



Interim report January 1- September 30, 2001

- Operating income increased by 222 percent to MSEK 58.3 (18.1).
- Profit/loss before restructuring costs and amortization of goodwill was MSEK -2.5 (-21.7).
- In the third quarter, operations achieved a profit of MSEK 2.0 before restructuring costs and amortization of goodwill.
- Merger with Avanza carried out according to plan.
- The company's name was changed from HQ.SE Aktiespar AB to Avanza AB.

Review of operations

The merger between Avanza and HQ.SE Aktiespar was completed in the third quarter. As a result of the merger, considerable cost savings and synergies have been attained. A new management team was formed and the number of employees was reduced by around 35 percent to 67 at the end of September.

At the beginning of October a new website was launched at www.avanza.se, with substantially higher functionality and product range. The new web site is largely based on Avanza's former prize-winning site, but significant improvements and upgrades have been made in trading functions and other features after the integration with HQ.SE Aktiespar's system.

The Stockholm Stock Exchange fell 31.5 percent in the first nine months of the year. Market development was particularly weak in the summer and early autumn, resulting in low trading activity. The average number of transactions per active customer and month during the first three quarters was 1.0, compared with 3.1 in the same period of last year. The average commission per transaction note was SEK 79.

Since loans to the public fell sharply in response to the negative market trend, other sources of income also decreased in the third quarter. In the first nine months of the year, commission income net of direct expenses accounted for 56 percent of total operating income, with net interest income, account fee and other revenues accounting for the remaining 44 percent.

The number of open accounts on September 30, 2001, was 96,600, compared with 39,000 at year-end. The number of active accounts with holdings was 72,100, compared with 37,000 at year-end. On September 30, 2001, Avanza had SEK 8.8 billion in lender managed assets.

Avanza's market share on the Stockholm Stock Exchange in September was 4.3 (0.6) percent of the number of transactions and 1.0 (0.2) percent of the turnover. Measured in the number of transactions, Avanza was the second largest independent internet broker and the fifth largest overall on the Stockholm Stock Exchange during the first three quarters of the year.

In connection with the introduction of the new website, the underlying technology has been significantly enhanced. A couple of disruptions occurred in September and October after the launch, which must be regarded as unsatisfactory. These problems have now been corrected and improvements in the system architecture are underway. The availability rate in the third quarter was 99.4 percent, falling short of the long-term target of 99.5 percent.

Profit and financial position

Group

For the period January-September, the Group reports a result before restructuring costs and amortization of goodwill of MSEK -2.5 (-21.7). The corresponding result for the third quarter was a profit of MSEK 2.0 (-3.8), which provided an operating margin of 9.3 (neg.) percent before restructuring costs and amortization of goodwill.

The improvement in earnings compared with the preceding year is mainly attributable to the accretive profit and cost savings attained in connection with the acquisitions of Aktiespar Fondkommission and Avanza. Companies in the acquired Avanza Group are consolidated as per August 1, 2001.

Third quarter earnings were charged with restructuring costs of MSEK 26.6 for the integration of HQ.SE Aktiespar and Avanza, bringing total restructuring costs to MSEK 30.3. Amortization of goodwill during the period totaled MSEK 35.4 (0.0). The operating loss before tax was MSEK -68.2 (-32.7).

Commission income for the first nine months of the year amounted to MSEK 45.7 (10.1) and operating income to MSEK 58.3 (18.1). This corresponds to an increase of 352 and 222 percent, respectively, compared with the same period of last year. The increase is primarily attributable to acquisitions, but an improvement in net interest income, increased account fees and growing institutional trading have also contributed to earnings growth. However, the sluggish market, with low business activity and consequently also commission income, has significantly inhibited growth.

Net interest income was MSEK 18.0 (12.5), up 44 percent on the preceding year.

Operating expenses excluding restructuring costs and amortization of goodwill amounted to MSEK 60.8 (39.8).

