

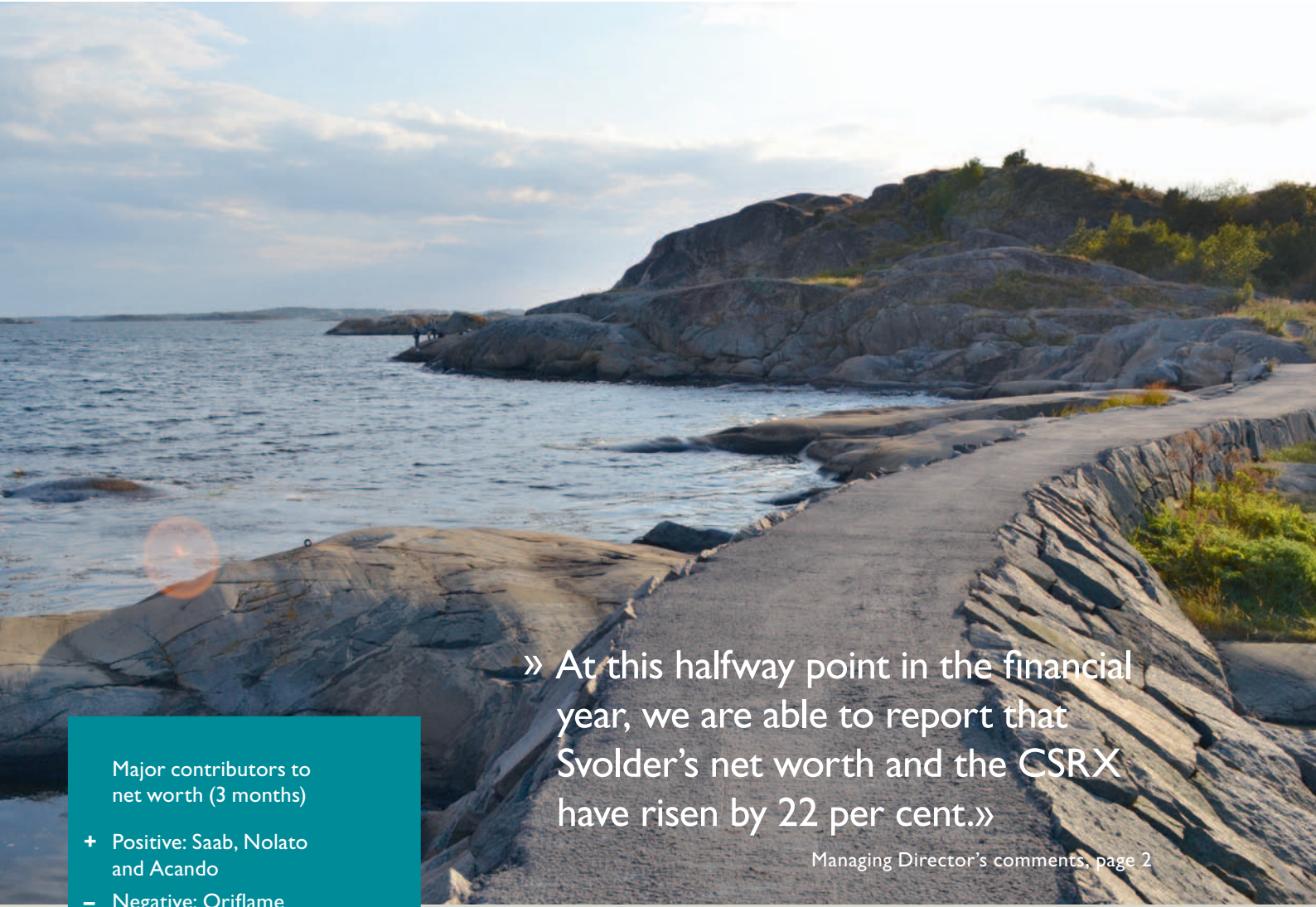


# SVOLDER

#2

## INTERIM REPORT 2013/2014

Interim period: 1st September 2013 – 28th February 2014 (6 months). Current reporting period: 1st December 2013 – 28th February 2014 (3 months)



» At this halfway point in the financial year, we are able to report that Svolder's net worth and the CSRX have risen by 22 per cent.»

