



# SVOLDER

## YEAR-END REPORT, 12 MONTHS

1st September 2013 – 31st August 2014. Report for Q4 2013/2014 begins on page 10.

» ...an excellent absolute net worth trend for both Svolder and the CSRX over a ten-year period. »

Managing Director's comments, page 2

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

- + Positive: Nolato, Saab and Unibet
- Negative: Oriflame

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

- + Bought: Platzer, SSAB and New Wave Group
- Sold: HiQ, Nolato and JM

- The company posted a result for the period (12 months) of SEK **297.0** million (SEK 270.2 m), corresponding to SEK **23.20** (SEK 21.10) per share.
- The net worth increased by **29.0%**, including reinvested dividend, to SEK **102.60** per share.
- The listed price of the class B share increased by **34.2%**, including reinvested dividend, to SEK **92.75** per share.
- The Carnegie Small Cap Return Index rose by **27.8%**.
- The closing discount on net worth was **9.6%**.
- Proposed dividend SEK **2.25** (SEK 2.10) per share.

### 19TH SEPTEMBER 2014

- The net worth was SEK **100** per share and the listed price was SEK **95.75**.

THE ANNUAL  
GENERAL MEETING  
WILL BE HELD ON  
20TH NOVEMBER 2014

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

### Strong year for listed companies

Yet another financial year has drawn to a close. It has been an excellent year for listed companies, particularly for shares in small and medium-sized listed Swedish companies. The CSRX rose by a full 27.8 per cent, which is 6.9 percentage points more than the Swedish stock exchange as a whole. In the context of these figures, Svolder has been very successful. The company's net worth increased by 29.3 per cent and its listed price by 34.2 per cent; both figures include a reinvested dividend. In absolute terms, this equates to a growth in value adjusted for dividends of SEK 306 million and SEK 311 million respectively. As a result of the higher return compared with the CSRX, a provision of SEK 3.6 million is being made in line with the company's incentive programme. This provision reduces the growth in net worth by 0.3 per cent. The discount to net worth decreased and stood at 9.6 per cent on the closing day.

### Stock exchange better than the alternatives

In recent years Svolder has had positive expectations of shares as an investment option. An increase in the CSRX of 68 per cent over two years has, however, exceeded our expectations, and we have gradually adopted a more neutral stance to the stock market during the financial year. This means that in our normal scenario the stock exchange will increase by roughly the same level as investors' return requirements, approximately 7-9 per cent a year including dividends received. This is still better, or even far better, than alternatives such as bank saving, bonds, rental properties and commodity contracts, for example. The yield on shares is similarly very good compared to the alternatives.

At the same time we must note that the world economy is not growing at the rate previously forecast. Companies' profits are usually generated through savings and efficiencies, rather than investment and expansion. This is a characteristic of most established economies. Due to very low interest rates and various forms of bond purchases or bank support, the central banks have pursued a highly expansive monetary policy for a long time. Wages and commodity prices are barely increasing and inflation is conspicuous in its absence. This is a very different picture of the world compared to what citizens, politicians and central bank representatives have become accustomed to. Unfortunately the expansive monetary policy has not led to noticeably higher investments in companies. Instead liquidity in particular has moved into financial assets such as bonds, shares and property. This may create financial bubbles. Svolder does not believe we are quite there yet, but we would like to see far more organic growth in listed companies and better growth in Swedish trading partners' economies before we feel truly comfortable with the current valuations on the stock markets.

Svolder is what is termed a stock picker and selects an equities portfolio of just over 15 shareholdings. By choosing wisely, we lay the right foundation to create added value. We have done this for four of the last five calendar years, and to date in 2014 we are on a par with the market. It should also be pointed out that better growth in the net worth than the comparison index means that the increase in value is fully burdened by costs for both management and reinvestments. The table below primarily indicates an excellent absolute net worth trend for both Svolder and the CSRX over a ten-year period. It also confirms the value of listed Swedish shares in small and medium-sized companies as an excellent long-term form of investment.

## Total return<sup>1)</sup>, % on 31st August 2014

	1 year 1/9 2013– 31/8 2014	3 years 1/9 2011– 31/8 2014	5 years 1/9 2009– 31/8 2014	10 years 1/9 2004– 31/8 2014
<b>Svolder</b>				
Net worth	29	79	121	319
Share price (Class B)	34	76	124	290
<b>Stock market index</b>				
CSRX	28	81	129	314
SIXRX	21	66	92	211

<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.

Thanks to investments primarily in companies with established business models, stable cash flows, healthy balance sheets and operating on growing markets, Svolder believes we will continue to create value for the company's owners. Over the past financial year, the biggest absolute contributions to net worth come from major holdings such as Nolato and Saab (SEK 150 million jointly). Meanwhile, based on return on invested time-weighted capital, investments in Meda, Orexo, Unibet (inc. Kambi) and AGES are well on a par with Nolato and Saab.

