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**GROUP DEVELOPMENT IN BRIEF**

	2002	2001	2000	1999*
<b>INCOME STATEMENT (SEK m)</b>				
Commissions and other income, net	237	392	617	455
Net interest income	31	48	50	57
Net income from financial transactions, including dividends received	111	65	268	553
<b>Total operating income</b>	<b>379</b>	<b>505</b>	<b>935</b>	<b>1,065</b>
Operating expenses	-382	-495	-685	-712
<b>Operating profit/loss</b>	<b>-3</b>	<b>10</b>	<b>250</b>	<b>353</b>
Tax on profit/loss for the year	9	-7	-69	-106
Minority share of year's profits	6	-7	-	-
<b>Profit/loss for the year</b>	<b>12</b>	<b>-4</b>	<b>181</b>	<b>247</b>
<b>BALANCE SHEET (SEK m)</b>				
Lending to credit institutions	143	1,473	106	558
Lending to the public	681	782	1,658	1,367
Shares and participations	831	1,948	2,084	2,325
Other assets	1,103	545	690	745
<b>Total assets</b>	<b>2,758</b>	<b>4,748</b>	<b>4,538</b>	<b>4,995</b>
Liabilities to credit institutions	318	-	575	3
Deposits and borrowing from the public	1,158	1,529	1,714	2,142
Other liabilities and provisions	904	2,819	1,780	2,569
Minority share of equity	5	11	-	-
Equity	373	389	469	281
<b>Total liabilities, provisions and equity</b>	<b>2,758</b>	<b>4,748</b>	<b>4,538</b>	<b>4,995</b>
<b>KEY RATIOS</b>				
Earnings per share before dilution, SEK	2.4	-0.8	36	49
Earnings per share after dilution, SEK	2.3	-0.8	35	47
Equity per share, SEK	72	75	93	-
Cash flow per share after dilution, SEK	-317	368	-196	-
Return on equity, %	3	-1	46	83
Operating margin, %	-1	2	27	33
Capital coverage, %	42	26	24	-
Dividend (2002 proposed) per share, SEK	5	5	17	-
Number of shares outstanding before dilution	5,176,162	5,173,724	5,017,374	5,017,374
Number of shares outstanding after dilution	5,208,562	5,458,624	5,226,124	5,226,124
Average number of shares before dilution	5,176,844	5,144,656	5,017,374	5,017,374
Average number of shares after dilution	5,375,305	5,280,557	5,226,124	5,226,124
Market capitalisation at year-end, SEK m	362	561	1,003	-
Average number of employees	219	293	314	293
Operating profit per employee, SEK k	-16	34	796	1,205

\* Comparative figures are pro forma

See definitions of key ratios on page 42.

## CHIEF EXECUTIVE OFFICER

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An ice-cold wind is blowing in the financial services industry. The Stockholm exchange, Stockholmsbörsen, declined by 37.4 percent during the year (measured using the Affärsvärlden general index), and has declined by 63.7 percent since its peak on March 6, 2000. During this time, activity and market turnover both decreased. Recent years have also brought a certain downward pressure on prices. A stock market decline, reduced turnover and pressure on prices are naturally poor conditions for running a securities brokerage business. Thus 2002 can be described as another lost year for the financial services industry. The sector is in a deep cyclical trough, but is also undergoing a structural change. It is not as chilly in every segment.

H&Q's operating income for 2002 amounted to SEK 379 million. Net earnings amounted to SEK 12 million. Operating earnings were SEK -3 million. The past year has largely been characterised by cutbacks, and therefore an improvement in the opportunity for profitability in the longer term. Proactive measures have also been taken.

Income is lower in all areas of business, but particularly hard hit was income from commissions and fees, mainly brokerage fees and fees for capital acquisition. H&Q has dealt with this by increasing the proportion of repeat income, mainly through greater concentration on asset management and automation of trade in stocks and derivatives.

At the start of the year the level of costs, excluding bonuses, was an annualised SEK 335 million. From the second half of 2002 the annual level is now below SEK 250 million. This has been made possible through office closures and staff reductions. The businesses in New York, Luxembourg and Örebro have been closed. Staff numbers were reduced from 246 to 177. This means that during the year a net of 69 employees left the company. Restructuring costs for the entire transition amount to SEK 29 million, of which SEK 16 million is attributable to the closures in New York and Luxembourg. These measures have led to annual savings of almost SEK 90 million and an organisation that is better adapted to today's market structure.

The cost reductions should be viewed in the context that this was the second consecutive year H&Q implemented cost-cutting measures. Since the measures began at the start of 2001, the company has almost halved its staffing levels and costs. At the same time, costs per employee have fallen slightly. This means that H&Q has succeeded in retaining the economies of scale in those segments where the company is active.

Cost-cutting measures are difficult and trying for all

involved. Despite this the atmosphere has been good within the company. When a number of other banks and securities brokers started their cost cutting in the summer of 2002, H&Q had more or less completed this work. H&Q has therefore been able to dedicate the autumn and winter to proactive measures.

Several key recruitments have been made. The level of activity has risen markedly and the atmosphere in the company has further improved. The consequence of this has been greatly increased market share and a net inflow of new client volumes. Thus far the rise in the level of activity has been achieved independently. Acquisitions may be considered in the future. Any acquisition or merger would have to be based on a proactive stance and on H&Q being able to strengthen its income, rather than on reducing costs. The aim is to strengthen H&Q's three core areas:

Private Banking comprising:

- Asset Management and Financial Planning

Investment Banking comprising:

- Research-based institutional trade in stocks and derivatives as well as trading on H&Q's own account
- Corporate Finance

The arctic climate in the financial services industry is also affecting H&Q's core areas, but there are signs of a thaw.

H&Q's launch of Absolute Asset Management has led to a series of new products and services within Private Banking. During the year H&Q founded a fund-of-funds company. This makes possible both individually tailored asset management assignments directed towards absolute returns, and ready-packaged fund solutions. The individual part of this service was launched in the autumn. H&Q assesses that the funds component will start in the second quarter of 2003, as this requires authorisation from the Swedish Financial Supervisory Authority, Finansinspektionen.

The concentration on institutional trade in stocks and derivatives has continued. During the year the emphasis of the research product changed. H&Q's target today is absolute returns – an opportunity for the client to receive a return rather than exceeding a specific stock index. This means that a return can be achieved even in a poor year on the stock market, which strengthens clients and therefore also H&Q. This emphasis on research led to a marked rise in activity during the autumn, but from a low level.

The trading operations have existed at H&Q since

1994 and demonstrate good, consistent profitability. Of the key recruitments made at the company during the year, several were within Trading. H&Q has also entered into an alliance with Orc Software. This is intended to automate some parts of trade and therefore make possible a continued expansion into more markets. This will also benefit institutional clients since it will make it possible for them to trade on more markets than previously.

Measures taken during the year have lowered the threshold for profitability. H&Q will demonstrate positive earnings in 2003, provided that activity remains at least level with that of the second half of 2002. Once the market regains momentum H&Q will be well equipped for better times.

Survival is the ability to adapt. Success is being able

to utilise every conceivable scenario to your advantage. Companies that suffer long-term losses due to a change in circumstances have the wrong direction, or at least the wrong level of costs. There is no such thing as bad weather, just bad or wrong clothing. This is particularly true at the moment, with market conditions close to permafrost.

I am grateful for the privilege of having led H&Q over the past year and would like to express my hope for a good year for H&Q's clients, employees and shareholders.



Patrik Enblad  
Chief Executive Officer





**PRIVATE BANKING**

**BUSINESS AND ORGANISATION**

H&Q Private Banking directs its services primarily towards entrepreneurs, companies, foundations and small and medium-sized institutions. Clients are offered individual wealth management and financial planning.

Through external partnerships H&Q strives to offer clients the best solution for any given situation. By working with the best, H&Q is able to deliver added value to our clients in many areas.

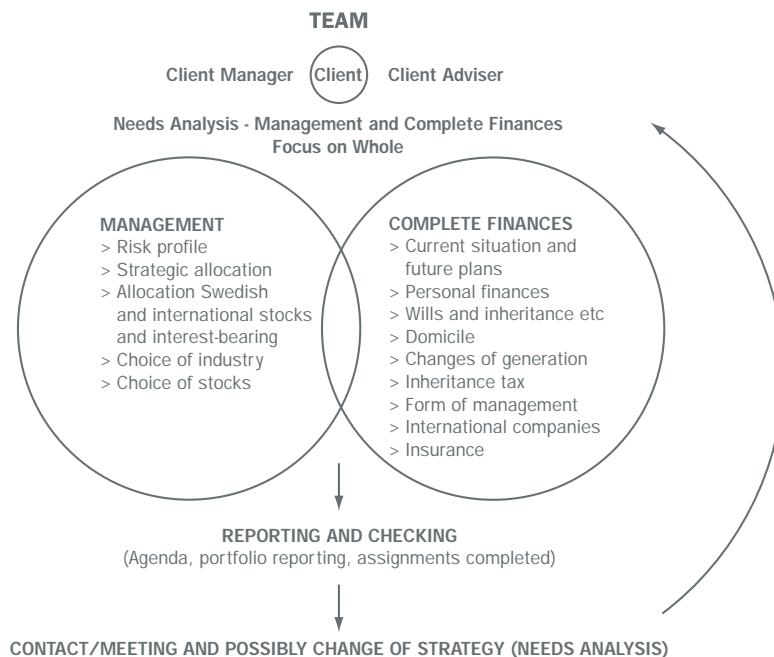
The business is organised into two arms: Financial Planning and Asset Management.

- **Financial Planning** provides complete financial solutions based on an individual needs analysis. Through a series of Swedish and international partners we also provide services related to matters of taxation and insurance, generation change, the formation of companies and foundations and the transfer of companies.
- **Asset Management** provides discretionary and advisory wealth management and stock brokerage services.

**BUSINESS MODEL**

H&Q Private Banking offers needs-adapted complete solutions. The wealth management provided by Asset Management conforms to a structured investment process based on internal or external research. Decisions are naturally taken with reference to specific client wishes.

- **Needs Analysis** – This is a systematic analysis of a client’s risk profile and requirement for services, always conducted when a client relationship is established. The needs analysis is an important guide and a competitive tool, and helps to increase our ability to deliver added value. The needs analysis is registered in a CRM system, and provides continuous support for the client manager during regular client contact.
- **Investment process** – This is the methodology employed in conjunction with portfolio allocation. This has been improved and strengthened through new partnerships and through the development and focus on Absolute Asset Management.



