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# SVOLDER

## YEAR-END REPORT 12 MONTHS

1st September 2011–31st August 2012. Report for Q4 2011/2012 begins on page 8.



Above: A naval battle took place off the island of Ven at Svolder in the year 1000

SVOLDER is a dedicated investment trust that invests primarily in the shares of listed small and medium-sized Swedish companies. The company is listed on NASDAQ OMX STOCKHOLM AB. Svolder's net worth is published weekly and appears on the company's website, [www.svolder.se](http://www.svolder.se).

- The company posted a result for the period (12 months) of SEK 17.1 million (SEK -7.3 m), corresponding to SEK 1.30 (SEK -0.60) per share.
- The net worth increased by 2.0%, including dividend paid, to SEK 63.70 per share.
- The listed price of the class B share decreased by 3.6%, including dividend paid, to SEK 56.00 per share.
- The closing discount on net worth was 12.1%.
- Proposed dividend SEK 3.30 (3.30) per share.

### Major contributors to the net worth (12 months)

- + Positive: Nolato, HiQ and Orc Group
- Negative: Transcom, B&B TOOLS and MTG

### Major changes in the equities portfolio (12 months)

- + Bought: MTG, Acando and Hakon Invest
- Sold: Beijer Electronics, Beijer Alma and Unibet

»...Furthermore... HiQ, along with Nolato, came to be the portfolio's largest contributors... »

Managing Director's comments, page 2

### 21<sup>ST</sup> SEPTEMBER 2012

- The net worth was SEK 66 per share and the listed price was SEK 57,00.

THE ANNUAL GENERAL MEETING WILL BE HELD ON 21<sup>ST</sup> NOVEMBER 2012

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

Once again we can note that yet another turbulent financial year has passed. The worries of the late summer of 2011 have affected the subsequent 12-month period – i.e. Svolder's financial year 1st September 2011–31st August 2012 – in various ways. Primarily macroeconomic and political instability in several parts of the world have at times shaken up the capital markets. Investors' outlooks and prices have constantly been a topic of discussion.

The Swedish economy has developed relatively well. However, capital markets and trade flows are highly global nowadays, and they therefore have an impact on a small country like Sweden. Interest rates and inflation have consistently fallen, while the Swedish krona exchange rate and share prices have varied dramatically. Svolder has worked on the assessment that the Swedish stock market is valued low in the long term, particularly in relation to other forms of saving, but that analysts' profit forecasts have generally been too high.

## NET WORTH TREND

Svolder's net worth rose by three percentage points, adjusted for dividends, while the share price decreased by three. The discount to net worth therefore increased, even though its volatility was not as high as in previous years. The equities portfolio remains concentrated, although the largest holdings are no longer as dominant as before.

Svolder's administration results also varied during the financial year. The beginning was weak, while development during the 2012 calendar year has been good in both absolute and relative terms. During the turbulent September 2011 prices for several of Svolder's largest investments fell, such as the holdings in Beijer Alma, B&B TOOLS, Beijer Electronics and HiQ. Beijer Alma and HiQ both



recovered from this weak start. Furthermore, the profitable IT consultancy HiQ, along with Nolato, came to be the portfolio's largest contributors to net worth during the financial year.

The negative relative deviation can be attributed to a poor investment and the absence of one share (Lundin

Petroleum) which should have left the CSRX comparison index a long time ago.

Unfortunately, Svolder had a holding in the global staffing company Transcom. The company has had profitability problems for a long time, but was still considered vigorous and valued very low. This was particularly true in relation to the Group's volume of business and the assumed margins, which were far below the company management's communicated goals. Several tax cases which were announced late, continuous restructuring and finally recapitalisation requirements from the banks to repay loans, for example, led Svolder to decide not to participate in Transcom's new share issue and to instead sell its holding at a significant loss.

## Total return, % on 31/08 2012

Svolder <sup>1</sup>	1 year	3 years	5 year s
Net worth	3	27	-1
Share price	-3	24	3
<b>Share market index</b>			
CSRX	8	37	0
SIXRX	11	28	-1

Source: Morningstar

<sup>1)</sup> Total return is calculated using methods whereby the dividend paid is reinvested at the time of the dividend in underlying types of assets.

The 2011 calendar year was weak for Svolder and affects several historical comparison figures. It also overshadows the fact that Svolder's net worth trend over the previous three calendar years exceeded the comparison index by a good margin.

Developments so far during the 2012 calendar year do, however, substantiate my assessment that the management and analysis organisation is once again on the right track in its choice of shares in companies characterised by established business models, healthy finances, organic growth and cautious valuations of profits and cash flows.

## FUND COMPANY PERMIT/SIZE

At Svolder we have been actively working to bring about the conditions to start a fund company within our specialist field of 'shares of listed small and medium-sized Swedish companies'. Svolder has received concrete registrations of interest from institutional players and we have endeavoured to find solutions which have been efficient from several perspectives, but in particular from a management and analysis perspective.