### Amended dividend policy and lower proportion of management costs

Svolder has paid a very high dividend for many years. Up until a year ago a dividend of at least 5 per cent of the company's closing net worth was paid in the form of a cash dividend. This has meant that the SEK 320 million initially invested by Svolder's founding shareholders has grown by SEK 1,000 million, while almost SEK 900 million has been paid in dividends to the company's shareholders. The dividend policy has been followed in both strong and weak years for listed companies. The high proportion of dividend means that the company's growth has been weaker than if the dividend had instead been attributed to dividends received from the portfolio companies with a deduction for management costs. The proportion of management costs has, consequently, not changed as much as was hoped in relation to small cap funds, for example. Dividend growth too has been adversely affected. This caused the board to bring up the question of amending the dividend policy at Svolder's Annual General Meeting two years ago. Therefore, last year the dividend policy was amended and is now based on normalised dividends received and ongoing management costs. Consequently the expected proportion of management costs is now down to approximately 1.2 per cent, compared to approximately 2.0 per cent two years ago. Thanks to good long-term management, which exceeds the comparison index over time, the cost proportion may be slightly higher via the company's variable remuneration system. At the same time more added value has been generated for Svolder's shareholders and a provision has been made from employees investing fully in Svolder shares. The board's proposal to increase the dividend for the 2013/2014 financial year to SEK 2.25 per share (SEK 2.10) reflects the reasoning outlined above.

Source: Morningstar, Svolder and Infront



### AIFM not applicable to Svolder's operation

In 2014 Svolder asked Finansinspektionen (FI), the Swedish Financial Supervisory Authority, for an interpretation of whether the rules now applicable to Alternative Investment Fund Managers (AIFM) apply to Svolder. Svolder is an investment company that operates under special rules in the form of a listed company, with the aim of developing the company for the benefit of its shareholders. Svolder mainly invests in listed shares in Swedish small and medium-sized companies, not in speculative forms and instruments which have specifically been the target of the amended European legislation in the field. After long deliberation by the FI, Svolder has been informed that the company's operations do not require a special permit. Svolder will therefore be able to continue to run its operation in much the same way that has successfully characterised the company since it was formed in 1993.

### Safeguarding and developing in a turbulent world

The 2014/2015 financial year has begun. In a turbulent world with very serious occurrences of civil war, epidemics and terror networks, it is vital to safeguard the value of Swedish companies, employees, public organisations and national infrastructure. The role of the stock exchange and investors is particularly important to the long-term positive development of prosperity, technological advancement and innovation for Sweden and its citizens. Svolder intends to continue to operate through its portfolio companies in this environment for the benefit of its shareholders.

Yours faithfully

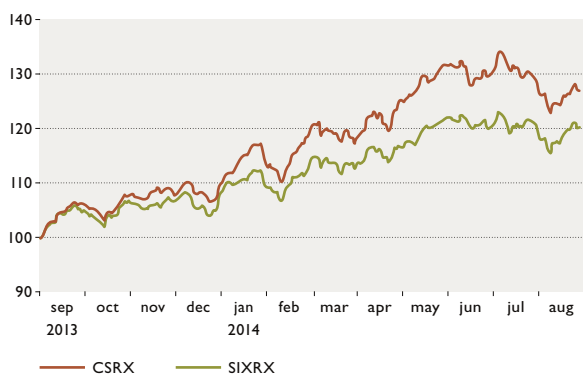
**ULF HEDLUNDH**  
Managing Director



## MARKET COMMENTARY

Svolder's 2013/2014 financial year, 1st September 2013 to 31st August 2014, was a very strong year for listed companies, particularly on the Swedish stock exchange and especially for small and medium-sized companies. The Swedish stock exchange (SIXRX), adjusted for dividends, rose by 20.9 per cent while the small cap market (CSRX) produced a return of a further 6.9 percentage points. At the same time the world's stock exchanges increased by 25 per cent, measured in Swedish kronor, not considering share dividends paid. Concerns on the financial markets have continued to decrease and the return requirements have fallen further. The long-term interest rates for bonds have decreased as a result of low inflation and weak growth generally. The more positive view of financial companies and the ability of heavily indebted countries to pay have contributed strongly to the decrease in interest rates for former high-risk bonds. Meanwhile analysts' profit expectations have not changed to any significant degree, where-in the growth in share prices has taken place without the support of rising profit assessments. Consequently, the stock exchange's absolute valuation has been increased, known as multiple expansion.

Index performance, 12 months



Source: Infront

The short key interest rates, which are set by the central banks, are still very low and the monetary policy is highly expansive. During the financial year, both the Japanese and European central banks have demonstrated a particularly strong desire to promote growth and reduce the risk of a long-term recession. The US central bank, the Federal Reserve, has reduced its stimulus activities and is discussing whether it is time to raise its key interest rate. There is, however, a fear of tightening the monetary policy too early. The increase in the dollar exchange rate, which is a sign that the US economy is developing better than the rest of the world's, supports the argument for a gradual return to normal monetary policy.

Despite military instability in the Middle East and Ukraine in particular, the capital markets have decided to view these threats as minor. Nor has political polarisation in several significant countries had any impact on the leading capital markets. The results of the Swedish election have not given rise to any stable constellations to create

majorities in the Riksdag, Sweden's parliament. This may have an adverse effect particularly on the Swedish krona and risk premiums.

Exchange rate fluctuations have increased. Based on an improved economy primarily in the US and UK, the USD and GBP strengthened against the euro, particularly towards the end of the financial year. The increase over the 12 months is, however, just 0.5 per cent for the dollar, while the pound rose 7.5 per cent. The Swedish krona has also decreased against the euro by 4.8 per cent. The krona index, which measures the value of the Swedish krona in relation to trading partners, is now on a level not seen for two years. The weakening of the krona is linked to the Riksbank's reduced opportunities to restrict credit expansion in Swedish society through monetary policy. Furthermore, its finance policy has expanded and the surplus target in state finances has been called into question from several quarters. The Japanese yen has weakened further as a result of the highly expansive monetary policy from the Japanese central bank and more extensive finance policy. Growth in Japan, however, remains very weak.