- **Partnerships** – These are partnership agreements with selected players in the fields of financial planning and asset management that provide complementary offerings and therefore make it possible to provide a complete range of services.

Partnerships have provided a successful route in strengthening the overall product offering, the investment process and the competence base. The model of an open architecture - the availability of a range of attractive products from other players instead of our own products - is a good solution for all parties. The number of partnerships was increased during the year with companies including Dexia BIL Luxembourg S.A., Länsförsäkringar Halland, Harcourt AG, Sparbanken Finn and Credit Suisse First Boston International.

The concentration on financial planning has resulted in H&Q Private Banking achieving a position as market leader in Sweden for selected client groups. The concept is unique. The overall offering made possible through teamwork between Financial Planning and Asset Management provides a complete solution, which means advantages for the clients.

#### MARKET

Just as in the year before, the market in 2002 was tainted with uncertainty and despondency. The level of activity among many brokerage clients continued to decrease during the year, while interest in long-term asset management has increased. This means that the client category addressed by H&Q Private Banking has increasingly started to look for products and services that entail less risk, but that can also generate an attractive return.

Consequently H&Q Private Banking has developed two new products: Absolute Asset Management, and a fund-of-funds solution dedicated to absolute returns.

Absolute Asset Management is a discretionary product for clients with at least SEK 3 million in assets for investment. The intention of this product is for it to provide an absolute return irrespective of how the stock market performs. The product was launched in

December 2002 and has been given a very positive reception.

The basis of the fund-of-funds product offered through H&Q Fond i Fond AB is that H&Q Private Banking and its partners select Swedish and international fund managers and funds that have the best prospects of generating a good return in relation to the exposed risk. The launch is planned for the second quarter of 2003.

#### EARNINGS

Despite a chilly financial climate, H&Q Private Banking managed to demonstrate positive earnings (excluding extraordinary items and restructuring costs) for 2002. The cost base has been reduced by more than 30 percent during the year. The offices in Örebro and Luxembourg were closed. The business in Jönköping has been co-ordinated with the Gothenburg office. The number of employees was reduced from 102 at the end of 2001 to 69 at the end of 2002.

The measures taken have not only been aimed at cutting costs, but have also been proactive. During the year H&Q Private Banking started Fond-i-Fond AB with the recruitment of experienced personnel in this field, and initiated co-operation with Harcourt Investment Consulting. In addition, a branch of the Gothenburg office was opened in Halmstad during December. To continue to provide our clients with a good level of service via Luxembourg, we have initiated co-operation with Dexia in Luxembourg.

#### MARKET SHARE

H&Q Private Banking has in recent years experienced a continuous inflow of new clients and volumes. The net inflow for the year was strong, with a peak in the fourth quarter. This indicates that H&Q Private Banking is increasing its market share in the segment. Total assets under management at the end of 2002 were approximately SEK 16 billion. This is a net reduction in managed capital of 11 percent (SEK 18 billion at the end of 2001) compared with the decline in the Affärsvärlden general index of 37.4 percent.





## INVESTMENT BANKING

### BUSINESS AND ORGANISATION



The Investment Banking unit conducts business in research, trade in stocks and derivatives on behalf of both H&Q and clients, capital acquisition, and advice in connection with acquisitions and mergers. The business focuses on providing advice and ideas that offer clients added value. The target group is made up mainly of institutions and companies in the Nordic region.

The Investment Banking business is organised into three areas: Corporate Finance, Equities and Trading.

- Corporate Finance** offers professional financial advice in conjunction with capital acquisition transactions, mergers and acquisitions, and divestments. The unit also offers professional financial advice in matters of ownership and capital structure as well as strategic development. Corporate Finance also includes Equity Capital Markets, which is responsible for co-ordinating the placement of large share stakes. Clients are mainly large and medium-sized Nordic companies and international companies wishing to conduct transactions on the Nordic market. Clients are found in all

sectors, but most recent assignments have been in the fields of technology and real estate. Within the framework of Investment Banking the company also provides underwriting of share offerings, and financing as part of the implementation of private or public capital acquisition assignments.

- Equities**, comprising Sales, Sales Trading and Research, is responsible for research as well as trade in stocks and derivatives on behalf of clients. Equities serves primarily Nordic institutions and inter-bank clients in the rest of Europe. H&Q Research provides economic analysis, strategy reports, stock and sector analysis, and primarily covers the Swedish market. The research unit works on an idea-based principle, rather than product-based. This work is directed towards absolute returns and added value for the clients, which means that H&Q's ambition is to focus on stock analysis rather than company analysis.
- Trading** conducts trade in stocks and derivatives on H&Q's own account, with an emphasis on arbitrage and market making on the markets in Stockholm, Helsinki, New York and Frankfurt.

MARKET MAKING  <b>KAUPTHING</b> NOVEMBER 2002	MARKET MAKING  <b>LESTIERNAN</b> NOVEMBER 2002	ACQUISITION OF TELENORDIA  <b>Glocalnet</b> SEK 140m OCTOBER 2002 SOLE LEADER	SPINOFF AND IPO  <b>CONNECTA</b> JULY 2002 SOLE LEADER
PLACEMENT CONVERTIBLE DEBENTURES  <b>Klöver</b> SEK 50m JULY 2002 SOLE LEADER	RIGHTS ISSUE  <b>Klöver</b> SEK 253m JULY 2002 CO LEADER	ACQUISITION OF REAL ESTATE PORTFOLIO  <b>ADCORE</b> SEK 1256m JULY 2002 CO LEADER	DIVESTITURE MAJOR BLUE TO NOVO GROUP  <b>RESCO</b> EUR 9m JUNE 2002 SOLE LEADER
MERGER WITH REALIA  <b>COLUMNA</b> SEK 545m JUNE 2002 SOLE LEADER	ACQUISITION OF MASSIVE ENTERTAINMENT  <b>VIVENDI UNIVERSAL</b> JUNE 2002 SOLE LEADER	RIGHTS/ DESIGNATED ISSUE  <b>UOSTAK OIL</b> SEK 171m MAY 2002 SOLE LEADER	ACQUISITION OF IMS  <b>MARTINSON</b> SEK 102m MAY 2002 SOLE LEADER
ACQUIRED BY TELE DANMARK  <b>TELE DANMARK</b> APRIL 2002 SOLE LEADER	IPO  <b>VOSTOK ENERGY</b> SEK 307m MARCH 2002 LEAD MANAGER	PLACEMENT  <b>SECTRA</b> SEK 69m JANUARY 2002 SOLE LEADER	ACQUISITION OF KIPLING  <b>DMSN</b> SEK 30m JANUARY 2002 SOLE LEADER

## MARKET

During the year the market has been characterised by a worsened economy, which has been apparent through falling share prices and reduced activity on stock markets around the world. All investor groups, with the exception of hedge funds, reduced their activity in 2002. The lower level of activity has also decreased demand for the provision of venture capital and the implementation of mergers and acquisitions. Consequently the number of transactions fell sharply in 2002 compared with earlier years.

For Corporate Finance the competitive situation has changed. Competition from international banks has declined, but has intensified from local competitors. Downward pressure on prices has been the consequence of a small number of available transactions. The direction of H&Q Corporate Finance has been broadened, and the focus has shifted from capital acquisition to M&As. During the past year H&Q Corporate Finance has completed 16 advisory assignments. Of these, one-third were for capital acquisition, and two-thirds for M&As.

For Equities, which includes Sales, Sales Trading and Research, the market has been characterised by lower activity among investors. The changed emphasis

of the research product has been very successful. Thanks to this change within research and the fact that H&Q was early in reducing costs, Equities has been able to demonstrate rising earnings. This has in turn laid the ground for new recruitment and a strengthening of both research and brokerage. The consequence of the proactive measures is that positions have been moved forward and volumes are rising in all client segments.

In Trading, the lower level of market activity is negatively affecting current income. At the same time, less competition has contributed to a rise in margins, which has resulted in continued good profitability. The trading department has utilised the weak market situation to make key recruitments. Great focus has also been placed on automation of trade. Trading has entered into an alliance with the world's leading vendor of financial risk control systems, Orc Software. The intention of this is to further develop systems in automated stock and derivatives trade. The partially changed working method has freed up resources, reduced costs and increased the speed of trade. In addition, there is significant potential in the fact that more markets than previously can be addressed.





**HUMAN CAPITAL**

**HUMAN CAPITAL**

For H&Q, just as for others in the financial services industry, 2002 was a year of setbacks. In the hunt to cut costs, staff cutbacks were therefore made. For many, this trimming of the workforce has meant new areas of responsibility and new assignments. Despite the cutbacks this transition has worked well.

During the year a number of recruitments were made in administration, as well as in Investment Banking and Private Banking.

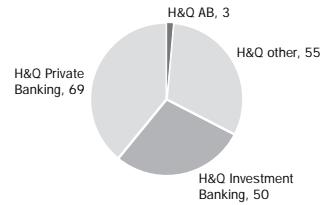
H&Q has a flat hierarchy with clear leadership, a fast pace, great commitment and a good social atmosphere. Employees have opportunities to influence both their own working situation and the company as a whole. The company aims to be an attractive workplace, offering a stimulating working environment and career development opportunities.

H&Q operates in an industry where knowledge is the principal asset and the most important competitive medium. It is the competence of the employees that determines the success of the company. It is therefore vitally important to be able to attract the most highly qualified people on the market and to continuously develop and improve the existing personnel.

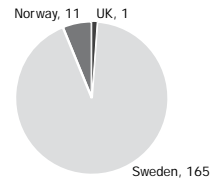
All employees at H&Q who are affected by the licensing requirements of the Swedish Securities Dealers Association have been awarded their licences. Of those H&Q employees who sat the licensing test in 2002, 96 percent succeeded on their first attempt, compared with the market average of 69 percent.

The number of employees on December 31, 2002 was 177 (246). The average number of employees during the year was 219. The average age of the employees was 40 years and the average duration of employment was 4.8 years.

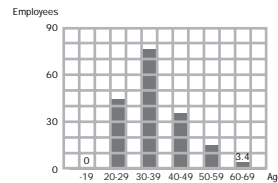
**Number of Employees by Business Area\***



**Number of Employees Geographically\***



**Age Distribution\***



\* December 31, 2002

## RISKS AND RISK MANAGEMENT

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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

Market risks primarily involve price risks associated with stocks and derivatives. These risks arise mainly 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 settlement against delivery. H&Q uses recognised quantitative models to compile market risks, by means of which the company can simulate the effects of price fluctuations and changes in market volatility.