Unfortunately it has not been possible to achieve this and the Board announced in the third interim report that Svolder has withdrawn its application with Finansinspektionen, the Swedish Financial Supervisory Authority.

It is regretful for us and for competition on the fund market, but essential so that we can concentrate on our primary task: creating good value growth for Svolder's shareholders.

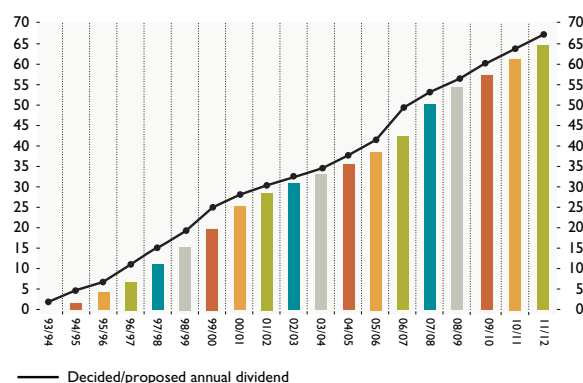
## DIVIDEND

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 820 million on the closing day, while at the same time more than SEK 830 million has been distributed to shareholders. The company has complied with its dividend policy of "at least 5 per cent of the company's closing net worth..." since its formation, whether the stock market has been strong or weak, and the policy forms the basis for the Board's and Managing Director's proposed dividend of SEK 3.30 per share, unchanged since last year, which equates to SEK 42.2 million. If the dividend is paid, this means an annual return in the region of 9 per cent since the start. If an adjustment is also made so that the dividend enables a return, for example by buying more shares, the return increases sharply. Academic literature also shows that the dividend, and its return on reinvestment, is the most important part of value creation when savings in shares.

The dividend is pivotal. A security with no dividend has limited value. At the same time, the required returns

Accumulated dividend per share, SEK



on the capital markets have changed. During the 1990s share prices increased strongly. Interest rates are currently far lower, while at the same time the return on shares has been sparse during the 2000s. In Svolder's case, where the dividend policy entails a negative running annual cash flow, this means that shares must be sold on an ongoing basis and that the size of the company decreases. This impacts on the portfolio policy, rendering it more difficult to be consistent and long term, while management costs account for an increasing proportion of the investment capital.

In light of this, the Board will raise the issue of the dividend policy for discussion at the Annual General Meeting.

There is considerable consensus that Svolder's shareholders attach great importance to the dividend and to the payment of one annually. It is, however, not clear whether the level should exceed the dividend received after a deduction for the company's operating costs, as this leads to a smaller company and lower investment capital than is desirable. It is therefore vital that as many shareholders as possible attend the Annual General Meeting on 21st November in Stockholm to give the Board their views.

## SURVEY

In addition to opinions on the dividend policy, we would also like to stimulate an exchange of views with the company's owners through the survey enclosed with this Year-End Report. Please spend a little time communicating your main views about what is particularly important to you as a shareholder.

The survey is being carried out with professional experts and your anonymity will, of course, be preserved. We would be grateful to receive your responses before 31 October so that we can provide some feedback at the Annual General Meeting.

Yours faithfully

ULF HEDLUNDH  
Managing Director



## MARKET COMMENTARY

Svolder's 2011/2012 financial year, 1st September 2011 to 31st August 2012, was on the whole quite a normal year for listed companies. Adjusted for dividends, the Swedish stock exchange rose by 11.3 per cent while the small cap index increased by 8.1 per cent, i.e. levels at or just over the estimated long-term required returns of professional investors. Share price development has, however, been volatile during the financial year as a result of considerable concern about many countries' state finances, weak economic growth and political polarisation in many parts of the world. The companies' profits have surpassed many observers' gloomy forecasts and provided a counterbalance to the negative macroeconomic events.

Altogether the world's stock exchanges increased by approximately 10 per cent, measured in SEK, and good stock exchange development in the US is particularly worth mentioning.

Exchange rate fluctuations were very apparent during the year. Generally speaking, the US dollar was strong and the euro weak. The Swedish krona increased strongly at the end of the financial year. In relation to the dollar, however, it fell by just under 5 per cent during the financial year while it rose by just over 8 per cent against the euro. Swedish competitiveness compared to the rest of Europe has, therefore, weakened.

Interest rates for government bonds have varied greatly from country to country. In the US, Germany, Switzerland, the UK, the Netherlands, Sweden, Japan and Denmark, for example, interest rates are usually in single digits.

However they are high in countries with significant budget deficits, high public debts or a banking system in crisis, such as Greece, Italy, Spain and Portugal.

The problems in Greece have been an ongoing media story during the financial year. It should also be noted that some countries have improved their economic situation, particularly the Baltic States, but also Ireland and Iceland, for instance.