Commodity prices have fluctuated during the year, but generally speaking the majority of industrial metals have increased slightly. The price of gold, however, has decreased by 7.8 per cent during the year in USD as a result of the above-mentioned risk reductions. The price of oil has varied with a downward trend despite increasing concern about developments in the Middle East. Increased domestic oil production in the US and more energy-efficient transport combined with low economic growth have had a larger impact on the price of oil.

## SHARE PRICE TRENDS

The closing price for Svolder's class B share was SEK 92.75, corresponding to an increase during the financial year of 34.2 per cent, including reinvested dividend. The share's value on the closing day represented a discount of 9.6 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of just under 13,000 shares traded each day of trading on the NASDAQ OMX Stockholm.

Trading in Svolder's class A share was limited and shares were only traded on 29 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 Svolder's Board of Directors. No class A shares were converted during the financial year. On the closing day, the total number of shares in Svolder amounted to 12,800,000, of which 730,688 were class A shares and 12,069,312 class B shares. The number of shareholders is unchanged and amounted to just under 8,000 according to the most recently published share register on 30 June 2014.

## Total return<sup>1)</sup> % (12 months)

	12 months 1/9 2013– 31/8 2014	12 months 1/9 2012– 31/8 2013
<b>Svolder</b>		
Share price (Class B)	34.2	35.3
Net worth	29.0	35.0
<b>Stock market index</b>		
Carnegie Small Cap Return Index	27.8	31.2
SIX Return Index	20.9	23.7

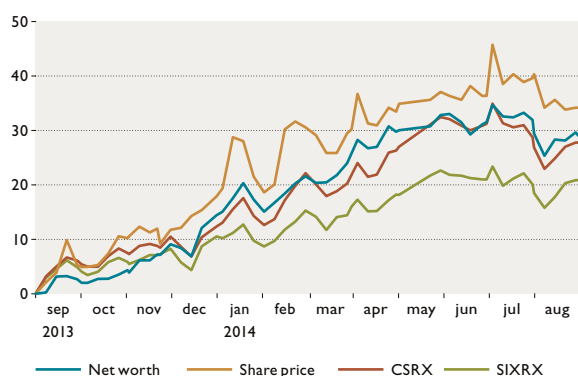
<sup>1)</sup> Total return is calculated using methods whereby the dividend paid is reinvested at the time of the dividend in underlying types of assets.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 102.60 per share, which represents an increase during the financial year of 29.0 per cent, including reinvested dividend. This figure is 1.2 percentage points above that of the CSRX comparison index, which rose by 27.8 per cent during the corresponding period.

The positive deviation is primarily attributable to the good development of Saab and Nolato. Svolder's liquidity, which averaged approximately 6 per cent during the financial year, has had an adverse impact on the relative comparison with CSRX.

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



## Net worth trend, 12 months

	SEK m	SEK/share
<b>Net worth, 31st August 2013</b>	<b>1,043.2</b>	<b>81.50</b>
<b>Equities portfolio</b>		
<b>Opening value</b>	<b>990.4</b>	<b>77.40</b>
Purchase of shares	693.2	
Sale of shares	-669.4	
Change in value, equities portfolio	277.8	23.60
<b>Closing value</b>	<b>1,291.9</b>	<b>100.90</b>
<b>Net debt (-)/Net receivable (+)</b>		
<b>Opening value</b>	<b>52.9</b>	<b>4.10</b>
Share dividends received	34.6	
Other operating income	3.3	
Dividend paid	-26.9	
Administrative costs	-19.1	
Net financial items	0.5	
Purchase of shares, net	-23.8	-2.50
<b>Closing value</b>	<b>21.5</b>	<b>1.70</b>
<b>Net worth, 31st August 2014</b>	<b>1,313.4</b>	<b>102.60</b>

### Biggest contributors to changes in net worth 1st September 2013 – 31st August 2014 (12 months)

(Based on net worth of SEK 1,043.2 million or SEK 81.50 SEK/share on 31st August 2013)

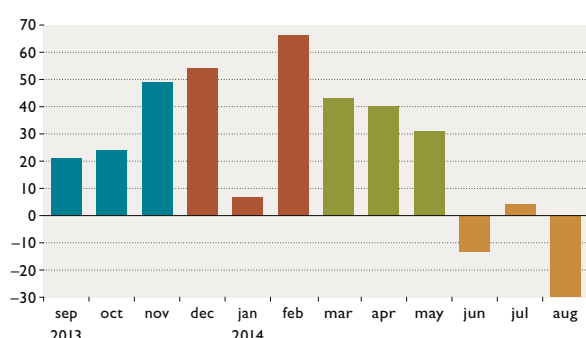
	SEK m	SEK/share
Nolato	78.5	6.10
Saab	71.7	5.60
Unibet (inc. Kambi)	31.5	2.50
Meda	24.9	1.90
Beijer Alma	20.8	1.60
AGES Industri	19.8	1.50
SSAB	16.8	1.30
Orexo	16.7	1.30
Proact	9.3	0.70
<b>Total, nine positive</b>	<b>290.0</b>	<b>22.70</b>
Oriflame	-8.4	-0.70
<b>Total, one negative</b>	<b>-8.4</b>	<b>-0.70</b>
Other shares	34.0	2.70
<b>Shares, total</b>	<b>315.7</b>	<b>24.70</b>
Other	-18.6	-1.50
<b>Change in value before dividend</b>	<b>297.0</b>	<b>23.20</b>

