



# SVOLDER

## INTERIM REPORT I 2006/2007

Current reporting period: 1<sup>ST</sup> September–30<sup>TH</sup> November 2006 (3 months)

*Svolder is a dedicated investment trust that invests in the shares of listed small and medium-sized Swedish companies. The company is listed on the Nordic Stock Exchange in Stockholm. Svolder's net worth is published weekly and appears on the company's website, [www.svolder.se](http://www.svolder.se).*

### Result for the current reporting period (3 months)

- The company posted a result for the period (3 months) of SEK 119.8 million (SEK 86.1 m), corresponding to SEK 9.40 (SEK 6.70) per share.
- The net worth rose by 12.7%, adjusted for dividends, to SEK 79.20 per share.
- The listed price of the class B share rose by 11.0% to SEK 76.75 per share.
- The CSX small business index and the Stockholm Stock Exchange's OMXS index rose by 10.5% and 8.5%, respectively.
- The net worth on 8th December was SEK 82 and the listed price was SEK 77.

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



#### Positive:

Beijer Alma, Axis,  
Intrum Justitia and Peab



#### Negative:

Nolato

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



#### Bought:

HiQ and Securitas Systems



#### Sold:

New Wave, Clas Ohlson,  
Kinnevik and Getinge

*This Interim Report has been prepared in accordance with IFRS (International Financial Reporting Standards). The time concepts of “the current reporting period” and “the three-month period” refer to the period from 1st September to 30th November 2006.*

The first three month period of the financial year saw a buoyant stock market. Continued healthy company financial reports, buyout bids and falling oil prices all contributed to the rising trend. Investors’ earlier fears of global rises in interest rates and a flattening off in the US economy were left behind. Exchange rate concerns led to a break in the positive market trend towards the end of the period. These concerns increased primarily over fears as to the negative effects that the ever-weaker US dollar might have on profit performances in the months ahead. The krona strengthened by 5.5 per cent against the US dollar and by 2.1 per cent against the euro during the current reporting period.

The global index and the American technology index, NASDAQ, rose by 7.1 per cent and 11.4 per cent, respectively during the current reporting period, measured in US dollars. Measured in SEK, the corresponding rises were 1.6 per cent and 5.9 per cent, respectively. Prices on the Stockholm Stock Exchange rose by 8.5 per cent, according to OMXS. The biggest increases among the index’s main sectors were reported by telecoms operators, whilst the weakest performance came from the energy & utilities companies. The small business market rose, according to the CSX index, by 10.5 per cent.

INDEX PERFORMANCE, 12 MONTHS

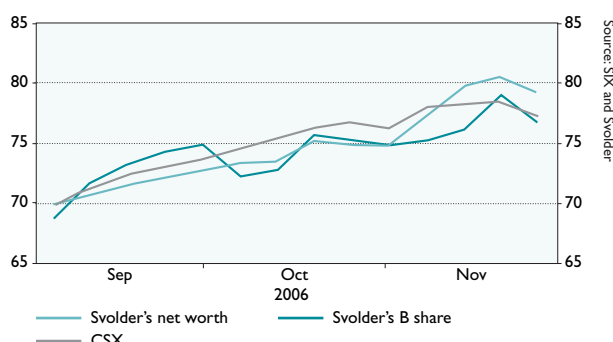


Swedish bond interest rates were stable or falling during the period, with falls particularly marked for the bonds with the longest terms. At the same time, money market rates rose by several tenths of one percentage point. The Riksbank (Sweden’s central bank) raised the repo rate by a total of half a percentage point in response to the continued healthy state of the economy and the rising the rate of inflation.

## Share price trends

The closing price paid for Svolder’s class B share was SEK 76.75, corresponding to a rise during the current reporting period of 11.0 per cent, adjusted for dividends. The share’s value on the closing day represented a discount of 3.1 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 17,900 shares traded on each day of trading. Trading in Svolder’s class A share was limited. Under the terms of Svolder’s Articles of Association, class A shareholders wishing to convert class A shares to class B shares may do so by application to the Board.

SVOLDER<sup>1</sup> AND CSX, 3 MONTHS (SEK per share)



<sup>1</sup>) The dividend paid by Svolder (SEK 3.75 per share) reduced the net worth and the listed price up to the date of disbursement in November.

