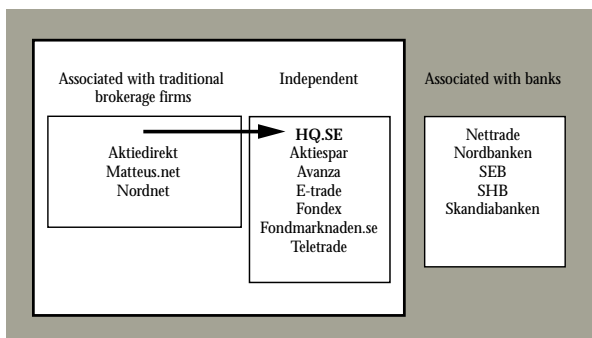
By means of differentiated services and products, HQ.SE shall be able to meet the needs of clients with varying degrees of interest, knowledge and activity in the capital market. The hub of all operations is the www.hq.se website, which shall be the main

channel for both securities trading and sales of mutual funds.

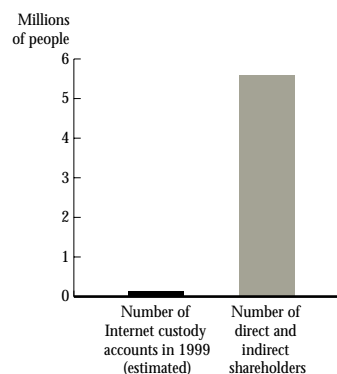
The market is made up of clients with varying levels of experience. Differentiated products for various client categories are therefore highly significant to our ability to give both the experienced and the inexperienced client the best possible service at the right price. In response to these needs, HQ.SE shall be introducing custody account categories that will vary with respect to level of service, product breadth and price. HQ.SE shall in addition offer decision support for all types of investments through a comprehensive information package including personalised analysis services, advice via the Internet and telephone, news, price information, company profiles and information about mutual funds.

Interest in the capital markets in general, and the stock market in particular, rose markedly among Swedish individuals last year. More than 60 percent of the Swedish population presently have savings in equities or mutual funds, which is the highest percentage in the world. The pro-

Players engaged in securities trading over the Internet



Internet custody accounts vs. equity and mutual funds savers in Sweden

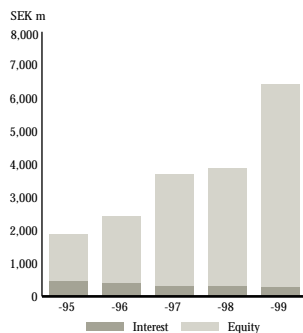


portion of Internet users is also among the highest in the world, at nearly 50 percent of the population.

These conditions provide outstanding opportunities for securities trading via the Internet. At the end of 1999, the market comprised about 150,000 Internet trading accounts. This makes Sweden the second largest market in Europe, following Great Britain. Several industry pundits believe that the market is entering a period of continued strong growth. Only 3% of those who owned shares or mutual funds in Sweden in 1999 did so via an Internet account, while Internet usage was many times higher. The Internet has made it possible for private individuals to gain access to the same information about the capital market as professional investors – and at very competitive prices.

Thus far, HQ.SE's clients have been limited to connecting to the Internet via personal computers. New channels are expected within the next year, such as mobile Internet and digital television. This will give people the opportunity to trade in shares

Managed volume, HQ.SE Fonder



whenever and wherever they wish. As a first step towards this development, HQ.SE has developed a mobile Internet solution in collaboration with Ericsson. The service will be launched in spring 2000.

Including the banks, there are about fifteen competitors vying in the Internet equity and funds trading market. Competition has been characterised by price pressure and intensive marketing. As the market develops and customers are becoming more demanding, a number of trends are crystallising:

The customer is demanding:

- Quality content in the form of good advice and service – this is becoming more important than price.
- High service reliability, i.e., maximum accessibility and opportunities for alternative communication via telephone, e-mail, mobile Internet, etc.
- A broad product range – the combination of short and long-term savings products is becoming progressively more important.

These are the areas in which HQ.SE shall be the market leader. HQ.SE is already unique in the market, in that it has an entire department working exclusively with research in real-time, customer advice via telephone and e-mail, and its own fund office.

The organisation was expanded during the year and there are now 43 (13) people employed within HQ.SE, all located in Stockholm. The advantages of coordination between HQ.SE

Fondkommission and HQ.SE Fonder are found mainly within technology, customer service and advice.

A warrants scheme directed at all employees of the company was carried out in winter. As of year-end, HQ.SE's total client base consisted of some 30,000 customers. Following significant initial investments, the company is strongly equipped to take on new ventures, with an established client base, a competent organisation and a strong capital base.

HQ.SE will be introducing new products and services in spring and summer. For example, trading in mutual funds, a complete mobile Internet service and different types of custody accounts will be launched in spring. In order to offer all clients superior service, resources are also being devoted to integrated operations within HQ.SE Fonder and HQ.SE Fondkommission.

Under current market conditions, we expect a significant increase in turnover for HQ.SE compared with 1999.

Stockholm, March 2000

Nicklas Storakers

EXECUTIVE MANAGEMENT, HQ.SE



HQ.SE executive management, from left: Ronnie Bodinger, IT Manager, Susan Lindkvist, Administrative Manager, Peter Friberg, President, HQ.SE Fonder, Nicklas Storåkers, President, HQ.SE.



HQ.SE FONDKOMMISSION

The business unit HQ.SE Fondkommission comprises trading in securities over the Internet. The new service was launched in December 1999 and includes trading in shares, options, buy and sell recommendations in real-time and news in real-time.

HQ.SE Fondkommission has a staff of nine, all located in Stockholm.

Business Concept

HQ.SE Fondkommission shall be the market leader in Internet securities trading in Sweden. The objective shall be achieved by means of good service and advice, high accessibility and a broad range of products.

Operations

HQ.SE Fondkommission made significant investments in fundamental technical systems for securities trading over the Internet in 1999. Certain supplemental investments will be made this year to assure quality in the service.

The service has enjoyed a strong customer inflow since its launch in December, in part due to sales efforts targeted at Hagströmer & Qviberg's existing customers and in part due to outside marketing efforts. Transaction volumes have risen along with growth in the customer base.

A number of new products and services will be launched this year in order to meet customer demand to an even higher degree than presently. Focus will be on further development of the HQ.SE concept for advice and service, and upon expanding the product range.

Organisation

Most staff within HQ.SE Fondkommission were recruited during the past six months. The organisation is in place and will be successively expanded as the business grows.



Hera Qraft, virtual advisor at HQ.SE.



HQ.SE FONDER

The business unit HQ.SE Fonder manages and sells securities funds. The value of total assets under management at the end of 1999 was SEK 7,500 (4,700) million.

HQ.SE Fonder has a staff of 20 (13), all located in Stockholm.

Business Concept

HQ.SE Fonder shall be active within the large and rapidly growing market for private, long-term savings in mutual funds. Sales of funds shall take place over the Internet via the HQ.SE website and through cooperation with mutual fund insurance companies and other external distributors. The range of mutual funds shall cover most investment needs for private clients and shall be open for both direct deposit as well as deposits through mutual fund insurance policies, IPS and the premium pension system.

The Mutual Funds

HQ.SE Fonder manages a wide assortment of equity funds, interest funds and mixed funds oriented towards Swedish and foreign securities.

Sweden-based funds:
 HQ.SE Strategifond
 HQ.SE Sverigefond
 HQ.SE Utlandsfond

HQ.SE Tillväxtmarknadsfond
 HQ.SE Rysslandsfond
 HQ.SE Obligationsfond
 HQ.SE Likviditetsfond

Luxembourg-based funds:
 HQ.SE Absolut Strategi
 HQ.SE EuroGlobal Strategi
 HQ.SE Select Fund
 HQ.SE Swedish High Yield Fund

Absolut Strategi opened in December 1999. A global mixed fund, Absolut Strategi will invest independently of country, currency, industry or company, with focus on absolute return. The investment orientation is unique in the Swedish funds market and the management fee is indexed to results.

Additional new mutual funds will be launched this year.

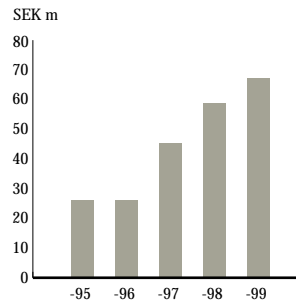
The Swedish Fund Market

Net savings in mutual funds amounted in 1999 to SEK 58 (43) billion. More than 80 percent of net investments were in equity and mixed funds. The in-flow to HQ.SE's funds was positive during the year, but the market share of net investments was lower than the corresponding share of the total assets under management. However, good management results for HQ.SE funds relative to the competition had a

positive impact on the company's market position with respect to assets under management.