The market risk in H&Q's own inventory when its mandate is fully exercised is SEK 35 million for a 10 percent fluctuation in price (per December 31, 2002 the market risk was SEK 11.9 million). Financial assets and liabilities on the balance sheets in addition to the parent company's issued debenture have variable interest rates and there is therefore no interest-rate risk, see Note 27.

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 normal reliance upon clearing organisations such as VPC and Stockholmsbörsen for settlement of executed transactions. OTC business in derivatives with counterparties unaffiliated with these clearing or settlement systems occurs only to a limited extent.

Credit risk consists mainly of lending to custody account clients, see Note 14. The majority of such loans are secured by pledges on market-listed securities to a maximum of the collateral value recommended by the Swedish Bankers' Association. The credit risk can be reduced by lowering the collateral value for certain individual securities.

Liquidity risk is the risk that H&Q cannot immediately realise assets on the balance sheet. These assets consist mainly of liquid, market-listed securities and lending based upon collateral in such. Liquidity risk can be reduced by reducing the scope of individual commitments.

Financing risk is H&Q's ability to finance operations on an ongoing basis 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 external regulations, primarily pursuant to law and the regulations and recommendations of the Swedish Financial 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. Internal regulations have been drawn up for employees. Continual training, controls and follow-up are conducted by the risk and legal/compliance departments to assure compliance with the regulations. These departments are also responsible, together with the departmental managers, for ensuring that the regulations are always up to date.

Operational risk is the risk of losses consequent upon inadequate internal procedures and controls, erroneous transaction registrations, breakdowns in internal systems or the systems of outside parties (e.g., the settlement system, VPC or Stockholmsbörsen), fire, sabotage, etc. Working with operational risks means active efforts to eliminate these risks through continual improvement of procedures and technical systems, improvements in reporting to management, and ongoing training of personnel.

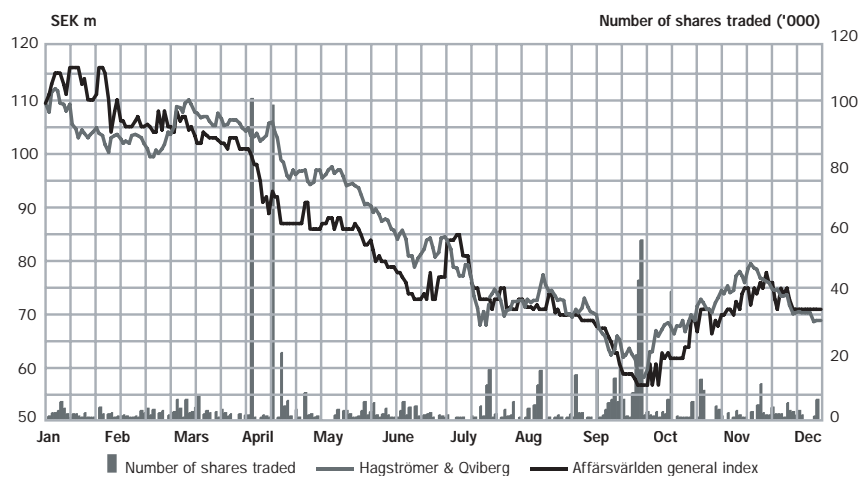
The board of directors has allocated duties and powers with respect to risk management by means of the company's risk and security policy. This allocation creates a structure for decisions on risk issues. The most important decision-makers in this structure are the head of risk/finance/credit, the CEO, heads of business areas and the board of directors. The company's management participates actively in the formulation of guidelines for risk management. These guidelines are constantly re-evaluated and updated.

The risk management function is independent of the business operations and the manager reports to both the CEO and directly to the board of directors. Risk management is carried out within each business unit, as well as back office, under the supervision of, and in communication with, risk management and other administrative functions.

Responsibility for follow-up at aggregated level is the duty of the risk management function with respect to all market, liquidity/financing, credit/counterparty and operational risks. This unit is also responsible for monitoring the trade organised by H&Q in some unlisted companies. 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.

**H&Q SHARE**

Price trend for the H&amp;Q share in 2002



Market capitalisation (SEK m), Dec 31, 2002	362	Traded (SEK m) in 2002	69
Price quoted (SEK), Dec 31, 2002	70	Number of shares traded in 2002	872,758
High/Low 2002	115/56	Total return H&Q share including dividends (%)	-31

Year	Change	Increase/decrease in number of shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK
1999	Company formed	1,000	1,000	100,000	100,000
1999	Split and new issue	11,500	12,500	400,000	500,000
2000	New issue	3,551,852	3,564,352	142,074,080	142,574,080
2000	New issue, preferred stock	1,453,022	5,017,374	58,120,880	200,694,960
2001	New issue, warrants	168,850	5,186,224	6,754,000	207,448,960
2002	New issue, warrants	4,000	5,190,224	160,000	207,608,960

During the year 1,562 shares have been bought back at a price of SEK 70. Total shares bought back therefore amount to 14,062.

**Outstanding warrants, February 2003**

Year	Number	Duration	Exercise price
2000	32,400	2001-01-01 - 2003-07-01	71 SEK
2000	209,650	2002-01-02 - 2003-11-28	269 SEK
2001	248,500	2002-11-28 - 2003-11-28	133 SEK

**PRINCIPAL SHAREHOLDERS**

According to the share register maintained by VPC, the following companies and individuals were the largest registered shareholders as of December 31, 2002. There were 5,473 shareholders.

<b>Shareholder</b>	<b>Common stock (number) 2002</b>	<b>Preferred stock (number) 2002</b>	<b>Total shares (number) 2002</b>	<b>Ownership (%) 2002</b>
Investment AB Öresund	1,793,570	32,522	1,826,092	35.2
Mats Qviberg (and family)	267,300	0	267,300	5.2
Patrik Enblad	0	198,024	198,024	3.8
Sten Dybeck (and family)	162,650	0	162,650	3.1
Per Axman	1,356	148,644	150,000	2.9
Anders Böös	0	100,289	100,289	1.9
Thomas Krishan	0	98,765	98,765	1.9
Johan Unger (and family)	11,157	79,382	90,539	1.7
Shousen Corporation	89,550	0	89,550	1.7
Torbjörn Gunnarsson	6,450	79,382	85,832	1.7
Other*	1,444,560	676,623	2,121,183	40.9
<b>Total</b>	<b>3,776,593</b>	<b>1,413,631</b>	<b>5,190,224</b>	<b>100.0</b>

\* Including 14,062 common shares bought back.

**DIVIDEND POLICY**

The board of directors for Hagströmer & Qviberg (H&Q) 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 and chief executive officer recommend payment of a dividend of SEK 5 per share.

**PAYMENT OF DIVIDEND**

If the annual general meeting of April 3, 2003, endorses the recommendation of the board of directors and the chief executive officer, dividends are expected to be distributed by VPC AB on April 11, 2003.

## ADMINISTRATION REPORT

The board of directors and chief executive officer of Hagströmer & Qviberg AB (a public company), corporate registration number 556573-5650, hereby submit the annual accounts for the financial year of 2002.

Hagströmer & Qviberg AB is the parent company in the Hagströmer & Qviberg group. The following balance sheets and income statements as well as the accounting principles and notes constitute an integral part of the administration report.

### Business

Hagströmer & Qviberg (H&Q) is one of the leading investment banks in Sweden. Business includes primarily financial advice, trading in securities and wealth management. The head office is located in Stockholm and business is also conducted from offices in Gothenburg, Halmstad, Jönköping, Malmö, Norrköping and Oslo. The number of employees in the group on December 31, 2002, was 177 (246).

### Profit Trend

Hagströmer & Qviberg (H&Q) reports for 2002 operating earnings of SEK -3 (10) million. Earnings have during the year been burdened with restructuring costs of SEK 29 million, of which SEK 16 million for the closure of offices in Luxembourg and New York, and SEK 13 million for staff cuts. Other non-recurring income and expenses amounted to a net of SEK 5 million.

Total operating income was SEK 379 (505) million. Adjusted for income of a non-recurring nature, income decreased by 18 percent. Net income from commissions and fees decreased by 32 percent to SEK 223 (330) million. Income from financial advisory services and underwriting decreased compared to the previous year by 30 percent to SEK 76 (109) million. Net income from financial transactions including dividends amounted to SEK 111 (65) million. Adjusted for corporate finance-related holdings of SEK -6 (-80) million, this corresponds to a decrease of 19 percent compared to the previous year.

As a result of the cost-cutting measures implemented during the year, costs have been reduced considerably. Total operating expenses for the year amounted to SEK 382 (495) million, a decrease compared to the previous year of 23 percent. Current expenses on an annual basis excluding bonuses amount to around SEK 250 million. Staff expenses were reduced by 28 percent to SEK 236 (327) million. Other expenses, excluding bad debt and credit losses and items affecting comparability, decreased by 32 percent to SEK 112 (164) million. The year's bad debt losses of SEK 18 million are entirely attributable to the Norwegian business. Average expenses per employee

(excluding losses for bad debt and restructuring costs) have fallen despite large-scale staff cuts.

### Investment Banking

Operating income for H&Q Investment Banking amounted to SEK 187 (177) million, an increase of 6 percent compared to the previous year. Earnings for the business unit were positive, despite a negative earnings effect of SEK 10 million relating to a part-owned group company. During the autumn activity increased considerably in stock and derivatives trade, both by clients and by H&Q. Meanwhile the level of activity in Corporate Finance has been low. The number of employees on December 31, 2002, was 50 (73 per December 31, 2001).