## Change in net worth

Svolder’s closing net worth per share was SEK 79.20 per share, which represents an increase during the current reporting period of 12.7 per cent, including the dividend paid to shareholders. This increase exceeds that shown by the CSX benchmark index which rose by 10.5 per cent during the corresponding period, by 2.2 per cent. The outperformance of CSX was due both to the performance by the portfolio holdings and to the effect of borrowing utilisation. The portfolio’s shares in the capital goods and commercial services sectors have performed particularly well, and this was especially true of **Beijer Alma** and **Peab**, and of **Intrum Justitia**. The value performance by the IT-related shares was very mixed, with **Axis** providing a positive example and **Nolato** and **XPonCard** being negative. In the healthcare sector, Svolder’s **Getinge** holding performed far more poorly than the majority of companies in the sector.

## TOTAL RETURN, PER CENT

	3 months 01/09/2006– 30/11/2006	Rolling 12 months 01/12/2005– 30/11/2006	12 months 01/09/2005– 31/08/2006
Share price (class B) <sup>1)</sup>	11.0	28.3	31.3
Net worth <sup>1)</sup>	12.7	32.6	30.1
CSX <sup>2)</sup>	10.5	29.8	29.1
OMXS <sup>2)</sup>	8.5	21.0	20.2

<sup>1)</sup> Including dividend paid during the period.

<sup>2)</sup> Excluding underlying dividends.

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

#### BIGGEST CONTRIBUTORS TO CHANGES IN NET WORTH

1st September–30th November 2006

(Based on net worth of SEK 941.6 million or SEK 73.60/share on 31st August 2006)

	SEK million	SEK/share <sup>1)</sup>
Beijer Alma	48.5	3.80
Axis	21.5	1.70
Intrum Justitia	16.8	1.30
Peab	13.5	1.10
Kinnevik B	9.7	0.80
Nefab	9.5	0.70
Saab	6.8	0.50
HiQ	5.1	0.40
<b>Total, eight positive</b>	<b>131.4</b>	<b>10.30</b>
Nolato	-10.5	-0.80
XPonCard	-2.9	-0.20
<b>Total, two negative</b>	<b>-13.3</b>	<b>-1.00</b>
<b>Other shares</b>	<b>6.4</b>	<b>0.50</b>
<b>Shares, total</b>	<b>124.5</b>	<b>9.70</b>
Other	-4.6	-0.40
<b>Change in value before dividend</b>	<b>119.8</b>	<b>9.40</b>

<sup>1)</sup> SEK per share is rounded off to the nearest whole ten öre.

Beijer Alma's Q3 Interim Report was yet another in a line of strong reports by the company. The President's report on future prospects remained positive. The strong financial position will be used for acquisitions and organic growth. Svolder is, furthermore, of the opinion that the company has the scope to pay a good dividend. The valuation has risen slightly, but continues to be attractive, given the potential for growth and profitability.

Both Axis and Intrum Justitia reported better profits than expected in their Q3 Interim Reports. The global sales performance for Axis' network video products continues to be stable. As the operations have grown, profitability has been strengthened through economies of scale on the costs side. Intrum Justitia reported the best performance in the southern European and Finnish markets, with the result boosted by an appreciation in the value of the Group's portfolio of written-off claims.

Peab announced in October that the company will be dividing up its operations into a construction and installation company and a company focusing on the construction industry, maintenance and services. The latter, Peab Industri, is expected to be distributed among its shareholders in the autumn of 2007. This reorganisation, coupled with an improved operating result and the continued strength of the construction market, have made a substantial contribution to Svolder's increased net worth during the current reporting period.

Nolato was the biggest negative contributor to net worth during the three month period. The main reason for the weak share price performance was the decision by one of the company's most important customers, BenQ Mobile, formerly known as Siemens Mobile, to stop investing in its German mobile phone business. This customer accounted for approximately 18 per cent of Nolato's turnover during the third quarter. Nolato does not expect to make any deliveries to BenQ Mobile in the future. Nolato will also be affected during Q4 not only by the impending fall in sales and results, but by substantial non-recurring costs. Nolato's Medical division has completed the acquisition of a company with good profitability. The growth potential, in partnership with Nolato's existing operations, is adjudged to be good. The above-mentioned events will mean a fall in Nolato Telecom's share of total sales but a simultaneous increase in Medical's share. This should have a positive effect on future margin performance.

