



# SVOLDER

## INTERIM REPORT 2015/2016

Interim period: 1st September 2015–29th February 2016 (6 months). Current reporting period: 1st December 2015–29th February 2016 (3 months)

» Svolder's net worth increased by 14.5 per cent during the interim period, i.e. six percentage points more than the small cap market and a full 18 better than the Stockholm stock exchange as a whole. »

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### SHARE PRICE

# 114.00

SEK on 4th March 2016

### NET WORTH

# 132

SEK/share on 4th March 2016

### RESULT FOR THE INTERIM PERIOD (6 MONTHS)

- » The company posted a result for the period of SEK **213.8** million (SEK 186.2 m), corresponding to SEK **16.70** (SEK 14.50) per share.
- » Net worth rose by **14.5%**, including reinvested dividend, to SEK **129.40** per share.
- » The listed price of the Class B share increased by **10.8%**, including reinvested dividend, to SEK **112.25** per share.
- » The Carnegie Small Cap Return Index rose by **8.5%**.
- » The closing discount on net worth was **13.3%**.

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

- » The company posted a result for the period of SEK **-25.8** million (SEK 149.8 m), corresponding to SEK **-2.00** (SEK 11.70) per share.
- » The net worth decreased by **1.5%** to SEK **129.40** per share.
- » The listed price of the Class B share decreased by **5.1%** to SEK **112.25** per share.
- » The Carnegie Small Cap Return Index fell by **5.3%**.

### MAJOR CONTRIBUTORS TO NET WORTH

Current reporting period (3 months)

Positive (+)	Negative (-)
Acando	Bong
KappAhl	SSAB
Magnolia Bostad	Proact

### MAJOR CHANGES IN THE EQUITIES PORTFOLIO

Current reporting period (3 months)

Bought (+)	Sold (-)
Scandic Hotels	Proact
Boule Diagnostics	KappAhl
Nobina	Unibet

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

We are now halfway through Svolder's 2015/2016 financial year. So far it has been a volatile six months and January and early February in particular were a weak period for the stock market. Small and medium-sized Swedish companies coped with the turbulence well, unlike the large companies. Although the deviation can probably largely be attributed to negative flows of capital, the focus and success of the smaller companies on the Nordic and Northern European markets should also be highlighted. The CSRX, which is usually used as a small cap index, rose by 8.5% during these six months. This is a full 12 percentage points above the overall Swedish stock market (SIXRX). Svolder's net worth increased by 14.5 per cent during the interim period (six months), i.e. six percentage points more than the small cap market (CSRX) and a full 18 better than the Stockholm stock exchange as a whole (SIXRX). The differences are positive for both the first and second quarters of the current reporting period. Svolder's share price (class B share) also surpassed the indices mentioned, although what is termed the discount to net worth rose to 13% on the closing day.

## SMALL COMPANIES OUTPERFORM THE CORPORATIONS

The result for Svolder's shareholders is also very pleasing from a longer-term perspective. Svolder's share price has more than doubled over the past three and five years, and increased a further one time over the past decade. During all these time frames, the share surpassed the Stockholm stock exchange by double-digit figures. It has also performed better than the CSRX, even through growth in net worth is not truly meeting the five-year relative comparison. Altogether this shows that Swedish small caps have outperformed the larger companies during all of these periods. There has also been an excellent absolute value growth for Svolder's shareholders.

## Total return<sup>1)</sup> % on 29th February 2016

	1 year 1/3 2015– 29/2 2016	3 years 1/3 2013– 29/2 2016	5 years 1/3 2011– 29/2 2016	10 years 1/3 2006– 29/2 2016
<b>Svolder</b>				
Net worth	15	82	96	197
Share price (Class B)	11	101	105	206
<b>Stock market index</b>				
CSRX	6	80	112	192
SIXRX	-10	42	61	118

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

There are, however, always reasons to be humble in times of success. There are other times when the winds are against us. What are the future prospects for Svolder and stock management in investment companies? Will small caps continue to develop better than larger companies? Does Svolder's focus on slightly smaller companies, within the investment universe applied by the stock exchange's designated small company portfolio management firms, lend it an extra appeal? Where do Svolder's analytical and portfolio management skills excel, and where do we need to improve? How active should Svolder be in its ownership role with the aim of serving Svolder's shareholders, and also in pushing for a market economy and stock exchange that work well and distinguish good stock market ethics, leadership and business acumen from bad?