The large banks still dominate the fund market. However, bank branches are meeting with greater competition from other

Gross Management Revenues

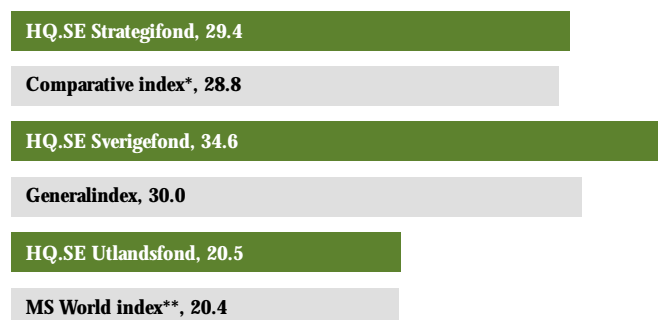


sales channels, primarily within the insurance sector. Sales of mutual funds via the Internet are also increasing, albeit from a low level – in part directly through the funds companies and in part through “mutual funds market places”.

Management Organisation

The management organisation was reinforced in 1999 and now comprises seven fund managers and analysts. The organisation will be further expanded to meet market demands for new mutual fund products.

Average return for the larger HQ.SE funds during the past five years (1995–1999) compared with the index, as a percentage.

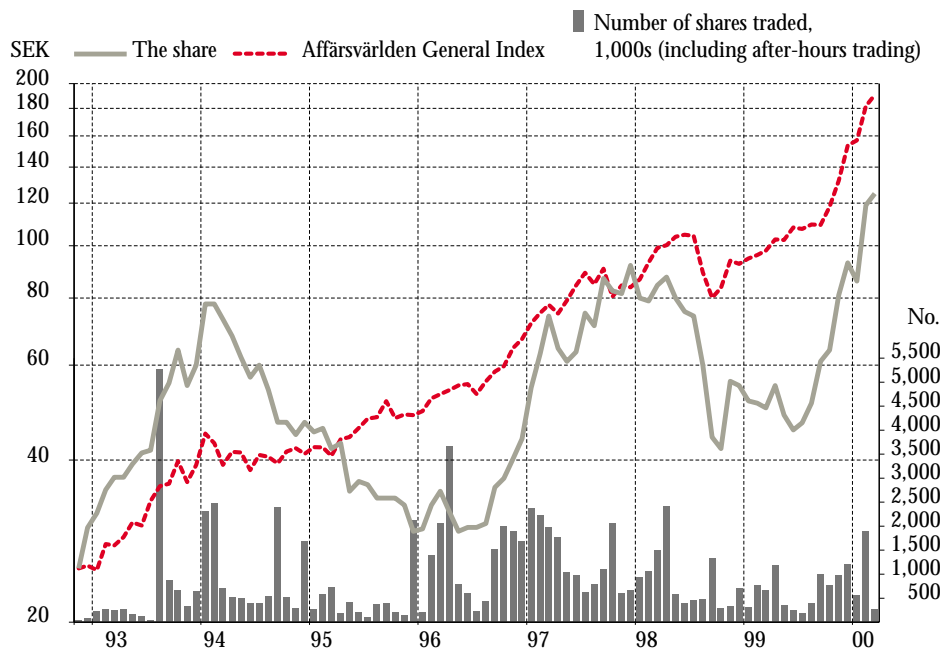


* – 70 % Six Findata Stock Index
 – 20 % MS World Index
 – 10 % OMRX Total

** FT World Index (excluding dividends). Beginning in 1998, MS World (including dividends).

THE H&Q SHARE

The price trend for the H&Q share since the initial public offering on the OM Stockholm Stock Exchange O List on 12 November 1992 is shown below.



(c) SIX

| | | | |
|--|-------------|---------------------------------------|------|
| Number of shares traded in 1999 | 8,043,520 | Total return on the H&Q share in 1999 | 9.2% |
| Traded (SEK) in 1999 | 488,377,542 | Price quoted (SEK) as of 31 Dec. 1999 | 93 |
| Market capitalisation (SEK m) as of 31 Dec. 1999 | 1,326 | Highest paid (SEK) as of 31 Dec. 1999 | 93 |
| | | Lowest paid (SEK) as of 31 Dec. 1999 | 45 |

| Year | Changes | Increase/decrease in no. of shares | Total no. of shares | Change in share capital, SEK | Total share capital, SEK |
|----------|-------------------------------|------------------------------------|---------------------|------------------------------|--------------------------|
| 1992 | New issue | 2,481,750 | 3,533,000 | 24,817,500 | 35,330,000 |
| 1992 | New issue | 400,000 | 3,933,000 | 4,000,000 | 39,330,000 |
| 1993 | Exercise of warrants | 9,759 | 3,942,759 | 97,590 | 39,427,590 |
| 1993 | Split | 11,828,277 | 15,771,036 | - | 39,427,590 |
| 1993 | New issue | 3,945,075 | 19,713,795 | 9,862,688 | 49,284,488 |
| 1994 | Exercise of warrants | 80 | 19,713,875 | 200 | 49,284,688 |
| 1995 | Redemption | -3,452,172 | 16,261,703 | -8,630,430 | 40,654,258 |
| 1995 | Exercise of warrants | 244 | 16,261,927 | 560 | 40,654,818 |
| 1996 | Exercise of warrants | 468 | 16,262,395 | 1,170 | 40,655,988 |
| 1999 | Redemption | -2,032,799 | 14,229,596 | -5,081,997 | 35,573,990 |
| 1999 | New issue | 27,812 | 14,257,408 | 69,530 | 35,643,520 |
| 1999 | New issue debenture stock | 2,032,799 | 16,290,207 | 5,081,997 | 40,725,518 |
| 2000 Feb | Redemption of debenture stock | -2,032,799 | 14,257,408 | -5,081,997 | 35,643,520 |

PRINCIPAL SHAREHOLDERS

According to the share register maintained by the Swedish Securities Register Centre (VPC AB), the following companies and individuals were the largest registered shareholders as of 31 December 1999. The percentage of share capital owned by institutions is estimated at 43 (51) percent. There were 6,747 (7,348) shareholders.

| Shareholders | Shares (number) 1999 | Shares (number) 1998 | Interest (%) 1999 |
|--|-------------------------|-------------------------|----------------------|
| Board of Directors | | | |
| Mats Qviberg (including family) | 930,000 | 1,026,000 | 6.5 |
| Sten Dybeck (including family and companies) | 613,850 | 326,600 | 4.3 |
| Jonas Wahlström (including companies) | 525,000 | – | 3.7 |
| Stefan Dahlbo (including family) | 193,620 | 91,280 | 1.4 |
| Gunnar Ekdahl (including companies) | 142,520 | 157,300 | 1.0 |
| Anders Böös (including companies) | – | 100,000 | – |
| Per Bystedt | – | – | – |
| Sven Hagströmer | – | – | – |
| Other Major Shareholders | | | |
| Investment AB Öresund | 4,885,440 | 6,562,900 | 34.3 |
| Foreign shareholders and trustees | 791,448 | – | 5.6 |
| Hagströmer & Qviberg mutual funds | 299,000 | 681,000 | 2.1 |
| Zenit Fond | 265,000 | – | 1.9 |
| Akelius Insurance fonder | 216,400 | 416,400 | 1.5 |
| Other | 5,395,130 | 6,900,915 | 37.8 |
| Total | 14,257,408 | 16,262,395 | 100 |

Dividend Policy

The board of directors for Hagströmer & Qviberg AB has established a dividend policy, which states that H&Q shall pay as dividends to shareholders that part of the company's profits which is not deemed necessary to consolidate and develop the company. Over the long term, at least 50 percent of profits shall be paid as dividends.

Dividend

The board of directors recommends that the dividend be raised to SEK 7.00 (4.50) per share.

Payment of Dividend

If the Annual General Meeting endorses the recommendation of the board of directors, dividends are expected to be distributed by the Swedish Securities Register Centre (VPC AB) on 8 May 2000.

The Board of Directors and President and Chief Executive Officer of Hagströmer & Qviberg AB (a public company), Corporate Registration Number 556274-8458, hereby submit the Annual Report and consolidated accounts for the financial year of 1999. Hagströmer & Qviberg AB is the parent company in the Hagströmer & Qviberg Group.

Business

H&Q is one of the leading brokerage firms in Sweden. The primary focus of the business is financial advice, trading in securities and asset management. H&Q's motto is that knowledge yields growth. Accordingly, research and analysis are the basis of our operations: knowledge that can be refined into various products depending upon existing needs in various client segments. The head office is located in Stockholm. Business is also conducted from offices in Gotthenburg, Malmö, Norrköping, Jönköping and Örebro. Outside Sweden, the company has offices in Geneva, Luxembourg, New York and Oslo.

Profit Trend

The group is reporting profit before tax of SEK 348 (93) million for the financial year of 1999. Consolidated net profit corresponds to equity per share after tax of SEK 14.95 (3.29). Return on equity, after tax, was 38 (8) percent.