Source: Svolder, Infront and Morningstar

Source: Svolder and Infront

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

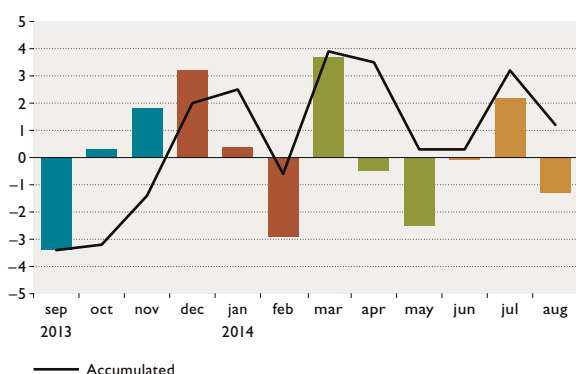
Excluding dividends of SEK 26.9 million (SEK 2.10 per share) paid in November 2013.



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 comparison indices may, therefore, differ substantially from one accounting period to another. Share evaluation is complemented by a certain strategic focus on individual sectors based on macroeconomic factors.

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

In percentage points per month and accumulated



## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 21.5 million on the closing day, corresponding to 1.6 per cent of the company's net worth. This can be compared with a net receivable of SEK 52.9 million at the beginning of the financial year.

## THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 693.2 million during the financial year. Shares for a gross amount of SEK 669.4 million (including proceeds of sale regarding HiQ totalling SEK 3.7 million) were sold during the corresponding period, and net purchases hence totalled SEK 23.8 million. A dividend of SEK 26.9 million was paid to shareholders in November 2013 for the 2012/2013 financial year. The number of holdings in the equities portfolio on the closing day totalled 19 holdings in 18 companies, which was unchanged compared to the closing day last year (31st August 2013).

### Major net purchases for the equities portfolio, 1st September 2013–31st August 2014 (12 months)

Share	Number	SEK m	SEK/share <sup>1)</sup>
Platzer Fastigheter	2,565,982	73.8	28.80
SSAB Class B	1,280,000	62.4	48.70
New Wave Group	1,582,386	58.3	36.90
Orexo	500,000	52.8	105.60
Unibet	118,621	36.3	300.20

<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.

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.

### Lending of shares

During the reporting period, Svolder has lent shares to a limited extent with a Swedish bank as the counterparty. On the closing day, share lending amounted to around 1 per cent of the equities portfolio. Income from share lending for the financial year amounts to SEK 0.3 million and is reported as other operating income. The share lending has taken place against securities in large cap companies, which equates to approximately 105 per cent of the loaned shares' market value.

### Major net sales from the equities portfolio, 1st September 2013–31st August 2014 (12 months)

Share	Number	SEK m	SEK/share <sup>1)</sup>
HiQ <sup>2)</sup>	2,280,368	92.5	40.60
Nolato	480,287	76.1	157.10
JM	300,000	57.0	189.90
Diös	1,000,000	46.3	46.30
Klövern preference share	250,000	37.4	149.60

<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.

<sup>2)</sup> The sales amount includes payment for redemption programmes.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as that of 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 200 million.

## RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 49 and in note 17 on page 61 of the 2012/2013 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

## DIVIDEND

At the 2014 Annual General Meeting, the board and Managing Director will propose a share dividend of SEK 2.25 (2.10) per share for the 2013/2014 financial year, which equates to SEK 28.8 million (26.9 m). The proposal equates to 2.2 per cent of the closing net worth and a yield of 2.4 per cent based on the share price on the closing day. The proposal is based on Svolder's dividend policy. The following considerations have been made for the proposal:

Dividend received	SEK 34.6 m
Redemption programme	SEK 3.7 m
Interest from convertibles received	SEK 3.0 m
'Normalised' dividend	SEK 4.4 m
Adjustment for liquidity	SEK 1.7 m
Extra dividends	SEK -3.1 m
Ongoing management costs	SEK -15.5 m
<b>Total</b>	<b>SEK 28.8 m</b>

(SEK 2.25/share)

The aim is to achieve a dividend level based on normalised dividends from a fully invested equities portfolio, with deductions for management costs excluding possible variable remuneration. The dividend level should, therefore, have the conditions to rise in line with the portfolio companies' increased dividend capacity.

## EVENTS AFTER THE REPORTING PERIOD

The net worth on 19th September was SEK 100 per share and the listed price was SEK 95.75. The net worth has therefore decreased by SEK 3 per share, equating to 2 per cent, since the closing day on 31st August 2014. The Carnegie Small Cap Return Index and SIX Return Index have fallen by just under 2 per cent and increased by just over 1 per cent respectively during the same period.

## AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on 20th November 2014 in Stockholm. The notice to attend will be announced with a press release on around 17th October, a presentation on Svolder's website, an advertisement in Dagens Industri and information in the upcoming Annual Report.

In connection with the Annual General Meeting, shareholders will be invited to a panel discussion featuring representatives of Svolder's owners, board and management. The seminar will discuss topical stock exchange and company issues and will be held from 14.00 CET to 15.15 CET.

The Annual Report will be distributed at the beginning of November to all shareholders, except for any who have requested not to receive corporate stock market information, whether to the company or via their depository bank. The interim report for the period 1st September – 30th November 2014 will be published on 11th December 2014.

