



SVOLDER

INTERIM REPORT III 2005/2006

Interim period: 1ST September 2005–31ST May 2006 (9 months)

Current reporting period: 1ST March–31ST May 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 "O" list of the Stockholm Stock Exchange. Svolder's net worth is published weekly and appears on the company's website, www.svolder.se

Result for the interim period (9 months)

- The company posted a result for the interim period (9 months) of SEK 227.1 million (SEK 139.0 m), corresponding to SEK 17.70 (SEK 10.90) per share.
- The net worth rose by 30.2%, adjusted for dividends, to SEK 73.60 per share.
- The listed price of the class B share rose by 23.9%, adjusted for dividends, to SEK 68.25 per share.
- The CSX small business index and the Stockholm Stock Exchange's OMXS index rose by 27.9% and 15.9%, respectively.
- The closing discount on net worth was 7.2%.

Result for the current reporting period (3 months)

- The company posted a result for the interim period (3 months) of –SEK 12.6 million (SEK 4.6 m), corresponding to –SEK 1.00 (SEK 0.40) per share.
- The net worth fell by 1.3% to SEK 73.60 per share.
- The listed price of the class B share rose by 4.6% to SEK 68.25 per share.
- The CSX small business index and the Stockholm Stock Exchange's OMXS index fell by 0.1% and 3.3%, respectively.
- The net worth on 9th June was SEK 71 and the listed price was SEK 67.50.

Major contributors to the net worth (3 months)



Positive:

Axis and Peab



Negative:

Acando and Beijer Alma

Major changes in the equities portfolio (3 months)



Bought:

AarhusKarlshamn,
Intrum Justitia, Nefab and HiQ



Sold:

Observer, Ratos and Biacore

This interim report has been prepared in accordance with IFRS (International Financial Reporting Standards) and describes Svolder's business from a perspective in which all assets are valued at their actual value and in which changes in actual value throughout a full reporting period affect the result. The actual value is determined on the basis of the market value of the assets, usually the listed price. The listed price is defined as the bid price, in accordance with IAS 39, whereas in the previous financial year's reports, the most recent price paid was used. Comparative figures for last year have been recalculated in this report in accordance with this principle. The effects of the transition to IFRS are also presented in Appendix 1.

The time concepts of "the current reporting period" and "the three-month period" refer to the period from 1st March to 31st May 2006.

The buoyant stock market trend came to an end early in the current reporting period. After three years of almost uninterrupted rises, stock markets worldwide were infected by fears that a peak has been reached. Investors are worried by signs of rising inflation and further interest rate rises. The effect of the high price of raw materials on economic trends and companies' profits are providing other causes for concern. The global index rose by 1.0 per cent, measured in US dollars, over the three month period, while the American technology exchange, NASDAQ, fell by 4.5 per cent, measured in the same currency.

The Stockholm Stock Exchange suffered a downturn in April after having risen for 5 months in succession. The downturn accelerated in May and by the end of the three-month period, OMXS (OMX Stockholm Price Index) had fallen by 3.3 per cent. Share prices fell, despite generally strong quarterly reports and continued positive forecasts by listed companies. The biggest increases among the main sectors were reported in.

Energy and Health Care, with the biggest falls reported by shares in the IT sector. The downturn in the small business index was limited to 0.1 per cent, according to CSX, and indeed, the small business market outperformed the stock market as a whole in every single calendar month. Much of the year's cash dividends were paid during the current reporting period.

INDEX PERFORMANCE, 12 MONTHS

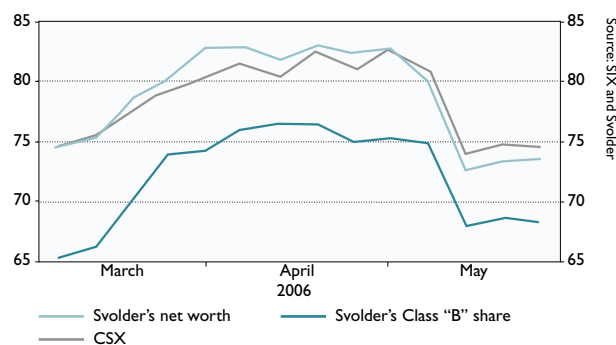


Interest rates on both short-term securities and bonds rallied in Sweden during the three-month period. The Swedish krona strengthened by almost 9 per cent against the US dollar, and this too helped increase uncertainty with regard to the profit forecasts for many export-orientated companies on the Stockholm Stock Exchange.