Shareholders' equity as per September 30, 2001, amounted to MSEK 351.4 (350.5), or SEK 13.8 (16.7) per share. Consolidated liquid assets totaled MSEK 415.5 (199.2).

Parent company

Avanza AB reports a loss before appropriations and tax of MSEK -7.5 (-8.2) for the period. Operating revenues was MSEK 2.7. The loss includes costs of MSEK 3.9 arising in connection with the acquisition of Avanza. The company's liquid assets as per December 31, 2000, amounted to MSEK 41.2 (104.0).

Acquisition of Avanza

When all conditions for the acquisition of Avanza were met in the beginning of July, HQ.SE Aktiespar purchased 93.6 percent of the shares in the company. The selling shareholders received 4,425,907 shares in HQ.SE Aktiespar as payment for the sale, after which the number of shares outstanding currently amounts to 25,415,478. In September HQ.SE Aktiespar changed name to Avanza.

The acquired Avanza is consolidated in the Group as of August 1, 2001, giving rise to goodwill of MSEK 72.2. Avanza applies an amortization schedule of five years.

Measures to achieve the annual cost savings previously estimated at MSEK 50 were implemented in the third quarter. Operating expenses excluding depreciation and restructuring costs decreased to MSEK 6.6 per month during the period August-September 2001, compared with a combined MSEK 13.0 per month in January-July 2001 for Avanza and HQ.SE Aktiespar.

An additional payment, to be established in December 2001 at the latest, may consist of a maximum of 1,511,593 shares, partly depending on the costs for winding-up Avanza's former operations abroad. After this, the total number of shares outstanding can amount to a maximum of 26,927,071.

At the beginning of October the existing warrant program was extended and participation was offered to all employees in the new company, after which the number of outstanding warrants corresponds to 1,675,800 shares. The exercise price is SEK 22.88 per share and the term of redemption ends on February 24, 2003.

Fourth quarter outlook

In view of the current market activity, fourth quarter earnings before restructuring costs and amortization of goodwill is expected to improve over the third quarter. As a result, Avanza is expected to report a profit before restructuring costs and amortization of goodwill for the full year 2001.

The anticipated improvement in earnings is explained by the fact that cost savings generated by the acquisition of Avanza will reach full effect in the fourth quarter. The final quarter of the year is also seasonally stronger than the third, and certain price increases were also introduced on October 1, 2001. No further restructuring costs are expected to arise in the fourth quarter.

Other

Spin-off of HQ.SE Fonder

The spin-off HQ.SE Fonder was carried out in May in accordance with the decision of the annual general meeting, after which HQ.SE Fonder was listed on the Nya Marknaden marketplace.

Change of name

The extraordinary general meeting on September 19, 2001, adopted a resolution to change the name of the company from HQ.SE Aktiespar AB to Avanza AB. In connection with the name change, the company's symbol on the Stockholm Stock Exchange was changed from HQSE to AZA.

Financial calendar

Year-end report February 11, 2002
Annual report March 2002

Stockholm, October 25, 2001

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Rewiew report for Avanza AB

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

Stockholm, October 25, 2001
KPMG
Caj Nackstad, Authorized Public Accountant

Group development by quarter

MSEK	Q 1-3 2001	Q 3 2001	Q 2 2001	Q 1 2001	Q 1-4 2000	Q 4 2000	Q 3 2000	Q 2 2000	Q 1 2000
Commission income	45.7	16.6	12.0	17.1	20.1	10.0	4.9	3.0	2.2
Operating income	58.3	21.6	16.5	20.2	26.6	8.5	8.9	3.1	6.1
Operating expenses	-60.8	-19.6	-19.5	-21.7	-71.8	-32.0	-12.7	-14.8	-12.3
Profit/loss before restructuring costs and amortization of goodwill	-2.5	2.0	-3.0	-1.5	-45.2	-23.5	-3.8	-11.7	-6.2
Restructuring costs	-30.3	-26.6	-3.7	-	-19.7	-8.7	-	-3.0	-8.0
Amortization of goodwill	-35.4	-13.4	-11.0	-11.0	-3.6	-3.6	-	-	-
Profit/loss before tax	-68.2	-38.0	-17.7	-12.5	-68.5	-35.8	-3.8	-14.7	-14.2
No. of open accounts*	96,600	96,600	50,800	52,900	39,000	39,000	8,800	6,900	4,800
No. of active customers*	72,100	72,100	43,000	48,000	37,000	37,000	6,100	4,800	2,400
Transaction notes per active customer and month	1.0	0.8	0.9	1.4	2.8	1.9	1.8	2.1	5.6
Average no. of employees	64	78	57	57	23	27	23	25	18