## THE EQUITIES PORTFOLIO, 31ST AUGUST 2014

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>					-	0.5	-	
<b>Materials</b>					5.7	12.0	1.4	
SSAB Class B	1,280,000	58.05	74.3	5.7				5.80
<b>Capital Goods</b>					28.4	19.5	11.4	
Saab	1,000,000	188.50	188.5	14.4				14.70
Beijer Alma	563,816	184.50	104.0	7.9				8.10
AGES Industri	310,600	145.00	45.0	3.4				3.50
XANO Industri	306,500	113.75	34.9	2.7				2.70
<b>Commercial services</b>					2.6	7.6	-0.3	
Bong convertible shares	30	MSEK 0.9	27.0	2.1				2.10
Bong	6,000,000	1.11	6.7	0.5				0.50
<b>Transport</b>					1.8	0.5	-0.4	
SAS preference shares	60,500	387.50	23.4	1.8				1.80
<b>Consumer Discretionary and Services</b>					21.3	16.9	2.4	
Unibet	268,621	359.50	96.6	7.4				7.50
KappAhl	1,759,772	38.20	67.2	5.1				5.30
New Wave Group	1,824,000	35.20	64.2	4.9				5.00
Besqab	358,348	81.25	29.1	2.2				2.30
Oriflame <sup>4)</sup>	172,205	133.30	23.0	1.7				1.80
<b>Healthcare</b>					7.7	10.9	4.2	
Orexo <sup>4)</sup>	500,000	139.00	69.5	5.3				5.40
Meda	335,000	94.05	31.5	2.4				2.50
<b>Financials and Real Estate</b>					5.8	21.9	1.9	
Platzer Fastigheter	2,565,982	29.90	76.7	5.8				6.00
<b>Software and Services</b>					13.9	2.8	1.9	
Acando B <sup>3)</sup>	10,059,897	11.70	117.7	9.0				9.20
Proact	704,000	92.75	65.3	5.0				5.10
<b>Technology Hardware and Equipment</b>					11.2	3.7	7.5	
Nolato	864,000	170.50	147.3	11.2				11.50
<b>Telecom Operators</b>					-	3.8	-	
<b>Equities portfolio</b>			<b>1,291.9</b>	<b>98.4</b>	<b>98.4</b>	<b>-</b>	<b>30.3</b>	<b>100.90</b>
<b>Net debt (-)/net receivable (+)</b>			<b>21.5</b>	<b>1.6</b>	<b>1.6</b>	<b>-</b>	<b>0.0</b>	<b>1.70</b>
<b>Total/net worth</b>			<b>1,313.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>30.3</b>	<b>102.60</b>
<b>Change in value after management costs, 12 months</b>							<b>28.5</b>	

All securities holdings come under level 1 of the value hierarchy, except for Bong convertible shares which come under level 2.

<sup>1)</sup> Bid price on NASDAQ OMX Nordic.

<sup>2)</sup> Market value per Svolder share.

<sup>3)</sup> Of which 500,000 Class A shares.

<sup>4)</sup> The above-mentioned holdings on the closing day of 31st August 2014 includes 30,000 loaned shares in Oriflame and 60,000 loaned shares in Orexo respectively.

The following is an example of information that can be drawn from the table: Svolder's largest holding is Saab, which has a market value of SEK 188.5 million, corresponding to 14.4 per cent of net worth. Saab is a company in the Capital Goods sector, which, together with other companies in the sector, accounts for 28.4 per cent of Svolder's net worth. The equivalent percentage for the Capital Goods sector in the CSRX is 19.5 per cent in total. In comparison with the CSRX, therefore, the portfolio is dominated by companies in the Capital Goods sector: Shares in this sector have accounted for 11.4 percentage points of the change in Svolder's net worth to date during the 2013/2014 financial year, measured in relation to opening net worth.





# REPORT FOR Q4

Current reporting period: 1st June – 31st August 2014 (3 months)

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

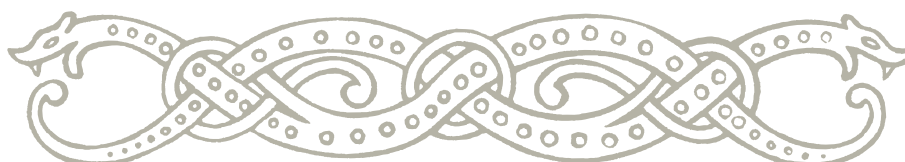
- The company posted a result for the period (3 months) of SEK **-39.0** million (SEK 59.0 m), corresponding to SEK **-3.00** (SEK 4.60) per share.
- The net worth decreased by **2.9%** to SEK **102.60** per share.
- The listed price of the class B share decreased by **2.1%** to SEK **92.75** per share.
- The Carnegie Small Cap Return Index fell by **3.5%**.