## NEUTRAL VIEW OF THE STOCK EXCHANGE

Svolder continues to argue that on the whole the Swedish stock exchange is fairly accurately valued. From a profit perspective it is not cheap, but it performs well in comparison with interest-bearing investments. In our opinion, a good return will primarily depend on how successful the individual portfolio manager is in their choice of portfolio

companies. We think that Svolder's equities portfolio is well placed to create a positive return also in the future, and to surpass the comparison indices mentioned above.

Personally speaking, I am slightly concerned that the small and medium-sized companies have developed so much better than the big corporations for so many years. The valuation premium that used to apply for the latter no longer exists, indeed the circumstances have rather been reversed. The fact that Handelsbanken's XACT funds and Nordea are together launching an ETF (exchange-traded fund) for small companies is welcome news to streamline trading between smaller companies, but the product is also a sign that something that was not commercially feasible yesterday, is today. The flow into Swedish small cap funds in recent years has been greater than into broad Sweden funds, largely due to the good return. However, history shows us how unfortunate the timing of the launch of IT funds, Russia funds and company bond funds, for example, has often been.

### SVOLDER AS AN ANCHOR INVESTOR

In recent years Svolder has participated in some IPOs as an official or non-official 'anchor investor'. The most notable example of this was when the mesh panel company Troax was listed on the stock exchange, but we were also an important player in the IPOs of real estate company Platzer and project developer Magnolia Bostad. These are examples of how Svolder can take relatively large participating interests in smaller listed companies that are seeking new partners. In our management and analysis work we especially value good growth opportunities, a dedicated and experienced management team, driven long-term owners, an attractive company history, good business acumen, the ability to pay dividends in the long term and listing on Nasdaq's main list. In addition, the company's valuation must of course be reasonable. Under the above-mentioned circumstances, Svolder will continue to take part as an anchor investor in IPOs, and will soon take part in the listing of the high-quality southern Swedish company GARO.

Svolder primarily selects its portfolio through nomination committees, contacts with the portfolio companies' corporate management teams, dialogue with other owners and a changing portfolio based on valuation. The rules governing such contacts are general, as they should be, and are therefore easy to follow. However, it is vital to take into account the special characteristics of the individual companies when, for example, appointing a company board, determining fees, establishing operational goals and stipulating requirements for different forms of external reporting and high-quality independent audits. For example, we do not believe there should be an upper age limit on board members in all types of companies, or an ideal distribution between people based on gender, country of birth or education. Professionalism and experience are the main factors in Svolder's portfolio selection. This also means there must be no discrimination, which is why we dissociate ourselves from quotas. That being said, it can be observed that so far in the nomination committee work ahead of the 2016 AGMs, there is for example an increase in the proportion of women in the majority of proposed boards where Svolder takes part in the nomination committees.

### HOW SHOULD SWEDISH SMALL COMPANIES BE DEFINED?

In the 2014/2015 Annual Report and the latest interim report, Svolder elaborated its view of what small and medium-sized companies are, and how Svolder will invest in these in the future. We have asked if companies with market values of SEK 15–50 billion really should come under that definition, as is currently the case in the CSRX and XACT's small caps ETF, for example. We think that Nasdaq's definition, which extends to EUR 1,000 million, i.e. just under SEK 10 billion, is a more appropriate definition of small and medium-sized companies. Many Swedish small cap funds have grown in recent years and are 'forced' for liquidity reasons, for example, to place a high proportion of their investments in the upper part of the CSRX size range. Svolder believes that the lower competition among analysts and portfolio managers for the slightly smaller, but well-run, companies enables a better return in the long term. Under the slogan 'Evolution not revolution' we have therefore announced that our new investments will primarily be in companies with market values of up to SEK 15 billion.

At the beginning of the financial year, 23 per cent of Svolder's portfolio companies had a market value of more than SEK 15 billion. On the closing day this figure was 14 per cent and the comparable figure adjusted for SSAB's slump is just over 16 per cent. Consequently, today it is only Saab in Svolder's portfolio that has a market value greater than the stated limit. It would therefore not be out of place to also give a reminder of the text "...we will retain the shares we own in large companies until they have achieved their full potential in terms of value" from the Chairman's comments in the annual report. Unibet has been sold off for this reason, while Saab remains the portfolio's largest holding in terms of value.