#### NET WORTH TREND, (3 months)

	SEK million	SEK/share
<b>Net worth, 31st August 2006</b>	<b>941.6</b>	<b>73.60</b>
<b>The equities portfolio</b>		
Opening value	1 120.2	87.50
Purchase of shares	31.7	
Sale of shares	-93.6	
Change in value, equities portfolio	117.7	55.8
Closing value	1 176.0	91.90

#### Net debt

Opening value	-178.6	-14.00
Dividend received	6.8	
Dividend paid	-48.0	
Administrative costs	-3.4	
Net financial items	-1.3	
Sale of shares, net	61.9	16.0
Closing value	-162.6	-12.70
<b>Net worth, 30th November 2006</b>	<b>1 013.4</b>	<b>79.20</b>

#### Borrowing

The net debt, which also includes the share trading's unliquidated transactions etc., totalled SEK 162.6 million on the closing day, corresponding to 16.0 per cent of the company's net worth.

Svolder's net worth trend is primarily determined by the equities portfolio's results. The portfolio's performance can be compared with that of a benchmark index, such as CSX or OMXS, but can also be assessed on the basis of long-term absolute required returns. Borrowing strengthens the result, because the value of the equities portfolio then exceeds that of the net worth. This leverage effect, as it is known, can be both positive and negative. It is estimated that borrowing against the equities portfolio during the current reporting period had a positive effect of SEK 15 million on the net worth, corresponding to approximately 1.6 percentage points of the growth in value for the period.

## The equities portfolio

Shares were acquired for SEK 31.7 million (gross) and sold for SEK 93.6 million (gross) during the current reporting period.

New holdings in **Securitas Systems**, **BE Group** and **Rezidor Hotel Group** were acquired during the three-month period. All shares in **New Wave** and **Clas Ohlson** were sold. On the closing day, the portfolio thus comprised 20 holdings.

### NET PURCHASES FOR THE EQUITIES PORTFOLIO (3 months)

1st September–30th November 2006

Share	No. of shares	SEK m	SEK/share <sup>1)</sup>
HiQ	454 000	16.2	35.60
Securitas Systems	241 500	6.0	24.80
BE Group	50 000	3.1	62.00
Rezidor Hotel Group	50 000	2.6	52.00

<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's purchase of shares in **HiQ** has continued during the current reporting period. The Q3 Interim Report was once again strong, after a dip in the previous quarter. Market conditions are favourable and are expected to continue so in 2007. The valuation is attractive with regard to several key ratios, given the company's high profitability and anticipated strong performance.

**Securitas Systems**, which was recently de-merged from the Securitas Group, sells technical security systems and associated services to companies and authorities. Underlying demand is strong and is being boosted by increased security requirements. The company enjoys a strong position in the Nordic region, but market shares in the rest of Europe and the USA are still small. The market is far more fragmented than the security guarding sector and Securitas Systems is accordingly playing an active part in the ongoing consolidation of the sector. Further acquisitions are expected to generate growth and an increased percentage of service sales is expected to improve profitability.

### NET SALES FROM THE EQUITIES PORTFOLIO (3 months)

1st September–30th November 2006

Share	No. of shares	SEK m	SEK/share <sup>1)</sup>
New Wave Group	288 700	24.0	82.80
Clas Ohlson	150 000	21.5	143.60
Kinnevik	200 000	17.7	88.40
Getinge	108 800	14.5	133.30
Axis	95 200	8.5	89.20

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

The entire holdings in **New Wave** and **Clas Ohlson** have been sold during the current reporting period. In both cases, the published Interim Reports fell short of Svolder's expectations. This, combined with what was – in relation to other companies – a high valuation, was the primary reason for the sales. **New Wave** and **Clas Ohlson** made contributions to Svolder's net worth of SEK 1.3 million and –SEK 1.5 million, respectively, during the financial year.

The dividend paid by Svolder at the end of the three month period gave rise to a number of shares being sold during the period, as increased borrowing levels were felt to be undesirable. This has resulted in, amongst other things, a reduction in the **Kinnevik** and **Getinge** holdings.

## The Parent Company

The result for the Group and the Parent Company correspond in full. The Parent Company and the Group have an overdraft facility of SEK 300 million.

## Next Interim Report

The report for the period from 1st September 2006 to 28th February 2007 (6 months) and the report for the current reporting period from 1st December 2006 to 28th February 2007 will be published on 21st March 2007.