## Major contributors to net worth (3 months)

- + Positive: Nolato, Unibet (inc. Kambi) and Orexo
- Negative: Acando, New Wave Group and Beijer Alma

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

- + Bought: Platzer Fastigheter, Besqab and Acando
- Sold: HiQ and Kambi



## MARKET COMMENTARY

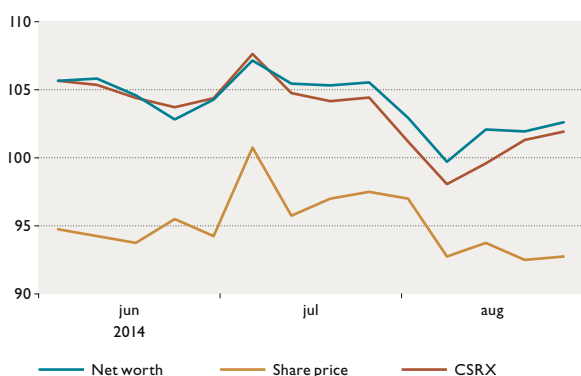
The current reporting period, 1st June – 31st August 2014, was characterised by share price fluctuations. The World Index increased by a full 6.7 per cent, measured in Swedish kronor, while the Swedish stock exchange fell by 1.5 per cent. The Swedish market for small and medium-sized companies, measured as CSRX, decreased by 3.5 per cent. The weaker development for smaller companies during the quarter breaks the pattern for the rest of the financial year. Lower inflows to small cap funds and the previous strong rise in share prices are likely explanations, along with the rising new listings activity in this size segment, which has probably pulled liquidity from other investments.

Successively lower government bond interest rates were noted in the three-month period, particularly in Sweden. This comes in the wake of a continued expansive monetary policy from European central banks and only small signs of a tightening of monetary policy from the US equivalent, the Federal Reserve. The interest rates for money markets decreased further during the summer as a result of reductions in European key interest rates.

The strength of the US dollar was clear over the 3-month period, i.e. +3.9 per cent compared to the euro. The euro continued to appreciate in relation to the Swedish krona in this reporting period, but only by 0.7 per cent. The depreciation of the krona is favourable for Swedish export companies but has an adverse effect on inflation and import prices.

Commodity prices increased during the summer months, particularly for the industrial metal zinc, but on the whole the changes have been relatively undramatic over the quarter. The same cannot be said for the price of oil, however, which decreased by 6 per cent (USD) despite political unease in the Middle East in particular.

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



Source: Svolder and Infront

## Total return<sup>1)</sup> %

	3 months 1/6 2014– 31/8 2014	12 months 1/9 2013– 31/8 2013
<b>Svolder</b>		
Share price (Class B)	-2.1	34.2
Net worth	-2.9	29.0
<b>Stock market index</b>		
Carnegie Small Cap Return Index	-3.5	27.8
SIX Return Index	-1.5	20.9

<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.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 102.60 per share, which represents a decrease during the current reporting period of 2.9 per cent. This figure is 0.6 percentage points higher than the development of the CSRX comparison index, which decreased by 3.5 per cent during the corresponding period. The positive deviation is primarily attributable to the good development of Orexo, Unibet (inc. Kambi) and Nolato. Svolder's liquidity, which averaged approximately 4 per cent during the current reporting period, has had a positive impact on the relative comparison with CSRX.

## Net worth trend (3 months)

	SEK m	SEK/share
<b>Net worth, 31st May 2014</b>	<b>1,352.4</b>	<b>105.70</b>
<b>Equities portfolio</b>		
Opening value	1,256.4	98.20
Purchase of shares	154.2	
Sale of shares	-85.1	
Change in value, equities portfolio	-33.6	2.80
<b>Closing value</b>	<b>1,291.9</b>	<b>100.90</b>
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	96.0	7.50
Share dividends received	0.8	
Other operating income	1.0	
Administrative costs	-7.2	
Net financial items	0.1	
Purchase of shares, net	-69.1	-5.80
<b>Closing value</b>	<b>21.5</b>	<b>1.70</b>
<b>Net worth, 31st August 2014</b>	<b>1,313.4</b>	<b>102.60</b>

## Biggest contributors to changes in net worth 1st June – 31st August 2014 (3 months)

(Based on net worth of SEK 1,352.4 million or 105.70 SEK/share on 31st May 2014)

	SEK m	SEK/share
Nolato	17.7	1.40
Unibet (inc. Kambi)	16.9	1.30
Orexo	12.9	1.00
<b>Total, three positive</b>	<b>47.5</b>	<b>3.70</b>
Acando	-17.2	-1.30
New Wave Group	-16.5	-1.30
Beijer Alma	-10.2	-0.80
Meda	-8.7	-0.70
AGES Industri	-8.2	-0.60
Oriflame	-5.6	-0.40
XANO Industri	-5.5	-0.40
<b>Total, seven negative</b>	<b>-71.9</b>	<b>-5.60</b>
Other shares	-7.4	-0.60
<b>Shares, total</b>	<b>-31.8</b>	<b>-2.50</b>
Other	-7.2	-0.60
<b>Change in value</b>	<b>-39.0</b>	<b>-3.00</b>

**Nolato** was the biggest contributor in the current reporting period, after a share price rise resulting from a strong Q2 report. All business areas developed well and increased their margins compared to the corresponding period last year. The balance sheet is strong and creates scope for both acquisitions and investments, together with a continued high dividend.

The Q2 report for the betting company **Unibet** showed results above expectations. The quarter was characterised by the FIFA World Cup and the betting surplus increased by 33 per cent in local currency. The subsidiary **Kambi** was distributed to the shareholders and trading in the share began in early June. Both **Unibet** and **Kambi** reported a very positive share price development, which jointly made a contribution to net worth of SEK 16.9 million. The holding in **Kambi** was sold during the quarter.