To date the Saab share has increased by 27 per cent during the 2015/2016 financial year. At the risk of repeating myself, I highlight yet again Svolder's positive view of the Saab share and the group. It is impressive that in little Sweden we have an industrial corporation with the technological skill to produce and develop world-class fighter and training aircraft, submarines and other specialist vessels, radar systems and weapons systems. These operations are crucial to Sweden's contingency planning and defence capability. Saab is probably Sweden's most investment-intensive technology company today. If the group is to continue to develop, Saab and Sweden must also have an opportunity to spread its research and development costs through sales to other countries. Saab has customers in over a hundred countries, a current order stock in excess of SEK 110 billion and a corporate management that is very optimistic about the opportunity to achieve further sales successes through cost-effective high-tech products, all of which also benefits us shareholders. The company's vision, 'It's a human right to feel safe', is unfortunately highly relevant in an increasingly unsafe world and a vision which, for me at least, constitutes an important sustainability criterion.

*Yours faithfully*

ULF HEDLUNDH  
*Managing Director*

# THE EQUITIES PORTFOLIO

29/2 2016

Share	Quantity	Share price (SEK) <sup>1)</sup>	Market value (SEK m)	% of net worth	% of the company's capital <sup>2)</sup>	% of the company's votes <sup>2)</sup>
Saab	800,000	274.80	<b>219.8</b>	13.3	0.7	0.6
Troax	1,732,411	115.00	<b>199.2</b>	12.0	8.7	8.7
Acando <sup>3)</sup>	8,374,110	17.60	<b>147.4</b>	8.9	8.0	9.4
Nolato	574,892	219.50	<b>126.2</b>	7.6	2.2	1.1
Beijer Alma	480,401	205.50	<b>98.7</b>	6.0	1.6	0.8
Platzer Fastigheter	2,398,520	39.40	<b>94.5</b>	5.7	2.5	0.9
New Wave Group <sup>4)</sup>	2,562,246	33.00	<b>84.6</b>	5.1	3.8	1.0
Scandic Hotels	1,224,334	58.00	<b>71.0</b>	4.3	1.2	1.2
Magnolia Bostad	861,000	72.75	<b>62.6</b>	3.8	2.3	2.3
Oriflame <sup>4)</sup>	475,000	130.80	<b>62.1</b>	3.7	0.9	0.9
Proact	467,436	122.50	<b>57.3</b>	3.5	5.0	5.0
XANO Industri	367,619	153.00	<b>56.2</b>	3.4	5.3	1.5
Nobina	1,546,139	35.50	<b>54.9</b>	3.3	1.8	1.8
Scandi Standard	782,340	56.75	<b>44.4</b>	2.7	1.3	1.3
SSAB Class B	2,000,000	19.83	<b>39.7</b>	2.4	0.4	0.1
Boule Diagnostics	517,209	72.00	<b>37.2</b>	2.2	11.0	11.0
AGES Industri	301,203	107.75	<b>32.5</b>	2.0	4.4	1.2
Elos Medtech	303,219	100.00	<b>30.3</b>	1.8	5.0	1.9
Orexo	523,492	51.50	<b>27.0</b>	1.6	1.5	1.5
Bong	16,661,088	1.09	<b>18.2</b>	1.1	7.9	7.9
Verisec	226,000	74.50	<b>16.8</b>	1.0	5.6	5.6
KappAhl	332,058	33.70	<b>11.2</b>	0.7	0.4	0.4
<b>Equities portfolio</b>			<b>1,591.8</b>	<b>96.1</b>		
<b>Net debt (-)/net receivable (+)</b>			<b>65.0</b>	<b>3.9</b>		
<b>Total/net worth</b>			<b>1,656.8</b>	<b>100.0</b>		

**129.40 SEK per Svolder share**

All securities holdings come under level 1 of the value hierarchy.

<sup>1)</sup> In calculating the market value (fair value), the bid price for the securities on Nasdaq Stockholm on the closing day has been used.

<sup>2)</sup> Based on outstanding shares in the portfolio company.

<sup>3)</sup> Of which 7,874,110 Acando Class B and 500,000 Acando Class A shares.

<sup>4)</sup> The above-mentioned holdings on the closing day 29th February 2016 included loaned shares as follows: 250,000 Oriflame shares and 52,400 New Wave Group shares.

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 274.80 million, corresponding to 13.3 per cent of net worth. A one per cent change in Saab's share price (bid price on the closing day) affects Svolder's net worth by SEK 2.2 million, which equates to SEK 0.20 per Svolder share.