Total revenues increased to SEK 1,140 (582) million. Income from commissions and fees during the year amounted to SEK 566 (388) million. The net result of financial transactions, including dividends, was SEK 560 (175) million. Net interest income for the year was SEK 67 (67) million.

Costs rose during the year to SEK 792 (490) million. The increase is mainly attributable to adjustable costs for personal and costs incurred to wind up operations in Russia and Norway.

Investments

Group investments in computers and equipment during the year amounted to SEK 16 (28) million.

Financial Position and Liquidity

Liquid funds in the group as of 31 December 1999 amounted to SEK 669 (73) million. Consolidated equity was SEK 651 (624) million, which corresponds to SEK 45.63 (38.38) per share. The capital coverage ratio for the financial company group was 27 (26) percent as of 31 December 1999; see note 27.

Tax

Tax expense for the year was SEK 109 (39) million, corresponding to a tax expense of 31 (42) percent of pre-tax profit.

Disputes

Group companies are, within the framework of ongoing business activities, the objects of a small number of claims for relatively minor amounts. Reserves have been made to the extent that loss risks have been deemed to exist.

Tax Proceedings

The subsidiaries Hagströmer & Qviberg Fondkommission AB and United Securities Holding AB were the object of a tax audit

in 1997 referring to the financial years of 1993 and 1994, wherein the Swedish Tax Authority questioned corporate reporting of value added tax. The case is being pursued in cooperation with other securities firms. The amount in question for the Hagströmer & Qviberg companies is SEK 3.0 million, including penalties. In the company's opinion, no significant tax expense will arise as a consequence of the tax audit. Accordingly, no provision has been made in the annual accounts.

The Board of Directors

The board of directors of Hagströmer & Qviberg is made up of seven directors elected by the annual general meeting. Details about the directors are given on pages 64-65.

During the financial year of 1999, the board of directors held twelve meetings for which minutes were kept and one statutory meeting. Meetings of the board are conducted according to a permanent agenda, upon which the matters that shall be reported

and addressed are specified. Two board meetings were devoted to discussion of strategy, the business plan and the budget.

The company's auditors report their observations personally to the board of directors following completed audits. Employees of the company participate in board meetings when presenting reports or acting as secretary.

Future Development

H&Q has made considerable investments during recent years to expand and develop operations. The effects of these investments were discernible during 1999 in the form of higher revenues and stronger financial performance. Preparations were also begun during the past year to divide the group into two units, HQ.SE and H&Q Holding. In that connection, a decision was taken to redeem shares and broaden ownership in H&Q Holding to include employees of the H&Q Holding Group. The annual general meeting of Hagströmer & Qviberg shall vote on a recommendation that H&Q Holding

be distributed to the shareholders and that an additional redemption scheme be carried out.

The Parent Company

Hagströmer & Qviberg AB owns and manages shares and participations. The company is reporting a loss before appropriations and tax for the period of SEK -37 (-2) million. The company had liquid funds on 31 December 1999 in the amount of SEK 76 (0) million.

The extraordinary general meeting held on 5 October 1999 voted to redeem every eighteenth share for SEK 75. The redemption sum of SEK 150 million in total was distributed on 30 November 1999.

As a consequence of the division of the group, the board of directors recommends that the annual general meeting vote in favour of changing the name of Hagströmer & Qviberg AB to HQ.SE AB. Therewith, H&Q Holding AB shall change its name to Hagströmer & Qviberg AB.

RECOMMENDED DISPOSITION OF PROFIT

All amounts in SEK thousands

Group

Consolidated non-restricted equity amounts to 367,324. No allocation to restricted reserves is necessary.

Parent Company

| | |
|---|---------|
| The following funds are at the disposal of the annual general meeting | |
| Profit brought forward | 328,845 |
| Profit for the year | 78,291 |
| | <hr/> |
| | 407,136 |
| The board of directors and the president and chief executive officer recommend that a dividend of SEK 7.00 per share be distributed to shareholders | |
| Total dividend | 99,802 |
| To be carried forward | 307,334 |
| | <hr/> |
| | 407,136 |

Of the parent company's non-restricted equity, which amounts to 307,334 following the recommended dividend, 183,846 shall be used for the distribution of H&Q Holding and 196,039 for share redemption, given full participation in the offer. Implementation of the redemption offer is conditional upon the company being granted permission by the county administrative court to reduce equity in the company by 180,000. The company's non-restricted equity after the distribution of H&Q Holding, reduction of restricted equity and the redemption will amount to 107,449.

The net results and financial position of the group and the parent company are shown in the accompanying income statements, balance sheets, cash flow statement and notes to the financial statements.

Stockholm, 20 March 2000

Mats Qviberg
Chairman of the Board

Per Bystedt Anders Böös Sten Dybeck
Gunnar Ekdahl Sven Hagströmer Jonas Wahlström

Stefan Dahlbo
President and Chief Executive Officer

Our auditor's report was submitted 21 March 2000

KPMG

Caj Nackstad
Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

| CONSOLIDATED INCOME STATEMENT (SEK k) | | | 1999 | 1998 |
|--|-------|--|------------------|-----------------|
| | NOTE | | | |
| Income from commissions and fees | 1 | | 565,768 | 387,661 |
| Expenses from commissions and fees | 2 | | -55,295 | -48,434 |
| Interest income | 3 | | 123,642 | 123,892 |
| Interest expense | 4 | | -56,647 | -56,602 |
| Dividends received | 5 | | 31,712 | 21,579 |
| Net result of financial transactions | 6 | | 527,848 | 153,091 |
| Other operating income | | | 84 | 11 |
| Share of profits in associated companies | | | 3,236 | 987 |
| Total operating income | | | 1,140,348 | 582,185 |
| General administrative expenses | 7, 29 | | -672,443 | -397,916 |
| Depreciation and write-down of tangible and intangible assets | 8 | | -49,332 | -19,981 |
| Other operating expenses | 9 | | -69,118 | -71,590 |
| Net credit losses | 10 | | -1,000 | 51 |
| Total operating expenses | | | -791,893 | -489,436 |
| Operating profit | | | 348,455 | 92,749 |
| Tax on profit for the year | 11 | | -109,136 | -39,171 |
| Net profit for the year | | | 239,319 | 53,578 |

CONSOLIDATED BALANCE SHEET

| CONSOLIDATED BALANCE SHEET (SEK k) | NOTE | 31 Dec. 1999 | 31 Dec. 1998 |
|--|--------|------------------|------------------|
| ASSETS | | | |
| Cash and central bank balances | | 5,011 | 23,504 |
| Chargeable government bonds | 12, 23 | 3,789 | 4,810 |
| Lending to credit institutions | 23 | 669,659 | 99,291 |
| Lending to the public | 13, 23 | 1,366,581 | 1,208,955 |
| Bonds and other interest-bearing securities | 14, 23 | – | 3,327 |
| Shares and participations | 15 | 2,328,168 | 766,600 |
| Participations in associated companies | 25 | 28,290 | 36,083 |
| Intangible assets | 16 | 22,262 | 37,765 |
| Tangible assets | 17 | 26,253 | 37,045 |
| Other assets | 18 | 552,848 | 276,684 |
| Prepaid expenses and accrued income | | 25,415 | 10,527 |
| Total assets | | 5,028,276 | 2,504,591 |

CONSOLIDATED BALANCE SHEET

| CONSOLIDATED BALANCE SHEET (SEK k) | NOTE | 31 Dec. 1999 | 31 Dec. 1998 |
|--|------|------------------|------------------|
| EQUITY, PROVISIONS AND LIABILITIES | | | |
| Liabilities till credit institutions | 23 | 5,965 | 49,591 |
| Deposits and borrowing from the public | 23 | 2,142,030 | 1,094,698 |
| Other liabilities | 19 | 1,882,888 | 619,072 |
| Prepaid expenses and deferred income | 20 | 322,831 | 69,171 |
| Provisions | 21 | 23,912 | 47,982 |
| Share capital | 22 | 40,726 | 40,656 |
| Restricted reserves | 22 | 242,600 | 305,482 |
| Non-restricted reserves | 22 | 128,005 | 224,361 |
| Net profit for the year | 22 | 239,319 | 53,578 |
| Total equity, provisions and liabilities | | 5,028,276 | 2,504,591 |
| MEMORANDUM ITEMS | | | |
| Pledges and equivalent collateral to secure own liabilities | | | |
| Securities | | 1,134,219 | 981,283 |
| Other pledged assets | | 314,000 | 140,380 |
| Total | | 1,448,219 | 1,121,663 |
| Other pledges and equivalent collateral | | | |
| Securities | | 345,492 | 419,830 |
| Contingent liabilities | | | |
| Other contingent liabilities | | 236,578 | 209,790 |
| Commitments | | | |
| <i>Commitments to future payments</i> | | | |
| Futures contracts for securities | | 195,258 | 208,990 |
| Options issued | | 325,546 | 1,751 |
| <i>Other commitments</i> | | | |
| Capital managed for third party account (IPS) | | 29,287 | 15,398 |

