




# SVOLDER

#4

## YEAR-END REPORT, 12 MONTHS

1<sup>st</sup> September 2010–31<sup>st</sup> August 2011. Report for Q4 2010/2011 begins on page 8.



SVOLDER is a dedicated investment trust that invests in the shares of listed small and medium-sized Swedish companies. The company is listed on NASDAQ OMX STOCKHOLM AB

- The company posted a result for the period (12 months) of SEK –7 million (SEK 186 m), corresponding to SEK –0.60 (SEK 14.60) per share.
- The net worth decreased by 0.8%, including dividend paid, to SEK 65.70 per share.
- The listed price of the class B share increased by 1.2%, including dividend paid, to SEK 61.50 per share.
- The closing discount on net worth was 6.3%.
- Proposed dividend SEK 3.30 (4.00) per share.



Major contributors to the net worth (12 months)

- + Positive: Beijer Alma, Beijer Electronics and Niscayah
- Negative: Transcom, Nolato and Orc Group

Major changes in the equities portfolio (12 months)

- + Bought: Saab, Björn Borg and JM
- Sold: Beijer Alma, Niscayah and Cardo

» From a longer valuation perspective, shares appear inexpensive today, but that is not to say that the current turbulence will pass quickly.»

Managing Director's comments, page 2

23<sup>RD</sup> SEPTEMBER 2011

- The net worth was SEK 57 per share and the listed price was SEK 54.



THE ANNUAL GENERAL MEETING WILL BE HELD ON 22<sup>ND</sup> NOVEMBER 2011

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

It has been a turbulent year on the stock exchange. The developments in summer 2011 have been both troubling and dramatic. The world's stock exchanges, particularly in Europe, have been characterised by slumps in the wake of the debt problems in many Western economies. Strong political polarisation and a lack of desire for agreement, in combination with the central banks' reduced ability to stimulate the economies, have led many investors and financial analysts to question the conditions for growth in the world over the next few years.

The stock markets have been hit the hardest. Despite the downgraded credit rating in the USA, the country's bond interest rates have fallen sharply and the currency has increased. Some of the most southerly euro zone countries have found it hard to create financing at reasonable interest rates, while the other euro nations are recording very low bond interest rates. In other words, expectations on the capital markets are very low as regards future growth and stability.

## VOLATILE MARKETS AND ADMINISTRATION RESULTS

At Svolder we have talked about expected turbulence on the Swedish stock market, but nothing of quite this magnitude or one-sidedness. Anxiety has also taken root among investors, private individuals and institutions alike, and cannot be explained away by computerised high-frequency trading – even though its usefulness to society can be called into question.

The 2010/2011 business year has, unlike the previous year, not been as successful for Svolder. In absolute terms we are talking about a zero result, which is also on a par with the Swedish stock market. In relative terms, however, we have not managed to outperform the Swedish

small cap market, measured as CSRX. It is primarily in times of rising volatility that the relative result has wavered. From a long-term perspective, the portfolio outcome is still good.

### Total return, % on 31/8 2011

Svolder <sup>1</sup>	1 year	3 years	5 years
Svolder, net worth	-2	11	27
Svolder class B share	1	27	23
<b>Share market index</b>			
CSRX	7	23	17
SIXRX	-1	20	15
<b>Morningstar fund index</b>			
Sweden, small/medium companies	2	23	16

Source: Morningstar

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and large investment companies, i.e. including reinvested dividends.

### Relative excess return on net worth in percentage points on 31/8 2011

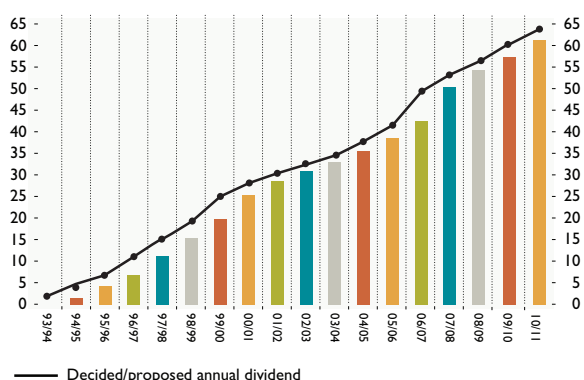
	1 year	3 years	5 years
CSRX	-9	-12	10
SIXRX	0	-9	13

Source: Morningstar

Svolder's administration strategy is based on a fully invested portfolio of shares selected using individual criteria, a practice known as stock picking. At the same time, the company's borrowing level is characterised by the market outlook. During the strong stock exchange autumn of 2010, the borrowing level was reduced and then increased again after an uncertain beginning to the 2011 calendar year. Before the summer, borrowing was once again adjusted downwards in order to capitalise on the anticipated stock market turbulence. There have been many opportunities to buy shares during the summer

months. We have, however, mainly decided to wait and see. A shortage of liquidity in individual shares and the dramatic force of the downturn have meant that it has been important to prioritise the company's ability to pay a dividend and to secure future conditions, rather than jeopardising them by taking on further financial risks.