## MARKET COMMENTARY

The current reporting period of 1st December 2015–29th February 2016 was characterised by high volatility on the majority of stock exchanges, interest rate markets and commodity markets. The trend, however, was without exception negative. The Swedish stock exchange (SIXRX) fell by 9.1 per cent, while the stock market for slightly smaller companies (CSRX) fell by 5.3 per cent. Banks, as well as large companies such as H&M and Atlas Copco, have shown weak share price development. Small companies are consequently continuing to outperform the large companies in Sweden.

The performance of the global stock exchanges was weak too. For example the MSCI World Index, measured in Swedish kronor, fell by over 10 per cent. Exchange rate movements for the major currencies, however, have not been so dramatic, except for a sharp depreciation in the British pound. Increased uncertainty surrounding the UK's continued membership of the EU is usually given as a key reason for the weakening of the pound.

The interest rate situation on what investors consider to be stable capital markets once again showed a trend towards increasingly low interest rates on the bond and money markets. The majority of the latter are currently negative as a result of a very expansive monetary policy from the European Central Bank, ECB, in particular. Earlier signs of rises in interest rates in the wake of initial rises in key interest rates by the American central bank, the FED, faltered when the stock exchanges and commodity markets showed weaknesses. The fall in interest rates was global.

Commodity prices were highly volatile. The price of oil in particular continued to fall, by over 20 per cent measured in SEK, over the last three-month period. The price of gold measured in SEK rose by approximately 15 per cent during the same period. The quarterly results for some industrial metals were positive, even though movements have at times been very negative.

Index performance (12 months)



## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 112.25, hence the share fell by 5.1 per cent during the

current reporting period. The share's value on the closing day represented a discount of 13.3 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of approximately 5,000 shares traded each day of trading on Nasdaq Stockholm.

Trading in Svolder's Class A share was limited and shares were only traded on 58 per cent of the trading days on Nasdaq 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.

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

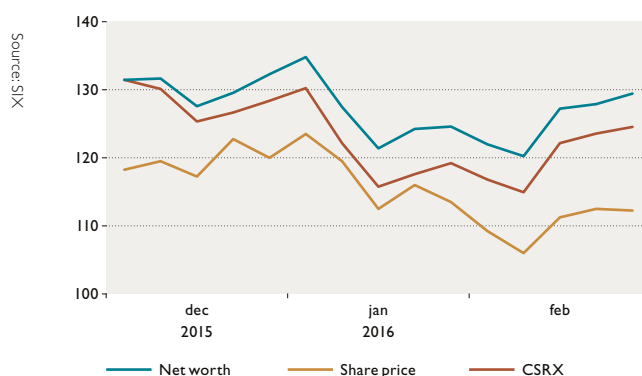
	3 months 1/12 2015– 29/2 2016	6 months 1/9 2015– 29/2 2016	Rolling 12 months 1/3 2015– 29/2 2016
<b>Svolder</b>			
Share price (Class B)	-5.1	10.8	11.0
Net worth	-1.5	14.5	14.8
<b>Stock market index</b>			
Carnegie Small Cap Return Index	-5.3	8.5	5.9
SIX Return Index	-9.1	-3.7	-9.6

<sup>1)</sup> Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that 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 129.40 per share, which represents a decrease during the current reporting period of 1.5 per cent. This figure is 3.8 percentage points better than that of the small cap index (CSRX), which decreased by 5.3 per cent during the corresponding period. This can be compared with the Swedish market as a whole (SIXRX), which decreased by 9.1 per cent.

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



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.

### Net worth trend (3 months) 1st December 2015–29th February 2016

	SEK m	SEK/share
<b>Net worth, 30th November 2015</b>	<b>1,682.6</b>	<b>131.50</b>
<b>Equities portfolio</b>		
<b>Opening value</b>	<b>1,580.7</b>	<b>123.50</b>
Purchase of shares	253.1	
Sale of shares	-219.0	
Change in value, equities portfolio	-23.0	11.1
		0.90
<b>Closing value</b>	<b>1,591.8</b>	<b>124.40</b>
<b>Net debt (-)/Net receivable (+)</b>		
<b>Opening value</b>	<b>101.9</b>	<b>8.00</b>
Share dividends received	1.2	
Other operating income	0.3	
Administrative costs	-4.3	
Net financial items	-0.1	
Purchase of shares, net	-34.1	-36.9
		-2.90
<b>Closing value</b>	<b>65.0</b>	<b>5.10</b>
<b>Net worth, 29th February 2016</b>	<b>1,656.8</b>	<b>129.40</b>

IT consultancy **Acando** is the largest contributor over the three-month period. It reported strong year-end accounts, where the operating margin in the Swedish operation during the fourth quarter of 2015 was on a par with the most profitable listed comparison companies. The German operation also appears to be more successful than expected. Moreover, Acando's board proposed a higher share dividend, which in addition to a high yield indicates greater confidence in the future for the group.