Pharmaceutical company **Orexo** reported a very strong share price development during the quarter. Sales of **Zubsolv**, a medication designed to treat opioid dependence (abuse of painkillers), continued to develop positively. Furthermore, the company presented positive results from two clinical studies as well as improved price subsidies among the majority of insurers, two important steps in the process of increasing **Zubsolv**'s market shares in future years.

IT consultancy **Acando** was the biggest negative contributor to net worth during the current reporting period. **Acando** announced a recommended public offer to the shareholders of IT consultancy **Connecta** in early June. On 10 July **Acando** decided to fulfil the offer. The merged company has clear leadership in several important competence areas. The price of the **Acando** share fell in response to the move. Furthermore, the downward movement in **Acando**'s share price continued when its Q2 report was weaker than expected. **Svolder** has used the falling share price to increase its holding. The share is still considered to be very attractively valued based on expected profit for a normal year.

Profiling and brand group **New Wave Group** reported a profit for its second quarter that was clearly weaker than expected. The previous positive tones for the second half of 2014 were also played down. Uncertainty regarding the timing and strength of the recovery has increased. The positive news in the report was that the largest business segment, **Profiling**, showed higher turnover and a better profit after a weaker period. The share price development was weak already before the report, and this trend continued after the report. Although the recovery in terms of profit has been postponed, the valuation is still attractive based on expected profit for a normal year.

**Beijer Alma** reported a somewhat weaker profit than expected for the second quarter of 2014. **Habia**'s telecom products continued to develop very well, while sales of **Lesjöfors** profitable chassis springs were lower. The balance sheet was still strong, which creates opportunities for expansion via corporate acquisitions. The share price fell during the summer, primarily after the interim report, and the share made a negative contribution to **Svolder**'s net worth during the current reporting period. In the previous quarter the company was the biggest positive contributor.

## LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 21.5 million on the closing day, corresponding to 1.6 per cent of the company's net worth. This can be compared with a net debt of SEK 96.0 million at the beginning of the current reporting period.



## THE EQUITIES PORTFOLIO

Shares to the value of SEK 154.2 million (gross) were acquired during the current reporting period. Shares for a gross amount of SEK 85.1 million were sold during the corresponding period, and net purchases hence totalled SEK 69.1 million.

During the three-month period **Besqab** was added as a new holding and all shares in **HiQ**, **SSAB A** (exchanged for SSAB Class B), **Kambi** and **Akelius preference shares** were sold. On the closing day, the portfolio thus comprised 19 holdings in 18 companies.

### Major net purchases for the equities portfolio, 1st June – 31st August 2014 (3 months)

Share	Number	SEK m	SEK/share <sup>1)</sup>
Platzer Fastigheter	1,059,233	33.7	31.80
Besqab	358,348	27.2	75.80
SSAB Class B	367,915	20.2	54.80
Acando	1,540,467	18.2	11.80
Orexo	139,327	17.3	124.20

<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.

Demand for commercial properties is currently high in Swedish growth centres. In line with central banks' lower key interest rates and low demand for credit from companies, the banks have placed a premium on growth when financing commercial properties and co-operative apartments for private individuals. This is happening amid progressively lower interest margins and even, in some cases, with higher accepted level of debt. Property prices on the subletting market have increased, and this has impacted on the stock exchange's property companies to such an extent that the majority of the industry's shares are traded above their net worth and, in several cases, the share price potential is considered to be limited. Platzer is an exception to this. The company's concentration in Gothenburg, which currently has record-low vacancy rates and significant scope for rent increases, is a distinct strength factor. Platzer's good financial strength following its public listing in the winter creates further opportunities to work on strategically important, profitable property development. Svolder increased its shareholding in Platzer during the quarter.

Svolder took part in the new listing of property development company Besqab. The company's operation is primarily focused on building new co-operative apartments and homes in attractive locations, with a focus on Stockholm County and Uppsala. Besqab also carries out assignments such as project management with total responsibility for external property owners, and project development and management primarily of nursing and care homes. The company was still considered to be attractively valued after listing, which is why more shares were acquired.

### Major net sales from the equities portfolio, 1st June – 31st August 2014 (3 months)

Share	Number	SEK m	SEK/share <sup>1)</sup>
HiQ	514,400	19.8	38.50
SSAB Class A	313,716	19.5	62.20
Kambi	220,000	10.6	48.00

<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.

As part of efforts to increase the concentration of the equities portfolio, the remainder of the holding in HiQ was sold during the current reporting period. The sales proceeds have mainly been used to purchase shares in Acando.

### Lending of shares

During the reporting period, Svolder has lent shares to a limited extent with a Swedish bank as the counterparty. On the closing day, share lending amounted to around 1 per cent of the equities portfolio. Income from share lending for the financial year amounts to SEK 0.3 million and is reported as other operating income. The share lending has taken place against securities in large cap companies, which equates to approximately 105 per cent of the loaned shares' market value.

## THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as that of 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 200 million.