#### Accumulated dividend per share, SEK



Dividend and value growth are closely linked in Svolder's case. Since the company was founded in 1993, the original investment amount of SEK 320 million has grown to SEK 840 million on the closing day, while at the same time almost SEK 800 million has been distributed to shareholders. The Board recommends a dividend for the concluded 2010/2011 financial year of SEK 3.30 per share, in accordance with the company's dividend policy of "at least 5 per cent of the company's closing net worth...". The company has complied with this policy since its formation, whether the stock market has been strong or weak.

#### APPLICATION FOR FUND COMPANY PERMIT

In the previous interim report we announced that the Board had applied to Finansinspektionen (FI), the Swedish Financial Supervisory Authority, to conduct operations as a fund company via a wholly owned subsidiary. The application process is ongoing. We will provide further information about how the fund company operation would be structured in practice, and this is dependent on the application review currently being carried out by the FI.

#### TURBULENT FUTURE, BUT WITH OPPORTUNITIES

Svolder is beginning the 2011/2012 financial year with a humble but cautiously optimistic approach when it comes to Swedish share investments – despite the generally high uncertainty regarding economic growth, the stability of state finances and an inability to reach political agreement and take action. Sweden, the Netherlands,



Germany and Finland, for example, have strong state finances. However, the strength of these countries may primarily be that each of these countries' economies is so well adapted to the global economy and its demands on competitiveness. Many shares, particularly for listed small and medium-sized companies, have attractive valuations. This is especially true when taking their financial position, profitability and yield into account. When the yield of a listed company significantly exceeds the long-term bond interest rate, the shares, in my opinion, are cheap. This type of asset, which is generally real, should be valued higher than bonds.

Svolder's portfolio managers and analysts deem that Svolder's equities portfolio is currently valued at less than 10 times the portfolio companies' annual profit in 2012, and at more than a 5 per cent yield for future dividends. Furthermore, there is a low level of debt in the majority of the portfolio companies, which enables both long-term investments and dividend capacity. Even though profit and turnover forecasts may need to be adjusted downwards as a result of lower growth opportunities in Sweden and the world around, there is, consequently, a strong valuation basis in many listed shares. From a longer valuation perspective, shares appear inexpensive today, but that is not to say that the current turbulence will pass quickly.

Yours faithfully

ULF HEDLUNDH  
*Managing Director*

## MARKET COMMENTARY

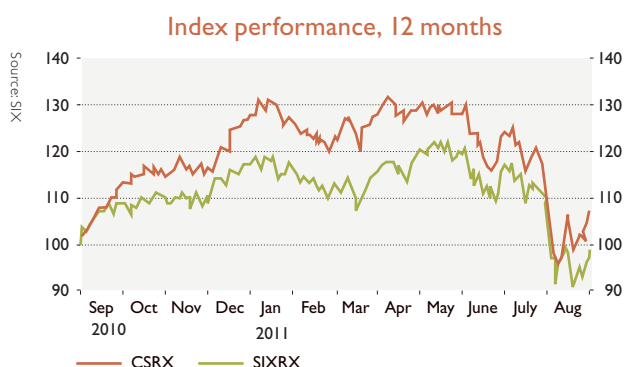
Svolder's 2010/2011 financial year, 1st September 2010 to 31st August 2011, was on the whole a weak year for listed companies in Sweden and the rest of the world. At the same time the stock market was volatile. The financial year began strongly and finished very weakly, concurrently with mounting concern about many countries' level of debt, impact on the euro partnership and weaker economic growth in the world.

During the 12-month period, the Swedish stock exchange fell by 1.3 per cent in total, adjusted for dividends. The small cap market, however, increased by 7.3 per cent. The deviation can mainly be seen in the good value development of the real estate companies, which are significant for small companies, while the share prices of the major banks showed weak development. The World Index, measured in SEK, fell by 4.0 per cent.

Exchange rate movements were dramatic, and the US dollar fell by over 14 per cent against the Swedish krona. At times the fall was far greater, and the Swedish krona strengthened during the year in relation to trading partner currencies. For example, the euro fell by 2.8 per cent.

Seen over the 12-month period as a whole, interest rates for government bonds in Sweden, Germany and the USA have not changed appreciably. The movements during the period have, however, been significant. A standard interest rate on the Swedish money market has increased by 120 points, which has not been the case with American equivalents, for instance. The explanation lies in the increases in the key interest rate by Sweden's central bank, Riksbanken.

Raw material prices have generally increased, even after corrections for the falling US dollar. The prices of crude oil and gold have increased the most. The latter has been a 'refuge' for many investors as other forms of investment have been considered increasingly unstable.



## SHARE PRICE TRENDS

The closing price for Svolder's class B share was SEK 61.50, corresponding to an increase during the financial year of 1.2 per cent, including dividend paid. The share's value on the closing day represented a discount of 6.4 per cent on its net worth. The class B share was traded on all of the trading days during the period, with an average

of approximately 12,000 shares traded on each day of trading.