Clothing chain **KappAhl** has grappled with low growth, reduced margins and a change in management in 2015. At the same time its financial position is currently significantly better than just a few years ago, and as a result the company is paying a reasonable dividend. From low expectations, the partly new corporate management was able to present an interim report that eliminated concerns about further pressure on margins and problems on markets such as Norway, Finland and Poland. The depressed share price therefore rose strongly. Svolder capitalised on the upswing in KappAhl's share price to sell part of its holding, and then increase its investment in consumer companies Oriflame and New Wave.

**Magnolia Bostad**, which has been listed on First North Premier since 2015, operates in the project development of homes with a focus on low risk. Projects only begin when both institutional property owners and established building contractors are contracted at fixed prices. The focus is on the production of rental property, but since municipalities often want a mixture of accommodation types, the projects usually also include owner-occupied homes. The company is in a period of strong growth and investors' knowledge about the company has increased. Likewise the share price has continued to rise and has, therefore, provided an attractive net worth contribution also in this three-month period. Svolder has reduced its share holding somewhat and thereby realised a considerable gain.

### Biggest contributors to changes in net worth 1st December 2015–29th February 2016

(Based on net worth of SEK 1,682.6 million or SEK 131.50 SEK/share on 30th November 2015)

	SEK m	SEK/share
Acando	27.8	2.20
KappAhl	10.8	0.80
Magnolia Bostad	8.5	0.70
Troax	7.7	0.60
<b>Total, four positive</b>	<b>54.9</b>	<b>4.30</b>
Bong	-15.8	-1.20
SSAB Class B	-12.0	-0.90
Proact	-11.2	-0.90
Nolato	-10.1	-0.80
Orexo	-9.0	-0.70
Scandic Hotels	-6.9	-0.50
<b>Total, six negative</b>	<b>-65.0</b>	<b>-5.10</b>
Other shares	-11.4	-0.90
<b>Shares, total</b>	<b>-21.5</b>	<b>-1.70</b>
Other	-4.3	-0.30
<b>Change in value</b>	<b>-25.8</b>	<b>-2.00</b>

Envelope and packaging producer **Bong** operates on stagnating markets in Western Europe. Cutbacks and streamlining measures are not fully compensating for the drop in volume. The weak financial position deteriorated further in 2015 and lending banks therefore required some form of financial reconstruction. The best solution for the company and existing shareholders was to purchase the banks' credits, convert existing subordinated debentures and issue a new company bond. The voluntary reconstruction has improved the financial position considerably, and the company's board has also forecast a positive pre-tax result for 2016. There are, however, many shares in circulation and few major, stable owners which is why the share price has not yet recovered. If the company begins to generate positive results and thereby a considerably improved cash flow, the share is extremely undervalued. The conversion has increased Svolder's shareholding in Bong and prompted a revaluation of the shares' value. This is the main reason for the considerable burden on net worth during the three-month period.

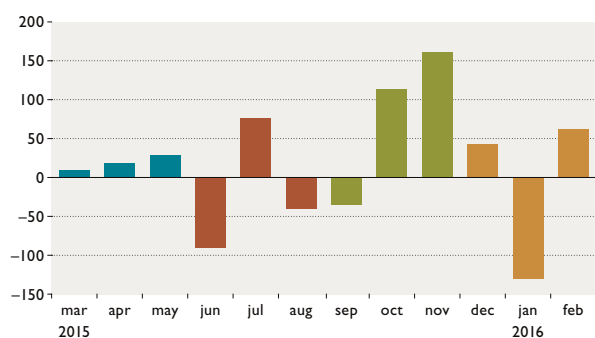
Steel company **SSAB** presented year-end accounts that were characterised by a tough global market for the industry. During the final quarter of 2015 the price of steel fell dramatically in Europe, because a large proportion of China's excess production was exported to the world market. Furthermore, customers waited until the new year to decide on purchasing. SSAB reported an operating loss for 2015 but its cash flow was positive, net debt decreased and the company announced a tougher synergy and savings goal for 2016. Svolder still feels that the stock market underestimates SSAB's ability to generate cash flow and manage its currently high level of net debt.