PARENT COMPANY INCOME STATEMENT

| PARENT COMPANY INCOME STATEMENT (SEK k) | | NOTE | 1999 | 1998 |
|--|-------|------|----------------|----------------|
| Net sales of securities | | | 32,173 | 113,930 |
| Cost of securities sold | | | -28,080 | -106,272 |
| Gross profit/loss | | | 4,093 | 7,658 |
| Administrative expenses | 7, 29 | | -11,633 | -6,988 |
| Other operating expenses | | | -12,255 | -6,419 |
| Operating profit/loss | | | -19,795 | -5,749 |
| Profit/loss from financial investments | | | | |
| Income from participations in group companies | | | 200 | 200 |
| Income from participations in associated companies | | | 7,292 | - |
| Write-down of shares in subsidiaries | | | -28,199 | - |
| Interest income and similar profit items | | | 3,634 | 3,488 |
| Interest expense and similar loss items | | | -229 | -193 |
| Profit/loss after financial items | | | -37,097 | -2,254 |
| Appropriations | | | | |
| Change in tax equalisation reserve | | | 4,354 | 2,177 |
| Change in tax allocation reserve | | | 149,386 | -16,400 |
| Change in foreign exchange reserve | | | 340 | -240 |
| Profit/loss before tax | | | 116,983 | -16,717 |
| Tax on profit for the year | | | -38,692 | 4,709 |
| Net profit/loss for the year | | | 78,291 | -12,008 |

PARENT COMPANY BALANCE SHEET

| PARENT COMPANY BALANCE SHEET (SEK m) | NOTE | 31 Dec. 1999 | 31 Dec. 1998 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| <i>Financial fixed assets</i> | | | |
| Shares and participations in subsidiaries | 24 | 304,056 | 541,432 |
| Participations in associated companies | 25 | – | 35,977 |
| Total fixed assets | | 304,056 | 577,409 |
| Current assets | | | |
| <i>Current receivables</i> | | | |
| Receivables from group companies | | 471,230 | 137,489 |
| Other receivables | | 10,420 | 1,315 |
| Prepaid expenses and accrued income | | 855 | 1,209 |
| <i>Short-term investments</i> | 15 | 2,481 | 21,940 |
| <i>Cash and bank deposits</i> | | 76,398 | 5 |
| Total current assets | | 561,384 | 161,958 |
| Total assets | | 865,440 | 739,367 |

PARENT COMPANY BALANCE SHEET

| PARENT COMPANY BALANCE SHEET (SEK m) | | | 31 Dec. 1999 | 31 Dec. 1998 |
|---|-------------|-----------|----------------|----------------|
| EQUITY AND LIABILITIES | NOTE | 26 | | |
| Equity | | | | |
| <i>Restricted equity</i> | | | | |
| Share capital | | | 40,726 | 40,656 |
| Statutory reserve | | | 197,517 | 197,517 |
| Total restricted equity | | | 238,243 | 238,173 |
| <i>Non-restricted equity</i> | | | | |
| Profit brought forward | | | 328,845 | 318,932 |
| Net profit for the year | | | 78,291 | -12,008 |
| Total non-restricted equity | | | 407,136 | 306,924 |
| Total equity | | | 645,379 | 545,097 |
| Untaxed reserves | | | | |
| Tax equalisation reserve | | | - | 4,354 |
| Tax allocation reserve | | | - | 149,387 |
| Foreign exchange reserve | | | - | 340 |
| Total untaxed reserves | | | - | 154,081 |
| Current liabilities | | | | |
| Tax liability | | | 132,206 | 18,368 |
| Other liabilities | | | 84,364 | 21,016 |
| Prepaid expenses and deferred income | | | 3,491 | 805 |
| Total current liabilities | | | 220,060 | 40,189 |
| Total equity and liabilities | | | 865,440 | 739,367 |
| MEMORANDUM ITEMS | | | | |
| Pledged collateral | | | None | None |
| Contingent liabilities | | | | |
| Guarantees for subsidiaries | | 30 | 1,011 | 1,011 |

CASH FLOW STATEMENT

| CASH FLOW STATEMENT (SEK m) | Group | | Parent Company | |
|---|-----------------|-----------------|-----------------|----------------|
| | 1999 | 1998 | 1999 | 1998 |
| Continuing operations | | | | |
| Operating profit | 348,455 | 92,749 | -37,097 | -2,254 |
| <i>Adjustment for items not included in cash flow:</i> | | | | |
| Depreciation and write-downs | 49,332 | 19,981 | 28,199 | - |
| Other items not affecting cash flow | 11,605 | -16,473 | - | - |
| Income tax paid | -30,586 | -39,171 | -21,588 | -37,442 |
| Continuing operations | 378,806 | 57,086 | -30,486 | -39,696 |
| Changes in operative assets and liabilities | | | | |
| Increase/decrease in lending to the public | -158,947 | 62,307 | - | - |
| Increase/decrease in securities held as current assets | -1,557,220 | 270,348 | 19,459 | 62,573 |
| Increase/decrease in other assets | -291,052 | -113,678 | -164,731 | 43,154 |
| Increase/decrease in deposits and borrowing from the public | 1,047,332 | 6,881 | - | - |
| Increase/decrease in other liabilities | 1,420,219 | -30,912 | 66,034 | -4,698 |
| Changes in operative assets and liabilities | 460,332 | 194,946 | -79,238 | 101,029 |
| Cash flow from continuing operations | 839,138 | 252,032 | -109,724 | 61,333 |
| Investing activities | | | | |
| Sale of shares in subsidiaries | - | - | 416,122 | - |
| Acquisition of shares | - | -48,630 | -300,947 | -48,630 |
| Acquisition/sale of participations in associated companies | - | -36,083 | 35,977 | - |
| Investments in debenture loans | - | - | -100,000 | - |
| Acquisition of intangible assets | -9,536 | -17,940 | - | - |
| Sale of tangible assets | 38 | 1,756 | - | - |
| Acquisition of tangible assets | -15,667 | -27,941 | - | - |
| Cash flow from investing activities | -25,165 | -128,838 | 51,152 | -48,630 |
| Financing activities | | | | |
| Redemption | -150,374 | - | -150,374 | - |
| New issue | 5,083 | - | 5,083 | - |
| Group contribution | - | - | 333,978 | 82,418 |
| Dividends paid | -73,181 | -73,181 | -73,181 | -73,181 |
| Cash flow from financing activities | -218,472 | -73,181 | 115,506 | 9,237 |
| Cash flow for the year | 595,501 | 50,013 | 56,934 | 21,940 |
| Liquid funds at the beginning of the year | 73,204 | 23,191 | 21,945 | 5 |
| Liquid funds at the end of the period | 668,705 | 73,204 | 78,879 | 21,945 |
| Cash flow for the year | 595,501 | 50,013 | 56,934 | 21,940 |

The annual report and consolidated accounts for the H&Q Group were prepared in accordance with generally accepted accounting principles in Sweden, with application of the recommendations of the Swedish Financial Accounting Standards Council, the Swedish Annual Accounts Act governing credit institutions and securities firms (ÅRKL 1995:1559) and the regulations of the Swedish Financial Supervisory Authority FFFS 1998:27. The accounts for the parent company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554).

The accounting principles applied by the group are unchanged from the reported comparative years. In comparison with the preceding year, minor reclassifications have been made in order to increase comparability between years.

Consolidation Principles

The consolidated accounts include the parent company and all companies for which the parent company, through direct ownership or indirect ownership

via subsidiaries, controls more than 50 percent of the votes. The consolidated accounts have been prepared according to the acquisition method. Equity is determined following market valuation of acquired net assets.

Through application of the acquisition method, consolidated equity becomes the sum of the parent company's equity and that part of the subsidiaries' equity earned subsequent to the date of acquisition. The consolidated accounts have been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council. Untaxed reserves in the individual companies shown on the balance sheet are divided into deferred tax liability and restricted equity. Changes in deferred tax liability are reported separately in the consolidated accounts under "Tax".

Translation of the Balance Sheets and Income Statements of Foreign Subsidiaries

The current method is employed for translation of the balance sheets and income statements of foreign subsidiaries to Swedish

kronor. According to the current method, all items in the balance sheet are translated at the closing day rate, while items on the income statements are translated at the average exchange rate. The translation differences that arise thereby are entered directly into equity.

Valuation of Trading Inventory

Shares, bonds and other interest-bearing securities, options and other derivatives, short sales and chargeable government bonds (premium bonds) have been classified as current assets and valued at actual value (market value) as of closing day.

The value of foreign stocks has been translated at the closing day rate. When valuation at actual value means that unrealised gains are included in net profit for the year, the amounts are transferred from "Profit brought forward" to "Unrealised gains reserve", which is included in restricted equity and is therefore not distributable. No deferred tax has been reported for unrealised gains. The average exchange rate has been applied to determine the

actual value of trading inventory. Valuation at the last price paid according to FFFS 1998:27 would not have resulted in any significant deviation.