Trading in Svolder's class A share was restricted and shares were traded on 22 per cent of the trading days. Under the terms of Svolder's Articles of Association, class A shareholders wishing to convert class A shares into class B shares may do so by application to the Board of Svolder. No class A shares were converted into class B shares during the financial year. On the closing day, according to Euroclear, the total number of shares in Svolder totalled 12,800,000, of which 730,688 were class A shares and 12,069,312 class B shares. The number of shareholders has increased by approximately 200 and amounted to just under 8,900 on 31st August 2011.

## Total return, % (12 months)

	12 months 1/9 2010– 31/8 2011	12 months 1/9 2009– 31/8 2010
Share price (class B) <sup>1</sup>	1.2	26.0
Net worth <sup>1)</sup>	-0.8	24.8
CSRX <sup>2)</sup>	7.3	17.7
SIXRX <sup>2)</sup>	-1.3	16.9

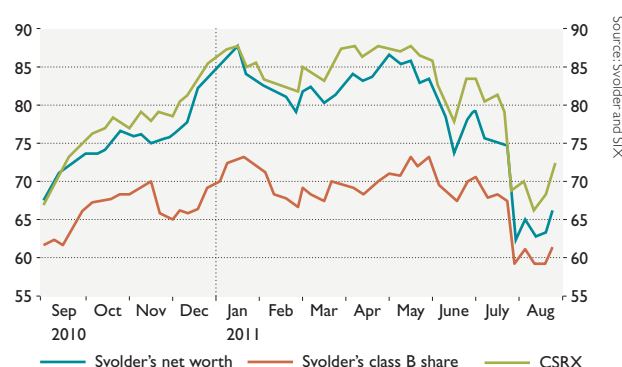
<sup>1)</sup> Svolder – including dividends paid during the period, not reinvested  
<sup>2)</sup> Index – including reinvested dividends.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 65.70 per share, which represents a decrease during the financial year of 0.8 per cent, including dividend paid. This figure is 8.1 percentage points below that of the CSRX comparison index, which rose by 7.3 per cent during the corresponding period.

Development for the individual shares, both within Svolder's equities portfolio and within the CSRX, has been extremely varied during the financial year. The lack of property companies and the low proportion of consumer goods companies in the equities portfolio have been negative and positive points respectively in comparison with the CSRX. In conclusion, the selection of shares has been worse than in the previous financial year.

## Svolder and CSRX (SEK per share) 12 months



The dividend paid (SEK 4.00 per share) reduced the net worth and the share price up until the dividend payment date in November 2010.

## Net worth trend, 12 months

	SEK m	SEK/share
<b>Net worth, 31st August 2010</b>	<b>898.9</b>	<b>70.20</b>
<b>Equities portfolio</b>		
Opening value	1 011.5	79.00
Purchase of shares	312.0	
Sale of shares	-424.9	
Change in value, equities portf.	-25.6	-138.4
Closing value	873.1	68.20
<b>Net debt</b>		
Opening value	-112.6	-8.80
Share dividends received	36.5	
Dividend paid	-51.2	
Administrative costs	-16.8	
Net financial items	-1.4	
Sale of shares, net	79.9	6.20
Closing value	-32.6	-2.50
<b>Net worth, 31st August 2011</b>	<b>840.4</b>	<b>65.70</b>

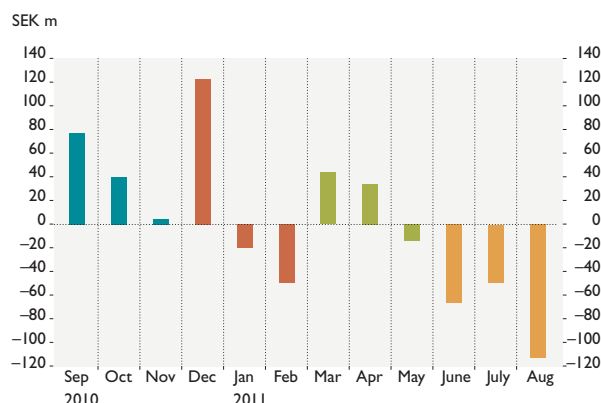
## Biggest contributors to changes in net worth 1st September 2010–31st August 2011

(Based on net worth of SEK 898.9 million or SEK 70.20/share on 31st August 2010.)