### INCOME STATEMENT

INVESTMENT BANKING	2002	2001
<i>Income from commissions and fees</i>		
Financial advice	26	48
Capital acquisition and equivalent	37	48
Brokerage fees	52	99
Other fees and commissions	2	1
Expenses for commissions and fees	-24	-39
<b>Total net commissions and fees</b>	<b>93</b>	<b>157</b>
Net interest income/expense	-4	-4
Net result of financial transactions	72	0
Dividends	26	25
Share of profits in associated companies	-	-1
<b>Total income</b>	<b>187</b>	<b>177</b>
<b>Expenses</b>		
General administrative expenses	-121	-178
Depreciation	-8	-5
Other operating expenses	-18	-28
Bad debt losses, net	-18	0
Items affecting comparability	-9	0
<b>Total operating expenses</b>	<b>-174</b>	<b>211</b>
<b>Operating profit/loss</b>	<b>13</b>	<b>-34</b>

### Private Banking

Operating income for H&Q Private Banking amounted to SEK 175 (249) million, a decrease of 30 percent compared to the previous year. Earnings were negative for the unit, which is explained by the closure of the office in Luxembourg. H&Q Private Banking continues to build on its strategy of an open architecture with external partnerships. During the year H&Q Private Banking demonstrated a continued net inflow of new client volumes, partly due to the focus on Financial Planning and

concentration on Absolute Asset Management. As a result of the net inflow, total assets under management decreased by only 11 percent to SEK 16 (18 per December 31, 2001) billion, despite a decline in Stockholmsbörsen (Affärsvärlden general index) of 37.4 percent.

The number of employees on December 31, 2002, was 69 (102 per December 31, 2001).

#### INCOME STATEMENT

PRIVATE BANKING	2002	2001
<i>Income from commissions and fees</i>		
Brokerage fees	106	151
Capital acquisition and equivalent	13	13
Asset management and other fees	20	23
Expenses for commissions and fees	-8	-13
<b>Total net commissions and fees</b>	<b>131</b>	<b>174</b>
Net interest income/expense	39	61
Net result of financial transactions	5	14
<b>Total income</b>	<b>175</b>	<b>249</b>
<b>Expenses</b>		
General administrative expenses	-128	-169
Depreciation	-6	-8
Other operating expenses	-40	-63
Bad debt losses	0	-3
Items affecting comparability	-7	0
<b>Total operating expenses</b>	<b>-181</b>	<b>-243</b>
<b>Operating profit/loss</b>	<b>-6</b>	<b>6</b>

#### Financial Position and Liquidity

The group's total assets on December 31, 2002 were SEK 2,758 (4,748) million. Liquid funds were SEK -175 (1,474) million. Shareholders equity was SEK 373 (389) million, corresponding to SEK 72 (75) per share. Capital adequacy for the group was 42 (26) percent.

#### Disputes

In the group, within the framework of normal business activities, a small number of disputes are ongoing pertaining to comparatively small amounts. Reserves have been made to the extent that loss risks have been deemed to exist.

#### Tax Proceedings

Hagströmer & Qviberg Fondkommission AB was the subject of a tax audit in 1997 referring to the financial years of 1993 and 1994. The Swedish Tax Authority questioned corporate reporting of value-added tax pertaining to, among other things, some corporate finance services, specifically commissions/assignment manage-

ment in conjunction with initial public offerings and underwriting fees received due to guarantees made in conjunction with new issues. In September 2000 the county administrative court ruled in H&Q's favour. The Tax Authority has appealed with relation to, among other things, the underwriting fees, claiming that H&Q should be charged value-added tax of almost SEK 1 million. No reserve has been deemed to be necessary.

#### Board of Directors

The board of directors of Hagströmer & Qviberg AB is made up of seven directors elected by the annual general meeting. Details of the directors are given on page 46. (Eight directors were elected by the annual general meeting in 2002, of which one resigned in November 2002 for health reasons.)

During the financial year of 2002 the board of directors held twelve meetings, of which one was a statutory meeting. The business of the board is conducted according to an agenda adopted by the board and reviewed annually. The company's auditors participated in one meeting and reported their observations following completed audits, and reported to the auditing committee formed during the year.

#### Parent Company

Hagströmer & Qviberg AB owns and manages shares and participations. The company reported for the period a net turnover of SEK 0 (0) million and earnings before appropriations and tax of SEK 43 (-4) million.

#### Outlook

The financial industry is depressed. Excess supply and continuing high costs for many players mean that profitability will remain low in the sector.

Hagströmer & Qviberg has met this by greatly reducing expenses and by focusing on our core areas of

Private Banking including Financial Planning, and Investment Banking comprising Corporate Finance and automated share trading, including institutional client trade. In these areas Hagströmer & Qviberg is experiencing continued growth.

Hagströmer & Qviberg's market share of trade on Stockholmsbörsen rose during the year from 3.7 percent in January to 5.8 percent in December. Several key recruitments were made and agreements were signed with further external partners. This had a positive effect on the net inflow of customer volumes and our assessment is that the inflow will continue.

Hagströmer & Qviberg will demonstrate positive earnings in 2003 provided that activity remains at least level with that in the second half of 2002.

**RECOMMENDED DISPOSITION OF PROFIT**

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**Group**

Consolidated non-restricted equity amounts to SEK 77 million. A transfer of SEK 5 million to restricted reserves is proposed.

**Parent Company (SEK k)**

The following funds are at the disposal of the annual general meeting:

Profit brought forward	38,048
Profit/loss for the year	52,974
	<hr/>
	91,022

The board of directors and the chief executive officer recommend:

Dividend to shareholders of SEK 5 per share, totalling	25,881
Transfer to statutory reserve	5,297
To be carried forward	59,844
	<hr/>
	91,022

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

Stockholm, February 27, 2003

*Mats Qviberg*  
Chairman

*Anders Böös*

*Stefan Dahlbo*

*Sten Dybeck*

*Thomas Erséus*

*Curt Lönnström*

*Patrik Enblad*  
Chief Executive Officer

Our auditor's report was submitted February 27, 2003

KPMG

*Caj Nackstad*  
Authorised Public Accountant

**CONSOLIDATED INCOME STATEMENT**

<b>CONSOLIDATED INCOME STATEMENT</b>			
<b>(SEK m)</b>	<b>NOTE</b>	<b>2002</b>	<b>2001</b>
Income from commissions and fees	1	256	384
Expenses from commissions and fees	2	-33	-54
Interest income	3	86	120
Interest expense	4	-55	-72
Dividends received	5	26	27
Net result of financial transactions	6	85	39
Other operating income	7	16	59
Share of profits in associated companies		-2	2
<b>Total operating income</b>		<b>379</b>	<b>505</b>
General administrative expenses	8	-311	-438
Depreciation and write-down of tangible and intangible fixed assets	9	-21	-22
Other operating expenses	10	-16	-31
Items affecting comparability	11	-16	-
Losses due to bad debt		-18	-
Credit losses, net	12	0	-4
<b>Total operating expenses</b>		<b>-382</b>	<b>-495</b>
<b>Operating profit/loss</b>		<b>-3</b>	<b>10</b>
Tax on profit/loss for the year	13	9	-7
Minority share of year's profits		6	-7
<b>Net profit/loss for the year</b>		<b>12</b>	<b>-4</b>
Earnings per share before dilution, SEK		2.4	-0.8
Earnings per share after dilution, SEK		2.3	-0.8
Number of shares outstanding before dilution		5,176,162	5,173,724
Number of shares outstanding after dilution		5,208,562	5,458,624
Average number of shares before dilution		5,176,844	5,144,656
Average number of shares after dilution		5,375,305	5,280,557

Definition of calculation of number of shares, see page 42.

**CONSOLIDATED BALANCE SHEET**

<b>CONSOLIDATED BALANCE SHEET (SEK m)</b>	<b>NOTE</b>	<b>2002-12-31</b>	<b>2001-12-31</b>
<b>ASSETS</b>			
Cash and central bank balances		0	1
Lending to credit institutions	27	143	1,473
Lending to the public	14, 27	681	782
Bonds and other interest-bearing securities	15, 27	0	4
Shares and participations	16	831	1,948
Intangible fixed assets	19	11	12
Tangible assets	20	9	24
Other assets	21	1,073	487
Prepaid expenses and accrued income		10	17
<b>Total assets</b>		<b>2,758</b>	<b>4,748</b>

**CONSOLIDATED BALANCE SHEET**

<b>CONSOLIDATED BALANCE SHEET (SEK m)</b>	<b>NOTE</b>	<b>2002-12-31</b>	<b>2001-12-31</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Liabilities to credit institutions	27	318	0
Deposits and borrowing from the public	27	1,158	1,529
Issued securities	23, 27	49	64
Other liabilities	22	747	2,651
Accrued expenses and deferred income	24	84	79
Provisions	25	24	25
Minority share of equity		5	11
Share capital	26	208	208
Restricted reserves	26	88	60
Non-restricted reserves	26	65	125
Net profit/loss for the year	26	12	-4
<b>Total equity, provisions and liabilities</b>		<b>2,758</b>	<b>4,748</b>
<b>MEMORANDUM ITEMS</b>			
<b>Pledges and equivalent collateral to secure own liabilities</b>		<b>757</b>	<b>2,584</b>
<b>Other pledges and comparable collateral</b>		<b>172</b>	<b>224</b>
<b>Contingent liabilities</b>		<b>0</b>	<b>133</b>
<b>Commitments</b>			
Commitments to future payments		430	516
Other commitments		35	33
Issue underwriting	28	50	50

**PARENT COMPANY INCOME STATEMENT**

<b>PARENT COMPANY INCOME STATEMENT (SEK m)</b>	<b>NOTE</b>	<b>2002</b>	<b>2001</b>
Net sales		-	-
Other external expenses		-5	-7
Personnel expenses	8	-5	-5
<b>Operating profit/loss</b>		<b>-10</b>	<b>-12</b>
<b>Income from financial investments</b>			
Income from participations in group companies	18	28	66
Income from participations in associated companies	17	-2	-7
Income from securities held as fixed assets		0	-10
Income from securities held as current assets		34	-34
Interest income and similar profit items		1	4
Interest expense and similar loss items	4	-8	-11
<b>Profit/loss after financial items</b>		<b>43</b>	<b>4</b>
<b>Profit/loss before tax</b>		<b>43</b>	<b>-4</b>
Tax on profit/loss for the year	13	10	1
<b>Net profit/loss for the year</b>		<b>53</b>	<b>-3</b>

## PARENT COMPANY BALANCE SHEET

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PARENT COMPANY BALANCE SHEET (SEK m)	NOTE	2002-12-31	2001-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial fixed assets</i>			
Participations in group companies	18	280	338
Other long-term receivables		16	15
Deferred tax assets	13	21	1
<b>Total fixed assets</b>		<b>317</b>	<b>354</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from group companies		120	81
Other receivables		0	19
Prepaid expenses and accrued income		1	2
<b>Total current receivables</b>		<b>121</b>	<b>102</b>
<i>Short-term investments</i>		-	12
<i>Cash and bank deposits</i>		18	1
<b>Total current assets</b>		<b>139</b>	<b>115</b>
<b>Total assets</b>		<b>456</b>	<b>469</b>