Valuation of Financial Fixed Assets

Shares intended to be held permanently have been classified as financial fixed assets and were valued at acquisition value.

Valuation of Lending to the Public

Lending to the public is collateralised with securities valued at no more than their chargeable value. Loan receivables are reported on the balance sheet according to confirmed and anticipated credit losses. Confirmed credit losses are those for which the loss amount is considered to have been finalised. Anticipated credit

losses refer to the difference between the loan amount and what is expected to be received in light of the borrower's capacity to pay and the value of collateral.

Valuation of Other Receivables and Liabilities

Receivables have been reported at the amounts expected to be received. Receivables and liabilities in foreign currency have been translated at the closing day rate.

Equipment and Goodwill

Equipment and goodwill have been reported at acquisition value less accumulated depreciation. Depreciation has been taken at 20-33 percent of acquisition value.

Participations in Associated Companies

Investments in associated companies where the number of votes equals no less than 20 percent and no more than 50 percent have been reported according to the equity method.

Leasing

The only leasing contracts in the company refer to operational leasing of negligible extent. Leasing charges are reported as other operating expenses.

Other

Funds settlement receivables and liabilities settled through approved clearing organisations such as VPC and OM have been net accounted on the balance sheet.

| AMOUNTS IN SEK k | 1999 | 1998 |
|---|----------------|----------------|
| NOTE 1 INCOME FROM COMMISSIONS AND FEES | | |
| Brokerage | 427,929 | 280,336 |
| Fund management fees | 58,808 | 57,036 |
| Asset management fees | 37,295 | 24,706 |
| Corporate advisory services fees | 35,837 | 16,173 |
| Lending | 3,336 | 8,356 |
| Guarantee commissions | 2,275 | 202 |
| Other commissions and fees | 288 | 852 |
| Total income from commissions and fees | 565,768 | 387,661 |
| NOTE 2 COMMISSION EXPENSES | | |
| Commissions to payment intermediaries | -1,406 | -1,772 |
| Transaction costs | -33,434 | -23,259 |
| Securities commissions | -20,455 | -23,403 |
| Total expenses from commissions and fees | -55,295 | -48,434 |
| NOTE 3 INTEREST INCOME | | |
| Interest income from loans to credit institutions | 25,975 | 20,087 |
| Interest income from loans to the public | 95,322 | 102,963 |
| Interest income from bonds and other interest-bearing securities | 1,372 | 116 |
| Other interest income | 973 | 726 |
| Total interest income | 123,642 | 123,892 |
| The average lending rate for custody account clients during the year was 6.75 (7.29) percent. | | |
| NOTE 4 INTEREST EXPENSE | | |
| Interest expense for liabilities to credit institutions | -2,393 | -4,719 |
| Interest expense for borrowing from the public | -40,230 | -51,883 |
| Other interest expense | -14,024 | - |
| Total interest expense | -56,647 | -56,602 |
| The average borrowing rate from custody accounts with excess liquidity during the year was 2.38 (3.24) percent. | | |
| NOTE 5 DIVIDENDS RECEIVED | | |
| Dividends from shares and participations | 31,712 | 21,579 |
| NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS | | |
| Realised gains/losses from equities and equity derivatives | 462,769 | 154,381 |
| Unrealised change in value of equities and equity derivatives | 60,772 | -18,482 |
| Realised gains/losses from interest-bearing securities | 103 | 191 |
| Unrealised change in value from interest-bearing securities | - | 2,428 |
| Currency exchange fluctuations | 4,204 | 14,573 |
| Total net result of financial transactions | 527,848 | 153,091 |

| AMOUNTS IN SEK k | 1999 | 1998 |
|---|-----------------|-----------------|
| NOTE 7 GENERAL ADMINISTRATIVE EXPENSES | | |
| Salaries, bonuses and fees | -374,935 | -192,978 |
| Pension costs, premiums paid | -15,367 | -12,155 |
| Social insurance contributions | -116,476 | -64,259 |
| Other personnel expenses | -16,898 | -18,135 |
| Purchased services, consulting | -41,509 | -31,526 |
| Broker information expenses | -22,804 | -15,270 |
| Other general administrative expenses | -84,454 | -63,593 |
| Total general administrative expenses | -672,443 | -397,916 |

SALARIES, OTHER REMUNERATION AND SOCIAL INSURANCE COSTS

| Group | 1999 | | 1998 | |
|--|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| | Salaries and other remuneration | Social costs (thereof pension costs) | Salaries and other remuneration | Social costs (thereof pension costs) |
| Sweden | 311,876 | 121,876 | 162,236 | 71,852 |
| | | (13,249) | | (11,074) |
| Thereof board of directors, CEO and COO | 90,454 | 31,202 | 16,539 | 6,420 |
| | | (1,105) | | (918) |
| Norway | 21,216 | 5,853 | 11,617 | 2,184 |
| | | (1,079) | | (423) |
| Thereof board of directors and president | - | - | 449 | 85 |
| | | | | (19) |
| USA | 15,492 | 1,877 | 8,797 | 518 |
| | | (539) | | (177) |
| Thereof board of directors and president | 950 | 52 | 3,680 | 140 |
| | | (-) | | (76) |
| Russia | 9,880 | - | 2,550 | 689 |
| | | (-) | | (396) |
| Thereof board of directors and president | 9,880 | - | 336 | 39 |
| | | (-) | | (-) |
| Switzerland | 9,382 | 1,380 | 6,394 | 1,057 |
| | | (-) | | (0) |
| Thereof board of directors and president | 4,944 | 687 | 3,629 | 617 |
| | | (-) | | (-) |
| Luxembourg | 5,205 | 447 | 1,384 | 114 |
| | | (311) | | (85) |
| Thereof board of directors and president | 2,421 | 138 | 701 | 32 |
| | | (97) | | (24) |
| England | 1,884 | 410 | - | - |
| | | (189) | | (85) |
| Thereof board of directors and president | - | - | - | - |
| | | (-) | | (-) |
| Total | 374,935 | 131,843 | 192,978 | 76,414 |
| | | (15,367) | | (12,155) |
| Thereof board of directors, CEO and COO | 108,649 | 32,079 | 25,334 | 7,333 |
| | | (1,202) | | (1,037) |

**SALARIES, OTHER REMUNERATION AND
SOCIAL INSURANCE COSTS**

| | 1999 | | 1998 | |
|--|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| | Salaries and other remuneration | Social costs (thereof pension costs) | Salaries and other remuneration | Social costs (thereof pension costs) |
| Parent Company | 6,325 | 2,400 (309) | 5,127 | 1 841 (184) |
| Sweden Thereof board of directors, CEO and COO | 4,040 | 1,376 (309) | 2,868 | 1,176 (184) |

Customary terms of employment are made up of salaries, benefits and pensions. For senior officers as well as most employees within business operations, benefits include contractually agreed bonuses.

Pension commitments for the Swedish companies are covered through immediately expensed pension premiums. Accordingly, no pension provisions have been made. Foreign companies in the group comply with pension laws in the respective countries and individual circumstances. There have been no pension provisions made for foreign personnel.

PARENT COMPANY

Salaries and remuneration were paid to the chief executive officer and chief operating officer in the amount of SEK 3,060 (1,898) thousand and to the chairman of the board in the amount of SEK 480 (570) thousand. Remuneration of SEK 500 (400) thousand was paid to the other members of the board of directors.

GROUP

Salary was paid to the chief executive officer in the amount of SEK 2,400 (2,182) thousand, plus pension remuneration in the amount of SEK 300 (300) thousand. Pursuant to a bonus contract, which expired 31 December 1999, SEK 27,200 (0) thousand has been reserved for a bonus to the CEO. The amounts will be paid out during 2000.

Upon termination of employment at the request of the company, the president and chief executive officer shall be paid two years' salary, including benefits and pension. The executive vice president and chief operating officer shall under similar circumstances be paid one year's salary, including benefits and pension.

Hagströmer & Qviberg Fondkommission AB has made pension commitments for two former members of the board of directors, which are secured by a pension fund. The total capital value of the pension commitments as of 31 December 1999 amounted to SEK 3,000 (3,000) thousand.

AUDITOR'S FEES

GROUP

Compensation paid to KPMG for services rendered during the financial year amounts to SEK 2,842 thousand for auditing and SEK 4,669 thousand for other assignments.

