



Interim Report, 1st January – 30th June 2006

- Operating income increased by 95.9 % (10.6 %) to SEK 249.4 million (SEK 127.3 m).
- The profit after tax was SEK 100.2 million (SEK 43.1 m).
- Earnings per share increased to SEK 3.65 (SEK 1.59).
- Net deposits totalled SEK 3,930 million (SEK 2,340 m), corresponding to 13.2 % (14.4 %) of the total value of custodian accounts at the beginning of the year.

Comments from the Managing Director

”During the spring we launched Avanza Zero – Sweden’s first index fund without charges. With Avanza Zero, there is more over for the customer – for example, in the long term it can give double the amount of pension. For Avanza, the fund is a price leader that shows the great advantages of Avanza and creates good opportunities for additional sales. Up until now, 3,600 investors have invested SEK 80 million in Avanza Zero. We are convinced that Avanza Zero will be an important growth engine, especially in the broader segments of investors”, says Nicklas Storåkers, Managing Director of Avanza.

”Demand for Avanza’s occupational pension has been stronger than expected. At the same time, the selling-in time is long. But just three months after launch over 40 companies have joined, and in total, the capital in the occupational pension amounts to SEK 15 million. The total capital in Avanza’s pension products has increased since the turn of the year by 39 per cent to SEK 3,400 million.”

”Much has happened in the market during the second quarter. The strong stock market upturn was followed in May by a rapid, strong downward adjustment. During the downward trend, activity reached record proportions, and investors made net sales of shares and reduced their holdings in such things as Russia and Asia funds.”

For additional information, please contact Nicklas Storåkers, Managing Director of Avanza, telephone: +46 70 861 80 01.

Business performance

Avanza exhibited very strong growth during the first half year with regard to net deposits and the inflow of new customers. At the end of the second quarter, growth was, however, less buoyant, due to the downturn in the market and following seasonal patterns. Strongest demand was within the customer segments, Avanza and Avanza Private Banking. The types of investment that have shown strongest growth are fund and pension savings. A not insignificant factor driving this interest was the launch of Avanza Zero.

Net deposits during the first half of 2006 totalled SEK 3,930 million (SEK 2,340 m), corresponding to an increase of 67.9 % (34.5 %) in comparison with the same period last year. During the second quarter, net deposits totalled SEK 1,610 million (SEK 800 m). Net deposits were strong for all customer groups. Total net deposits correspond to 13.2 % (14.4 %) of the value of custodian accounts at the beginning of the year.

With the launch of the occupational pension at the end of the first quarter, Avanza has a full offering within pension savings. Avanza’s pension products have the lowest charges in the market, and thus is a competitive offering. During the first half of the year, net deposits were especially large, both in capital pension products and endowment insurance. Within occupational pensions, Avanza has acquired 41 companies and SEK 14.8 million in investment so far. The demand within occupational pensions is strong, but the selling-in time is long. During the coming year, Avanza intends to join collective agreement occupational pension plans. As of 30th June 2006, the value of custodian accounts invested in pension products increased by 38.6 per cent to SEK 3,430 million (SEK 2,470 m), corresponding to 9.8 % (8.3 %) of the total value of custodian accounts.

Mutual funds with Avanza show strong underlying growth as customers transfer their fund holdings to Avanza and also buy into new funds. Avanza offers a total of 670 funds from over 50 different fund companies. During the second quarter there was, however, net selling in funds as a result of the downturn in the stock market. The total value of custodian accounts invested in funds as of 30th June 2006 amounted to SEK 4,640 million (SEK 3,810 m as of 31st December 2005), corresponding to 13.3 % (12.8 % as of 31st December 2005) of the total value of custodian accounts.

The increase in value of the average Avanza portfolio during the first half of 2006 amounted to 4.3 % (18.3 %) in comparison with the OMX Stockholm Price Index, which increased by 2.2 % (11.9 %).