* In order to improve reporting, Avanza has clarified the definition of the number of accounts and customers. "Open accounts" replaces the former "No. of active customers", and states the number of correctly registered and opened accounts. The new definition of "Active customers" refers to the number of open accounts with holdings.

Consolidated performance data

	January 1 – September 30, 2001	January 1 – September 30, 2000	January 1 – December 31, 2000
Operating revenue, MSEK	58.3	18.1	26.6
Operating expense, MSEK	-126.5	-50.8	-95.1
Profit/loss before tax, MSEK	-68.2	-32.7	-68.5
Earnings per share, SEK	-2.26	-1.74	-3.52
Earnings per share after dilution, SEK	-2.26	-1.74	-3.48
Equity per share, SEK	13.8	10.6	16.7
Return on equity, %	neg.	neg.	neg.
Number of shares, closing balance	25,415,478	12,849,714	20,989,571
Average number of shares	21,960,309	13,553,561	15,001,903
Number of shares after dilution, closing balance	25,439,278	12,849,714	22,104,541
Capital adequacy ratio, %	39	135	99

Definitions

Earnings per share after tax

Profit/loss after tax excluding dividends rendered in proportion to the average number of shares during the period after dilution through the exercise of warrants.

Equity per share

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

Return on equity

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

Capital adequacy ratio

Capital base in proportion to risk-weighted capital.

Operating margin

Operating profit/loss in proportion to operating income.

Consolidated income statement (MSEK)

	July 1 – Sept. 30, 2001	July 1 – Sept. 30, 2000*	Jan. 1 – Sept. 30, 2001	Jan. 1 – Sept. 30, 2000*	Jan. 1 – Dec. 31, 2001*
Operating income					
Commission income	16.6	32.0	45.7	92.4	129.1
Commission expenses	-2.9	-7.6	-8.4	-25.6	-37.4
Interest income	12.5	4.9	30.7	17.0	22.0
Interest expenses	-5.2	-0.8	-12.7	-4.1	-6.5
Net result of financial transactions	0.5	0.0	0.9	0.1	0.0
Other operating income	0.1	-	2.1	-	-
Total operating income	21.6	28.5	58.3	79.8	107.2
Operating expenses					
General administrative expenses	-17.6	-8.5	-51.6	-51.5	-71.7
Depreciation of tangible and intangible fixed assets	-14.6	-1.0	-39.2	-2.5	-7.4
Items affecting comparability	-26.6	-	-30.3	-11.0	-19.7
Other operating expenses	-0.8	-13.1	-5.4	-23.4	-43.3
Net bad debt losses	-	-	-	-	-
Total operating expenses	-59.6	-22.6	-126.5	-88.4	-142.1
Operating profit/loss	-38.0	5.9	-68.2	-8.6	-34.9
Tax	10.0	-1.6	18.5	2.4	9.6
Profit/loss from spun-off operations	Note 1 -	-	4.1	82.5	82.5
Net profit/loss for the period	-28.0	4.3	-45.6	76.3	57.2
Earnings per share, SEK	-1.17	0.32	-2.26	-0.46	-1.69

* Including spun-off operations in HQ.SE Fonder.