PARENT COMPANY

Compensation paid to KPMG for services rendered during the financial year amounts to SEK 656 thousand for auditing and SEK 2,055 thousand for other assignments.

| AMOUNTS IN SEK k | 1999 | 1998 |
|---|----------------|----------------|
| NOTE 8 DEPRECIATION AND WRITE-DOWN OF TANGIBLE AND INTANGIBLE ASSETS | | |
| Depreciation on equipment | -26,006 | -13,211 |
| Depreciation and write-downs on goodwill | -23,326 | -6,770 |
| Total | -49,332 | -19,981 |

The period of depreciation on computers was changed during the year from five years to three years. As a result, net profits were encumbered with a non-recurring write-down of SEK 9,920 thousand.

| AMOUNTS IN SEK k | 1999 | 1998 |
|---|---------------------|---------------------|
| NOTE 9 OTHER OPERATING EXPENSES | | |
| Selling expenses | -21,127 | -27,464 |
| Other expenses | -47,991 | -44,126 |
| Total other operating expenses | -69,118 | -71,590 |
| NOTE 10 CREDIT LOSSES | | |
| Write-downs for the year on confirmed credit losses | -1,207 | -45 |
| Reversed previous reserves for anticipated credit losses which were reported at year-end as confirmed credit losses | 273 | 45 |
| Write-downs for the year on anticipated credit losses | -114 | -131 |
| Receipts on confirmed credit losses from previous years | - | - |
| Reversed reserves for anticipated credit losses no longer required | 48 | 182 |
| Net costs of credit losses for the year | -1,000 | 51 |
| All loans have been individually assessed and are attributable to lending to the public. | | |
| NOTE 11 TAX ON PROFIT FOR THE YEAR | | |
| Income tax | -136,287 | -32,811 |
| Deferred tax | 27,151 | -6,360 |
| Total tax on profit for the year | -109,136 | -39,171 |
| | 31 Dec. 1999 | 31 Dec. 1998 |

| | | |
|---|-------|-------|
| NOTE 12 CHARGEABLE GOVERNMENT BONDS | | |
| Issued by public institutions | 3,789 | 4,810 |
| All securities reported under "Chargeable government bonds" have been classified as current assets and consist of listed securities (premium bonds issued by the Swedish government). | | |
| Acquisition value | 3,804 | 4,805 |
| Actual value | 3,789 | 4,810 |

The par value of the premium bonds is essentially equivalent to the acquisition value.

| | | |
|---------------------------------------|------------------|------------------|
| NOTE 13 LENDING TO THE PUBLIC | | |
| Lending to the public | 1,368,125 | 1,210,657 |
| Reserve for anticipated credit losses | -1,544 | -1,702 |
| Total | 1,366,581 | 1,208,955 |

Lending to the public is reported after deductions for confirmed and anticipated credit losses. The group's doubtful receivables amount to SEK 1.7 (1.9) million.

| | | |
|---|---------------|----------------|
| Loans to senior officers | | |
| President/CEO and Executive VP/COO | 4,513 | 5,193 |
| Other members of the board of directors | 61,344 | 99,063 |
| Total | 65,587 | 104,256 |

All loans (custody account loans) are secured by pledged securities at their chargeable value.

| AMOUNTS IN SEK k | 31 Dec. 1999 | 31 Dec. 1998 |
|--|------------------|----------------|
| NOTE 14 BONDS AND OTHER INTEREST-BEARING SECURITIES | | |
| Issued by other borrowers (Swedish non-financial companies) | – | 3,327 |
| Total bonds and other interest-bearing securities | – | 3,327 |
| All securities within bonds and other interest-bearing securities are included in the trading inventory. They have been classified as current assets and are made up of listed securities. | | |
| Acquisition value | – | 904 |
| Actual value | – | 3,327 |
| NOTE 15 SHARES AND PARTICIPATIONS | | |
| Shares etc., listed, market value | 2,178,214 | 753,766 |
| Shares etc., unlisted, market value | 149,954 | 12,834 |
| Total market value | 2,328,168 | 766,600 |
| The "Shares and participations" item consists mainly of trading inventory and has been classified as current assets. | | |
| Of total holdings, the amount attributable to non-Swedish shares is SEK 591,029 (33,939) thousand. Trading inventory held by the parent company is valued according to the lower of cost or market value. The parent company's holdings of shares and participations amounts to SEK 2,481 (21,940) thousand. | | |
| Shares classified as fixed assets amount to SEK 244 (244) thousand. | | |
| NOTE 16 INTANGIBLE ASSETS – GOODWILL | | |
| Accumulated acquisition value | | |
| Opening balance, acquisition value | 68,685 | 24,150 |
| Investments | 9,568 | 44,535 |
| Wind-up of operations | –42,090 | – |
| Translation difference | –1,356 | – |
| Closing balance, acquisition value | 34,807 | 68,685 |
| Accumulated depreciation | | |
| Opening balance, depreciation | –30,920 | –24,150 |
| Wind-up of operations | 25,944 | – |
| Translation difference | –382 | – |
| Depreciation for the year | –7,187 | –6,770 |
| Closing balance, depreciation | –12,545 | –30,920 |
| Closing balance, residual value | 22,262 | 37,765 |
| NOTE 17 TANGIBLE ASSETS – EQUIPMENT | | |
| Opening balance, acquisition value | 70,214 | 44,581 |
| Purchases | 16,226 | 27,941 |
| Sales and discards | –548 | –2,308 |
| Closing balance, acquisition value | 85,892 | 70,214 |
| Opening balance, depreciation | –33,169 | –20,510 |
| Sales and discards | –464 | 552 |
| Depreciation for the year | –26,006 | –13,211 |
| Closing balance, depreciation | –59,639 | –33,169 |
| Closing balance, residual value | 26,253 | 37,045 |

| AMOUNTS IN SEK k | 31 Dec. 1999 | 31 Dec. 1998 |
|--|----------------|----------------|
| NOTE 18 OTHER ASSETS | | |
| Securities dealer's settlement receivables, gross | 548,741 | 182,400 |
| Less: Clearable securities dealer's settlement receivables | -443,102 | -39,625 |
| Acquired options | 400,931 | 102,117 |
| Forwards (stock) with positive value | 2,523 | 4,580 |
| Other | 43,755 | 27,212 |
| Total | 552,848 | 276,684 |

The par value of options held is 228,601 (1,615).

The par value of forwards with positive values is 13,449 (7,945).

| | | |
|--|------------------|----------------|
| NOTE 19 OTHER LIABILITIES | | |
| Securities dealer's settlement liabilities, gross | 536,079 | 139,646 |
| Less: Clearable securities dealer's settlement liabilities | -443,102 | -39,625 |
| Issued options | 617,962 | 173,845 |
| Forwards (stock) with negative value | 29,351 | 1,584 |
| Short sales | 906,296 | 173,390 |
| Tax liability, income tax | 134,829 | 32,266 |
| Other | 101,473 | 137,966 |
| Total | 1,882,888 | 619,072 |

The par value of issued options is SEK 325,546 (1,751) thousand.

The par value of forwards with negative value amounts to SEK 181,809 (201,045) thousand.

| | | |
|---|----------------|---------------|
| NOTE 20 PREPAID EXPENSES AND DEFERRED INCOME | | |
| Reserved bonuses | 150,135 | 43,405 |
| Liability for holiday pay | 8,364 | 6,283 |
| Liability for social insurance fees and special payroll tax | 82,561 | 7,091 |
| Other | 81,771 | 12,392 |
| Total | 322,831 | 69,171 |

| | | |
|---------------------------|--------|--------|
| NOTE 21 PROVISIONS | | |
| Deferred tax | 23,912 | 47,982 |

| NOTE 22 CHANGES IN EQUITY | | | | | |
|--|---------------|----------------|------------------------|--------------------------|----------------|
| Group | Share-capital | Other funds | Profit brought forward | Profit/loss for the year | Total |
| Balance at the beginning of the financial year | 40,656 | 305,482 | 224,361 | 53,578 | 624,077 |
| Allocation of profit | | | 53,578 | -53,578 | - |
| Dividend | | | -73,181 | | -73,181 |
| Redemption | -5,082 | | -145,292 | | -150,374 |
| New issue of common stock | 70 | | | | 70 |
| New issue of debenture stock | 5,082 | | | | 5,082 |
| Profit/loss for the year | | | | 239,319 | 239,319 |
| Transfer to unrealised gains reserve | | -44,535 | 44,535 | | - |
| Translation differences and other transfers between non-restricted and restricted equity | | -18,347 | 24,004 | | 5,657 |
| Balance at the end of the financial year | 40,726 | 242,600 | 128,005 | 239,319 | 650,650 |

The provision to the unrealised gains reserve refers to shares and participations.