	SEK m	SEK/share
Beijer Alma	32.8	2.60
Beijer Electronics	30.6	2.40
Niscayah	17.9	1.40
AAK	17.1	1.30
HiQ	14.8	1.20
<b>Total, five positive</b>	<b>113.2</b>	<b>8.80</b>
Transcom B	-27.9	-2.20
Nolato	-24.9	-1.90
Orc Group	-22.9	-1.80
B&B TOOLS	-18.0	-1.40
Björn Borg	-10.9	-0.90
<b>Total, five negative</b>	<b>-104.5</b>	<b>-8.20</b>
Other shares	2.3	0.20
<b>Shares, total</b>	<b>10.9</b>	<b>0.90</b>
Other	-18.2	-1.40
<b>Change in value before dividend</b>	<b>-7.3</b>	<b>-0.60</b>

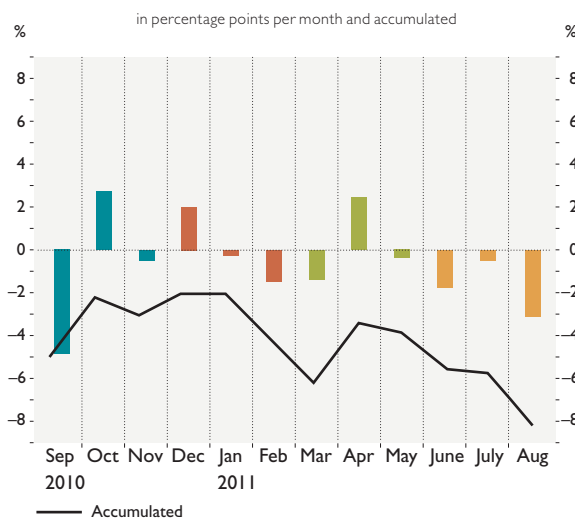
## Change in net worth in SEK million per month (12 months)

Excluding dividends of SEK 51.2 million (SEK 4.00 per share) paid in November 2010.



Svolder's equities portfolio is not an index portfolio: investment decisions are, instead, based on valuation of the individual shares. A certain strategic focus on individual sectors based on macroeconomic factors complements the share evaluation. The portfolio's results in relation to benchmark indices can, therefore, differ substantially between different accounting periods.

## Change in net worth relative to CSRX (12 months)

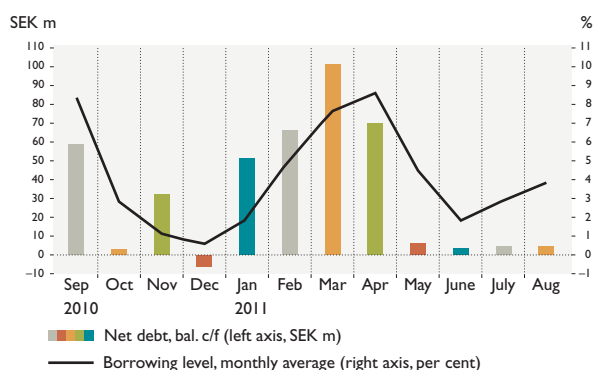


## BORROWING

The net debt, which also includes the share trading's unliquidated transactions etc., totalled SEK 32.6 million on the closing day, corresponding to 3.9 per cent of the company's net worth and 3.7 per cent of the equities portfolio.

Svolder's net worth trend is primarily determined by the equities portfolio's results. The portfolio's performance can be compared with that of a benchmark index, such as CSRX or SIXRX, but can also be assessed on the basis of long-term absolute required returns. Borrowing strengthens the result because the value of the equities portfolio then exceeds that of the net worth. This leverage effect, as it is known, can be both positive and negative. It is estimated that borrowing against the equities portfolio during the financial year has had a positive effect of approximately SEK 3 million on the net worth.

### Net debt and borrowing level, 12 months



## THE EQUITIES PORTFOLIO

Shares were acquired for SEK 312.0 million (gross) and sold for SEK 424.9 million (gross) during the financial year, and net selling hence totalled SEK 112.9 million. A dividend of SEK 51.2 million was paid to shareholders in November 2010 for the 2009/2010 financial year. The portfolio has been expanded during the financial year from 15 to 16 listed holdings on the closing day. .

### Major net purchases for the equities portfolio, 12 months, 1st September 2010–31st August 2011

Share	Number	SEK m	SEK/share <sup>1)</sup>
Saab	445 983	58.8	131.80
Björn Borg	537 743	34.7	64.50
JM	195 000	31.6	152.60
MTG class B share	53 000	25.3	477.20
Transcom class B share	1 000 000	17.7	17.90

1) The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

Comments on the majority of purchases and sales have been continuously reported in Svolder's interim reports. Transactions, along with the prevailing portfolio strategy and focus, will be presented in detail in the forthcoming Annual Report which will be distributed at the beginning of November.

### Major net sales from the equities portfolio, 12 months: 1st September 2010–31st August 2011

Share	Number	SEK m	SEK/share <sup>1)</sup>
Beijer Alma	552 718	79.1	142.50
Niscayah	5 600 000	70.0	12.50
Cardo	210 000	57.9	275.90
AAK	301 496	53.3	176.80
HiQ	570 278	20.7	35.80

1) The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and the corresponding current liability. The Parent Company and the Group have an overdraft facility totalling SEK 450 million.

## RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainty factors for the Group and the Parent Company are presented on page 45 and in note 17 on page 58 of the 2009/2010 Annual Report. The market risk and the equities portfolio's price risk are adjudged to be the most significant of the risks listed there. No significant changes are deemed to have occurred since then.