The total value of custodian accounts increased by 17.1 % (34.6 %) to SEK 34,900 million as of 30th June 2006 (SEK 29,800 m as of 31st December 2005). Despite continued strong net investment, the value of custodian accounts during the second quarter declined as a result of the downturn in the stock market during May and the beginning of June. Within Avanza Private Banking, the value of custodian accounts during the first half year increased by 39.5 per cent to SEK 9,500 million (SEK 6,810 m as of 31st December 2005). The value of custodian accounts in Aktiespar.se increased to SEK 580 million (SEK 350 m as of 31st December 2005).

The total number of custodian account customers increased by a net of 12,000 (4,900) during the first half of the year to 117,900 (105,900 as of 31st December 2005), corresponding to an increase of 11.3 % (5.5 %).

Avanza Zero was launched on 8th May – a Swedish index fund that has no charges whatever. The fund can be bought through direct investment in Avanza custody accounts, pension savings with Avanza or via PPM. Avanza Zero generates no income for Avanza, but the opportunity for additional sales of other products over the long term is considered good.

Through a high degree of automation of administration, it is expected that the direct management costs for Avanza Zero will only amount to SEK 2-4 million per year. Through this, Avanza creates an attractive product, which it is anticipated will attract many customers and a great deal of capital. Avanza Zero is therefore expected to strengthen Avanza's long-term opportunities for growth in income through active work for additional sales.

Up to now, Avanza Zero has 3,600 unit holders and SEK 80 million in fund capital. The yield since the start has amounted to 5.4 per cent in comparison with the OMXS30 Index, which rose by 5.5 per cent during the same period. The deviation against the Index is explained by the Husqvarna dividend, which occurred in Electrolux on 8th June 2006.

During the second quarter, Avanza acquired the business magazine, Börsveckan. Börsveckan's present main activities consist of publication of the Börsveckan magazine, the emphasis of which is on share analysis. The magazine is published weekly, and has a circulation of 2,600. Operating income amounts to some SEK 6 million on an annual basis, and the business is profitable.

Avanza's aim with the acquisition is to increase the supply of analysis and decision support as regards investments in shares, funds and pensions.

Avanza is the largest actor in the market with regard to trade in shares in small and medium-size companies. With Avanza's large customer base and trading volumes, Avanza is becoming increasingly strong within the areas of capital acquisition and company advice, so-called corporate finance. Avanza Corporate Finance carried out a number of different assignments during the first half of the year, such as IPO's, new share issues and acquisitions.

During the spring, administrative systems for Avanza Zero and occupational pension have been developed. The operating access to Avanza's web-based service during the first half year amounted to 99.7 % (99.9 %).

Avanza's custodian account customers averaged 2.26 (1.40) commission notes per month during the first half of 2006, corresponding to an increase of 61.4 % (-7.9 %) in comparison with the same period last year. During the second quarter, the corresponding figure amounted to 2.18 (1.41) commission notes per custodian account customer and month. The high level of activity during the second quarter is explained by the fact that trade was intensive, both before and during the downturn in the stock market that commenced during May. During the latter part of June, trading activity was lower. The average brokerage fee per commission note for custodian account customers during the period amounted to SEK 95 (SEK 96). Operating income per custodian account customer increased to SEK 2,300 (SEK 1,400) during the half year.

Borrowing, including client funds, increased to SEK 5,241 million as of 30th June 2006 (SEK 3,526 m as of 31st December 2005). Lending decreased by 7.7 per cent to SEK 1,894 million (SEK 2,052 m as of 31st December

2005). Borrowing and lending correspond to 15.0 % (11.8 % as of 31st December 2005) and 5.4 % (6.9 % as of 31st December 2005) respectively of the value of custodian accounts. With this, customers' net liquidity amounted to 9.6 % of the value of custodian accounts (4.9 % as of 31st December 2005). The increase in net liquidity is explained by the fact that during the downturn in the stock market in the spring, custodian account customers sold shares and funds net. Handling of credit risks has worked well, and Avanza has no anticipated or established credit losses on account of the downturn in the stock market.