Managing Director's comments, page 2

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

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

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

- + Bought: SSAB, Oriflame and Meda
- Sold: Nolato, Diös and Atrium Ljungberg

### RESULT FOR THE INTERIM PERIOD, 6 MONTHS

- ➔ The company posted a result for the period (6 months) of SEK **221.5** million (SEK 199.4 m), corresponding to SEK **17.30** (SEK 15.60) per share.
- ➔ Net worth rose by **21.6%**, including re-invested dividend, to SEK **96.70** per share.
- ➔ The listed price of the Class B share increased by **30.6%**, including reinvested dividend, to SEK **90.25** per share.
- ➔ The Carnegie Small Cap Return Index rose by **22.2%**.
- ➔ The closing discount on net worth was **6.7%**.

### RESULT FOR THE CURRENT REPORTING PERIOD, 3 MO.

- ➔ The company posted a result for the period (3 months) of SEK **127.1** million (SEK 193.0 m), corresponding to SEK **9.90** (SEK 15.10) per share.
- ➔ The net worth rose by **11.4%** to SEK **96.70** per share.
- ➔ The listed price of the Class B share increased by **16.8%** to SEK **90.25** per share.
- ➔ The Carnegie Small Cap Return Index rose by **10.5%**.

7TH MARCH 2014

- ➔ Net worth was SEK **96** per share and the share price was SEK **89.25**.

# THE MANAGING DIRECTOR'S COMMENTS



## DEAR SHAREHOLDER,

Swedish listed companies are continuing to deliver a good return on investment in both absolute and relative terms in relation to the outside world. During the most recent three month period, the NASDAQ OMX Stockholm rose by 6.5 per cent (SIXRX), which is almost six percentage points higher than the World Index measured in Swedish kronor. The Swedish stock market for small and medium-sized companies (CSRX) rose at the same time by 10.5 per cent. In the context of these figures, Svolder has been very successful. Net worth rose 11.4 per cent and Class B shares by 16.8 per cent, which meant that the discount to net worth fell to under seven per cent.

### A six month period considerably better than the normal return

At this halfway point in the financial year, we are now able to report that Svolder's net worth and CSRX have risen 22 per cent. This is a full seven percentage points above the overall Swedish stock market and twelve percentage points higher than the World Index. Adjusted for dividends, during these six months the Svolder share price has risen by almost 31 per cent. While we should be pleased with this performance and with the fact that shares as a savings product are again attracting both private individuals and institutional investors, we should not get carried away; it should be noted that the valuations of many companies' shares have been getting increasingly higher.

In our 2012/2013 Annual Report, we stated our opinion that performance for the financial year ought to be equal to or a little above the stock market's estimated required rate of return, which we quantified as around ten per cent including dividends received. In other words, the stock market has to date exceeded our expectations and

I believe that this is largely explained by the fact that we have so far escaped the generally higher levels of bond yield in the rest of the world and been sheltered from political and financial trouble spots. Seen from this angle, the liquidity of the equities portfolio has been a little too high, while selected shares have performed particularly well and an increase in value has been created at low financial risk.

Comparative figures in recent years show small company shares in a good light in relation to the shares of larger companies. Svolder experienced a poor 2011, which affects comparisons with the CSRX. Apart from 2011, the outcome of our analysis and management in the last five years has been wholly satisfactory. It is particularly pleasing that, in the past year, our share has regained the confidence of the stock market, which is reflected in successively lower discounts on net worth.