Share price trends

The closing price paid for Svolder's class B share was SEK 68.25, corresponding to a rise during the current reporting period of 4.6 per cent. The share's value on the closing day represented a discount of 7.2 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 21,900 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 into class B shares may do so by application to the Board.

SVOLDER AND CSX, 3 MONTHS (SEK per share)



Change in net worth

Svolder's closing net worth per share was SEK 73.60 per share, which represents a decrease during the current reporting period of 1.3 per cent. This decrease exceeds that shown by the CSX benchmark index, which fell by 0.1 per cent during the corresponding period, by 1.2 per cent. The discrepancy is approximately two percentage points larger as the majority of share dividends, which are not included in the index, have been paid during the three-month period.

The total discrepancy is due to the portfolio mix, to borrowing against the equity portfolio, and to the entry of Gambro into CSX - the biggest company there - on the same day as a public offer was made for the company. The share prices of some of the portfolio's biggest holdings by value, namely Acando, Beijer Alma and Trelleborg, have also, unlike earlier in the financial year, performed poorly.

TOTAL RETURN, PER CENT

	3 months 1 ST March 06– 31 ST May 06	9 months 1 ST Sept 05– 31 ST May 06	Rolling 12 months 1 ST June 05– 31 ST May 06
Share price (class B) ¹⁾	4.6	23.9	47.8
Net worth ¹⁾	-1.3	30.2	45.6
CSX ²⁾	-0.1	27.9	41.2
OMXS ²⁾	-3.3	15.9	25.3

1) Including dividend paid during the period.

2) 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 CONTRIBUTORSTO CHANGES IN NET WORTH

1ST March–31ST May 2006

(Based on net worth of SEK 954.4 million or SEK 74.60/share on 28th February 2006)

	SEK m	SEK/share ¹⁾
Axis	11.0	0.90
Peab	10.3	0.80
Ratos B inkl. IL B	4.5	0.40
Höganäs	4.5	0.30
Total, four positive	30.3	2.40
Acando	-13.1	-1.00
Beijer Alma	-9.8	-0.80
XPonCard	-8.3	-0.70
Trelleborg	-7.2	-0.60
Telelogic	-4.0	-0.30
Kinnevik B	-2.5	-0.20
Total, six negative	-44.9	-3.50
Other shares	6.2	0.50
Shares, total	-8.4	-0.70
Other	-4.1	-0.30
Change in value	-12.6	-1.00

¹⁾ SEK per share is rounded off to the nearest whole ten öre.

Axis is benefiting from high levels of demand for network-based video cameras for security monitoring purposes. The company posted a sharp increase in sales, with improved profit margins, in early 2006. The market is expected to continue growing rapidly.

Of all the listed Swedish construction companies, Peab has the greatest exposure to the Swedish construction industry market. And it is in precisely this market, and in housing production in particular, that the last few months have seen strong growth and successively improving margins. A further strengthening of the sector's order books suggests continued strong sales growth coupled with rising profit margins.

The Q1 report for the consultancy company, Acando (formerly known as AcandoFrontec), revealed better than expected results, at the same time as the company announced that the integration of Resco had been completed at a lower cost than the company management expected. The market outlook continues to look favourable, but the Acando share, after a favourable price trend in conjunction with the Resco acquisition, and in common with those of most of the other listed IT companies, performed poorly on the stock market.

Beijer Alma's share price has fallen, a strong Q1 report notwithstanding. The Lesjöfors subsidiary once again posted convincing figures in terms both of net sales and of results. The results of the Habia subsidiary, however, which manufactures specialist cabling, were slightly disappointing. Continued severe pricing pressure from customers and a high price for the input material, copper, resulted in a slight fall in margins. Beijer Alma's financial position is strong, the potential for growth is adjudged good, and the future earnings trend has every chance of exceeding the stock market's expectations.