Stockholm, 12th December 2006  
SVOLDER AB (publ)

The Board of Directors

For additional information, please contact:  
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*This Interim Report has not been subject to specific examination by the company's auditors.*

## THE EQUITIES PORTFOLIO, 30<sup>TH</sup> NOVEMBER 2006

Sector/share	No. of shares	Price <sup>1)</sup> (SEK)	Market value (SEK m)	% of net worth	Total net worth %	Sector weighting in CSX, %	Acc. change in value, %	Gross exposure <sup>2)</sup> (SEK)
<b>Energy &amp; utilities</b>					-	2.5	-	
<b>Materials</b>					-	4.6	-	
<b>Capital goods</b>					43.7	21.4	7.7	
Beijer Alma	2 020 000	96.00	193.9	19.1				15.20
Saab	470 000	191.00	89.8	8.9				7.00
Trelleborg	530 000	148.00	78.4	7.7				6.10
Peab	550 000	141.25	77.7	7.7				6.10
BE Group	50 000	62.25	3.1	0.3				0.20
<b>Commercial services</b>					15.2	4.5	2.8	
Intrum Justitia	1 000 000	80.75	80.8	8.0				6.30
Nefab	902 800	73.00	65.9	6.5				5.10
Securitas Systems	241 500	25.30	6.1	0.6				0.50
Besthand, incl. conv. loans	9 951 247	0.12	1.2	0.1				0.10
<b>Transport</b>					-	2.7	-	
<b>Consumer discretionary &amp; services</b>					3.7	21.2	0.3	
AarhusKarlshamn	220 000	160.50	35.3	3.5				2.80
Rezidor Hotel Group	50 000	51.50	2.6	0.3				0.20
<b>Healthcare</b>					6.4	10.2	-0.1	
Getinge	500 000	128.75	64.4	6.4				5.00
<b>Financials &amp; real estate</b>					5.0	26.9	1.0	
Kinnevik B	500 000	100.50	50.3	5.0				3.90
<b>Software &amp; services</b>					16.3	3.4	0.5	
Acando	6 717 000	12.45	83.6	8.3				6.50
HiQ	1 310 000	38.00	49.8	4.9				3.90
Telelogic	2 500 000	12.90	32.3	3.2				2.50
<b>Technology hardware &amp; equipment</b>					25.7	2.6	1.0	
Beijer Electronics	778 300	145.00	112.9	11.1				8.80
Axis	704 800	87.75	61.8	6.1				4.80
Nolato	775 600	66.00	51.2	5.1				4.00
XPonCard	279 900	125.25	35.1	3.5				2.70
<b>Telecom operators</b>					-	0.0	-	
<b>Share portfolio</b>			1 176.0	116.0	116.0	-	13.2	91.90
<b>Net debt</b>			-162.6	-16.0	-16.0	-	-0.1	-12.70
<b>Total/net worth</b>			1 013.4	100	100	100	13.1	79.20
<b>Change in value after management costs, 3 months (excl. paid dividend)</b>							12.7	

<sup>1)</sup> Bid price.

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

The following information can, for example, be obtained from the table. Svolder's largest holding is Beijer Alma, which has a market value of SEK 193.9 million, corresponding to 19.1 per cent of the net worth. Beijer Alma is a company in the Capital goods sector; which, including other companies in the sector; accounts for 43.7 per cent of Svolder's net worth. The corresponding weighting for the Capital goods sector in CSX totals 21.4 per cent, and the portfolio is hence overweighted in terms of companies in the Capital goods sector in relation to CSX. Shares in this sector accounted for 7.7 percentage points of the change in Svolder's net worth to date during the 2006/2007 financial year.

## CONSOLIDATED INCOME STATEMENT

(SEK m)	Rolling			
	3 months	3 months	12 months	12 months
	01/09/2006– 30/11/2006	01/09/2005– 30/11/2005	01/12/2005– 30/11/2006	01/09/2005– 31/08/2006
<b>Management operations</b>				
Dividend income	6.8	-	32.8	26.0
Administrative costs	-3.4	-3.3	-13.0	-12.9
Earnings from securities	117.7	90.0	245.5	217.8
<b>Operating profit</b>	<b>121.1</b>	<b>86.7</b>	<b>265.3</b>	<b>230.9</b>
<b>Profit on financial investments</b>				
Financial income	0.0	0.0	0.0	0.0
Financial expenses	-1.3	-0.6	-4.6	-3.9
<b>Result after financial items</b>	<b>119.8</b>	<b>86.1</b>	<b>260.7</b>	<b>227.0</b>
Tax	-	-	-	-
<b>Profit for the period</b>	<b>119.8</b>	<b>86.1</b>	<b>260.7</b>	<b>227.0</b>
Earnings per share, SEK	9.40	6.70	20.40	17.70