In most cases commodity prices have decreased, particularly the majority of industrial metals. Oil prices over the year have been fairly unchanged, even though the price has been volatile at times. The price of gold has fallen slightly and has less the character of a 'safe haven' than it did earlier on in the time of financial unease.



## SHARE PRICE TRENDS

The closing price for Svolder's class B share was SEK 56.00, corresponding to a decrease during the financial year of 3.6 per cent, including dividend paid. The share's value on the closing day represented a discount of 12.1 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 8,000 shares traded on each day of trading on the NASDAQ OMX Stockholm.

Trading in Svolder's class A share was limited and shares were only traded on 14 per cent of the trading days on the NASDAQ OMX Stockholm. 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 during the financial year.

On the closing day, 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 decreased by approximately 400 and amounted to just over 8,600 according to the most recently published share register on 29 June 2012.

### Total return, % (12 months)

	12 months 1/9 2011– 31/8 2012	12 months 1/9 2010– 31/8 2011
Share price (class B) <sup>1</sup>	-3,6	1,2
Net worth <sup>1</sup>	2,0	-0,8
CSRX <sup>2</sup>	8,1	7,3
SIXRX <sup>2</sup>	11,3	-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 63.70 per share, which represents an increase during the financial year of 2.0 per cent, including dividend paid.

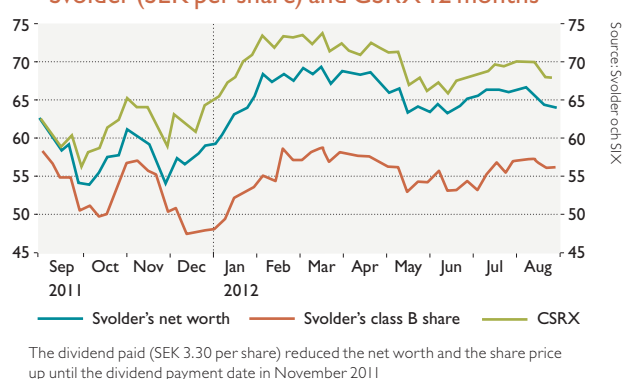
This figure is 6.1 percentage points below that of the CSRX comparison index, which rose by 8.1 per cent during the corresponding period.

Development for the individual shares, both within Svolder's equities portfolio and within the CSRX, has been extremely varied during the financial year. The majority of shares in Svolder's equities portfolio showed very weak development at the beginning of the financial year.

There are also certain technical factors regarding the index which have been to the disadvantage of Svolder and several other small company portfolio management firms. Oil extraction company Lundin Petroleum was part of the CSRX for a long time even though its market value clearly exceeded the limit for small and medium-sized companies. Once the share was removed from the comparison index its value fell, a decrease which no longer affected the CSRX. This, combined with the companies in the equities portfolio which were the largest burden, Transcom and B&B TOOLS, explains the negative deviation from the CSRX.

The largest contributors during the financial year were Nolato and HiQ, which together contributed SEK 49.5 million to net worth, which equates to SEK 3.90 per Svolder share.

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



### Net worth trend, 12 months

	SEKm	SEK/share
<b>Net worth 31st August 2011</b>	<b>840.4</b>	<b>65.70</b>
<b>Equities portfolio</b>		
Opening value	873.1	68.20
Purchase of shares	448.3	
Sale of shares	-520.9	
Change in value, equities portfolio	-6.2	-78.9
Closing value	794.2	62.00

### Net debt (-)/Net receivable (+)

Opening value	-32.6	-2.50
Share dividends received	41.7	
Dividend paid	-42.2	
Administrative costs	-17.2	
Net financial items	-1.1	
Sale of shares, net	53.8	4.20
Closing value	21.1	1.70
<b>Net worth, 31st August 2012</b>	<b>815.3</b>	<b>63.70</b>

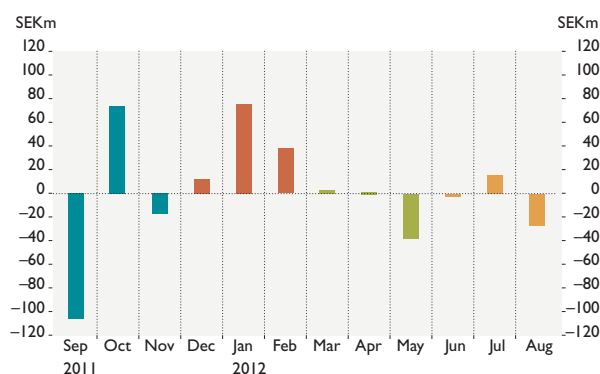
### Biggest contributors to changes in net worth 1st September 2011–31st August 2012

(Based on net worth of SEK 840.4 million or SEK 65.70/share on 31st August 2011)