## PARENT COMPANY BALANCE SHEET

PARENT COMPANY BALANCE SHEET (SEK m)	NOTE	2002-12-31	2001-12-31
<b>EQUITY AND LIABILITIES</b>	26		
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		208	208
Share premium reserve		11	11
Statutory reserve		9	9
<b>Total restricted equity</b>		<b>228</b>	<b>228</b>
<i>Non-restricted equity</i>			
Profit brought forward		38	67
Net profit/loss for the year		53	-3
<b>Total non-restricted equity</b>		<b>91</b>	<b>64</b>
<b>Total equity</b>		<b>319</b>	<b>292</b>
<b>Untaxed reserves</b>			
Tax allocation reserve 2001		27	27
<b>Total untaxed reserves</b>		<b>27</b>	<b>27</b>
<b>Long-term liabilities</b>			
Issued securities	23	100	100
<b>Total long-term liabilities</b>		<b>100</b>	<b>100</b>
<b>Current liabilities</b>			
Liabilities to group companies		0	46
Tax liability		1	-
Other liabilities		0	0
Accrued expenses and deferred income		9	4
<b>Total current liabilities</b>		<b>10</b>	<b>50</b>
<b>Total equity and liabilities</b>		<b>456</b>	<b>469</b>
<b>MEMORANDUM ITEMS</b>			
Pledged collateral		None	None
<b>Contingent liabilities</b>			
General guarantees for subsidiaries	28		

**CASH FLOW STATEMENT**

CASH FLOW STATEMENT (SEK m)	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
<b>Continuing operations</b>				
Operating profit/loss	-3	10	43	-4
<i>Adjustment for items not included in cash flow, etc</i>				
Profit/loss items attributable to investing activities	0	-65	-	-
Depreciation and write-downs	21	22	-	-
Profit/loss from sales of securities held as fixed assets	0	10	-33	10
Participations in the profit/loss of associated companies	-	2	-	-
Other items not affecting cash flow	1	-20	0	-58
Income tax paid	-4	-62	-10	-30
<b>Continuing operations</b>	<b>15</b>	<b>-103</b>	<b>0</b>	<b>-82</b>
<b>Changes in operative assets and liabilities</b>				
Increase/decrease in lending to the public	101	639	-	-
Increase/decrease in securities held as current assets	994	179	103	46
Increase/decrease in other assets	-440	148	-91	191
Increase/decrease in deposits and borrowing from the public	-383	-185	-	-
Increase/decrease in other liabilities	-1,901	1,098	31	-78
<b>Changes in operative assets and liabilities</b>	<b>-1,629</b>	<b>1,879</b>	<b>43</b>	<b>159</b>
<b>Cash flow from continuing operations</b>	<b>-1,614</b>	<b>1,776</b>	<b>43</b>	<b>77</b>
<b>Investing activities</b>				
Sale of shares in subsidiaries/business units	-	322	-	22
Shareholder contributions	-	-	-	-18
Acquisition of shares and participations	-	-3	-	-3
Sale of tangible assets	0	-	-	-
Acquisition of tangible assets	-7	-19	0	-
<b>Cash flow from investing activities</b>	<b>-7</b>	<b>300</b>	<b>0</b>	<b>1</b>
<b>Financing activities</b>				
New issue	0	13	0	13
Buyback of issued securities	-2	-56	-	-
Buyback of own shares/warrants	0	-2	0	-2
Dividends paid	-26	-88	-26	-88
<b>Cash flow from financing activities</b>	<b>-28</b>	<b>-133</b>	<b>-26</b>	<b>-77</b>
<b>Cash flow for the year</b>	<b>-1,649</b>	<b>1,943</b>	<b>17</b>	<b>1</b>
<b>Liquid funds at beginning of year</b>	<b>1,474</b>	<b>-469</b>	<b>1</b>	<b>0</b>
<b>Liquid funds at end of the year</b>	<b>-175</b>	<b>1,474</b>	<b>18</b>	<b>1</b>
<b>Cash flow for the year</b>	<b>-1,649</b>	<b>1,943</b>	<b>17</b>	<b>1</b>

Definition of liquid funds, see page 42

## ACCOUNTING PRINCIPLES

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The annual report for the H&Q group has been 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 2001:19. The accounts for the parent company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554).

The accounting principles are unchanged from the previous year.

### Consolidated Accounts

The consolidated accounts have been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council RR1:00. The consolidated accounts include the parent company and all companies in 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. 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.

### Taxes

The group's total tax comprises actual and deferred tax. Deferred tax is reported where there are timing differences between the treatment of assets and liabilities for taxation and for accounting purposes. Full reserves are made for deferred tax liabilities, while deferred tax assets are valued only to the extent that these are considered likely to be utilised.

### Translation of the Balance Sheets and Income Statements of Foreign Subsidiaries

The current method is employed for translation of the accounts 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 statement are translated at the average exchange rate. The translation differences that arise thereby are entered directly into equity. On divestment of foreign subsidiaries those translation differences that were previously entered directly into equity are reported on the balance sheet.

### Valuation of Trading Inventory

Shares, bonds and other interest-bearing securities, options and other derivatives, short sales and chargeable government bonds have been classified as current assets and valued at actual value (market value) as of the 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/loss 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. Deferred tax has been reported for unrealised gains.

The average price has been applied to determine the actual value of trading inventory. Valuation at the last price paid according to FFFS 2001:19 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 are valued at acquisition value.

### Valuation of Lending to the Public

Lending to the public is collateralised with securities in custody accounts. These securities are valued at a fixed chargeable value. Loan receivables are reported on the balance sheet on the settlement date after deductions for confirmed and anticipated credit losses. Anticipated credit losses refer to the difference between the value of the loan amount on the balance sheet and the amount expected to be received in light of the borrower's capacity to pay and the value of collateral. Confirmed credit losses are those for which the loss amount is considered to have been finalised.

### Issued Securities

Issued securities that are long-term (debenture) are reported on the balance sheet at nominal value. Buyback of issued securities reduces the value of the debenture. When issued securities are bought back at a price that deviates from the nominal value, the difference is reported as net result of financial transactions. Issued securities of a short-term nature (interval notes) are accounted currently at market value.

### 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.

### Non-tangible Fixed Assets and Tangible Assets

Non-tangible fixed assets and tangible assets have been reported at acquisition value less accumulated depreciation and amortisation. Depreciation and amortisation have been taken annually at 20-33 percent of acquisition value.

### Leasing

Only operational leasing exists. Leasing charges are reported as "Other operating expenses".

### Other

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

**NOTES**

AMOUNTS IN SEK m	2002	2001
<b>NOTE 1 INCOME FROM COMMISSIONS AND FEES</b>		
Brokerage fees	201	303
Asset management fees	13	14
Corporate advisory services fees	27	48
Underwriting fees	-	0
Other commissions and fees	15	19
<b>Total income from commissions and fees</b>	<b>256</b>	<b>384</b>
<b>NOTE 2 EXPENSES FROM COMMISSIONS AND FEES</b>		
Commissions to payment intermediaries	-1	-1
Transaction expenses	-26	-41
Securities commissions	-5	-10
Other expenses from commissions and fees	-1	-2
<b>Total expenses from commissions and fees</b>	<b>-33</b>	<b>-54</b>
<b>NOTE 3 INTEREST INCOME</b>		
Interest income from loans to credit institutions	32	36
Interest income from loans to the public	51	84
Interest income from bonds and other interest-bearing securities	0	0
Other interest income	3	0
<b>Total interest income</b>	<b>86</b>	<b>120</b>
The average lending rate for custody account clients during the year was 7.16 (6.84) percent. Of the parent company's interest income, SEK 0.9 (1.4) million was interest income from group companies.		
<b>NOTE 4 INTEREST EXPENSE</b>		
Interest expense for liabilities to credit institutions	-1	-5
Interest expense for borrowing from the public	-37	-51
Interest expense for interest-bearing securities	-3	-7
Other interest expense	-14	-9
<b>Total interest expense</b>	<b>-55</b>	<b>-72</b>
The average borrowing rate from custody accounts with excess liquidity during the year was 2.8 (2.91) percent. Of the parent company's interest expense, SEK 4.9 (3.6) million was interest expense to group companies.		
<b>NOTE 5 DIVIDENDS RECEIVED</b>		
Dividends from shares and participations	26	27
<b>NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS</b>		
Realised gains/losses from equities and equity derivatives	16	55
Unrealised change in value of equities and equity derivatives	63	-27
Realised gains/losses from interest-bearing securities	0	0
Unrealised change in value from interest-bearing securities	0	5
Currency exchange fluctuations	6	6
<b>Total net result of financial transactions</b>	<b>85</b>	<b>39</b>
<b>NOTE 7 OTHER OPERATING INCOME</b>		
For 2002, other operating income includes a repayment of value-added tax from 1995 of SEK 8.3 million and a settlement pertaining to Alecta of SEK 7.2 million.		

## NOTES

AMOUNTS IN SEK m	2002	2001
<b>NOTE 8 GENERAL ADMINISTRATIVE EXPENSES</b>		
Salaries bonuses and other remuneration	-162	-229
Pension costs	-13	-18
Social insurance contributions	-54	-72
Other personnel expenses	-7	-10
Data processing expenses	-12	-20
Purchased services	-6	-15
Broker information expenses	-18	-25
Other general administrative expenses	-39	-49
<b>Total general administrative expenses</b>	<b>-311</b>	<b>-438</b>

Fixed commitments for renting premises are distributed as follows (SEK m):

2002	2003	2004	2005	2006>
17(19)	16(18)	13(14)	7(8)	0(1)

## SALARIES, DIRECTORS' FEES, OTHER REMUNERATION AND SOCIAL INSURANCE COSTS (SEK k)

	2002			2001		
	Salaries, directors' fees and other remuneration	Social costs	Pension costs	Salaries, directors' fees and other remuneration	Social costs	Pension costs
<b>Group</b>						
<i>Sweden</i>	151,342	52,284	12,364	194,315	67,709	16,219
Thereof boards of directors, CEO and EVP	5,909	2,124	789	14,248	4,857	996
<i>Norway</i>	2,746	1,216	428	7,726	1,811	429
Thereof board of directors and president	1,341	251	141	5,881	1,520	429
<i>USA</i>	1,923	203	107	18,098	1,573	519
Thereof board of directors and president	165	14	21	1,554	109	101
<i>Luxembourg</i>	5,433	672	517	8,403	966	781
Thereof board of directors, president and EVP	1,996	295	121	3,073	286	326
<i>UK</i>	581	61	70	611	65	77
Thereof board of directors and president	-	-	-	-	-	-
<b>Total</b>	<b>162,025</b>	<b>54,436</b>	<b>13,486</b>	<b>229,153</b>	<b>72,124</b>	<b>18,025</b>
Thereof boards of directors, CEO, presidents and EVPs	9,411	2,684	1,072	24,756	6,772	1,852
<b>Parent company</b>						
<i>Sweden</i>	4,178	1,415	210	4,255	1,334	-
Thereof board of directors, CEO and EVPs	2,609	849	-	2,916	896	-

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.