XPonCard has implemented a substantial restructuring process in its production units over the past year. This proved to be more extensive and expensive than the company had expected and had previously announced to the stock market. XPonCard's Q1 report consequently saw a break in the positive earnings trend, resulting in a substantial fall in the share

price. Active marketing ventures, a stable cash flow and the long-term implementation of rationalisation measures continue to speak in the share's favour, but pricing pressure and the above-mentioned unforeseen restructuring costs are having the opposite effect.

NET WORTH TREND (3 months)

	SEK m	SEK/share
Net worth, 28th February 2006	954.4	74.60
The equities portfolio		
Opening value	1062.8	83.00
Purchase of shares	215.0	
Sale of shares	-114.0	
Change in value, equities portfolio	-34.5	66.5 5.20
Closing value	1129.3	88.20
Net debt		
Opening value	-108.3	-8.50
Dividend received	26.0	
Administration costs	-3.0	
Net financial items	-1.1	
Purchase of shares, net	-101.0	-79.1 -6.20
Closing value	-187.5	-14.60
Net worth, 31st May 2006	941.8	73.60

Borrowing

The net debt, which also includes share transactions in the course of settlement etc., totalled SEK 187.5 million on the closing day, corresponding to 19.9 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 was charged to the net worth in the sum of just under SEK 3 million, corresponding to approximately 0.3 per cent of the change in value for the period.

The equities portfolio

Shares were acquired for SEK 215.0 million (gross) and sold for SEK 114.0 million (gross) during the current reporting period.

New holdings in AarhusKarlshamn and HiQ were acquired during the three-month period. All shares in Observer, Ratos and Biacore were sold. On the closing day, the portfolio thus comprised 20 holdings.

NET PURCHASES FOR THE EQUITIES PORTFOLIO (3 months)

1st March–31st May 2006

Share	Number	SEK m	SEK/share ¹⁾
AarhusKarlshamn	220 000	42.7	194.10
Intrum Justitia	493 400	34.2	69.20
Nefab	500 000	30.6	61.20
HiQ	500 000	20.0	40.10
Trelleborg	110 000	18.6	168.90

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

AarhusKarlshamn was formed in the autumn of 2005 through the merger of the Danish firm, Aarhus United, and the Swedish firm, Karlshamns. The company is a world-leader and the only global player in the field of specialist vegetable fats. A number of measures have been taken to realise the synergies that the merger is expected to generate. The company management is of the opinion that 2006 will be an interim year in terms of results, but that subsequent years will see successive improvements in the earnings trend. An extraordinary general meeting of the company's shareholders will be asked to approve a dividend of SEK 29 per share in order to reduce the company's overcapitalisation. The most important factors behind Svolder's investment were the stability of the underlying operations and the anticipated positive earnings trend, coupled with the healthy willingness to pay dividends and the high dividend yield.

The credit management company, **Intrum Justitia**, enjoys a strong position in Europe. All regions have posted increases in net sales, and the company's acquisition of written off receivables is also helping to boost growth. Profitability may improve in future when the restructuring work on the old problem market, the UK, begins to yield results.

The holding in **Nefab** has been increased. The company has continued to post a stable and healthy earnings trend, and corporate acquisitions have been successfully integrated. Svolder is of the opinion that Nefab has excellent growth potential via both additional acquisitions and organic growth.

Svolder has underwritten the ongoing SEK 5 million new share issue in **Ledstiernan** (issue price: SEK 1.40/share) in return for an underwriting commission.

NET SALES FROM THE EQUITIES PORTFOLIO (3 months)

1st March–31st May 2006

Share	Number	SEK m	SEK/share ¹⁾
Observer	1 000 000	38.6	38.60
Ratos incl. redemption settlement	200 000	26.3	131.50
Biacore	90 000	22.2	246.30
Telelogic	700 000	15.0	21.40
Kinnevik	100 000	9.7	97.40

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

The entire holding in **Observer** has been sold. The new Group management announced extensive measures designed to turn the Nordic operations around. Organisational changes are required and the associated costs will have a negative effect on the result. The stock market's expectations of a rapid increase in profitability were adjudged to be excessive. The investment contributed SEK 7.2 million to the net worth for the financial year.

The holding in the venture capital company, **Ratos**, was sold in its entirety after a strong growth in value. Several of the company's investments are in attractive industries and in companies with very good earnings trends, but the valuation rose so rapidly that the share became less interesting from a valuation viewpoint. The holding has contributed SEK 7.2 million to the net worth during the financial year.