## CONSOLIDATED CASH FLOW STATEMENT

	Rolling			
	3 months	3 months	12 months	12 months
	01/09/2006– 30/11/2006	01/09/2005– 30/11/2005	01/12/2005– 30/11/2006	01/09/2005– 31/08/2006
<b>Cash flow from current operations before changes in working capital</b>	<b>1.1</b>	<b>-4.9</b>	<b>16.7</b>	<b>10.7</b>
<b>Changes in working capital</b>				
Increase (+)/decrease (-) in current liabilities	0.4	0.8	-0.4	0.0
<b>Cash flow from current operations</b>	<b>1.5</b>	<b>-4.1</b>	<b>16.3</b>	<b>10.7</b>
<b>Investment operations</b>				
Purchase of securities	-29.2	-172.5	-432.9	-576.2
Sale of securities	92.6	126.4	455.6	489.4
Investment in machinery & equipment	-0.1	0.0	-0.1	0.0
<b>Cash flow from investment operations</b>	<b>63.3</b>	<b>-46.1</b>	<b>22.5</b>	<b>-86.9</b>
<b>Financial operations</b>				
Loans raised (+)/ amortised (-)	-16.9	50.2	47.5	114.6
Dividend paid	-48.0	-	-86.4	-38.4
<b>Cash flow from financial operations</b>	<b>-64.9</b>	<b>50.2</b>	<b>-38.9</b>	<b>76.2</b>
Increase (+)/decrease (-) in liquid assets	-	-	-	-
Liquid assets at beginning of period	-	-	-	-
<b>Liquid assets at end of period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

	Rolling			
	3 months	3 months	12 months	12 months
	01/09/2006– 30/11/2006	01/09/2005– 30/11/2005	01/12/2005– 30/11/2006	01/09/2005– 31/08/2006
Change in net worth, SEK	5.60	3.70	16.60	14.70
Dividend paid during the period, SEK	3.75	3.00	3.75	3.00
Number of shares, million	12.8	12.8	12.8	12.8

Amounts per share have been rounded off to the nearest whole ten öre throughout the Interim Report, except for dividends.

## CONSOLIDATED BALANCE SHEET

(SEK m) 30/11/2006    30/11/2005    31/08/2006    31/08/2005

### ASSETS

#### Fixed assets

*Tangible fixed assets*

Equipment 0,2            0,2            0,2            0,2

*Financial fixed assets*

Securities holdings 1 176,0        943,0        1 120,2        814,9

#### Current assets

Current receivables 1,3            8,4            0,3            4,5

Cash and bank balances -                -                -                -

**Total assets** **1 177,5        951,7        1 120,6        819,5**

### SHAREHOLDERS' EQUITY & LIABILITIES

Shareholders' equity <sup>1)</sup> 1 013,4        800,8        941,6        753,1

#### Liabilities

Current liability to credit institution 156,2        108,8        173,1        58,6

Current liabilities 7,8            42,1            5,9            7,9

**Total liabilities and shareholders' equity** **1 177,5        951,7        1 120,6        819,5**

## CONSOLIDATED KEY RATIOS

	30/11/2006	30/11/2005	31/08/2006	31/08/2005
Net worth per share, SEK	79,20	62,60	73,60	58,80
Market price ("B"), SEK	76,75	62,75	72,50	57,50
Net worth, premium (+)/discount (-), %	-3,1	0,3	-1,4	-2,3
Liquidity (+)/Borrowing (-), %	-15,7	-17,4	-18,5	-7,8
Equity/assets ratio, %	86	84	84	92
Number of shares, million	12,8	12,8	12,8	12,8

Definitions as in the Annual Report for 2005/2006.

Amounts per share have been rounded off to the nearest whole ten öre throughout the Interim Report, except for dividends.

<sup>1)</sup> Changes in shareholders' equity (SEK m)	30/11/2006	30/11/2005	31/08/2006
Opening balance	941,6	753,1	753,1
Dividend paid	-48,0	-38,4	-38,4
Result for the period	119,8	86,1	227,0
<b>Closing balance</b>	<b>1 013,4</b>	<b>800,8</b>	<b>941,6</b>

## ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with IFRS (International Financial Reporting Standards) and in accordance with IAS 34, Interim Reporting. The same accounting principles and bases for assessment have been used as in the most recent Annual Report.



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