Consolidated balance sheet (MSEK)

		Sept. 30, 2001	Sept. 30, 2000*	Dec. 31, 2000*
Assets				
Loans to credit institutions		415.5	210.1	210.9
Loans to the public	Note 2	155.0	55.5	61.1
Shares and participations		2.0	1.7	1.5
Intangible fixed assets		257.5	2.6	220.9
Tangible assets		16.9	8.9	9.0
Other assets		104.7	65.3	76.0
Prepaid expenses and accrued income		18.8	10.4	12.7
Total assets		970.4	354.5	592.1
Liabilities, provisions and equity				
Borrowing from the public	Note 3	500.4	93.4	139.5
Other liabilities		72.8	87.1	74.3
Accrued expenses and prepaid income		45.8	19.9	23.0
Shareholders' equity	Note 4	351.4	154.1	355.3
Total liabilities, provisions and equity		970.4	354.5	592.1

* Including spun-off operations in HQ.SE Fonder.

Consolidated cash flow statement (MSEK)

	Jan. 1 – Sept. 30, 2001	Jan. 1 – Sept. 30, 2000*
Cash flow from operating activities	-28.9	-141.0
Cash flow from assets and liabilities in operating activities	105.3	553.5
Cash flow from investing activities	143.3	-12.7
Cash flow from financing activities	-15.1	-858.4
Cash flow for the period	204.6	-458.6
Liquid assets, opening balance **	210.9	668.7
Liquid assets, closing balance **	415.5	210.1
Cash flow for the period	204.6	-458.6

* Including spun-off operations in HQ.SE Fonder and Hagströmer & Qviberg.

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

Notes

Accounting principles

The interim report has been prepared in accordance with the Swedish Act (1995:1559) on Annual Reports (Credit Institutions and Securities Companies), the rules and guidelines of the Swedish Financial Supervisory Authority (FFFS 2000:18) and the recommendations of the Swedish Financial Accounting Standards Council. The accounting and valuation principles used in the interim report are the same as those applied in the most recent annual report. Furthermore, the company applies the new recommendations of the Swedish Financial Accounting Standards Council as of 2001. As a result of the income tax recommendation (RR9), loss carry forwards for the year 2000 were utilized in a total amount of MSEK 9.2. The change of accounting principle is reported according to RR5 and the comparative figures have been adjusted accordingly. The other recommendations have not affected the Group's accounts.

Unless otherwise stated, all figures in this report are reported excluding operations in the HQ.SE Fonder business area, which was spun off in May 2001.

Note 1 – Profit/loss in spun-off operations

In May 2001, operations in HQ.SE Fonder were spun off in accordance with a resolution adopted by the annual general meeting. Profit for the first quarter of 2001 in the spun-off operations amounted to MSEK 17. By decision of the annual general meeting, all shares in Hagströmer & Qviberg were distributed in June 2000. Profit in the spun-off operations in the first quarter of 2000 totaled MSEK 329.

Note 2 – Loans to the public (MSEK)

Loans to the public are reported after deduction of confirmed and probable bad debt losses. The company reported no doubtful debts as per September 30, 2001. All loans, so-called account overdraft facilities, are secured by securities up to the established lending value.

Note 3 – Funds managed on behalf of third parties (MSEK)

Aside from the funds reported in the balance sheet, Avanza managed funds corresponding to MSEK 690.7 (487.1) on behalf of third parties as per September 30, 2001.

Note 4 – Changes in shareholders' equity (MSEK)

	Sept. 30, 2001	Sept. 30, 2000*
Shareholders' equity, opening balance	346,1	650,6
Effect of changed accounting principle	9.2	-
Adjusted opening balance	355.3	650.6
Dividends	-13.4	-369.0
Reduction of share capital	-	-5.1
Redemption	-	-202.2
New share issue	56.2	3.5
Translation difference	-0.1	-
Subscription warrants	-1.0	-
Net profit/loss for the period	-45.6	76.3
Shareholders' equity, closing balance	351.4	154.1

* Including spun-off operations in HQ.SE Fonder