## NOTES

**Note 8 continued****Group**

For the CEO for the group, salary and other remuneration amounted to SEK 2,214 (2,933) thousand plus pension remuneration in the amount of SEK 312 (323) thousand. No bonus has been paid to the CEO of the group during 2002, or in 2001. Upon termination of employment at the request of the company the CEO and EVP shall be paid, by contract, one year's salary including other benefits and bonuses.

Hagströmer & Qviberg Fondkommission AB has made pension commitments for one current and one former member of the board of directors that are secured by a pension fund. The total capital value of the pension commitments as of December 31, 2002 amounted to SEK 3,000 thousand, plus the return that this capital leaves in the company's pension fund.

**Parent company**

Salaries and remuneration were paid to the CEO in the amount of SEK 1,116 (1,472) thousand, and to the chairman of the board in the amount of SEK 240 (420) thousand. Remuneration of SEK 446 (481) thousand was paid to the other members of the board of directors.

**Remuneration to senior officers****Principles**

The chairman of the board and other directors are paid in accordance with the decision of the annual general meeting. Directors who are employed within the group receive no directorship fee.

Remuneration to the chief executive and other senior officers comprises a basic salary, a variable payment, other benefits and an occupational pension. The other senior officers are the three individuals who, together with the chief executive, form the group management. For the composition of the group management, see page 47.

Remuneration in 2002 SEK k	Basic salary/ directorship fee	Variable remuneration	Other benefits	Pension expense	Financial instruments	Other remuneration	Total
Chairman	240	0		0			240
Other directors	788						788
Chief executive	2,212	0	2	312			2,526
Other senior officers	3,456	0	6	602			4,063
<b>Total</b>	<b>6,696</b>	<b>0</b>	<b>8</b>	<b>914</b>	<b>0</b>	<b>0</b>	<b>7,617</b>

**Comments on Table**

Basic salary means gross salary (including changes in vacation payment liability). Other benefits means a Skandia healthcare policy. Pension expense means premiums paid into an occupational pension in accordance with the employment contract and H&Q's schedule. The chairman has received no remuneration in addition to the directorship fee.

**Bonuses**

For the chief executive officer and executive vice president, variable remuneration is payable based on the group's earnings for each financial year. The size of the bonus pool is calculated from that part of the profit before tax, with deductions for minority shares, that exceeds the established required return. For other senior officers, variable remuneration may be paid in the form of a discretionary bonus. No bonus has been paid in 2002.

**Financial Instruments**

No options programme has been conducted during 2002. Options programmes have been conducted in previous years. In these cases the options have been acquired at market value. The management's holdings of shares and warrants is shown on page 47.

**Essential Terms of Agreements Covering Severance Pay**

The period of notice of termination of employment between the company and the chief executive officer or executive vice president is six months, if employment is terminated at the request of the chief executive officer or executive vice president. This period is 12 months if the employment is terminated at the request of the company. If termination of employment is at the request of the company, the chief executive officer or executive vice president will be obliged to work for a maximum of six months and will have the right to draw salary and other benefits related to salary, including bonuses, throughout the period of notice, irrespective of what they may earn from any other position.

Between the company and other senior officers the period of notice is three months if employment is terminated at the request of the employee, and six months if at the request of the company.

## NOTES

**Note 8 continued****Decision Process**

No remunerations committee has been appointed. Remuneration to the chief executive officer and executive vice president is set by the board of directors. Remuneration to other senior officers is set by the chief executive officer and/or the chairman of H&Q Fondkommission AB.

**AVERAGE NUMBER OF EMPLOYEES**

	2002		2001	
	Total	Of which male	Total	Of which male
<b>Parent company</b>				
Sweden	3	1	2	1
<b>Subsidiaries</b>				
Sweden	195	141	265	197
Norway	11	7	4	3
USA	3	3	10	7
UK	1	1	1	1
Luxembourg	6	4	11	7
<b>Total</b>	<b>219</b>	<b>157</b>	<b>293</b>	<b>216</b>

**AUDITOR'S FEES****Group**

Remuneration paid to KPMG for the financial year amounts to SEK 875 (1,346) thousand for auditing and SEK 61 (1,241) thousand for other assignments.

Remuneration paid to Ernst & Young for the financial year amounts to SEK 266 (0) thousand for auditing.

**Parent Company**

Remuneration paid to KPMG for the financial year amounts to SEK 509 (163) thousand for auditing and SEK 0 (125) thousand for other assignments.

AMOUNTS IN SEK m	2002	2001
<b>NOTE 9 DEPRECIATION AND WRITE-DOWN OF TANGIBLE AND INTANGIBLE FIXED ASSETS</b>		
Depreciation of tangible assets	-13	-17
Write-down of intangible fixed assets	-8	-5
<b>Total depreciation and write-down of tangible and intangible fixed assets</b>	<b>-21</b>	<b>-22</b>
<b>NOTE 10 OTHER OPERATING EXPENSES</b>		
Selling expenses	-5	-16
Other expenses	-11	-15
<b>Total other operating expenses</b>	<b>-16</b>	<b>-31</b>

**Note 11 ITEMS AFFECTING COMPARABILITY**

Items affecting comparability relate to expenses for closing the offices in Luxembourg and New York.

**NOTE 12 CREDIT LOSSES**

Write-downs for the year on confirmed credit losses	-3	0
Reversed previous reserves for anticipated credit losses which were reported at year-end as confirmed credit losses	3	0
Reserves for the year on anticipated credit losses	0	-4
Reversed reserves for anticipated credit losses no longer required	-	0
<b>Net cost of credit losses for the year</b>	<b>0</b>	<b>-4</b>

All loans have been individually assessed and credit losses are attributable to lending to the public.

## NOTES

AMOUNTS IN SEK m	2002	2001	2002	2001
<b>NOTE 13 TAX ON PROFIT FOR THE YEAR</b>				
	Group		Parent company	
<b>Current tax expense</b>				
Tax on profit/loss for the year	3	-5	-	-
Adjustment of tax attributable to previous years	-11	0	-11	-
<b>Total current tax expense</b>	<b>-8</b>	<b>-5</b>	<b>-11</b>	<b>-</b>
<b>Deferred tax expense/income</b>				
Deferred tax attributable to timing differences	-17	-3	-	-
Deferred tax income in capitalised loss carry-forward	34	1	21	1
<b>Total deferred tax expense/income</b>	<b>17</b>	<b>-2</b>	<b>21</b>	<b>1</b>
<b>Tax on profit/loss for year</b>	<b>9</b>	<b>-7</b>	<b>10</b>	<b>1</b>
<b>Analysis of effective tax expense</b>				
Reported profit/loss before tax	-3	10	43	-4
Non-deductible expenses	10	8	72	18
Non-taxable income	-14	-	-100	0
Increase in loss carry-forward without corresponding capitalisation of deferred tax assets	28	34	0	-
Tax effects due to restructuring	-56	-27	-56	-17
Adjustment of tax attributable to previous years	4	-	4	-
<b>Total taxable income</b>	<b>-31</b>	<b>25</b>	<b>-37</b>	<b>-4</b>
<b>Applicable tax rate</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>
<b>Tax on profit/loss for year</b>	<b>9</b>	<b>-7</b>	<b>10</b>	<b>1</b>

	2002	2001
<b>NOTE 14 LENDING TO THE PUBLIC</b>		
Lending to the public	682	786
Reserve for anticipated credit losses	-1	-4
<b>Total lending to the public</b>	<b>681</b>	<b>782</b>

Lending to the public is reported after deductions for confirmed and anticipated credit losses. The group's doubtful receivables amount to SEK 1.8 (6.1) million. Lending in excess of the chargeable value was SEK 0.5 (1.4) million on December 31, 2002.

<b>Loans to senior officers</b>		
CEO and EVP	-	-
Other members of the board of directors	13	16
<b>Total loans to senior officers</b>	<b>13</b>	<b>16</b>

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

	2002-12-31	2001-12-31
<b>NOTE 15 BONDS AND OTHER INTEREST-BEARING SECURITIES</b>		
Issued by other borrowers (Swedish non-financial companies)	0	4
<b>Total bonds and other interest-bearing securities</b>	<b>0</b>	<b>4</b>

All securities within "Bonds and other interest-bearing securities" are trading inventory.

Acquisition value	0	8
Actual value	0	4

## NOTES

AMOUNTS IN SEK m	2002-12-31	2001-12-31
<b>NOTE 16 SHARES AND PARTICIPATIONS</b>		
Shares etc, listed, market value	825	1,934
Shares etc, unlisted, market value	6	14
<b>Total shares and participations</b>	<b>831</b>	<b>1,948</b>

The "Shares and participations" item consists of trading inventory and has been classified as current assets. Of holdings, the amount attributable to non-Swedish shares is SEK 237 (1,264) million.