	SEKm	SEK/share
Nolato	33.9	2.70
HiQ	15.6	1.20
Orc Group	8.2	0.60
AAK	7.5	0.60
Unibet	7.3	0.60
JM	7.1	0.60
XANO	5.9	0.50
<b>Total, seven positive</b>	<b>85.5</b>	<b>6.70</b>
Transcom B	-28.6	-2.20
B&BTOOLS	-14.2	-1.10
MTG B	-5.5	-0.40
<b>Total, three negative</b>	<b>-48.4</b>	<b>-3.80</b>
Other shares	-1.7	-0.10
<b>Shares, total</b>	<b>35.4</b>	<b>2.80</b>
Other	-18.3	-1.40
<b>Change in value before dividend</b>	<b>17.1</b>	<b>1.30</b>

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

Excluding dividends of SEK 42.2 million (SEK 3.30 per share) paid in November 2011

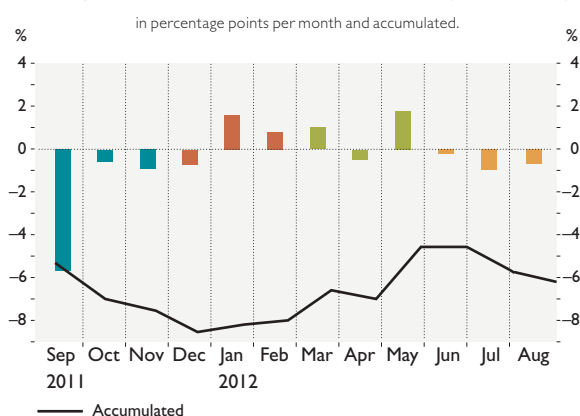


Svolder's equities portfolio is not an index portfolio: investment decisions are, instead, based on valuation of the individual shares.

The portfolio's results in relation to benchmark indices can, therefore, differ substantially between different accounting periods.

A certain strategic focus on individual sectors based on macroeconomic factors complements the share evaluation.

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

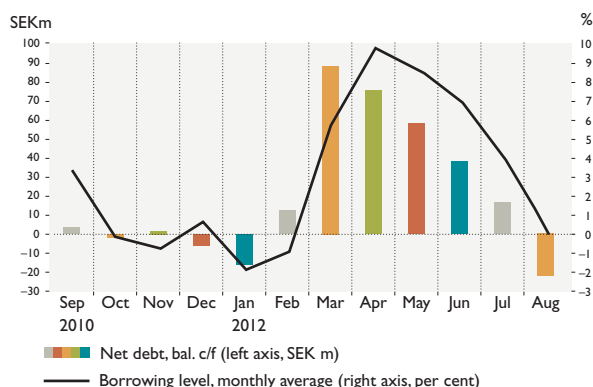


## LIQUIDITY/BORROWING

The equities portfolio was not pledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., totalled SEK 21.1 million on the closing day, corresponding to 2.6 per cent of the company's net worth.

Borrowing varied during the financial year between periods with a net receivable to a rate of borrowing of around 10 per cent. Borrowing against the equities portfolio is estimated to have had a marginal negative effect on the net worth during the financial year.

### Net debt and borrowing level, 12 months



## EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 448.3 million during the financial year. Shares for a gross amount of SEK 520.9 million (including proceeds of sale regarding HiQ and Björn Borg totalling SEK 7.1 million) were sold during the corresponding period, and net sales hence totalled SEK 72.6 million. A dividend of SEK 42.2 million was paid to shareholders in November 2011 for the 2010/2011 financial year. The portfolio has been concentrated during the financial year from 16 to 13 holdings on the closing day.

### Major net purchases for the equities portfolio, 12 months, 1st September 2011–31st August 2012

Share	Number	SEKm	SEK/share <sup>1)</sup>
MTG B	173 500	58.7	327.30
Acando	3 300 000	49.6	15.00
Hakon Invest	400 000	40.3	101.10
Saab	329 017	39.9	121.60
JM	300 000	33.6	116.40

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 2011–31st August 2012

Share	Number	SEKm	SEK/share <sup>1)</sup>
Beijer Electronics	1 118 226	74.6	66.50
Beijer Alma	535 463	65.3	121.90
Unibet	400 000	61.3	153.20
AAK	248 504	50.2	202.10
Orc Group	436 830	33.2	75.90

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 1.3 million, and a current liability of SEK 0.1 million, as well as liquid assets in the Group equivalent to SEK 1.2 million. 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 57 of the 2010/2011 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed there. No significant changes are deemed to have occurred since then.

## DIVIDEND

At the Annual General Meeting, the Board and Managing Director will propose an unchanged share dividend of SEK 3.30 (3.30) per share for the 2012/2011 financial year, which equates to SEK 42.2 million (42.2 m). The proposal equates to 5.2 per cent of the closing net worth and a yield of 5.9 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 21st September was SEK 66 per share and the listed price was SEK 57.00. Net worth has, therefore, increased by 4 per cent since the closing day on 31st August 2012. The Carnegie Small Cap Return Index and SIX Return Index have increased by 4 and 5 per cent respectively during the same period.

## AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on 21st November 2012 in Stockholm.

The notice to attend will be announced with a press release on around 19 October, a presentation on Svolder's website, an advertisement in Dagens Industri and information in the upcoming Annual Report.

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–30th November 2012 will be published on 13th December 2012.

## THE EQUITIES PORTFOLIO, 31<sup>ST</sup> AUGUST 2012

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>					-	0,2	-	
<b>Materials</b>					-	10,7	-	
<b>Capital goods</b>					34,9	18,0	-1,5	
Beijer Alma	993 319	111,75	111,0	13,6				8,70
Saab	775 000	117,90	91,4	11,2				7,10
XANO	471 960	91,25	43,1	5,3				3,40
B&B TOOLS	811 600	48,50	39,4	4,8				3,10
<b>Commercial services</b>					-	6,6	-3,4	
<b>Transport</b>					-	0,5	-	
<b>Consumer discretionary and services</b>					25,4	21,4	1,5	
MTG class B share	226 500	302,40	68,5	8,4				5,40
JM	550 000	113,75	62,6	7,7				4,90
Hakon Invest	400 000	101,60	40,6	5,0				3,20
Nobia	1 071 000	23,00	24,6	3,0				1,90
Björn Borg	350 561	31,50	11,0	1,4				0,90
<b>Healthcare</b>					-	6,9	-	
<b>Financials and real estate</b>					-	29,1	-	
<b>Software and services</b>					17,8	2,8	3,3	
HiQ	2 643 200	33,50	88,5	10,9				6,90
Acando <sup>3)</sup>	3 800 000	14,95	56,8	7,0				4,40
<b>Technology hardware and equipment</b>					19,2	3,7	4,3	
Nolato	1 550 000	68,25	105,8	13,0				8,30
Beijer Electronics	900 000	56,50	50,9	6,2				4,00
<b>Telecom operato</b>					-	0,2	-	
<b>Equities portfolio</b>			<b>794,2</b>	<b>97,4</b>	<b>97,4</b>	<b>-</b>	<b>4,2</b>	<b>62,00</b>
<b>Net debt (-)/net receivable (+)</b>			<b>21,1</b>	<b>2,6</b>	<b>2,6</b>	<b>-</b>	<b>-0,1</b>	<b>1,70</b>
<b>Total/net worth</b>			<b>815,3</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>4,1</b>	<b>63,70</b>
<b>Change in value after management costs, 12 months</b>							<b>2,0</b>	

1) Bid price on NASDAQ OMX Nordic.

2) Market value per Svolder share.

3) Of which 500,000 class A shares.

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 111.0 million, corresponding to 13.6 per cent of the net worth. Beijer Alma is a company in the Capital Goods sector, which, together with other companies in the sector, accounts for 34.9 per cent of Svolder's net worth. The equivalent percentage for the Capital Goods sector in CSRX is 18.0 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 -1.5 percentage points of the change in Svolder's net worth during the 2011/2012 financial year, measured in relation to opening net worth.

# REPORT FOR Q4

YEAR-END REPORT, 12 MONTHS, 2011/2012

Current reporting period: 1st June–31st August 2012 (3 months)



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

- The company posted a result for the period (3 months) of **SEK –16,6** million (SEK -231.4 m), corresponding to SEK -1.30 (SEK -18.10) per share.
- The net worth decreased by **2,0%** to SEK 63.70 per share.
- The listed price of the class B share increased by **3,2%** to SEK 56.00 per share.

### Major contributors to the net worth (3 months)

- + Positive: Nolato, Saab and Acando
- Negative: B&B TOOLS, HiQ and JM

### Major changes in the equities portfolio (3 months)

- + Bought: Saab
- Sold: Mekonomen, JM and Transmode

## MARKET COMMENTARY

The current reporting period of 1st June–31st August 2012 has been characterised by good stock exchange conditions for large companies in general and banks in particular. The Swedish stock exchange rose by 5.0 per cent while the small cap market fell by 0.3 per cent.

During the summer months several investors began forecasting various forms of monetary policy relief, particularly in Europe but also in Asia and the US.

The comments from the European Central Bank have reduced the risk premiums for several Southern European government bonds, and the differences in interest rates with stable countries such as Germany, Sweden, Denmark and the UK have been reduced.

Above all this has served to reduce concerns about the future for financial companies.

Growth rates are weak in large parts of the world and various leading indicators are not pointing to a quick recovery. Sweden's National Institute of Economic Research notes varying results in its Economic Tendency Indicator for the summer, but in its latest report it implies an increasingly cautious attitude to the Swedish economy over the next year. Swedish households' disposable incomes are developing relatively well, and unemployment is rising to only a limited extent. Negative external factors are, however, having an injurious effect on consumption and investment.