The restructuring of **Biacore** has been successfully completed and the Group's profitability has returned to its histo-

rically sound levels. Performance continues, however, to be volatile from one quarter to the next, and the value of the Biacore share has appreciated at the same time as the scope for operational improvements has become ever smaller. All shares were sold and contributed a total of SEK 4.8 million to the net worth during the financial year.

Portfolio orientation

The recent fall in share prices and sizeable fluctuations in the global stock markets are thought to be the result of increased uncertainty with regard to companies' potential future profits. Further concerns about interest rate hikes and an increasingly weak US dollar have also resulted in a rise in the risk premium of share investments. No negative effects on the real economy have been seen as yet, and companies continue to view the economic climate in a positive light. A further period of major price fluctuations cannot be excluded, but the risk of a long drawn-out downturn is adjudged to be small in the light of the reasonable valuation of Swedish shares.

Svolder's previously stated portfolio orientation remains unchanged. The analytical work and management are focused on companies with visible profits, profit growth, positive cash flows, and a combination of a healthy dividend capacity and willingness to pay dividends.

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.

The Election Committee

An Election Committee, comprising the Chairman of the Board, MatsOla Palm, Christoffer Lundström (Provobis Holding), Magnus Wörn (AMF-Pension), and Anne Gentzel (Ernstströmgruppen), has been formed in accordance with a resolution by the 2005 Annual General Meeting of the company. The Election Committee shall carry out the duties incumbent upon it in accordance with the Swedish Corporate Governance Code up to the next Annual General Meeting, which will be held on 22nd November 2006. Proposals to the Election Committee can be submitted to the individual Members or to its Chairman, Christoffer Lundström, at Provobis Holding AB, Lilla Bommen 1, SE-411 04 Gothenburg, Sweden (tel: +46 31 771 37 50).

Next Interim Report

The preliminary financial statement for the financial year from 1st September 2005 until 31st August 2006, including the Interim Report for the period from 1st June to 31st August 2006, will be published on 21st September 2006.

Stockholm, 15th June 2006
SVOLDER AB (publ)

Ulf Hedlundh
Managing Director

For additional information, please contact
Ulf Hedlundh, Managing Director, +46 8 440 37 73.

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

THE EQUITIES PORTFOLIO 31ST MAY 2006

Sector/share	No. of shares	Price (SEK)	Market value (SEK m)	% of net worth	Total net worth, %	Sector weighting in CSX, %	Acc. change in value ¹⁾ , %	Gross exposure ²⁾ (SEK)
Energy & utilities					-	2.8	-	
Materials					3.9	5.0	0.6	
Höganäs	200 000	184.00	36.8	3.9				2.90
Capital goods					38.8	21.5	9.6	
Beijer Alma	2 001 700	68.00	136.1	14.5				10.60
Saab	470 000	169.50	79.7	8.5				6.20
Trelleborg	530 000	147.50	78.2	8.3				6.10
Peab	580 000	123.00	71.3	7.6				5.60
Commercial services					12.8	2.7	1.4	
Intrum Justitia	993 400	65.25	64.8	6.9				5.10
Nefab	900 000	61.00	54.9	5.8				4.30
Besthand, inkl. konv. lån	9 951 247	0.12	1.2	0.1				0.10
Transport					-	2.5	0.8	
Consumer discretionary & services					9.2	13.1	0.6	
AarhusKarlshamn	220 000	185.50	40.8	4.3				3.20
New Wave	288 700	88.00	25.4	2.7				2.00
Clas Ohlson	150 000	138.00	20.7	2.2				1.60
Consumer staples					-	3.9	-	
Healthcare					8.7	15.1	1.8	
Getinge	700 000	117.50	82.3	8.7				6.40
Financials & real estate					6.6	25.5	6.0	
Kinnevik B	700 000	88.75	62.1	6.6				4.90
Software & services					16.1	4.9	3.4	
Acando	6 717 000	13.30	89.3	9.5				7.00
Telelogic	2 500 000	17.10	42.8	4.5				3.30
HiQ	500 000	38.30	19.2	2.0				1.50
Technology hardware & equipment					23.8	3.1	7.7	
Beijer Electronics	775 000	120.50	93.4	9.9				7.30
Nolato	720 000	80.00	57.6	6.1				4.50
Axis	800 000	61.75	49.4	5.2				3.90
XPonCard	160 000	146.00	23.4	2.5				1.80
Telecom operators					-	0,0	-	
Share portfolio			1 129.3	119.9	119.9	-	31.7	88.20
Net debt			-187.5	-19.9	-19.9	-	-0.3	-14.60
Total/net worth			941.8	100	100	100	31.4	73.60
Change in value after management costs, 9 months (ex. paid dividend)							30.2	