### Total return, per cent, as at 28/2/2014

	1 year 1/3/2013– 28/2/2014	3 year 1/3/2011– 28/2/2014	5 year 1/3/2009– 28/2/2014
<b>Svolder</b>			
Net worth	30	40	198
Share price (Class B)	54	57	263
<b>Stock market index</b>			
CSRX	30	52	224
SIXRX	22	38	168

Source: Morningstar, Svolder and Infront

Total return is calculated using methods whereby the dividend paid is reinvested at the time of the dividend in classes of underlying assets.

Even in a correctly-valued, or somewhat overpriced, stock market, there are shares that are valued lower than others. In Svolder's opinion, one of these is Saab, the defence and security group. Our holding has been particularly successful in the past quarter, contributing SEK 42 million (SEK 3.30 per Svolder share) to net worth. On the closing day, this was the equity portfolio's largest individual holding.

#### **Saab shares are undervalued, under-analysed and owned by few**

Svolder holds Saab shares because we consider them to be undervalued. We are not alone in that. Of the five Nordic investment research institutions covering the company, four believe the share to be worth buying and one is neutral, with an average guide price of SEK 200 or SEK 24 over the rate on the closing day.

In my opinion, however, it is surprising that Saab is so poorly monitored by analysts and investors. Two of Sweden's biggest banks do not have any analysis or recommendations for a share whose stock market value is just over SEK 19 billion. A review of SIS Ägarservice's list of Saab shareholders at the turn of the year shows that many of the Swedish financial institutions owned barely Saab's weight in the stock exchange index; some of them avoid Saab altogether. At the same time, the lower level of monitoring and restricted ownership would seem to pave the way for attractive future results for Saab shares.

#### **Sweden needs more industrial companies like Saab**

Sweden has a successful defence industry which has been built up over a long period on the basis of Sweden's principle of neutrality, with political consensus and significant technological know-how within the companies. Sweden, for example, is the only country not in the UN Security Council to manufacture advanced military aircraft. This is done, moreover, at relatively low cost. There is a clear, shared political viewpoint that Sweden needs both a sound defence and a properly-functioning defence industry. With few exceptions, Swedish political representatives, from various camps, have also welcomed the Brazilian government's announcement that they wish to purchase 36 Gripen Next Generation aircraft. With the expansion of Russia and China, defence policy has come to take a more central role in Swedish political debate. This has become even more the case in the past month with the current unrest in Ukraine.

Saab is one of the Stockholm stock exchange's most investment-intensive and knowledge-intensive companies. The previous year's investments in research and development amounted to almost SEK 7 billion, corresponding to a full 28 per cent of sales. Nearly 8,000 of a total of 14,000 full-time staff are employed in Sweden. Of the previous year's sales, SEK 10 billion related to sales to countries outside Sweden. In addition, a significant proportion of sales consists of non-military products and

services, for example flight management systems and products for fuselages on current model ranges at both Airbus and Boeing.

A debate is belatedly taking place about whether Sweden in general, and Scania in particular, risk losing expertise in world-class technology as groups integrate and know-how is transferred to new parent companies abroad. Like Scania, Saab is one of the world's leading companies in several of its business areas. Saab is an industrial group that Sweden should foster and be proud of. There is broad political consensus on defence policy and the defence industry. To me, therefore, investing in Saab shares, which Svolder and market analysts consider to be undervalued, seems extremely appropriate for a professional Swedish investment body.

#### **Positive trend should offset political concerns**

At the time of writing, the threats posed by the developments in and around Ukraine are the focus of concern for politicians, our fellow human beings, the military and capital markets. At this stage, Svolder is unable to suggest how things might develop, nor would it wish to; there are many other observers who are better-informed. Even if there is a significantly increased risk that the peaceful and economic development that has been a feature of Central and Eastern Europe for decades might now be interrupted, this type of unrest normally only has a limited impact on capital markets outside the geographical troublespots. We should also stress that world trade and good relationships do benefit countries and citizens, a fact that is also noted by their leaders.