The Swedish krona has strengthened considerably over the three-month period.

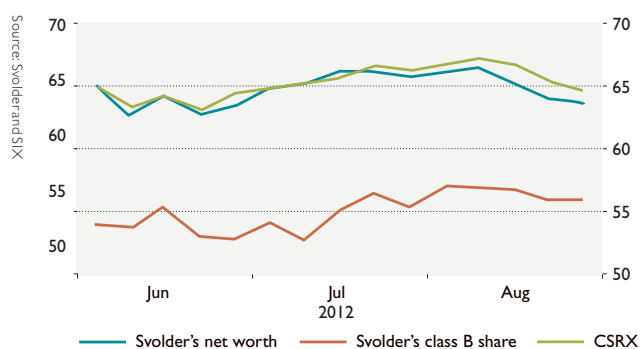
The US dollar has, therefore, fallen by almost 9 per cent in value and the euro by over 7 per cent. This is beneficial for imports and disadvantageous for exports in Swedish industry.

The interest rate on the Swedish money market has increased somewhat in line with expectations of lower interest rates from Sweden's central bank, Riksbanken. Internationally, interest rates on the money markets have not been affected to any great extent.

Several raw materials have increased in price over the three-month period, primarily oil. However, as prices are usually recorded in dollars, the increases have on the whole meant falling prices measured in other countries' currencies.



### Svolder (SEK per share) and CSRX 3 months



### Total return, % (3 months)

	3 months 1/6 2012– 31/8 2012	12 months 1/9 2011– 31/8 2012
Share price (class B) <sup>1</sup>	3.2	-3.6
Net worth <sup>1)</sup>	-2.0	2.0
CSRX <sup>2)</sup>	-0.3	8.1
SIXRX <sup>2)</sup>	5.0	11.3

<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 63.70 per share, which represents a decrease during the current reporting period of 2.0 per cent. This figure is down 1.7 percentage points on that of the CSRX comparison index, which decreased by 0.3 per cent during the corresponding period. As with the financial year as a whole, the three-month period was 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 the absence of real estate stock in the equities portfolio.

### Net worth trend, 3 months

	SEKm	SEK/share
<b>Net worth, 31st May 2012</b>	<b>831.9</b>	<b>65.00</b>
<b>Equities portfolio</b>		
Opening value	889.7	69.50
Purchase of shares	58.1	
Sale of shares	-139.5	
Change in value, equities portfolio	-14.2	-7.50
Closing value	794.2	62.00
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	-57.8	-4.50
Share dividends received	2.4	
Administrative costs	-4.5	
Net financial items	-0.3	
Sale of shares, net	81.4	6.20
Closing value	21.1	1.70
<b>Net worth, 31st August 2012</b>	<b>815.3</b>	<b>63.70</b>

### Biggest contributors to changes in net worth 1st June – 31st August 2012 (3 months)

(Based on net worth of SEK 831.9 million or SEK 65.00 SEK/share on 31st May 2012)

	SEKm	SEK/share
Nolato	5.7	0.40
Saab	4.5	0.40
Acando	4.0	0.30
MTG class B share	2.2	0.20
NCC	1.7	0.10
<b>Total, five positive</b>	<b>18.2</b>	<b>1.40</b>
B&B TOOLS	-7.9	-0.60
HiQ	-5.6	-0.40
JM	-5.3	-0.40
Beijer Alma	-5.1	-0.40
Beijer Electronics	-4.2	-0.30
<b>Total, five negative</b>	<b>-28.1</b>	<b>-2.20</b>
Other shares	-1.9	-0.10
<b>Shares, total</b>	<b>-11.7</b>	<b>-0.90</b>
Other	-4.8	0.40
<b>Change in value</b>	<b>-16.6</b>	<b>-1.30</b>

The largest contributor to net worth during the current reporting period was **Nolato**. The interim report for the second quarter reported a profit above expectations. All the business areas reported higher profits than last year. The biggest improvement in profit was achieved in the previously problem area of Telecom. There is, however, still uncertainty surrounding Telecom's future profitability. Business area Medical's larger share of the Group entails higher, more stable profitability. Svolder decreased its holding slightly during the current reporting period as Medical's proportion of the equities portfolio was considered to have become slightly too high. Nolato's valuation is still considered attractive, also after the rise in share price.

Defence group **Saab** made a positive contribution to net worth,

Its share price rose, primarily thanks to less uncertainty surrounding Saab's sale of its Gripen fighter to Switzerland. Svolder still considers Saab's valuation attractive. Svolder increased its holding marginally during the current reporting period.

IT consultancy **Acando** reported strong results for the second quarter of 2012. The share price rose accordingly and the holding became a strong contributor to net worth.