NOTE 23 TERMS FOR ASSETS AND LIABILITIES 31 DEC. 1999

| Remaining time to maturity (book value) | | | | | | |
|---|------------------|--------------|---------------|-------------|--------------|------------------|
| Group | On demand | < 3 months | 3 – 12 months | 1 – 5 years | 5 – 10 years | Total |
| Assets | | | | | | |
| Lending to credit institutions | 669,659 | – | – | – | – | 669,659 |
| Lending to the public | 1,366,581 | – | – | – | – | 1,366,581 |
| Bonds and other interest-bearing securities | – | – | – | – | – | – |
| Chargeable government bonds | 3,789 | – | – | – | – | 3,789 |
| Total assets | 2,040,029 | – | – | – | – | 2,040,029 |
| Liabilities | | | | | | |
| Liabilities till credit institutions | – | 5,965 | – | – | – | 5,965 |
| Borrowing from the public | 2,142,030 | – | – | – | – | 2,142,030 |
| Total liabilities | 2,142,030 | 5,965 | – | – | – | 2,147,995 |

NOTE 24 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

| | Corporate registration number | Domicile | No. of shares | Share of equity, % | Share of votes, % | Book value |
|---|-------------------------------|------------|---------------|--------------------|-------------------|----------------|
| H&Q Holding AB | 556573-5650 | Stockholm | 1,000 | 100 | 100 | 228,380 |
| United Securities Holding AB | 556460-7009 | Stockholm | 200,000 | 100 | 100 | 33,082 |
| HQ.SE Fondkommission AB | 556573-5668 | Stockholm | 1,000 | 100 | 100 | 100 |
| HQ.SE Fonder AB | 556266-6049 | Stockholm | 10,000 | 100 | 100 | 6,396 |
| Hagströmer & Qviberg Allemanfond Förvaltnings AB | 556325-5305 | Stockholm | 10,000 | 100 | 100 | 1,200 |
| H&Q Russia Holding AB | 556540-6179 | Stockholm | 999 | 99,90 | 99,90 | 0 |
| Gadd Investment Management Ltd (Ireland) | | Dublin | 1,428 | 100 | 100 | 33,368 |
| M-fonden AB (in liquidation) | 556205-2703 | Stockholm | 2,500 | 100 | 100 | 300 |
| H&Q Fund Management Company S.A. | | Luxembourg | 1,299 | 99,90 | 99,90 | 1,230 |
| Total | | | | | | 304,056 |

A complete list of shares in subsidiaries and sub-subsidiaries is available at Hagströmer & Qviberg AB.

| | |
|--|----------|
| Accumulated acquisition value at beginning of year | 541,432 |
| Acquisitions and contributions for the year | 300,946 |
| Sales for the year | –416,122 |
| Reclassification | –94,000 |
| Accumulated acquisition value at year-end | 332,256 |
| Write-downs | –28,200 |
| Book value at year-end | 304,056 |

NOTE 25 PARTICIPATIONS IN ASSOCIATED COMPANIES

| Group | Corporate registration number | Domicile | Voting share | No. of shares | Book value |
|------------------------------------|-------------------------------|----------|--------------|---------------|---------------|
| Norden Holding A/S | 977 024 153 | Oslo | 40,35% | 1,047 | 28,290 |
| | | | | | 28,290 |
| Parent company | | | | 1999 | 1998 |
| Opening balance, acquisition value | | | | 35,977 | – |
| Purchases | | | | – | 35,977 |
| Sales | | | | –35,977 | – |
| Book value | | | | – | 35,977 |

NOTE 26 CHANGES IN EQUITY

| Parent company | Share capital | Statutory reserve | Profit brought forward | Profit/loss for the year | Total |
|---|---------------|-------------------|------------------------|--------------------------|----------------|
| Balance at beginning of financial year | 40,656 | 197,517 | 318,932 | -12,008 | 545,097 |
| Allocation of profit | | | -12,008 | 12,008 | - |
| Dividend | | | -73,181 | | -73,181 |
| Redemption | -5,082 | | -145,362 | | -150,444 |
| New issue of common stock | 70 | | | | 70 |
| New issue of debenture stock | 5,082 | | | | 5,082 |
| Group contribution | | | 240,464 | | 240,464 |
| Profit/loss for the year | | | | 78,291 | 78,291 |
| Balance at the end of the financial year | 40,726 | 197,517 | 328,845 | 78,291 | 645,379 |

Number of shares at par value SEK 2.50

| | |
|-----------------|-------------------|
| Common stock | 14,257,408 |
| Debenture stock | 2,032,799 |
| | 16,290,207 |

NOTE 27 CAPITAL COVERAGE STATEMENT

| Estimate of capital requirement at each year-end | 1999 | | 1998 | |
|--|------------|----------------------|------------|----------------------|
| <i>1. Estimate of total capital base</i> | | | | |
| Primary capital (net) | | 554,456 | | 403,217 |
| Total capital base | | 554,456 | | 403,217 |
| <i>2. Estimate of capital requirement for credit risks</i> | | | | |
| Groups and weighted indexes | Placements | Risk-weighted amount | Placements | Risk-weighted amount |
| Group A (0 %) | 352,752 | 0 | 397,472 | 0 |
| Group B (20 %) | 614,351 | 122,870 | 95,540 | 19,108 |
| Group C (50 %) | 0 | 0 | 0 | 0 |
| Group D (100 %) | 1,258,139 | 1,258,139 | 1,166,175 | 1,166,175 |
| Total | 2,225,242 | 1,381,009 | 1,659,187 | 1,185,283 |
| Total risk-weighted amount for credit risks | | 1,381,009 | | 1,185,283 |
| <i>3. Estimate of capital requirement for market risks</i> | | | | |
| Risk-weighted amount for interest risks | | 32,946 | | 23,967 |
| Thereof for specific risks | | 0 | | 0 |
| Thereof for general risks | | 32,946 | | 23,967 |
| Risk-weighted amount for share price risks | | 250,532 | | 134,418 |
| Thereof for specific risks | | 113,270 | | 62,376 |
| Thereof for general risks | | 137,262 | | 72,042 |
| Risk-weighted amount for liquidation risks | | 244,366 | | 6,872 |
| Risk-weighted amount counterparty risks and other risks | | 25,770 | | 44,464 |
| Risk-weighted amount for foreign exchange risks | | 5,596 | | 163,616 |
| Total risk-weighted amount for market risks | | 559,210 | | 373,337 |
| <i>4. Estimate of total capital coverage ratio</i> | | | | |
| Total capital base | | 531,837 | | 403,217 |
| Total risk-weighted amount for credit risks and market risks | | 1,940,219 | | 1,558,620 |
| Total capital coverage ratio as a percentage | | 27,41 | | 25,87 |
| <i>5. Cost risks</i> | | | | |
| Total capital base | | 531,837 | | 403,217 |
| Less: 25 % of fixed overhead | | -81,479 | | -70,389 |
| Surplus | | 450,358 | | 332,828 |

NOTE 28 BALANCE SHEET ITEMS WITH COUNTERPARTY RISK

Lending to credit institutions

Consists of claims upon Swedish and foreign credit institutions.

Lending to the public

Consists of claims upon private persons and companies that are secured by securities valued at no more than their chargeable value.

Chargeable government bonds

Consists of premium bonds issued by the Swedish National Debt Office.

Shares and participations

Consists essentially of Swedish and foreign listed securities.

Other assets

Consists mainly of derivative instruments cleared via OM.

Interest risks

Financial assets and liabilities on the balance sheet are related to floating interest rates. Accordingly, no fixed interest terms occur. There are no off-balance sheet financial items.

NOTE 29 AVERAGE NUMBER OF EMPLOYEES

| | 1999 Total | Thereof men | 1998 Total | Thereof men |
|-----------------------|---------------|----------------|---------------|----------------|
| Parent Company | | | | |
| Sweden | 3 | 2 | 2 | 2 |
| Subsidiaries | | | | |
| Sweden | 266 | 180 | 238 | 173 |
| Norway | 23 | 14 | 22 | 15 |
| USA | 10 | 4 | 7 | 3 |
| England | 1 | – | – | – |
| Russia | 2 | 1 | 9 | 5 |
| Switzerland | 9 | 5 | 8 | 4 |
| Luxembourg | 8 | 7 | 6 | 5 |
| Total | 322 | 213 | 292 | 207 |

NOTE 30 OTHER DISCLOSURES

General guarantee commitment

The parent company Hagströmer & Qviberg AB has signed a general guarantee commitment for Hagströmer & Qviberg Fondkommission AB.

Actual value

Financial assets and equipment are reported at acquisition value. The book value of other balance sheet items does not deviate from actual value to any significant degree.

To the Annual General Meeting of Hagströmer & Qviberg AB,
Corporate Registration Number 556274-8458.

We have examined the Annual Report, consolidated accounts and financial statements as well as the administration of the company by the Board of Directors and the President and Chief Executive Officer of Hagströmer & Qviberg AB for the financial year of 1999. The Board of Directors and the President and Chief Executive Officer are responsible for the accounting documents and administration of the company. Our responsibility is to make a statement about the annual report, consolidated accounts and administration of the company based upon our audit.