The Swedish stock market is in the midst of a long-term positive trend with significant influx of capital. We should therefore not be in a hurry to interrupt the trend, even if there will be a role for new introductions and investments. We should also remember that the risk premiums on the equities and capital markets have been substantially reduced in the last two years and that setbacks in peace processes, the global economic recovery and in Europe's debt restructuring may quickly make investors much more risk-averse.

Yours faithfully

ULF HEDLUNDH  
*Managing Director*



## MARKET COMMENTARY

The current reporting period of 1st December 2013 – 28th February 2014 was characterised by strongly rising stock markets. The Swedish stock exchange (SIXRX) as a whole rose 6.5 per cent, while small and medium-sized companies (CSRX) rose a further four percentage points. The performance of the property companies has been a particular factor in the CSRX's strong growth during the quarter.

Global exchanges, measured through the MSCI and in SEK, rose under the current reporting period by a marginal 0.7 per cent. Weak share price development in many growth countries in Asia, South America and Europe has hampered share value growth. A weakening of the US dollar has also had a negative effect (-2.1 per cent against SEK). In addition, the Swedish krona has strengthened somewhat against the Euro. The currency trend that was very strong in 2013 in relation to the currency of one of Sweden's biggest trading partners, i.e. the Norwegian krone, appears to have broken during February.

Worldwide, there is increased growth in most countries, which is also reflected in various Purchasing Managers' Indexes and order and production statistics. At the same time, the growth rate is not as strong as is usually the case with early upturns in the economy, even if the trend in the Anglo-Saxon world in particular is strikingly positive. Meanwhile, the current economic situation in China, India, Brazil, Russia and France especially must be seen as disappointing. Swedish economic statistics reflect the rising trend, but results vary a great deal from sector to sector and category to category as well as in specific months and quarters.

Interest rates for long-term international bonds fell during the three-month period. The absence of inflationary tendencies combined with the comment of the American central bank about maintained expansionary monetary policy brought calm to the financial markets. In addition, the Riksbank, Sweden's central bank, reduced its key interest rate by 25 points in December.

There was no general trend in terms of the price of raw materials during the quarter. The increased level of political unrest in the world around us has, however, increased the demand for gold, and the price of oil remains at relatively high levels.

Index performance, 12 months



## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 90.25, hence the share rose 16.8 per cent during the current reporting period. The value of the share on the closing day represented a discount of 6.7 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of approximately 15,000 shares traded each day of trading on the NASDAQ OMX Stockholm.

Trading in Svolder's Class A share was limited and shares were traded on only 16 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.

Total return, per cent

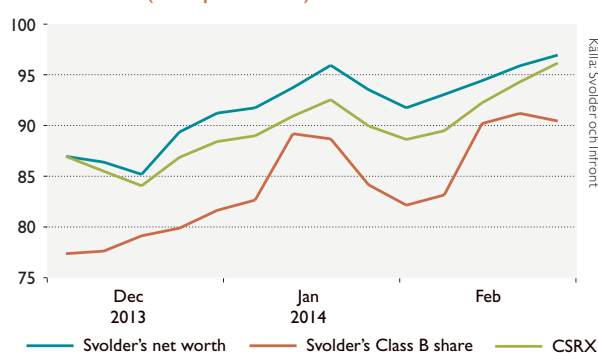
	3 months 1/12/2013– 28/2/2014	6 months 1/9/2013– 28/2/2014	Rolling 12 months 1/3/2013– 28/2/2014
Share price (Class B)	16.8	30.6	54.5
Net worth	11.4	21.6	30.4
CSRX	10.5	22.2	29.7
SIXRX	6.5	15.3	22.1

Total return is calculated using methods whereby the dividend paid is re-invested at the time of the dividend in classes of underlying assets.