## DIVIDEND

The Board will propose a share dividend of SEK 3.30 (4.00) per share for the 2010/2011 financial year at the 2011 Annual General Meeting, which equates to SEK 42.20 million (51.2 m). The proposal equates to 5.0 per cent of the closing net worth and a yield of 5.4 per cent based on the share price on the closing day. The proposal is based on Svolder's dividend policy of consistently paying a dividend of at least 5 per cent of the closing net worth.

## EVENTS AFTER THE REPORTING PERIOD

The net worth on 23rd September was SEK 57 per share and the listed price was SEK 54. The net worth has therefore decreased by SEK 8 per share, equating to 13 per cent, since the closing date on 31st August 2011. The Carnegie Small Cap Return Index and SIX Return Index have decreased by 11 and 10 per cent respectively during the same period.

## AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on 22nd November 2011 in Stockholm. A notice to attend will be sent to shareholders on around 20th October. The notice will also be announced through a press release, a presentation on Svolder's website and through an advertisement in Dagens Industri.

The Annual Report will be distributed at the beginning of November to all shareholders, except for any who have declined to receive corporate stock market information via their depository bank. The interim report for the period 1st September 2011–30th November 2011 will be published on 13th December 2011.

## THE EQUITIES PORTFOLIO, 31<sup>ST</sup> AUGUST 2011

Sector/share	No. of shares	Share price (SEK) <sup>1)</sup>	Market value (SEK m)	% of net worth	Total net worth, %	Sector weighting in CSRX, %	Acc. change in value, %	Gross exposure (SEK) <sup>2)</sup>
<b>Energy and utilities</b>					-	5.0	-	
<b>Materials</b>					-	4.8	-	
<b>Capital goods</b>					42.6	18.7	3.6	
Beijer Alma	1 528 782	121.50	185.7	22.1				14.50
B&B TOOLS	964 000	67.50	65.1	7.7				5.10
Saab	445 983	131.60	58.7	7.0				4.60
XANO	457 884	82.00	37.5	4.5				2.90
G & L Beijer	47 921	224.50	10.8	1.3				0.80
<b>Commercial services</b>					3.9	8.0	-1.4	
Transcom class B share	3 000 000	10.95	32.9	3.9				2.60
<b>Transport</b>					-	0.9	-	
<b>Consumer discretionary and services</b>					19.4	20.6	-0.9	
Unibet	400 000	138.50	55.4	6.6				4.30
AAK	248 504	172.00	42.7	5.1				3.30
JM	250 000	105.50	26.4	3.1				2.10
Björn Borg	537 743	39.90	21.5	2.6				1.70
MTG class B share	53 000	327.00	17.3	2.1				1.40
<b>Healthcare</b>					-	10.0	-	
<b>Financials and real estate</b>					-	26.0	-	
<b>Software and services</b>					14.0	2.8	-0.7	
HiQ	2 849 722	30.00	85.5	10.2				6.70
Orc Group	436 830	57.25	25.0	3.0				2.00
Acando class A share	500 000	14.75	7.4	0.9				0.60
<b>Technology hardware and equipment</b>					23.9	3.1	-0.6	
Beijer Electronics	2 018 226	62.25	125.6	14.9				9.80
Nolato	1 406 071	53.75	75.6	9.0				5.90
<b>Telecom operators</b>					-	0.2	-	
<b>Equities portfolio</b>			873.1	103.9	103.9	-	1.2	68.20
<b>Net debt</b>			-32.6	-3.9	-3.9	-	-0.2	-2.50
<b>Total/net worth</b>			840.4	100.0	100.0	100.0	1.1	65.70
<b>Change in value after management costs, 12 months.</b>							-0.8	

1) Bid price on NASDAQ OMX Nordic.

2) Market value per Svolder share.

The following information, for example, can be obtained from the table. Svolder's largest holding is Beijer Alma, which has a market value of SEK 185.7 million, corresponding to 22.1 per cent of the net worth. Beijer Alma is a company in the Capital Goods sector, which, including other companies in the sector, accounts for 42.6 per cent of Svolder's net worth. The equivalent percentage for the Capital Goods sector in CSRX is 18.7 per cent in total. The portfolio is therefore dominated by companies in the Capital Goods sector compared with CSRX. Shares in this sector have accounted for 3.6 percentage points of the change in Svolder's net worth to date during the 2010/2011 financial year, measured in relation to opening net worth.

# REPORT FOR Q4

YEAR-END REPORT, 12 MONTHS, 2010/2011

Current reporting period: 1st June–31st August 2011 (3 months)



## RESULT FOR THE CURRENT REPORTING PERIOD (3 MONTHS)

- The company posted a result for the period (3 months) of **SEK –231.4 million** (SEK –51.9 m), corresponding to **SEK –18.10** (SEK –4.10) per share.
- The net worth decreased by **21.6%** to SEK 65.70 per share.
- The listed price of the class B share decreased by **15.5%** to SEK 61.50 per share.
- The discount on net worth decreased to **6.3%**.