The audit was performed in accordance with generally accepted auditing standards in Sweden. Accordingly, we have planned and carried out the audit in such a manner as to reasonably assure ourselves that the Annual Report and consolidated accounts do not contain material error. An audit includes examination of a selection of the supporting information for amounts and other information included in the accounting records. Accounting principles and their application by the Board of Directors and the President and Chief Executive Officer are also examined during an audit and the collected information in the Annual Report and consolidated accounts is evaluated. We have reviewed significant decisions, measures and conditions within the company in order to be able to judge whether any members of the Board of Directors or the President and Chief Executive Officer are liable to pay compensation to the company or have in any other way acted in conflict with the Swedish Companies Act, the law governing financing operations, the Swedish Annual Accounts Act governing credit institutions and securities firms or the Articles of Association. We believe that our audit has given us reasonable grounds for the statement set out below.

The Annual Report and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Accounts Act governing credit institutions and securities companies. The annual report and consolidated accounts thus provide a true and fair picture of the group's financial performance and position in accordance with generally accepted accounting practices in Sweden.

We recommend that the annual general meeting adopt the income statements and balance sheets for the Parent Company and the Group, distribute profit in the Parent Company as recommended in Administration Report and discharge the members of the Board of Directors and the President and Chief Executive Officer of liability for the financial year.

Stockholm, 21 March 2000

KPMG
Caj Nackstad
Authorised Public Accountant

EXCERPTS FROM THE ARTICLES OF ASSOCIATION

Company name

The name of the company is Hagströmer & Qviberg AB. The company is public.

Registered office

The Board of Directors shall have its registered office in Stockholm, Sweden.

Board of Directors

The Board of Directors shall be made up of no fewer than five and not more than eight members.

Business

The purpose of the company's business shall be to own and manage shares and participations in companies that conduct financial activities such as securities operations, banking or fund management, and to conduct related business.

Share capital and stock

The company's share capital shall amount to not less than SEK 30,000,000 and not more than SEK 120,000,000.

Voting rights

Each shareholder entitled to vote at the Annual General Meeting may exercise the voting rights for the entire number of shares owned and represented by him.

Financial year

The company's financial year shall be the calendar year.

Record day provision

Persons who on the established record day have been entered into the share register or on the list in accordance with chapter 3, article 12 of the Swedish Companies Act shall be considered authorised to receive dividends,

stock issue certificates and certificates of new shares in connection with bonus issues to which shareholders are entitled and to exercise the shareholder's preemptive right to participate in the issue.

Other information

The company's Corporate Registration Number is 556274-8458. The company was registered with the Swedish National Patent and Registration Office on 3 June 1986 and has conducted business since 1986.

(Adopted at the extraordinary general meeting held 5 October 1999.)

DEFINITIONS

| | |
|------------------------------|--|
| Earnings per share after tax | Net profit after tax in relationship to the average number of shares of common stock during the period, 16,009,454 (16,262,395) ¹⁾ . |
| Equity per share | Equity divided by the number of shares of common stock on closing day, 14,257,408 (16,262,395). The total number of shares is 16,290,207 ¹⁾ . |
| Return on equity | Net profit/loss according to the income statement as a percentage of average equity during the period. |
| Profit margin | Net operating profit after depreciation as a percentage of net sales for the year. |
| Equity/assets ratio | Equity, including minority interests, as a percentage of net worth. |

1) At the end of the period, there were also 2,032,799 shares of debenture stock, for which H&Q applied for permission to redeem during 1999. The county administrative court granted H&Q's application on 2 February 2000. Following redemption, there are 14,257,408 shares.

Scheduled Reports

| | |
|---|---------------|
| Informational material | April 2000 |
| Annual General Meeting. | 27 April 2000 |
| Interim Report January – March 2000. | 27 April 2000 |
| Interim Report January – June 2000. | August 2000 |
| Interim Report January – September 2000 | October 2000 |

ANNUAL GENERAL MEETING

Annual General Meeting

The Annual General Meeting of Hagströmer & Qviberg will be held Thursday, 27 April 2000 at 4:00 p.m. at the Grand Hotel, Vinterträdgården, Stallgatan 6, Stockholm, Sweden. (At the corner of Stallgatan and Blasieholmsgatan, Royals Entrance).

Right to participate in the meeting

The right to participate in the Annual General Meeting of Hagströmer & Qviberg is reserved for shareholders who are recorded in the shareholder register no later than Thursday, 17 April 2000 and have notified Hagströmer & Qviberg of their intent to participate in the meeting no later than 4:00 p.m. on Tuesday, 25 April 2000.

Registration of shareholdings

Hagströmer & Qviberg's share register is maintained by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB). The share register includes only shares registered in the name of the owner.

To be eligible to participate in the meeting, shareholders whose shares are registered in the name of a trustee must register their shares under their own names no later than 17 April 2000. Trustees who hold shares in custody will assist with the change of registration.

Notice of intent to participate

Notice of intent to participate in the meeting may be made by telephone on +46 (0) 8-696 17 00 or in writing to:
Hagströmer & Qviberg AB
Legal Department
SE-103 71 Stockholm,
Sweden

BOARD OF DIRECTORS, AUDITORS AND MANAGEMENT

Chairman

Mats Qviberg, born 1953.
President,
Investment AB Öresund.
Board Member, AB Custos and
SAPA AB.
Elected: 1992.
Holdings as of 31 December
1999 (including family):
Shares: 930,000

**Mats
Qviberg**



**Sten
Dybeck**



Directors

Per Bystedt, born 1965
President, Spray Ventures AB.
Chairman of Razorfish Inc.
Board Member, Åhléns.
Elected: 1999
Holdings as of 31 December
1999:
Shares: –

**Per
Bystedt**



Sten Dybeck, born 1933
Chairman, EuroSupply Nordic
AB, Norrtälje Elektronik AB,
Elektronikbyggarna i Norrtälje
AB. Board Member, H&Q FK
AB. Member of the Executive
Council of the Federation of
Swedish Property Owners.
Elected: 1999
Holdings as of 31 December
1999 (including family and com-
panies):
Shares: 613,850

Anders Böös, born 1964
Executive Vice President
and Chief Operating Officer.
President, H&Q Holding and
H&Q FK.
Elected: 1994
Holdings as of 31 December
1999 (including family and com-
panies):
Shares: –
Call options: 106,600

**Anders
Böös**



**Gunnar
Ekdahl**



Stefan Dahlbo, born 1959
President and Chief Executive
Officer, H&Q. Chairman,
H&Q FK and HQ.SE Fonder.
Board Member, Swedish Securi-
ty Dealers Association.
Elected: 1995
Holdings as of 31 December
1999 (including family and com-
panies):
Shares: 193,620
Call options: 91,000

**Stefan
Dahlbo**



Gunnar Ekdahl, born 1943
Chairman, AB Anders Löfberg
and G & L Beijer AB. Board
Member, A-Com AB, Evidentia
Fastigheter AB, H&Q FK AB,
Ljungberggruppen AB, Poolia
AB and Svedala Industri AB.
Elected: 1992
Holdings as of 31 December
1999 (including family):
Shares: 142,520

Sven
Hagströmer



Sven Hagströmer, born 1943
Chairman, AB Custos, Invest-
ment AB Öresund. Board Mem-
ber, Bokförlaget Atlantis, Arki-
vator AB, NetCom Systems AB,
Protect Datasäkerhet AB and
Quartz Pro AB.
Elected: 1997
Holdings as of 31 December
1999:
Shares: –

Holdings as of 31 December
1999:
Shares: 4,350

Patrik Enblad, born 1966
Executive Vice President, Co-
Head of H&Q Technology.
Holdings as of 31 December
1999:
Shares: –
Call options: 126,880

Jonas
Wahlström



Jonas Wahlström, born 1958
Chairman, Johnson Pump AB.
Board Member, HQ.SE Fond-
kommission AB, Prisma Word
Sign International AB, Spray
Ventures AB, Sälenstjärnan AB.
Elected: 1999
Holdings as of 31 December
1999 (including companies):
Shares: 525,000

Olof Neiglick, born 1963
President, Hagströmer &
Qviberg Fondkommission AB,
Head of Administration and
Administrative Staff.
(*Begins 2 May 2000.*)

Management HQ.SE

Nicklas Storåkers, born 1974
President, HQ.SE Fondkom-
mission AB.
Holdings as of 31 December
1999:
Shares: –
Call options: 100,000

Auditors

KPMG
Chief Auditor:
Caj Nackstad, born 1945

**Management
Hagströmer & Qviberg**

Stefan Dahlbo, born 1959
President and Chief Executive
Officer

Ronnie Bodinger, born 1973
IT Manager
Holdings as of 31 December
1999:
Shares: 200

Anders Böös, born 1964
Executive Vice President and
Chief Operating Officer

Peter Friberg, born 1955
President, HQ.SE Fonder AB.
Holdings as of 31 December
1999:
Shares: –
Call options: 62,400

**Management
H&Q Holding**

Anders Böös, born 1964
President, Co-Head of H&Q
Technology.

Susan Lindkvist, born 1960
Administrative Manager.
Holdings as of 31 December
1999:
Shares: –

Per Axman, born 1961
Head of H&Q Private Banking.

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Fax: +46 40-12 40 01

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CH-1215, Geneva 15,
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