Avanza's market share of the Stockholm Stock Exchange during the first half of 2006 was 10.3 % (9.0 %) of the total number of transactions and 2.5 % (1.8 %) of turnover. Avanza increased its market shares in relation to the competitors, and in terms of the number of transactions Avanza was thus the largest member overall of the Stockholm Stock Exchange.

Result and position

Operating income increased by 95.9 % (10.6 %) during the first half of 2006 to SEK 249.4 million (SEK 127.3 m). The growth in income is due to high levels of customer activity and underlying growth. Operating income totalled 0.71 % (0.68 %) of the total value of custodian accounts during the period. Net interest items totalled SEK 66.8 million (SEK 37.2 m) during the first half of 2006, corresponding to an increase of 79.6 % (24.0 %) in comparison with the same period last year. Net interest items have been affected positively by higher borrowing and lending volumes coupled with higher key interest rates.

Brokerage income, less deduction for direct costs, comprised 55 % (53 %) of the total operating income during the first half year, while non-brokerage income (net interest income, investment fund commissions and other income) made up the remaining 45 % (47 %).

During the first half of 2006, non-brokerage income comprised 101 % (88 %) of operating expenses, and Avanza has thus exceeded its goal of non-brokerage income totalling a minimum of 90-100 % of operating expenses during the first half year. During the second quarter, the corresponding figure amounted to 92 % (90 %). The increase in non-brokerage income is due mainly due to rising volumes of borrowing and lending and to higher investment fund commissions.

Operating expenses during the first half of 2006 totalled SEK 111.6 million (SEK 68.5 m), which is an increase of 62.9 % (29.0 %) in comparison with the same period last year. During the second quarter, operating expenses amounted to SEK 63.8 million (SEK 35.0 m). The cost increase is considerably higher than cost targets announced earlier. The reason is that both trading activity and underlying growth have been greater than expected, and also that Avanza has broadened its activities. In order to maintain high service and a high rate of development during this phase of strong growth, Avanza has chosen to expand the organisation with higher personnel costs as a result. High personnel turnover has also incurred greater costs for recruitment and temporary staffing. Avanza has also carried out major investment within marketing and sales. During the six-month period, marketing costs increased to SEK 25.8 million (SEK 8.6 m). The greater parts of marketing costs are attributable to the launch of Avanza Zero, which was implemented during May. During the second quarter, costs of moving premises amounted to SEK 2.0 million.

The number of full-time employees (excluding those on leave of absence and parental leave) at the end of June was 130 (93 as of 31st December 2005). The pressure was considerable during the first half of the year, but relaxed somewhat during the second half of June. Avanza is continuing to recruit in order to ensure quality and service in relation to the customers and in order to maintain a high rate of development.

The pre-tax profit during the first half of 2006 was SEK 137.8 million (SEK 58.8 m), corresponding to an operating margin of 55.3 % (46.2 %). The tax expense amounted to SEK 37.6 million (SEK 15.7 m), of which current tax comprised SEK 35.6 million (SEK 0.0 m).

The result after tax for the first half of 2006 was SEK 100.2 million (SEK 43.1 m). Earnings per share were SEK 3.65 (SEK 1.59). The return on shareholders' equity during the period was 25.9 % (15.5 %).

Depreciation of tangible and intangible assets totalled SEK 3.9 million (SEK 3.0 m), and investments totalled SEK 8.8 million (SEK 2.0 m).

Shareholders' equity totalled SEK 399.0 million as of 30th June 2006 (SEK 353.7 m as of 31st December 2005), or SEK 14.53 (SEK 12.88) per share, and the capital adequacy ratio was 13.1 % (11.1 %). The Group's liquid assets totalled SEK 2,918.6 million (SEK 802.9 m as of 31st December 2005).

The Parent Company, Avanza AB

Avanza AB is the parent company of the Avanza Group. Operating earnings for the first half of 2006 was SEK -3.5 million (SEK -2.0 m). The parent company does not report any turnover.