Major contributors to the net worth (3 months)

- + Positive: None
- Negative: B&B TOOLS, Beijer Electronics and HiQ

Major changes in the equities portfolio (3 months)

- + Bought: Saab and JM
- Sold: Securitas

## MARKET COMMENTARY

The current reporting period, 1st June 2011–31 August 2011, was characterised by an increasing fall on the stock market. The Swedish stock exchange was hit particularly hard and fell by 18 per cent. The results for the small cap market were slightly less poor.

Great concern about economic developments in the world affected European stock exchanges in particular. Several countries in Europe have a high level of debt, low growth and little political desire to tackle structural problems. This has had an effect on the euro and the foundations of the European partnership. Furthermore, various macroeconomic indicators have decreased during the spring, although to date from high levels. Several players believe there is a high probability of a financial recession in the Western World, which clearly reduced profit estimates among investors and analysts. The German stock exchange fell by 20.7 per cent, while the UK and US stock exchanges performed better with falls of 10.0 and 9.4 per cent respectively. In total the World Index, measured in SEK, fell by 8.6 per cent.

The growth rate during the first half of 2011 was satisfactory around the world, even though the trend has been weakening. This is also reflected in the majority of economic indicators presented during the summer. A high proportion of the world's growth is currently being created in Southeast Asia, and the region's central banks have been forced to adopt a more restrictive monetary policy.

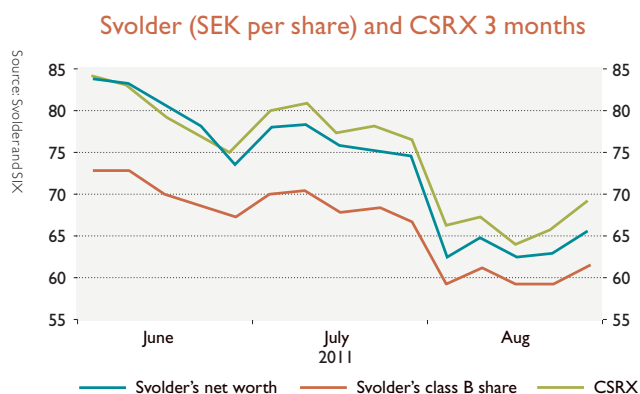
In times of financial turbulence, smaller countries' currencies tend to develop poorly. The Swedish krona fell by over two per cent against the US dollar and the euro, despite strong GNP development during the second quarter and good state finances. The interest rate for the five-year Swedish government bond decreased by a full 94 points and interest rates for the equivalent German and American 10-year bonds decreased by more than 80 points. This occurred even though the US credit ra-



ting was downgraded by one rating institute during the reporting period. Interest rates on the money markets in Europe have increased slightly as a result of increases in key interest rates by central banks early during the period.

The financial concern created strong demand for precious metals rather than industrial metals, particularly in August. The price of gold rose by 19 per cent during the quarter, while the price of copper remained unchanged. The price of oil was also unchanged during the period.

It is, therefore, the stock markets that have reacted the most dramatically to concerns about debt, political indecision and lower growth forecasts. The risks are perceived to be far lower by investors on the majority of raw material and credit markets. Lending money to countries with a perceived high ability to pay currently yields approximately two percentage points a year over 10 years. This is a clear deflationary scenario on the capital market.



### Total return, % (3 months)

	3 months 1/6 2011– 31/8 2011	12 months 1/9 2010– 31/8 2011
Share price (class B) <sup>1</sup>	-15.5	1.2
Net worth <sup>1)</sup>	-21.6	-0.8
CSRX <sup>2)</sup>	-16.7	7.3
SIXRX <sup>2)</sup>	-17.7	-1.3

<sup>1)</sup> Svolder – including dividends paid during the period, not reinvested,

<sup>2)</sup> Index – including reinvested dividends.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 65.70 per share, which represents a decrease during the current reporting period of 21.6 per cent. This figure is down 4.9 percentage points on that of the CSRX comparison index, which decreased by 16.7 per cent during the corresponding period. During the three-month period, nearly all small company shares have experienced weak share price development. The period was also characterised by major differences in the development of individual shares in both the equities portfolio and the CSRX. The negative deviation can primarily be attributed to a majority of the shares in the equities portfolio performing worse than the CSRX. Borrowing has also had some negative impact during the three-month period.

### Net worth trend, 3 months

	SEK m	SEK/share
<b>Net worth, 31st May 2011</b>	<b>1 071.8</b>	<b>83.70</b>
<b>Equities portfolio</b>		
Opening value	1 077.1	84.10
Purchase of shares	40.2	
Sale of shares	-14.5	
Change in value, equities portfolio	-229.8	-15.90
Closing value	<b>873.1</b>	<b>68.20</b>
<b>Net debt</b>		
Opening value	-5.3	-0.40
Share dividends received	2.9	
Administrative costs	-4.2	
Net financial items	-0.3	
Purchase of shares, net	-25.7	-2.10
Closing value	<b>-32.6</b>	<b>-2.50</b>
<b>Net worth, 31st August 2011</b>	<b>840.4</b>	<b>65.70</b>

### Biggest contributors to changes in net worth 1st June 2011–31st August 2011 (3 months)

(Based on net worth of SEK 1 071.8 million or 83.70 SEK/share on 31st May 2011.)