Data storage company **Proact** delivered a report with

strong growth and its best operating margin in over five years, adjusted for non-recurring items. Growth for 2015 as a whole amounted to 21 per cent for the group and the cloud operation showed no sign of slowing down; rather income grew by 34 per cent in the final quarter. The board proposes a one krona increase in the dividend to SEK 2.70 per share. Svolder believes that Proact has good opportunities to further increase its dividend in years to come, because the profit development should be good and the current payout ratio remains low. In early 2016, the company made the somewhat surprising announcement that it had appointed a new CEO. As a result of the company's previous good performance, Svolder decreased its holding in Proact during the current reporting period.

Industrial conglomerate **Nolato** usually tops the tables of positive net worth contributors for Svolder. During the current reporting period, however, the share price has been turbulent with a negative trend. Svolder has carefully monitored the share price's development and consequently both sold and re-bought shares during the period. After several quarters of positive deviations for Nolato's Telecom business area, the year-end report presented negative expectations for the forthcoming quarter and normalisation only after that. The pre-announced change of President and potential sales by foreign institutional owners may also have played a role in the weaker share price development. At the same time Nolato is continuing to deliver very strong cash flows and is once again increasing its dividend. Svolder thinks that Nolato still has good long-term prospects, the corporate management team is highly professional and the share is reasonably valued, even though profit per share will probably decrease slightly in 2016.

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



Excluding dividends of SEK 32.0 million (SEK 2.50/share) paid in November 2015.

## 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 65.0 million on the closing day, corresponding to 3.9 per cent of the company's net worth. This is to be compared with a net receivable of SEK 101.9 million at the beginning of the current reporting period.

Svolder would normally have a fully invested equities portfolio where the net receivable/net liability should not exceed 10 per cent of the net worth.

## THE EQUITIES PORTFOLIO

Shares to the value of SEK 253.1 million (gross) were acquired during the current reporting period. Shares for a gross amount of SEK 219.0 million were sold during the corresponding period, and net purchases hence totalled SEK 34.1 million.

New holdings during the three-month period were **Boule Diagnostics**, **Scandic Hotels** and **Verisec**, while all shares in **Unibet** were sold during the same period. On the closing day, the portfolio thus comprised 22 holdings.

### Major net purchases for the equities portfolio (3 months) 1st December 2015–29th February 2016

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Scandic Hotels	1,224,334	77.9	63.60
Boule Diagnostics	517,209	38.8	76.10
Nobina	944,945	32.9	34.80
Verisec	226,000	15.4	68.20
New Wave Group	443,578	13.1	29.60

<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.

Svolder took part in the new listing of **Scandic Hotels** and subsequently increased its holding. The listing was met with a chilly reception by the stock market. This can probably be attributed to a number of recent terrorist acts, fear of further escalation, negative media coverage and too few anchor investors. Historically the Swedish stock market has been cautious in its valuation of hotel companies compared with its international counterparts. Scandic's business model and history indicate strong profitability, making it a role model by comparison. In addition the Nordic hotel market, with an emphasis on Sweden for Scandic, is currently attractive compared with more global options.

During the reporting period Svolder bought shares in **Boule Diagnostics**, and is now one of the biggest shareholders in the company. The company's offering includes blood diagnostics systems, instruments and consumables. Its diagnostics systems are currently marketed in over 100 countries. At present the majority of the company's sales come from consumables, which boast higher profitability than analytical instruments and generate recurring income over a long period. In addition to efforts to increase the installed base of blood diagnostics instruments, through the launch of a new generation of products for example, the company is examining opportunities to increase its product range to related diagnostics areas.

The holding in bus operator **Nobina** increased during the current reporting period. The company produced a stable quarterly report without any major surprises, yet with slightly lower results than the analysts expected. Nobina has a successful year behind it, in which it won several major contracts. According to the management team, as the relatively young contract portfolio matures, profitability should improve. The company aims to distribute a high proportion of its profits to its shareholders. Its dividend proposal will be presented in the year-end report, which will not be until April as the company has a split financial year.

### Major net sales from the equities portfolio (3 months) 1st December 2015 – 29th February 2016

Share	Quantity	SEK m	SEK/share <sup>1)</sup>
Proact	350,000	45.6	130.20
KappAhl	1,228,011	42.5	34.60
Unibet	400,000	41.8	104.60
Magnolia Bostad	314,843	22.6	71.80

<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 **Unibet** were sold during the current reporting period. The investment has been very successful and has been one of the best contributors to net worth over the past three years. The business is continuing to develop strongly, but Svolder believes that the share valuation reflected a far too optimistic scenario ahead of the uncertainty resulting from future regulations in the Netherlands and Sweden in particular.