Technological trading group **B&B TOOLS** continues to disappoint the stock market. The company has not yet been able to capitalise on the synergetic effects which were expected to result from its powerful expansion and structural conversion of its wholesale and retailer stages for industrial supplies, which began over five years ago.

The subsequent weak economic conditions have had

an impact on the company, but it is obvious that market shares have been lost on the important Swedish market. A programme of measures in Norway has been successful and further measures have been implemented in Sweden during the year. The share price reflects the company's problems, and when the profit trend does turn the share price potential is considerable. It remains, however, for the management and board to show that this is possible. In this reporting period too, the share has burdened Svolder's net worth considerably.

IT consultancy HiQ reported a weaker profit than expected for the second quarter of 2012. Its cash flow was, however, strong and its net asset value increased. Signals from the company that the balance sheet is strong and can be set up as an asset for acquisitions or a higher dividend, offset the somewhat weak profit to some extent. The share price fell, however, and the holding was a negative contributor to net worth.

Housing development company JM posted a negative share price development during the current reporting period, and it therefore burdened Svolder's net worth. JM's interim report for the second quarter was worse than expected, while at the same time the housing market was still playing a waiting game. Strong share price development in July and early August was utilised to reduce the holding slightly. Nevertheless, we stand by the assessment that JM's valuation is low based on anticipated profit for a normal year.

## LIQUIDITY/BORROWING

The equities portfolio was not pledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., totalled SEK 21.2 million on the closing day, corresponding to 2.6 per cent of the company's net worth.

This can be compared with a net debt of SEK 57.8 million at the beginning of the current reporting period.

## EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 58.1 million (gross) during the current reporting period. Shares for a gross amount of SEK 140.7 million were sold during the corresponding period, and net sales hence totalled SEK 82.6 million.

All shares in Mekonomen and Transmode were sold during the three-month period. On the closing day, the portfolio thus comprised 13 holdings.

### Major net purchases for the equities portfolio, 3 months, 1st June – 31st August 2012

Share	Number	SEKm	SEK/share <sup>1)</sup>
Saab	28 000	3,1	111,10
Björn Borg	41 700	1,4	32,70

<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

### Major net sales from the equities portfolio, 3 months 1st June–31st August 2012

Share	Number	SEKm	SEK/share <sup>1)</sup>
Mekonomen	152 000	21,2	205.30
JM	297 744	19.1	120.40
Transmode	242 522	18.3	75.40
Nolato	207 727	14.0	68.30
Beijer Electronics	111 843	6.4	57.50

<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.

Svolder sold its holding in Mekonomen during the three-month period.

The company's report for the second quarter was worse than expected due to a weak market for service and repairs. Even though the market will probably recover over the forthcoming 12-month period, the report indicates a larger underlying dependency on the economic situation than was previously known. This, combined with an estimated more costly future growth, is reflected in our valuation.

Transmode is a supplier of optical network solutions for transporting data, voice and video traffic. The company has reported fine growth and profitability in recent years. In mid-August the company announced that its CFO and one of the company's founders, who is also the Vice President of Research & Development, will be leaving the company at the end of the year. The strengthening of the Swedish krona, if it continues, will also affect the export-oriented group. Svolder's holding in the company has gradually decreased during the period for valuation reasons, and on the closing day Svolder owned no shares in Transmode.

Svolder is participating in a guarantee consortium led by Nordea Bank regarding a new share issue in IT consultancy Cybercom. The subscribed guaranteed amount for Svolder is SEK 35 million. Svolder will receive compensation at market rates for the guarantee provided.

## 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 1.3 million, and a current liability of SEK 0.1 million, as well as liquid assets in the Group equivalent to SEK 1.2 million. The Parent Company and the Group have an overdraft facility totalling SEK 450 million.

STOCKHOLM 26<sup>TH</sup> SEPTEMBER 2012  
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 STATEMENT OF COMPREHENSIVE INCOME