¹⁾ Based on values converted to the bid price as of 31st August 2005, as per IAS 39.

²⁾ 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 136.1 million, corresponding to 14.5 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 38.8 per cent of Svolder's net worth. The corresponding weighting for the Capital goods sector in CSX totals 21.5 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 9.6 percentage points of the change in Svolder's net worth to date during the 2005/2006 financial year.

CONSOLIDATED INCOME STATEMENT

(SEK m)	3 months		9 months		Rolling	
	01/03/2006–	01/03/2005–	01/09/2005–	01/09/2004–	12 months	12 months
	31/05/2006	31/05/2005	31/05/2006	31/05/2005	01/06/2005– 31/05/2006	01/09/2004– 31/08/2005
Management operations						
Dividend income	26.0	13.7	26.0	13.7	26.0	13.7
Administration costs	-3.0	-3.0	-9.3	-9.6	-13.1	-13.4
Earnings from securities	-34.5	-6.1	212.9	134.6	296.9	218.6
Operating profit	-11.5	4.6	229.6	138.7	309.8	218.9
Profit on financial investments						
Financial income	0.0	0.1	0.0	0.3	0.0	0.3
Financial expenses	-1.1	0.0	-2.5	0.0	-2.7	-0.2
Result after financial items	-12.6	4.6	227.1	139.0	307.1	219.0
Tax	-	-	-	-	-	-
Profit for the period	-12.6	4.6	227.1	139.0	307.1	219.0
Earnings per share, SEK	-1.00	0.40	17.70	10.90	24.00	17.10

CONSOLIDATED CASH FLOW STATEMENT

	3 months		9 months		Rolling	
	01/03/2006–	01/03/2005–	01/09/2005–	01/09/2004–	12 months	12 months
	31/05/2006	31/05/2005	31/05/2006	31/05/2005	01/06/2005– 31/05/2006	01/09/2004– 31/08/2005
Cash flow from current operations before changes in working capital	22.6	11.1	13.8	3.9	11.0	1.1
Changes in working capital						
Increase (+)/decrease (-) in current liabilities	0.0	0.0	-0.1	0.0	0.0	0.1
Cash flow from current operations	22.6	11.1	13.7	3.9	11.0	1.2
Investment operations						
Purchase of securities	-217.5	-64.2	-540.5	-222.5	-645.3	-327.3
Sale of securities	116.5	27.2	440.7	251.6	484.1	295.0
Investment in machinery & equipment	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investment operations	-101.1	-37.0	-99.9	29.1	-161.2	-32.2
Financial operations						
Loans raised (+)/amortised (-)	78.5	-	124.5	-	183.1	58.6
Dividend paid	-	-	-38.4	-30.7	-38.4	-30.7
Cash flow from financial operations	78.5	0.0	86.1	-30.7	144.7	27.9
Increase (+)/decrease (-) in liquid assets	-	-25.8	-	2.3	-5.5	-3.2
Liquid assets at beginning of period	-	31.3	-	3.2	5.5	3.2
Liquid assets at end of period	0.0	5.5	0.0	5.5	0.0	0.0

CONSOLIDATED KEY RATIOS PER SHARE

	3 months		9 months		Rolling	
	01/03/2006–	01/03/2005–	01/09/2005–	01/09/2004–	12 months	12 months
	31/05/2006	31/05/2005	31/05/2006	31/05/2005	01/06/2005– 31/05/2006	01/09/2004– 31/08/2005
Change in net worth, SEK	-1.00	0.40	14.80	8.50	21.00	14.70
Dividend paid during the period, SEK	-	-	3.00	2.40	3.00	2.40
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 whole ten öre throughout the Interim Report, except for dividends.