## CHANGE IN NET WORTH

Svolder's closing net worth was SEK 96.70 per share, which represents an increase during the current reporting period of 11.4 per cent. This figure is 0.9 percentage points better than that of the small cap index (CSRX). The positive deviation can be attributed particularly to the strong performances of Saab, Nolato and Acando, which jointly accounted for 35 per cent of the equities portfolio on the closing day.

### 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

	SEK m	SEK/share
<b>Net worth, 30th November 2013</b>	<b>1,110.8</b>	<b>86.80</b>
<b>Equities portfolio</b>		
Opening value	1,086.2	84.90
Purchase of shares	133.9	
Sale of shares	-205.2	
Change in value, equities portfolio	130.1	58.8
Closing value	1,144.9	89.40
<b>Net debt (-)/Net receivable (+)</b>		
Opening value	24.6	1.90
Other operating income	0.8	
Administrative costs	-3.9	
Net financial items	0.1	
Sale of shares, net	71.3	68.3
Closing value	93.0	7.30
<b>Net worth, 28th February 2014</b>	<b>1,237.9</b>	<b>96.70</b>

The holding in defence group **Saab** was the biggest positive contributor to net worth during the current reporting period. The main reason for the strong share price trend was the Brazilian government's announcement in mid-December that they had chosen Gripen as their next combat aircraft. Over and above that, there were a series of attractive orders during the quarter, and incoming orders were at a record level. The result for the fourth quarter was as expected. The company's forecast for 2014 implies a better outcome than 2013, which in the light of the current uncertain macroeconomic environment is positive. The valuation is still considered low based on expected profit for a normal year.

**Nolato** was the second largest contributor in the current reporting period following a very strong share price

trend at the beginning of January. We took advantage of this increase in share price to reduce our holding slightly, as the valuation was less attractive than it had been. The report for the fourth quarter was as expected in terms of results. On the positive side, cash flow continued to be very strong and there was an increase in the dividend. The company ended 2013 with a positive net asset value. The valuation is reasonable on the basis of expected profit for a normal year.

The IT consultancy **Acando** finished 2013 with a strong report for the fourth quarter. The result was on a par with the fourth quarter of 2012 and considerably better than the previous quarters in 2013. Conditions are right for the positive trend to continue during 2014. The dividend remained at 1 krona per share, which implies a very high yield.

### Biggest contributors to changes in net worth 1st December 2013 – 28th February 2014 (3 months)

(Based on net worth of SEK 1,110.8 million or 86.80 SEK/share on 30/11/2013)

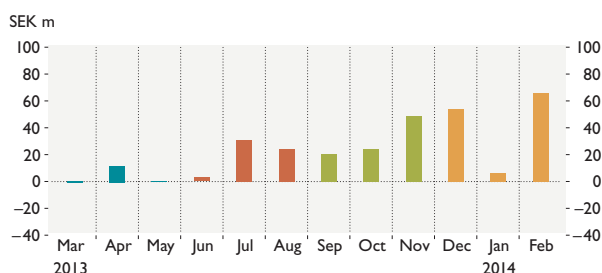
	SEK m	SEK/share
Saab	42.0	3.30
Nolato	15.6	1.20
Acando	14.1	1.10
Meda	12.9	1.00
New Wave Group	12.8	1.00
Proact	9.5	0.70
KappAhl	7.3	0.60
XANO Industri	5.8	0.50
Platzer Fastigheter	4.8	0.40
<b>Total, nine positive</b>	<b>124.8</b>	<b>9.80</b>
Oriflame	-3.4	-0.30
<b>Total, one negative</b>	<b>-3.4</b>	<b>-0.30</b>
Other shares	9.4	0.70
<b>Shares, total</b>	<b>130.8</b>	<b>10.20</b>
Other	-3.7	-0.30
<b>Change in value</b>	<b>127.1</b>	<b>9.90</b>