	2002-12-31	2001-12-31
<b>NOTE 17 INCOME AND PARTICIPATIONS IN ASSOCIATED COMPANIES</b>		
<b>Parent company</b>		
Acquisition value at start of year	-	36
Reclassification	-	-11
Liquidation	-	-25
<b>Book value</b>	<b>-</b>	<b>-</b>
	<b>2002</b>	<b>2001</b>
<b>Income from participations in associated companies</b>		
Dividends from associated companies	0	1
Income on liquidation of associated company	-2	-8
<b>Income from participations in associated companies</b>	<b>-2</b>	<b>-7</b>

	2002	2001
<b>NOTE 18 INCOME AND PARTICIPATIONS IN GROUP COMPANIES</b>		
<b>Income from participations in group companies</b>		
Dividends from subsidiary shares	100	-
Group contribution received	-	84
Writedown of shares in subsidiary companies	-	-18
Divestment of subsidiary shares (liquidation)	-72	-
<b>Income from participations in group companies</b>	<b>28</b>	<b>66</b>

Group company	Corporate registration number	Domicile	No of shares	Share of equity, %	Share of votes, %	Book value (SEKK)
H&Q Securities AB	556576-7158	Stockholm	1,000	100	100	100
Hagströmer & Qviberg Fondkommission AB	556028-1239	Stockholm	132,000	100	100	265,300
Hagströmer & Qviberg Inc		USA	600	100	100	-
Hagströmer & Qviberg (Luxembourg) S.A.		Luxembourg	247	99.9	99.9	-
HQ Norden Fondsmeglerforretning ASA		Oslo	4,000	40	50.1	13,465
Hagströmer & Qviberg Fond i Fond AB	556630-5842	Stockholm	1,000	100	100	1,000
<b>Total participations in group companies</b>						<b>279,865</b>

	2002-12-31	2001-12-31
<b>Accumulated acquisition value at beginning of year</b>	<b>355</b>	<b>324</b>
Shareholder contributions	14	18
Sales for year	-90	-
Investment in group companies	1	2
Reclassification	0	11
<b>Accumulated acquisition value at end of year</b>	<b>280</b>	<b>355</b>
<b>Accumulated depreciation at beginning of year</b>	<b>-17</b>	<b>0</b>
Depreciation for the year	0	-17
Divestments	17	0
<b>Accumulated depreciation at end of year</b>	<b>0</b>	<b>-17</b>
<b>Book value at end of year</b>	<b>280</b>	<b>338</b>

## NOTES

AMOUNTS IN SEK m	2002-12-31	2001-12-31
<b>NOTE 19 INTANGIBLE FIXED ASSETS</b>		
<b>Accumulated acquisition value</b>		
Opening balance, accumulated acquisition value	20	10
Reclassification	2	10
Investments	6	-
<b>Closing balance, accumulated acquisition value</b>	<b>28</b>	<b>20</b>
<b>Accumulated amortisation</b>		
Opening balance, accumulated amortisation	-8	-3
Reclassification	-1	-
Amortisation for the year	-8	-5
<b>Closing balance, accumulated amortisation</b>	<b>-17</b>	<b>-8</b>
<b>Closing balance, residual value as planned</b>	<b>11</b>	<b>12</b>
<b>NOTE 20 TANGIBLE ASSETS</b>		
<b>Accumulated acquisition value</b>		
Opening balance, accumulated acquisition value	103	94
Purchases	1	18
Sales and discards	-42	-10
Reclassification	-2	1
<b>Closing balance, accumulated acquisition value</b>	<b>60</b>	<b>103</b>
<b>Accumulated depreciation</b>		
Opening balance, accumulated depreciation	-79	-72
Sales and discards	42	10
Depreciation for the year	-13	-17
Reclassification	-1	0
<b>Closing balance, accumulated depreciation</b>	<b>-51</b>	<b>-79</b>
<b>Closing balance, residual value as planned</b>	<b>9</b>	<b>24</b>
<b>NOTE 21 OTHER ASSETS</b>		
Securities dealer's settlement receivables, gross	1,510	389
Less: Clearable securities dealer's settlement receivables	-816	-235
Acquired options	299	191
Forwards with positive value	22	4
Tax receivables	8	14
Deferred tax receivables	18	-
Other	32	124
<b>Total other assets</b>	<b>1,073</b>	<b>487</b>
<b>NOTE 22 OTHER LIABILITIES</b>		
Securities dealer's settlement liabilities, gross	817	1,315
Less: Clearable securities dealer's settlement liabilities	-816	-235
Issued options	170	158
Forwards with negative value	8	3
Short sales	526	1,348
Tax liability	0	-
Other	42	62
<b>Total other liabilities</b>	<b>747</b>	<b>2,651</b>

## NOTES

**NOTE 23 ISSUED SECURITIES**

On December 29, 1999, the parent company issued a perpetual subordinated debenture of SEK 100 million. This debenture is subordinated all other deposits and borrowing. The debenture has an interest rate of STIBOR 360 days + 2 percentage points, but not less than 7.5% during the first seven years. Thereafter the debenture has an interest rate of STIBOR 360 days + 3.5 percentage points, but not less than 9%.

Since its issue, subsidiary Hagströmer & Qviberg Fondkommission AB has acquired 63 percent of the outstanding loan, leaving SEK 37 million outstanding.

The amount also includes interval notes issued by Hagströmer & Qviberg Fondkommission of SEK 12 million

**NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME**

	2002-12-31	2001-12-31
Reserved bonuses	24	22
Liability for social insurance fees and special payroll tax	16	18
Other	44	39
<b>Total accrued expenses and deferred income</b>	<b>84</b>	<b>79</b>

**NOTE 25 PROVISIONS**

	Deferred tax assets	Deferred tax liability	Net
<b>Specification of deferred tax, December 31, 2001</b>			
Shares, participations and other assets		1	1
Issued securities		2	2
Tax allocation reserves		22	22
Loss carry-forward	1		-1
<b>Total deferred tax</b>	<b>1</b>	<b>25</b>	<b>24</b>
<b>Specification of deferred tax, December 31, 2002</b>			
Shares, participations and other assets		17	17
Issued securities		2	2
Tax allocation reserves		22	22
Loss carry-forward	35		-35
<b>Total deferred tax</b>	<b>35</b>	<b>41</b>	<b>6</b>
Change for year			18

Of the tax liability of net SEK 6 million, SEK 18 million is reported as a deferred tax receivable under loss carry-forward (note 21) and SEK 24 million is reported as a deferred tax liability under provisions.

**NOTE 26 EQUITY**

Group	Share capital	Restricted reserve	Unrestricted reserve	Profit/loss for the year	Total
Balance at the beginning of the financial year	208	60	125	-4	389
Allocation of profit			-4	4	-
Dividend			-26		-26
Transfer to unrealised gains reserve		43	-43		-
New issue of warrants	0	0			0
Buyback of own shares and warrants			0		0
Translation differences etc		-16	13		-3
Profit/loss for year				12	12
<b>Balance at the end of the financial year</b>	<b>208</b>	<b>88</b>	<b>65</b>	<b>12</b>	<b>373</b>
<b>Parent company</b>					
	Share capital	Statutory reserve	Share premium reserve	Unrestricted equity	Total
Balance at the beginning of the financial year	208	9	11	6	292
Dividend				-26	-26
New issue of warrants	0		0		0
Buyback of own shares				0	0
Profit/loss for year				53	53
<b>Balance at the end of the financial year</b>	<b>208</b>	<b>9</b>	<b>11</b>	<b>91</b>	<b>319</b>

## NOTES

**Note 26 continued****Number of shares at nominal SEK 40**

Common stock	3,776,593
Preferred stock	1,413,631
<i>Total number of shares</i>	<i>5,190,224</i>
Less common shares bought back	-14,062
<b>Total shares outstanding</b>	<b>5,176,162</b>

**Number of warrants**

Duration January 1, 2001–July 1, 2003	35,900
Duration January 2, 2002–November 28, 2003	217,755
Duration November 28, 2002–November 28, 2003	275,000
<b>Total number of warrants</b>	<b>528,655</b>
Less warrants bought back	-38,105
<b>Total number of warrants outstanding</b>	<b>490,550</b>

Preferred stock offers preferential rights over common stock to annual dividends of the company's distributable profit at an amount calculated as follows: SEK 64.70 (issue price) multiplied by an interest factor corresponding to STIBOR 360 days plus two and a half percentage points on the first bank day of each year. After this common stock shall receive a dividend of the corresponding amount. Any further dividend shall be paid equally on all stocks. Voting rights shall be the same as for common stock. Preferred stock may be voluntarily reclassified as common stock after January 1, 2002 and before June 30, 2005. Preferred stock that has not been submitted for reclassification before June 30, 2005 will be redeemed after that date against cash payment of SEK 64.70 per share. Preferred stock is the subject of an offer for redemption.

**NOTE 27 TERMS OF ASSETS AND LIABILITIES**

Remaining time to maturity	On demand	<3 months	3-12 months	1-5 years	>5 years	Total
<b>Assets</b>						
Lending to credit institutions	143	-	-	-	-	143
Lending to the public	681	-	-	-	-	681
Bonds and other interest-bearing securities	0	-	-	-	-	0
<b>Liabilities</b>						
Liabilities to credit institutions	318	-	-	-	-	318
Deposits and borrowing from the public	1,158	-	-	-	-	1,158
Issued securities	-	-	12	-	37	49

**NOTE 28 OTHER DISCLOSURES****Underwriting**

H&Q has underwritten an issue for Readsoft whereby H&Q undertakes, provided that certain conditions are fulfilled, to subscribe for newly issued shares up to a maximum of SEK 50 million. This guarantee has not been utilised during the year and expires in October 2004.

**General guarantee commitment**

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

**Actual value**

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

## NOTES

## AMOUNTS IN SEK m

## NOTE 29 GROUP CAPITAL COVERAGE STATEMENT

		2002-12-31	2001-12-31	
<i>1. Estimate of total capital base</i>				
Primary capital (net)		280		300
Supplementary capital (net)		105		108
<b>Total capital base</b>		<b>385</b>		<b>408</b>
<i>2. Estimate of capital requirement for credit risks</i>				
<b>Groups and weighted indexes</b>	<b>Placements</b>	<b>Risk-weighted amount</b>	<b>Placements</b>	<b>Risk-weighted amount</b>
Group A (0%)	135	-	158	-
Group B (20%)	154	31	1,473	295
Group C (50%)	0	-	-	-
Group C (50%)	730	730	955	955
<b>Total</b>	<b>1,019</b>	<b>761</b>	<b>2,586</b>	<b>1,250</b>
<b>Total risk-weighted amount for credit risks</b>		<b>761</b>		<b>1,250</b>
<i>3. Estimate of capital requirement for market risks</i>				
<b>Risk-weighted amount for interest risks</b>		<b>3</b>		<b>1</b>
Thereof for specific risks		0		-
Thereof for general risks		3		1
<b>Risk-weighted amount for share price risks</b>		<b>120</b>		<b>265</b>
Thereof for specific risks		60		96
Thereof for general risks		60		169
<b>Risk-weighted amount for liquidation risks</b>		<b>4</b>		<b>11</b>
<b>Risk-weighted amount for counterparty risks and other risks</b>		<b>21</b>		<b>-</b>
<b>Risk-weighted amount for foreign exchange risks</b>		<b>0</b>		<b>48</b>
<b>Total risk-weighted amount for market risks</b>		<b>148</b>		<b>325</b>
<i>4. Estimate of capital coverage ratio</i>				
Total capital base		385		408
Total risk-weighted amount for credit risks and market risks		909		1 575
<b>Total capital coverage ratio as a percentage</b>		<b>42.38%</b>		<b>25.88%</b>
<i>5. Cost risks</i>				
Total capital base		385		408
Fixed overhead (less 25%)		351		468
<b>Surplus</b>		<b>298</b>		<b>291</b>

**AUDITOR'S REPORT**

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To the annual general meeting of Hagströmer & Qviberg AB, corporate registration number 556573-5650.