STOCKHOLM, 26TH SEPTEMBER 2014

SVOLDER AB (PUBL)

### THE BOARD OF DIRECTORS

*For additional information, please contact:*

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*Pontus Ejderhamn, CFO +46 (0)8-440 37 72*

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/6 2014– 31/8 2014	3 months 1/6 2013– 31/8 2013	12 months 1/9 2013– 31/8 2014	12 months 1/9 2012– 31/8 2013
<b>Management operations</b>				
Dividend income	0.8	1.1	34.6	34.3
Administrative costs	–7.2	–7.1	–19.1	–18.9
Earnings from securities	–33.6	63.5	277.8	251.5
Other operating income	1.0	1.4	3.3	3.2
<b>Operating profit</b>	<b>–39.1</b>	<b>58.8</b>	<b>296.6</b>	<b>270.0</b>
<b>Profit on financial investments</b>				
Financial income	0.1	0.2	0.8	0.6
Financial expenses	–0.1	–0.1	–0.3	–0.5
<b>Profit/loss after financial items</b>	<b>–39.0</b>	<b>59.0</b>	<b>297.0</b>	<b>270.2</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>–39.0</b>	<b>59.0</b>	<b>297.0</b>	<b>270.2</b>
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>–39.0</b>	<b>59.0</b>	<b>297.0</b>	<b>270.2</b>
<b>Earnings per share, SEK</b>	<b>–3.00</b>	<b>4.60</b>	<b>23.20</b>	<b>21.10</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2014– 31/8 2014	3 months 1/6 2013– 31/8 2013	12 months 1/9 2013– 31/8 2014	12 months 1/9 2012– 31/8 2013
<b>Cash flow from operating activities before changes in working capital</b>	<b>–1.2</b>	<b>–2.4</b>	<b>20.6</b>	<b>19.4</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (–) in current liabilities	–0.2	0.0	–0.2	–0.2
<b>Cash flow from operating activities</b>	<b>–1.4</b>	<b>–2.5</b>	<b>20.4</b>	<b>19.2</b>
<b>Investing activities</b>				
Purchase of securities	–147.2	–163.2	–704.9	–538.6
Sales of securities	75.9	128.8	677.2	604.4
Investment in machinery and equipment	-	-	–0.2	-
<b>Cash flow from investing activities</b>	<b>–71.4</b>	<b>–34.4</b>	<b>–27.8</b>	<b>65.8</b>
<b>Financing activities</b>				
Loans raised (+)/amortised (–)	-	-	-	-
Dividend paid	-	-	–26.9	–42.2
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>–26.9</b>	<b>–42.2</b>
Increase (+)/decrease (–) in liquid assets	–72.8	–36.9	–34.3	42.7
Liquid assets at beginning of period	97.4	95.8	59.0	16.2
<b>Liquid assets at end of period</b>	<b>24.7</b>	<b>59.0</b>	<b>24.7</b>	<b>59.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

	3 months 1/6 2014– 31/8 2014	3 months 1/6 2013– 31/8 2013	12 months 1/9 2013– 31/8 2014	12 months 1/9 2012– 31/8 2013
Change in net worth, SEK	–3.00	4.60	21.10	17.80
Dividend paid during the period, SEK	-	-	2.10	3.30
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 programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 12,800,000.

## BALANSRÄKNINGAR KONCERNEN

### Tillgångar

(SEK m)	31/8 2014	31/5 2014	31/8 2013	31/5 2013	31/8 2012
<b>Non-current assets</b>					
<i>Property, plant and equipment</i>					
Equipment	0.2	0.2	0.1	0.1	0.2
<i>Financial assets</i>					
Securities holdings	1,291.9	1,256.4	990.4	898.5	794.2
<b>Current assets</b>					
Current receivables	12.8	4.3	21.7	0.8	17.1
Cash and bank balances	24.7	97.4	59.0	95.8	16.2
<b>Total assets</b>	<b>1,329.5</b>	<b>1,358.3</b>	<b>1,071.1</b>	<b>995.2</b>	<b>827.7</b>

### Eget kapital och skulder

(SEK m)	31/8 2014	31/5 2014	31/8 2013	31/5 2013	31/8 2012
<b>Shareholders' equity</b>	<b>1,313.4</b>	<b>1,352.4</b>	<b>1,043.2</b>	<b>984.3</b>	<b>815.3</b>
<b>Liabilities</b>					
Current liability to credit institution	-	-	-	-	-
Current liabilities	16.1	5.9	27.9	10.9	12.4
<b>Total liabilities and shareholders' equity</b>	<b>1,329.5</b>	<b>1,358.3</b>	<b>1,071.1</b>	<b>995.2</b>	<b>827.7</b>

## FÖRÄNDRINGAR I EGET KAPITAL

(SEK m)	3 months 1/6 2014– 31/8 2014	3 months 1/6 2013– 31/8 2013	12 months 1/9 2013– 31/8 2014	12 months 1/9 2012– 31/8 2013
<b>Opening balance</b>	<b>1,352.4</b>	<b>984.3</b>	<b>1,043.2</b>	<b>815.3</b>
Dividend paid	-	-	-26.9	-42.2
Comprehensive income for the period	-39.0	59.0	297.0	270.2
<b>Closing balance</b>	<b>1,313.4</b>	<b>1,043.2</b>	<b>1,313.4</b>	<b>1,043.2</b>

## NYCKELTAL PER AKTIE KONCERNEN

	31/8 2014	31/5 2014	31/8 2013	31/5 2013	31/8 2012
Net worth per share, SEK	102.60	105.70	81.50	76.90	63.70
Share price (Class B), SEK	92.75	94.75	71.00	66.00	56.00
Net worth, premium (+)/discount (-), %	-10	-10	-13	-14	-12
Liquidity (+)/Borrowing (-), %	2	7	5	9	3
Equity/assets ratio, %	100	100	99	100	99
Number of shares, million	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2012/2013. 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 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.

Prioritaire **A**

POSTAGE  
PAID

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)