### LENDING OF SHARES

During the current 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 net worth. Income from share lending for the three-month period amounts to SEK 0.1 million and is reported as other operating income. The share lending has taken place against securities mainly in large cap companies listed on Nasdaq Stockholm, equating 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 for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and a current liability of SEK 0.1 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 53 and in note 17 on page 65 of the 2014/2015 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.

### EVENTS AFTER THE REPORTING PERIOD

The net worth on 4th March was SEK 132 per share and the listed price was SEK 114.00.

Since the end of the reporting period, Svolder has entered into a commitment to invest SEK 51 million in GARO in the role of anchor investor. GARO will be listed on the Nasdaq Stockholm Small Cap list in March.

### FINANCIAL CALENDAR

The reports for the period 1st September 2015 – 31st May 2016 (9 months) and for the now current reporting period 1st March–31st May 2016 will be published on 10th June 2016.

The Board and the Managing Director warrant that the half-year report provides a true and fair overview of the business, financial position and results of the Parent Company and the Group and describes the significant risks and uncertainties with which the Parent Company and the companies forming the Group are faced.

STOCKHOLM 11TH MARCH 2016

FREDRIK CARLSSON  
*Chairman*

MATS ANDERSSON  
*Member*

EVA CEDERBALK  
*Member*

VIVEKA EKBERG  
*Member*

ROLF LUNDSTRÖM  
*Member*

JOHAN QVIBERG  
*Member*

ULF HEDLUNDH  
*Managing Director*

*For additional information, please contact:  
Ulf Hedlundh, Managing Director +46 (0)8-440 37 73  
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	3 months	6 months	6 months	Rolling	12 months
	1/12 2015– 29/2 2016	1/12 2014– 28/2 2015	1/9 2015– 29/2 2016	1/9 2014– 28/2 2015	12 months 1/3 2015– 29/2 2016	12 months 1/9 2014– 31/8 2015
<b>Management operations</b>						
Dividend income	1.2	2.1	1.2	2.9	37.1	38.8
Administrative costs	–4.3	–4.2	–8.0	–8.0	–15.3	–15.3
Earnings from securities	–23.0	150.8	219.6	189.6	192.9	162.8
Other operating income	0.3	1.0	1.1	1.9	3.4	4.2
<b>Operating profit</b>	<b>–25.7</b>	<b>149.8</b>	<b>213.9</b>	<b>186.3</b>	<b>218.2</b>	<b>190.6</b>
<b>Profit on financial investments</b>						
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	–0.1	–0.1	–0.1	–0.1	–0.2	–0.2
<b>Profit after financial items</b>	<b>–25.8</b>	<b>149.8</b>	<b>213.8</b>	<b>186.2</b>	<b>218.0</b>	<b>190.4</b>
Tax	-	-	-	-	-	-
<b>Profit for the period</b>	<b>–25.8</b>	<b>149.8</b>	<b>213.8</b>	<b>186.2</b>	<b>218.0</b>	<b>190.4</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>–25.8</b>	<b>149.8</b>	<b>213.8</b>	<b>186.2</b>	<b>218.0</b>	<b>190.4</b>
Earnings per share, SEK	–2.00	11.70	16.70	14.50	17.00	14.90