(SEKm)	3 months 1/6 2012– 31/8 2012	3 months 1/6 2011– 31/8 2011	12 months 1/9 2011– 31/8 2012	12 months 1/9 2010– 31/8 2011
<b>Management operations</b>				
Dividend income	2.4	2.9	41.7	36.5
Administrative costs	–4.5	–4.2	–17.2	–16.8
Earnings from securities	–14.2	–229.8	–6.2	–25.6
<b>Operating profit</b>	<b>–16.2</b>	<b>–231.0</b>	<b>18.3</b>	<b>–5.9</b>
<b>Profit on financial investments</b>				
Financial income	0.0	0.0	0.1	0.0
Financial expenses	–0.3	–0.3	–1.2	–1.5
<b>Results after financial items</b>	<b>–16.6</b>	<b>–231.4</b>	<b>17.1</b>	<b>–7.3</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>–16.6</b>	<b>–231.4</b>	<b>17.1</b>	<b>–7.3</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>–16.6</b>	<b>–231.4</b>	<b>17.1</b>	<b>–7.3</b>
<b>Earnings per share, SEK</b>	<b>–1.30</b>	<b>–18.10</b>	<b>1.30</b>	<b>–0.60</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEKm)	3 months 1/6 2012– 31/8 2012	3 months 1/6 2011– 31/8 2011	12 months 1/9 2011– 31/8 2012	12 months 1/9 2010– 31/8 2011
<b>Cash flow from operating activities</b>				
<b>before changes in working capital</b>	<b>–2.0</b>	<b>–0.9</b>	<b>26.1</b>	<b>15.8</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (–) in current liabilities	0.1	–0.2	0.3	–0.1
<b>Cash flow from operating activities</b>	<b>–1.9</b>	<b>–1.1</b>	<b>26.4</b>	<b>15.6</b>
<b>Investing activities</b>				
Purchase of securities	–50.4	–47.1	–440.2	–312.0
Sale of securities	134.5	20.4	509.2	420.0
Investment in machinery and equipment	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>84.0</b>	<b>–26.7</b>	<b>69.0</b>	<b>108.0</b>
<b>Financing activities</b>				
Loans raised (+)/amortised (–)	–65.9	27.8	–36.9	–72.5
Dividend paid	0.0	0.0	–42.2	–51.2
<b>Cash flow from financing activities</b>	<b>–65.9</b>	<b>27.8</b>	<b>–79.1</b>	<b>–123.7</b>
Increase (+)/decrease (–) in liquid assets	16.2	-	16.2	-
Liquid assets at beginning of period	-	-	-	-
<b>Liquid assets at end of period</b>	<b>16.2</b>	<b>0.0</b>	<b>16.2</b>	<b>0.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEKm)	3 months 1/6 2012– 31/8 2012	3 months 1/6 2011– 31/8 2011	12 months 1/9 2011– 31/8 2012	12 mån 1/9 2010– 31/8 2011
Change in net worth, SEK	–1.30	–18.10	–2.00	–4.60
Dividend paid during the period, SEK	-	-	3.30	4.00
Number of shares, million	12.8	12.8	12.8	12.8

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

The company has no ongoing programmes 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

(SEKm)	31/8 2012	31/5 2012	31/8 2011	31/5 2011	31/8 2010
<b>Non-current assets</b>					
Property, plant and equipment					
Equipment	0.2	0.2	0.2	0.2	0.3
Financial assets					
Securities holdings	794.2	889.7	873.1	1 077.1	1 011.5
<b>Current assets</b>					
Current receivables	17.1	13.3	8.1	14.2	3.0
Cash and bank balances	16.2	-	-	-	-
<b>Total assets</b>	<b>827.7</b>	<b>903.3</b>	<b>881.4</b>	<b>1 091.6</b>	<b>1 014.8</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

<b>Shareholders' equity</b>	<b>815.3</b>	<b>831.9</b>	<b>840.4</b>	<b>1 071.8</b>	<b>898.9</b>
<b>Liabilities</b>					
Current liability to credit institution	-	67.1	36.9	9.2	109.4
Current liabilities	12.4	4.2	4.0	10.6	6.4
<b>Total liabilities and shareholders' equity</b>	<b>827.7</b>	<b>903.3</b>	<b>881.4</b>	<b>1 091.6</b>	<b>1 014.8</b>

### CHANGES IN SHAREHOLDERS' EQUITY

(MSEK)	3 mån 1/6 2012– 31/8 2012	3 mån 1/6 2011– 31/8 2011	12 mån 1/9 2011– 31/8 2012	12 mån 1/9 2010– 31/8 2011
<b>Opening balance</b>	<b>831.9</b>	<b>1 071.8</b>	<b>840.4</b>	<b>898.9</b>
Dividend paid	-	-	-42.2	-51.2
Comprehensive income for the period	-16.6	-231.4	17.1	-7.3
<b>Closing balance</b>	<b>815.3</b>	<b>840.4</b>	<b>815.3</b>	<b>840.4</b>

### CONSOLIDATED KEY RATIOS PER SHARE

	31/8 2012	31/5 2012	31/8 2011	31/5 2011	31/8 2010
Net worth per share, SEK	63.70	65.00	65.70	83.70	70.20
Share price (class B), SEK	56.00	54.25	61.50	72.75	64.75
Net worth, premium (+)/discount (-), %	-12	-17	-6	-13	-8
Liquidity (+)/Borrowing (-), %	3	-7	-4	-1	-12
Equity/assets ratio, %	99	92	95	99	89
Number of shares, million	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2010/2011. Amounts per Svolder share have been rounded off to the nearest SEK 0.1 throughout this Year-End Report, except for share prices. The company has no ongoing programmes 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.