	SEK m	SEK/share
<b>No positive</b>	<b>-</b>	<b>-</b>
B&B TOOLS	-35.1	-2.70
Beijer Electronics	-33.8	-2.60
HiQ	-28.5	-2.20
Nolato	-27.0	-2.10
Beijer Alma	-24.9	-1.90
Transcom class B share	-18.7	-1.50
JM	-12.8	-1.00
XANO	-11.4	-0.90
Orc Group	-9.5	-0.70
Björn Borg	-5.5	-0.40
<b>Total, 10 negative</b>	<b>-207.1</b>	<b>-16.20</b>
Other shares	-19.7	-1.50
<b>Shares, total</b>	<b>-226.8</b>	<b>-17.70</b>
Other	-4.5	-0.40
<b>Change in value</b>	<b>-231.4</b>	<b>-18.10</b>

Technological trading Group **B&B TOOLS** was the largest negative contributor during the current reporting period. The company has reported positive sales development for the past five quarters. The report for the first three months of the financial year was, however, a disappointment in terms of results. The improvement in profit was slower than expected, while at the same time the operations in both Norway and Finland reported a loss. The previously initiated programme of measures has not been enough and the management are therefore now forced to take further measures to streamline the operation.

Svolder's three major holdings in **Beijer Electronics**, **HiQ** and **Beijer Alma** have reported similar development during the financial year. All three companies have reported good results and positive future prospects. Nevertheless, the shares have developed poorly during the final quarter of Svolder's financial year. For the financial year as a whole, however, all three holdings have made a positive contribution to net worth.

## BORROWING

The net debt, which also includes the share trading's unliquidated transactions etc., totalled SEK 32.6 million on the closing day, corresponding to 3.9 per cent of the company's net worth and 3.7 per cent of the equities portfolio.

It is estimated that borrowing against the equities portfolio during the current reporting period had a negative effect of approximately SEK 7 million on the net worth, corresponding to just under 1 percentage point of the decrease in value for the period.

## EQUITIES PORTFOLIO

Shares were acquired for SEK 40.2 million (gross) and sold for SEK 14.5 million (gross) during the current reporting period, and net purchases hence totalled SEK 25.7 million.

All shares in **Securitas** were sold during the three-month period. On the closing day, the portfolio thus comprised 16 listed holdings.

### Major net purchases for the equities portfolio, 3 months 1st June 2011–31st August 2011

Share	Number	SEK m	SEK/share <sup>1)</sup>
Saab	155 989	21,4	137,20
JM	74 846	10,3	137,50

<sup>1)</sup> The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

The largest acquisition during the current reporting period was in defence group **Saab**. The acquisition took place in connection with a sell-off of the shares of the former major owner BAE Systems. The corporate management has increased the pace of the structural work, whereby a series of interesting business transactions have been carried out. The balance sheet has strengthened considerably,

creating scope for further expansion. The interim report for the second quarter was good and the valuation is still attractive.

Svolder increased its shareholding in housing development company **JM** during the current reporting period. We stand by the assessment that JM's valuation is low based on expected profit for a normal year.

### Major net sales from the equities portfolio, 3 months 1st June 2011–31st August 2011

Share	Number	SEK m	SEK/share <sup>1)</sup>
Securitas	125 000	8.2	66.00

<sup>1)</sup> The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

All shares in security group **Securitas** were sold during the three-month period. The company's half-year report confirmed that the market situation is growing increasingly difficult. On the security market in Europe, the loss of several major contracts coupled with difficulties balancing increased payroll expenses and price rises has resulted in weaker margin development than expected. It does, however, appear that 2011 will be an off year for the Group in terms of profit.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and the corresponding current liability. The Parent Company and the Group have an overdraft facility totalling SEK 450 million.

STOCKHOLM 27<sup>TH</sup> SEPTEMBER 2011

SVOLDER AB (PUBL)

*The Board of Directors*

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*This Interim Report has not been subject to  
examination by the company's auditors.*