During the year, Avanza AB has acquired Börsveckan AB, see also Note 3. Dividend has been paid to shareholders of SEK 54.9 million.

Outlook for the future

Avanza is the leading challenger in the Swedish savings market. Avanza's goal is to double its income within the next three years, equivalent to an annual growth rate of 20-30 per cent. So far this year, the growth in income was almost 100 per cent, which is explained partly by greater trading activity and partly underlying growth. It is not reasonable to expect that trading activity will continue at this high level over the long term.

Underlying growth is, however, continuing to be very strong. Net deposits during the first half-year comprised 13.2 per cent of the total value of custodian accounts at the beginning of the year. Avanza is therefore adjudged to have excellent potential for achieving its long-term goal of an annual increase of net deposits of between 25-30 per cent in 2006.

During the second half of the year, Avanza will continue to develop offerings further. These include the launch of a new savings site in which customers will receive qualified analysis and decision support regarding investment in shares, funds and pensions. This supplements Avanza's broad product offering as an aid for customers to choose how they make their investments. This is assessed to be an important strategic step for Avanza in broadening the target group for the company's services.

In connection with the Nordic stock market integration, Avanza will launch Internet trade with shares listed in Oslo, Copenhagen and Helsinki during the autumn. Avanza will also offer its customers the opportunity to subscribe to a couple of new introductions during the autumn.

Avanza continues to conduct offensive marketing and sales work. Avanza Zero is an important part of the broad marketing of Avanza. Additionally, the prerequisites for marketing products and services such as pension products and Avanza Private Banking are considered favourable. Avanza is continuing to work the occupational pension market, in which the focus is on direct sales activities and connecting Avanza to collective agreement occupational pension plans.

The active work in creating growth means that Avanza is choosing to invest greater resources in organisation, systems, marketing and sales. As a result of this, costs are expected to increase by 40-50 per cent during 2006, which is considerably more than the cost targets announced earlier. Increased costs of marketing and sales constitute roughly a third of the cost increase. High cost awareness is an important competition parameter for Avanza, and Avanza is therefore monitoring cost developments continually. Avanza has the flexibility of reducing the cost level as regards such things as marketing and sales, if the market climate deteriorates.

All in all, Avanza is expected to show a strong earnings increase during 2006 in comparison with last year.

The above, however, shall not be seen as income or profit forecast for 2006, on account of the dependence of activities on stock market trends. The aim is that non-brokerage income, i.e., operating income that is not directly dependent on the stock exchange, shall amount to not less than 90-100 per cent of operating expenses, which means good earnings stability even in a less favourable stock exchange climate. So far this year, this figure is 101 per cent.

Other information

Option programme

In accordance to the resolution passed at the Extraordinary General Meeting of 4th July 2005, Avanza is implementing an option programme for the Group's employees during July. The option programme is the second of a total of three option programmes, which it was decided to implement during 2005-2007. This year's programme covers option rights equivalent to new subscriptions of 431,400 shares. It will run until 30th September 2009, and the exercise price is SEK 168.78 per share. The option programme is being implemented at market terms.

Financial calendar

Interim report 1st January – 30th September
Preliminary financial statement

11th October 2006
January 2007

Stockholm, 11th July 2006

Nicklas Storåkers
Managing Director

The Group's Quarterly Performance

SEK million	01-04-06 30-06-06	01-01-06 31-03-06	01-10-05 31-12-05	01-07-05 30-06-06	01-04-05 30-06-05	01-01-05 31-03-05
Operating income	125.5	123.9	83.6	74.2	66.2	61.1
Operating expenses	-63.8	-47.8	-39.0	-30.9	-35.0	-33.5
Pre-tax profit/loss	61.7	76.1	44.6	43.3	31.2	27.6
Custodian account value, SEK m	34,900	36,400	29,800	25,800	21,800	18,900
Operating income/custodian account value, %	0.35	0.38	0.30	0.31	0.33	0.35
Net deposits, SEK m	1,610	2,320	2,060	1,260	800	1,540
No. custodian account customers	117,900	113,300	105,900	98,500	94,700	93,000
No. commission notes per custodian account customer and month	2.18	2.35	1.79	1.69	1.41	1.38
No. transactions per commission note	1.70	1.70	1.71	1.68	1.62	1.65
Average no. employees	123	110	103	97	92	82