We have examined the annual report, consolidated accounts and financial statements as well as the administration by the board of directors and the chief executive officer of Hagströmer & Qviberg AB for the financial year of 2002. The board of directors and the 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 chief executive officer are also examined during an audit and the collected information in the annual report and consolidated accounts is evaluated. As the basis of our statement on discharge of liability 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 chief executive officer are liable to pay compensation to the company. We have also reviewed whether any members of the board of directors or the chief executive officer have in any other way acted in conflict with the Swedish Companies Act, the Swedish Annual Accounts Act or the articles of association. We believe that our audit has given us reasonable grounds for the statement set out below.

The annual report has been prepared in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with 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 company's and 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 the administration report and discharge the members of the board of directors and the chief executive officer of liability for the financial year.

Stockholm, February 27, 2003

KPMG

*Caj Nackstad*  
Authorised Public Accountant

## EXCERPTS FROM THE ARTICLES OF ASSOCIATION

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### 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 no more than eight members plus a maximum of two deputies.

### 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

The company's share capital shall amount to not less than SEK 75,000,000 and not more than SEK 300,000,000.

### Preferred Stock

Preferred stock offers preferential rights over common

stock to annual dividends of the company's distributable profit at an amount calculated as follows: SEK 64.70 (issue price) multiplied by an interest factor that corresponds to STIBOR 360 days plus two and a half percentage points on the first bank day of each year. After this common stock shall receive a dividend of the corresponding amount. Any further dividend shall be paid equally on all stocks. Preferred stock may be voluntarily reclassified as common stock after January 1, 2002 and before June 30, 2005. Preferred stock that has not been submitted for reclassification before June 30, 2005 will be redeemed after that date against cash payment of SEK 64.70 per share. Preferred stock is the subject of an offer for redemption.

### 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 (1975:1385) shall be considered authorised to receive dividends and new shares in connection with bonus issues to which shareholders are entitled and to exercise the shareholder's pre-emptive right to participate in the issue.

*(Adopted at the annual general meeting held April 26, 2000.)*

### Other Information

The company's corporate registration number is 556573-5650. The company was registered on September 17, 1999, at the Swedish Patent and Registration Office and has conducted business since 1999.

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 without limitation on the number of votes.

## DEFINITIONS

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<b>Earnings per share after tax</b>	Profit/loss after tax in relationship to the average number of shares during the period. Outstanding warrants with an exercise price of SEK 71 and SEK 133 have been included in the calculation of the average number of shares after dilution. However, from the third quarter of 2002 outstanding warrants with an exercise price of SEK 133 have been excluded.
<b>Equity per share</b>	Equity divided by the number of shares on closing day.
<b>Operating margin</b>	Operating profit in relation to operating income.
<b>Return on equity</b>	Profit/loss after tax in relation to average equity. Returns are calculated on a rolling 12-month basis.
<b>Capital coverage ratio</b>	Capital base in relation to risk-weighted amount for market and credit risks.
<b>Liquid funds</b>	Liquid funds include cash and central bank balances, lending to credit institutions and liabilities to credit institutions.

## SCHEDULED REPORTS

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### Scheduled Reports

Annual General Meeting	April 3, 2003
Interim Report January – March 2003	April 22, 2003
Interim Report January – June 2003	July 2003
Interim Report January – September 2003	October 2003

## ANNUAL GENERAL MEETING

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### Annual General Meeting

The annual general meeting of Hagströmer & Qviberg will be held on Thursday, April 3, 2003 at 3.00 p.m. at Grand Hôtel, Spegelsalen, Blasieholmshamnen 8, Stockholm, Sweden (entrance to right of main 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 on Monday, March 24, 2003

And who have notified Hagströmer & Qviberg of their intent to participate in the meeting no later than 4:00 p.m. on Monday, March 31, 2003

### Registration of Shareholdings

Hagströmer & Qviberg's share register is maintained by VPC AB. The share register includes shares in the name of the owner only if these are 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 name by March 24, 2003. 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, fax +46 (0)8 696 17 01, or in writing to:

Hagströmer & Qviberg AB  
Legal Department  
103 71 Stockholm  
Sweden





## BOARD OF DIRECTORS

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### Mats Qviberg

Chairman, born 1953  
 President Investment AB  
 Öresund.  
 Chairman Wihlborgs  
 Fastigheter AB.  
 Director AB Custos,  
 HQ Fonder AB, Sapa AB  
 and SkiStar AB  
 Elected: 1999  
 Holding as of 31 December  
 2002 (including family):  
 Shares: 267,300



### Anders Böös

Director, born 1964  
 Chairman IP Only Telecom-  
 munication AB.  
 Elected: 1999  
 Holding as of December 31,  
 2002:  
 Shares: 100,289



### Stefan Dahlbo

Director, born 1959  
 EVP Investment AB Öresund.  
 Chairman HQ Fonder AB and  
 Klöver AB.  
 Director Johnson Pump AB.  
 Elected: 1999  
 Holding as of December 31,  
 2002 (including family):  
 Shares: 41,980



### Sten Dybeck

Director, born 1933  
 Chairman NOTE AB.  
 Director of executive council,  
 Stockholms Fastighetsägarför-  
 ening.  
 Elected: 1999  
 Holding as of December 31,  
 2002 (including family and  
 companies):  
 Shares: 162,650



### Patrik Enblad

Born 1966  
 CEO Hagströmer & Qviberg  
 AB. Head of H&Q Invest-  
 ment Banking.  
 Director Swedish Securities  
 Dealers Association and  
 Tech-Point AB.  
 Elected: 2002  
 Holding as of December 31,  
 2002:  
 Shares: 198,024



### Thomas Erséus

Director, born 1963  
 President WSP Europe AB.  
 Chairman WSP Sverige AB,  
 Svensk Teknik och Design and  
 LT Konsultit Oy.  
 Director WSP Group Plc,  
 Multiconsult AS and Hallvar-  
 son & Halvarsson AB.  
 Elected: 2000  
 Holding as of December 31,  
 2002:  
 Shares: 5,700



### Curt Lönström

Director, born 1943  
 President Ryda Bruk AB.  
 Director IAR Systems AB,  
 Poolia AB, Nordic Shoes &  
 Accessories AB, Turnit AB,  
 Olle Olssonbolagen AB and  
 Innoventus AB, among others.  
 Elected: 1999  
 Holding as of December 31,  
 2002:  
 Shares: 2,093

## MANAGEMENT AND AUDITORS

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### **Patrik Enblad**

Born 1966  
CEO Hagströmer & Qviberg  
AB. Head of H&Q Invest-  
ment Banking.  
Director Swedish Securities  
Dealers Association and  
Tech-Point AB.  
Holding as of December 31,  
2002:  
Shares: 198,024



### **Per Axman**

Born 1961  
EVP Hagströmer & Qviberg  
AB. Head of H&Q Private  
Banking.  
Chairman Hagströmer &  
Qviberg Fond i Fond AB.  
Holding as of December 31,  
2002:  
Shares: 150,000



### **Bo Beijer**

Born 1953  
President H&Q  
Fondkommission AB.  
Holding as of December 31,  
2002:  
Shares: 11,510  
Options: 4,500



### **Carina Rosén**

Born 1965  
CFO H&Q AB.  
Holding as of December 31,  
2002:  
Shares: 8,000,  
Options: 6,750

### **Auditors**

KPMG  
Head Auditor  
Caj Nackstad, born 1945

## ADDRESSES

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### HAGSTRÖMER & QVIBERG AB

103 71, Stockholm, Sweden  
Visitors: Norrlandsgatan 15, Entrance D  
Telephone: +46 8 696 17 00  
Fax: +46 8 696 17 01

*www.hagqvi.com*

### GOTHENBURG

Box 2143, 403 13, Gothenburg,  
Sweden  
Visitors: Kungstorget 14  
Telephone: +46 31 701 66 00  
Fax: +46 31 774 07 55

### HALMSTAD

Strandgatan 14, 302 46, Halmstad,  
Sweden  
Telephone: +46 35 27 11 82  
Fax: +46 35 27 11 94

### JÖNKÖPING

Box 2262, 550 02, Jönköping,  
Sweden  
Visitors: Östra Storgatan 67  
Telephone: +46 36 35 40 40  
Fax: +46 36 71 00 02

### MALMÖ

Box 4430, 203 15, Malmö,  
Sweden  
Visitors: Skomakaregatan 2  
Telephone: +46 40 665 53 00  
Fax: +46 40 12 40 01

### NORRKÖPING

Box 1103, 600 41, Norrköping,  
Sweden  
Visitors: G:a Rådstugugatan 1  
Telephone: +46 11 36 12 00  
Fax: +46 11 23 83 20

### OSLO

H&Q Norden  
Fondsmeglerforretning ASA  
P.O. Box 1580, Vika,  
0118 Oslo, Norway  
Visitors: Stranden 1A, Aker Brygge  
Telephone: +47 23 11 68 00  
Fax: +47 23 11 69 40

## H&Q PARTNERS

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Per Axman  
Bo Beijer  
Jan Blomquist  
Odd Bolin  
Johan Broström  
Fredrik Crafoord  
Robert Eklann  
Patrik Enblad  
Thomas Forslund

Carl-Johan Frisell  
Torbjörn Gunnarsson  
Thomas Krishan  
Mikael König  
Christer Larsén  
Peter Lindh  
Mikael Nilsson  
Agneta Norgren  
Jesper Nylin

Magnus Oppenstam  
Jörgen Persson  
Carina Rosén  
Patrik Siberg  
Mattias Sundling  
Johan Unger  
Johan Voss-Schrader  
Magnus Wretholm