CONSOLIDATED BALANCE SHEET

(SEK m) 31/05/2006 28/02/2006 31/08/2005 31/05/2005 28/02/2005 31/08/2004

ASSETS

Fixed assets

Tangible fixed assets

Equipment 0.2 0.2 0.2 0.2 0.2 0.3

Financial fixed assets

Securities holdings 1 129.3 1 062.7 814.9 670.9 645.4 563.9

Current assets

Current receivables 0.6 2.9 4.5 0.4 1.0 0.3

Cash and bank balances - - - 5.5 31.3 3.2

Total assets 1 130.1 1 065.8 819.5 676.9 678.0 567.7

SHAREHOLDERS' EQUITY & LIABILITIES

Shareholders' equity ¹⁾ 941.8 954.4 753.1 673.2 668.5 564.9

Liabilities

Current liability to credit institution 183.1 104.6 58.6 - - -

Current liabilities 5.2 6.8 7.9 3.7 9.5 2.8

Total liabilities and shareholders' equity 1 130.1 1 065.8 819.5 676.9 678.0 567.7

CONSOLIDATED KEY RATIOS

	31/05/2006	28/02/2006	31/08/2005	31/05/2005	28/02/2005	31/08/2004
Net worth per share, SEK	73.60	74.60	58.80	52.60	52.20	44.10
Market price ("B"), SEK	68.25	65.25	57.50	48.20	46.90	44.40
Net worth, premium (+)/discount (-), %	-7.2	-12.5	-2.3	-8.3	-10.2	0.6
Liquidity (+)/Borrowing (-), %	-19.4	-11.2	-7.8	0.6	3.7	0.6
Equity/assets ratio, %	83	90	92	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 2004/2005.

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

¹⁾ Changes in shareholders' equity (SEK m)	31/05/2006	28/02/2006	31/08/2005	31/05/2005	28/02/2005
Opening balance ^{a)}	756.1	756.1	567.3	567.3	567.3
Adjustment for new accounting principles ^{b)}	-3.0	-3.0	-2.4	-2.4	-2.4
New opening balance	753.1	753.1	564.9	564.9	564.9
Dividend paid	-38.4	-38.4	-30.7	-30.7	-30.7
Result for the period	227.1	239.7	219.0	139.0	134.3
Closing balance	941.8	954.4	753.1	673.2	668.5

^{a)} According to the Balance Sheet adopted by the AGM.

^{b)} As per IAS 39.

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with IFRS (International Financial Reporting Standards). The Interim Report has been prepared in accordance with IAS 34, Interim Reporting, and also complies with recommendation RR 31, Consolidated Interim Reports, of the Swedish Financial Accounting Standards Council. The comparison year, 2004/2005, has also been reported in accordance with IFRS.

Svolder's reporting is primarily affected by IAS 39 with regard to the reporting and valuation of financial instruments at their actual value. Svolder has, for a number of years now, valued the majority of the company's assets and liabilities at their true value, reporting these figures as supplementary information in its quarterly reports and annual reports. The Swedish Annual Accounts Act has been amended to offer

the equivalent option of reporting and valuing financial instruments at their true value, as of the 2004/2005 financial year. Svolder's 2004/2005 Annual Report contained details of the most important differences between the company's former accounting principles and the IFRS principles. One difference from Svolder's previous reporting method lies in the fact that IAS 39 values listed holdings on the basis of the bid price, where listed. Svolder's previous reports used the most recent price paid. There is no need, under the implementation rules for IAS 39, to recalculate comparative figures, but Svolder has chosen to recalculate these comparative figures for the 2004/2005 financial year in order to clarify the effects of the transition to IFRS on Svolder's reporting. The effects of this transition are presented in greater depth in Appendix I.

APPENDIX I

TRANSITION TO REPORTING IN ACCORDANCE WITH IFRS

As of this Interim Report, Svolder will be reporting its results in accordance with IFRS (International Financial Reporting Standards), in accordance with the requirements for consolidated accounts for listed companies within the EU.