Key Financial Figures for the Group

	01-04-06 30-06-06	01-01-06 30-06-06	01-01-05 30-06-05	01-07-05 30-06-06	01-01-05 31-12-05
Earnings per share, SEK	1.64	3.65	1.59	5.93	3.88
Earnings per share after dilution, SEK	1.62	3.63	1.57	5.91	3.86
Operating margin, %	49.2	55.3	46.2	55.4	51.5
Equity per share, SEK	14.53	14.53	10.54	14.53	12.88
Return on equity, %	11.1	25.9	15.5	46.1	35.3
Capital adequacy ratio, %	13.1	13.1	13.2	13.1	11.1
Average number of shares before dilution	27,465,674	27,465,674	27,184,740	27,465,674	27,297,114
Average number of shares after dilution	27,656,329	27,630,398	27,372,669	27,573,057	27,440,992
Outstanding number of shares before dilution	27,465,674	27,465,674	27,465,674	27,465,674	27,465,674
Outstanding number of shares after dilution	27,661,183	27,661,183	27,465,674	27,661,183	27,578,537
Number of shares on full dilution	27,889,874	27,889,874	27,889,874	27,889,874	27,889,874

Definitions

Earnings per share

Profit/loss after tax in relation to the average number of shares during the period

Operating margin

Operating profit/loss in relation to operating income

Equity per share

Shareholders' equity in relation to the number of ordinary shares at the end of the period

Return on equity

Profit/loss after tax in relation to the average shareholders' equity during the period

Capital adequacy ratio

The capital base in relation to the risk-weighted capital

Custodian account customer

An account opened with holdings

Transactions

Buying and selling transactions completed in different markets and involving different securities

Commission note

Daily compilation of the buying and selling commissions completed by a customer and involving a specific security. A commission note may include one or more transactions. Brokerage fees are charged on the basis of the commission notes.

Operating income/custodian account value

Operating income in relation to average custodian account value during the period

Consolidated Income Statements (SEK m)

	01-04-06 30-06-06	01-04-05 30-06-05	01-01-06 30-06-06	01-01-05 30-06-05
Operating income				
Commission income	103.5	52.8	209.7	103.7
Commission expenses	-14.8	-8.3	-27.9	-15.7
Interest income	44.8	23.1	80.5	43.2
Interest expenses	-8.6	-3.5	-13.7	-6.0
Net result of financial transactions	0.1	0.4	0.1	0.2
Other operating income	0.5	1.7	0.7	1.9
Total operating income	125.5	66.2	249.4	127.3
Operating expenses				
General administrative costs	-40.1	-28.9	-76.5	-54.3
Depreciation of tangible and intangible fixed assets	-2.1	-1.5	-3.9	-3.0
Other operating expenses	-21.6	-4.6	-31.2	-11.2
Net credit losses	0.0	0.0	0.0	0.0
Total operating expenses	-63.8	-35.0	-111.6	-68.5
Operating profit	61.7	31.2	137.8	58.8
Taxes	-16.8	-8.5	-37.6	-15.7
Profit for the period	44.9	22.7	100.2	43.1
Earnings per share, SEK	1.64	0.83	3.65	1.59
Earnings per share after dilution, SEK	1.62	0.83	3.63	1.57

Consolidated Balance Sheets (SEK m)