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months	3 months	6 months	6 months	Rolling	12 months
	1/12 2015– 29/2 2016	1/12 2014– 28/2 2015	1/9 2015– 29/2 2016	1/9 2014– 28/2 2015	12 months 1/3 2015– 29/2 2016	12 months 1/9 2014– 31/8 2015
<b>Cash flow from operating activities</b>						
before changes in working capital	–0.9	–2.7	–5.4	–6.4	25.2	24.2
<b>Changes in working capital</b>						
Increase (+)/decrease (–) in current liabilities	–0.5	–0.6	0.0	0.1	0.0	0.0
<b>Cash flow from operating activities</b>	<b>–1.4</b>	<b>–3.3</b>	<b>–5.4</b>	<b>–6.4</b>	<b>25.1</b>	<b>24.2</b>
<b>Investing activities</b>						
Purchase of securities	–290.4	–72.8	–362.7	–138.0	–630.3	–405.6
Sales of securities	234.8	212.7	398.6	291.1	561.7	454.3
Investment in machinery and equipment	–0.1	0.0	–0.1	0.0	–0.1	0.0
<b>Cash flow from investing activities</b>	<b>–55.7</b>	<b>139.9</b>	<b>35.8</b>	<b>153.1</b>	<b>–68.6</b>	<b>48.7</b>
<b>Financing activities</b>						
Dividend paid	-	-	–32.0	–28.8	–32.0	–28.8
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>–32.0</b>	<b>–28.8</b>	<b>–32.0</b>	<b>–28.8</b>
Increase (+)/decrease (–) in liquid assets	–57.2	136.6	–1.5	118.0	–75.5	44.0
Liquid assets at beginning of period	124.3	6.0	68.7	24.7	142.6	24.7
<b>Liquid assets at end of period</b>	<b>67.2</b>	<b>142.6</b>	<b>67.2</b>	<b>142.6</b>	<b>67.2</b>	<b>68.7</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months	3 months	6 months	6 months	Rolling	12 months
	1/12 2015– 29/2 2016	1/12 2014– 28/2 2015	1/9 2015– 29/2 2016	1/9 2014– 28/2 2015	12 months 1/3 2015– 29/2 2016	12 months 1/9 2014– 31/8 2015
Change in net worth, SEK	–2.00	11.70	14.20	12.30	14.50	12.60
Dividend paid during the period, SEK	-	-	2.50	2.25	2.50	2.25
Number of shares, million	12.8	12.8	12.8	12.8	12.8	12.8

Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends.

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

(SEK m)	29/2 2016	30/11 2015	31/8 2015	28/2 2015	30/11 2014	31/8 2014
<b>Non-current assets</b>						
<i>Property, plant and equipment</i>						
Equipment	0.2	0.1	0.1	0.1	0.1	0.2
<i>Financial assets</i>						
Securities holdings	1,591.8	1,580.7	1,408.5	1,326.1	1,318.6	1,291.9
<b>Current assets</b>						
Current receivables	0.6	17.6	0.8	5.5	2.8	12.8
Cash and bank balances	67.2	124.3	68.7	142.6	6.0	24.7
<b>Total assets</b>	<b>1,659.7</b>	<b>1,722.7</b>	<b>1,478.2</b>	<b>1,474.4</b>	<b>1,327.7</b>	<b>1,329.5</b>

### Shareholders' equity and liabilities

(SEK m)	29/2 2016	30/11 2015	31/8 2015	28/2 2015	30/11 2014	31/8 2014
<b>Shareholders' equity</b>	<b>1,656.8</b>	<b>1,682.6</b>	<b>1,475.0</b>	<b>1,470.8</b>	<b>1,321.1</b>	<b>1,313.4</b>
<b>Liabilities</b>						
Current liabilities	2.9	40.1	3.1	3.5	6.6	16.1
<b>Total liabilities and shareholders' equity</b>	<b>1,659.7</b>	<b>1,722.7</b>	<b>1,478.2</b>	<b>1,474.4</b>	<b>1,327.7</b>	<b>1,329.5</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/12 2015– 29/2 2016	3 months 1/12 2014– 28/2 2015	6 months 1/9 2015– 29/2 2016	6 months 1/9 2014– 28/2 2015	12 months 1/9 2014– 31/8 2015
<b>Opening balance</b>	<b>1,682.6</b>	<b>1,321.1</b>	<b>1,475.0</b>	<b>1,313.4</b>	<b>1,313.4</b>
Dividend paid	-	-	-32.0	-28.8	-28.8
Comprehensive income for the period	-25.8	149.8	213.8	186.2	190.4
<b>Closing balance</b>	<b>1,656.8</b>	<b>1,470.8</b>	<b>1,656.8</b>	<b>1,470.8</b>	<b>1,475.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	29/2 2016	30/11 2015	31/8 2015	28/2 2015	30/11 2014	31/8 2014
Net worth per share, SEK	129.40	131.50	115.20	114.90	103.20	102.60
Share price (Class B), SEK	112.25	118.25	103.50	103.25	91.50	92.75
Net worth, premium (+)/discount (-), %	-13	-10	-10	-10	-11	-10
Liquidity (+)/Borrowing (-), %	4	6	5	10	1	2
Equity/assets ratio, %	100	100	100	100	100	100
Number of shares, million	12.8	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2014/2015. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. 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.

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SVOLDER AB (publ) Corporate ID no. 556469-2019  
Birger Jarlsgatan 13, Box 70431, SE-107 25 Stockholm, Sweden. Tel +46 (0)8-440 37 70; fax +46 (0)8-440 37 78  
[www.svolder.se](http://www.svolder.se)