The main standards to affect Svolder are IAS 39, relating to reporting and valuation of financial instruments at their true value. Svolder has, for a number of years now, valued the majority of the company's assets and liabilities at their true value, reporting these figures as supplementary information in its quarterly reports and annual reports. The Swedish Annual Accounts Act has been amended to offer the equivalent option of reporting and valuing financial instruments at

their true value, as of the 2004/2005 financial year. Svolder's 2004/2005 Annual Report contained details of the most important differences between the company's former accounting principles and the IFRS principles.

One difference from Svolder's previous reporting method lies in the fact that IAS 39 values listed holdings on the basis of the bid price, where listed. Svolder's previous reports used the most recent price paid. There is no need, under the implementation rules for IAS 39, to recalculate comparative figures, but Svolder has chosen to recalculate these comparative figures for the 2004/2005 financial year in order to clarify the effects of the transition to IFRS on Svolder's reporting.

CONSOLIDATED INCOME STATEMENTS

(SEK m)	Period 1		IFRS period 1		Period 2		IFRS period 2		Period 3		IFRS period 3		Period 4		IFRS period 4		IFRS
	01/09/2004– 30/11/2004	Adjustment ¹⁾	01/09/2004– 30/11/2004	01/12/2004– 28/02/2005	Adjustment ¹⁾	01/12/2004– 28/02/2005	01/03/2005– 31/05/2005	Adjustment ¹⁾	01/03/2005– 31/05/2005	01/06/2005– 31/08/2005	Adjustment ¹⁾	01/06/2005– 31/08/2005	01/06/2005– 31/08/2005	12 months 2004/2005			
Management operations																	
Dividend income	-		-	-		-	13.7		13.7	-		-	-	13.7		-	13.7
Administration costs	-3.7		-3.7	-2.9		-2.9	-3.0		-3.0	-3.8		-3.8	-3.8	-3.0		-3.8	-13.4
Earnings from securities	51.7	0.3	52.0	89.3	-0.5	88.8	-7.2	1.1	-6.1	85.4	-1.6	83.8	83.8	-7.2	1.1	85.4	218.6
Operating profit	48.0	0.3	48.3	86.4	-0.5	85.9	3.5	1.1	4.6	81.6	-1.6	80.0	80.0	3.5	1.1	4.6	218.9
Profit on financial investments																	
Financial income	0.1		0.1	0.1		0.1	0.1		0.1	0.0		0.0	0.0	0.1		0.0	0.3
Financial expenses	0.0		0.0	0.0		0.0	0.0		0.0	-0.2		-0.2	-0.2	0.0		-0.2	-0.2
Result after financial items	48.1	0.3	48.4	86.5	-0.5	86.0	3.5	1.1	4.6	81.4	-1.6	79.8	79.8	3.5	1.1	4.6	219.0
Tax	-		-	-		-	-		-	-		-	-	-		-	-
Profit for the period	48.1	0.3	48.4	86.5	-0.5	86.0	3.5	1.1	4.6	81.4	-1.6	79.8	79.8	3.5	1.1	4.6	219.0
Earnings per share, SEK	3.80	0.00	3.80	6.80	0.00	6.70	0.30	0.10	0.40	6.40	-0.10	6.20	6.20	0.30	0.10	0.40	17.10

CONSOLIDATED BALANCE SHEETS

(SEK m)	31/08/2004		IFRS		IFRS	
	31/08/2004	Adjustment ¹⁾	01/09/2004	31/08/2005	Adjustment ¹⁾	01/09/2005
ASSETS						
Fixed assets						
<i>Tangible fixed assets</i>						
Equipment	0.3		0.3	0.2		0.2
<i>Financial fixed assets</i>						
Securities holdings	566.3	-2.4	563.9	817.9	-3.0	814.9
Current assets						
Current receivables	0.3		0.3	4.5		4.5
Cash and bank	3.2		3.2	-		-
Total assets	570.1	-2.4	567.7	822.5	-3.0	819.5
SHAREHOLDERS' EQUITY & LIABILITIES						
Shareholders' equity	567.3	-2.4	564.9	756.1	-3.0	753.1
Liabilities						
Current liability to credit institution	-		-	58.6		58.6
Current liabilities	2.8		2.8	7.9		7.9
Total liabilities & shareholders' equity	570.1	-2.4	567.7	822.5	-3.0	819.5

¹⁾ Valuation of securities holdings at bid price, rather than, as previously, the price paid.