		30-06-2006	31-12-2005
Assets			
Loans to credit institutions		2,918.6	802.9
Loans to the public	Note	1,893.7	2,052.4
Shares and participations		0.0	0.6
Assets in insurance operations		2,328.0	1,553.8
Intangible fixed assets		30.2	25.0
Tangible assets		10.6	7.2
Other assets		243.0	52.0
Prepaid costs and accrued income		39.3	10.8
Total assets		7,463.4	4,504.7
Liabilities and shareholders' equity			
Borrowing and lending from the public	Note	4,565.5	2,287.0
Liabilities in insurance operations		2,328.0	1,553.8
Other liabilities		130.5	294.4
Accrued costs and prepaid income		40.4	15.8
Shareholders' equity		399.0	353.7
Total liabilities and shareholders' equity		7,463.4	4,504.7

Changes in the Group's Shareholders' Equity (SEK m)

	01-01-2006 30-06-2006	01-01-2005 30-06-2005	01-01-2005 31-12-2005
Shareholders' equity at the beginning of the year	353.7	275.8	275.8
New share issue	-	11.8	11.8
Dividend*	-54.9	-41.2	-41.2
Warrants issue	-	-	1.4
Profit for the year	100.2	43.1	105.9
Shareholders' equity at the end of the period	399.0	289.5	353.7

Consolidated Cash Flow Statement (SEK m)

	01-01-2006 30-06-2006	01-01-2005 30-06-2005
Cash flow from current operations	132.4	58.0
Cash flow from current operations' assets and liabilities	2,047.0	846.9
Cash flow from investment operations	-8.8	-2.0
Cash flow from financing operations	-54.9	-29.3
Cash flow for the period	2,115.7	873.6
Liquid assets at the beginning of the period*	802.9	489.8
Liquid assets at the end of the period*	2,918.6	1,363.4

* Liquid assets are defined as the sum of cash in hand, loans to credit institutions and, where relevant, with deductions for liabilities to credit institutions.

Accounting principles

Avanza's Interim Report is formulated in accordance with the IFRS standards adopted by the EU and with the interpretations of applicable standards, IFRIC, adopted by the EU. This report has been formulated in accordance with IAS 34, Interim Reporting, and with the guidelines and general advice issued by the Swedish Financial Supervisory Authority concerning the annual accounts of credit institutions and securities companies (FFFS 2004:20), and RR 31 Consolidated Interim Financial Reporting. Accounting principles and calculation methods remain unchanged from those applied in the 2005 Annual Report.

Notes

Note 1 - Loans to the public

Loans to the public are reported after deductions for actual and anticipated credit losses. All loans, known as custodian account credits, are secured by collateral in the form of securities, up to a fixed lending value.

Note 2 - Funds managed on behalf of third parties

In addition to the borrowing reported in the Balance Sheet, Avanza also has, as of 30th June 2006, borrowing from third parties in client fund accounts of SEK 675.4 million (SEK 1,239.6 million as of 31st December 2005).

Note 3 – Acquisition of Börsveckan

On 2nd June 2006, Avanza acquired all shares of Börsveckan AB. Börsveckan's main activity consists of the publication of the magazine Börsveckan, the emphasis of which is on share analysis. The magazine is published weekly, and has a circulation of 2,600. Avanza's objective with the acquisition is to increase the supply of analysis and decision support as regards investment in shares, funds and pensions. The purchase sum amounts to a maximum of SEK 6.8 million and is paid entirely in cash. The acquired net assets at the time of acquisition amounted to SEK 0.8 million, giving a consolidated excess value of SEK 6.0 million, which refers to customer relations, customer contracts and goodwill.

Börsveckan has contributed with SEK -0.2 million to the consolidated result. If the acquisition had been implemented on 1st January 2006, the management considers that the Group's earnings would have increased by SEK 3.5 million and earnings before tax by SEK 1 million.

Review report

Introduction

We have reviewed the interim report for the period 1st January – 30th June 2006 for Avanza AB. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and laws relating to annual reports of credit institutions and securities companies. Our responsibility is to express a conclusion on this interim financial information based on our review.

The emphasis and extent of the review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Accounting in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view in accordance with IAS 34 and laws relating to annual reports in credit institutions and securities companies.

Stockholm, 11th July 2006

KPMG Bohlins AB

Anders Bäckström
Authorised Public Accountant

This Interim Report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall govern.