## CONSOLIDATED INCOME STATEMENT

(SEK m)	3 months 1/6 2011– 31/8 2011	3 months 1/6 2010– 31/8 2010	12 months 1/9 2010– 31/8 2011	12 months 1/9 2009– 31/8 2010
<b>Management operations</b>				
Dividend income	2.9	2.6	36.5	29.9
Administrative costs	-4.2	-6.4	-16.8	-17.4
Earnings from securities	-229.8	-47.7	-25.6	175.0
<b>Operating profit</b>	<b>-231.0</b>	<b>-51.5</b>	<b>-5.9</b>	<b>187.5</b>
<b>Profit on financial investments</b>				
Financial income	0.0	0.0	0.0	0.0
Financial expenses	-0.3	-0.4	-1.5	-1.2
<b>Results after financial items</b>	<b>-231.4</b>	<b>-51.9</b>	<b>-7.3</b>	<b>186.3</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>-231.4</b>	<b>-51.9</b>	<b>-7.3</b>	<b>186.3</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-231.4</b>	<b>-51.9</b>	<b>-7.3</b>	<b>186.3</b>
<b>Earnings per share, SEK</b>	<b>-18.10</b>	<b>-4.10</b>	<b>-0.60</b>	<b>14.60</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2011– 31/8 2011	3 months 1/6 2010– 31/8 2010	12 months 1/9 2010– 31/8 2011	12 months 1/9 2009– 31/8 2010
<b>Cash flow from operating activities</b>				
<b>before changes in working capital</b>	<b>-0.9</b>	<b>-0.3</b>	<b>18.8</b>	<b>16.4</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (-) in current liabilities	-0.2	0.0	-0.1	0.2
<b>Cash flow from operating activities</b>	<b>-1.1</b>	<b>-0.3</b>	<b>18.7</b>	<b>16.6</b>
<b>Investing activities</b>				
Purchase of securities	-47.1	-132.6	-312.0	-523.2
Sale of securities	20.4	53.6	417.2	485.8
Investment in machinery and equipment	0.0	-0.1	0.0	-0.2
<b>Cash flow from investing activities</b>	<b>-26.7</b>	<b>-79.1</b>	<b>105.1</b>	<b>-37.5</b>
<b>Financing activities</b>				
Loans raised (+)/amortised (-)	27.8	79.4	-72.5	59.3
Dividend paid	0.0	0.0	-51.2	-38.4
<b>Cash flow from financing activities</b>	<b>27.8</b>	<b>79.4</b>	<b>-123.7</b>	<b>20.9</b>
Increase (+)/decrease (-) in liquid assets	-	-	-	-
Liquid assets at beginning of period	-	-	-	-
<b>Liquid assets at end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2011– 31/8 2011	3 months 1/6 2010– 31/8 2010	12 mån 1/9 months– 31/8 2011	12 months 1/9 2009– 31/8 2010
Change in net worth, SEK	-18.10	-4.10	-4.60	11.60
Dividend paid during the period, SEK	-	-	4.00	3.00
Number of shares, million	12.8	12.8	12.8	12.8

Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Year-End Report, except for share prices.

The company has no ongoing programme of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 12,800,000.

## CONSOLIDATED BALANCE SHEET

### ASSETS

(SEK m)	31/8 2011	31/5 2011	31/8 2010	31/5 2010	31/8 2009
<b>Fixed assets</b>					
Tangible fixed assets					
Equipment	0.2	0.2	0.3	0.3	0.3
Financial fixed assets					
Securities holdings	873.1	1 077.1	1 011.5	1 002.9	800.2
<b>Current assets</b>					
Current receivables	8.1	14.2	3.0	5.5	5.0
Cash and bank balances	-	-	-	-	-
<b>Total assets</b>	<b>881.4</b>	<b>1 091.6</b>	<b>1 014.8</b>	<b>1 008.7</b>	<b>805.4</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

<b>Shareholders' equity</b>	<b>840.4</b>	<b>1 071.8</b>	<b>898.9</b>	<b>950.9</b>	<b>751.0</b>
<b>Liabilities</b>					
Current liability to credit institution	36.9	9.2	109.4	30.0	50.1
Current liabilities	4.0	10.6	6.4	27.8	4.3
<b>Total liabilities and shareholders' equity</b>	<b>881.4</b>	<b>1 091.6</b>	<b>1 014.8</b>	<b>1 008.7</b>	<b>805.4</b>

### CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2011– 31/8 2011	3 months 1/6 2010– 31/8 2010	12 months 1/9 2010– 31/8 2011	12 months 1/9 2009– 31/8 2010
<b>Opening balance</b>	<b>1 071.8</b>	<b>950.9</b>	<b>898.9</b>	<b>751.0</b>
Dividend paid	-	-	-51.2	-38.4
Comprehensive income for the period	-231.4	-51.9	-7.3	186.3
<b>Closing balance</b>	<b>840.4</b>	<b>898.9</b>	<b>840.4</b>	<b>898.9</b>

### CONSOLIDATED KEY RATIOS PER SHARE

	31/8 2011	31/5 2011	31/8 2010	31/5 2010	31/8 2009
Net worth per share, SEK	65.70	83.70	70.20	74.30	58.70
Share price (class B), SEK	61.50	72.75	64.75	64.25	53.75
Net worth, premium (+)/discount (-), %	-6	-13	-8	-14	-8
Liquidity (+)/Borrowing (-), %	-4	-1	-12	-5	-6
Equity/assets ratio, %	95	99	89	97	93
Number of shares, million	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2009/2010. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices. The company has no ongoing programme of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 12,800,000.

### Accounting principles

This Interim Report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and in accordance with Sweden's Annual Accounts Act. The Parent Company accounts follow Sweden's Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2. Otherwise the same accounting principles and bases for assessment have been used as in the most recent Annual Report.