Sales and earnings for the cosmetics company **Oriflame** have stagnated since 2010. A major factor in this is unfavourable exchange rate developments in Oriflame's most important currencies. In the preceding years, sales rose rapidly and the margins were higher than they currently are, but as a result of developments in the last few years, the share price has been weak. At the beginning of 2014, Svolder felt the valuation was attractive, given the measures taken to increase margins and improve cash flow. In addition, the yield was extremely high on the basis of the forecast maintained dividend. The result for the fourth quarter of 2013 was somewhat worse than expected. In addition, the dividend was reduced and the company reported that sales had been poor at the beginning of 2014, one reason being the continuing fall in cur-

rencies in developing countries. Increased political and economic unrest mainly in Russia and Ukraine, two important markets for Oriflame, are creating uncertainty in the near future. The share experienced weak growth following Svolder's acquisition and the holding was the biggest negative contributor to net worth during the current reporting period. Even if the company does not reach its target operating margin of 15 per cent, Svolder considers the stock market valuation of Oriflame to be low based on expected profit for a normal year.

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

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



## 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 93.0 million on the closing day, corresponding to 7.5 per cent of the company's net worth. This is to be compared with a net receivable of SEK 24.6 million at the beginning of the current reporting period.

## EQUITIES PORTFOLIO

Shares to the value of SEK 133.9 million (gross) were acquired during the current reporting period. Shares to the value of SEK 205.2 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 71.3 million.

New holdings during the three-month period were **SSAB**, **Oriflame** and **SAS preference shares** while all shares in **Diös**, **Atrium Ljungberg** and **Vitrolife** were sold during the same period. On the closing day, the portfolio thus comprised 18 holdings in 16 companies.

### Major net purchases for the equities portfolio (3 months) 1st December 2013 – 28th February 2014

Share	Number	SEK m	SEK/share <sup>1)</sup>
SSAB A	528,000	28.2	53.40
SSAB B	305,000	13.9	45.60
Oriflame	119,500	22.9	191.20
Meda	276,221	22.0	79.90
SAS Preferensaktier	36,000	18.0	500.00

<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 acquired shares in **SSAB** in conjunction with the Swedish steel producer's announcement of its purchase of the Finnish steel company Rautaruukki. SSAB's purchase was financed by the issuing of new shares to the value of approximately SEK 10 billion. Profitability for the two companies has been poor in the last five year period, which has led to several cost-reduction programmes. Alongside these, both SSAB and Rautaruukki have implemented major investment programmes. Added to the anticipated synergies from the merger, this lays the foundation for a considerably better cash flow and result in the future. Moreover, there are signs that the market in EMEA has stabilised and that the price situation in the US is starting to improve.

During the current reporting period Svolder continued to acquire shares in **Meda**. We believe that Meda will deliver strong organic growth through investments in the OTC portfolio (non-prescription drugs), expansion in growth markets and the launch of Dymista, a medication developed in-house for allergic rhinitis (nasal congestion). The year-end report that was presented in February exceeded the market's expectations and share price development has therefore been good.

### Major net sales for the equities portfolio (3 months) 1st December 2013 – 28th February 2014

Share	Number	SEK m	SEK/share <sup>1)</sup>
Nolato	364,408	58.9	161.50
Diös	980,000	45.5	46.40
Atrium Ljungberg	400,000	35.4	88.40
HiQ	548,112	21.5	39.20
Vitrolife	128,996	11.7	93.40

<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.

Shares in many of the listed property companies performed well during the current reporting period. Sweden's central bank reduced its key interest rate during the period and Swedish banks have been lending more generously to the property companies. The rental market is for the most part good, and a high proportion of the profit is used for share dividends. Svolder's entire holdings in **Atrium Ljungberg** and **Diös** were sold during the period for valuation reasons. The sale of Atrium Ljungberg was also influenced by increasing hesitancy on the part of major foreign and Swedish investors around their long-term view of rental trends for stores and shopping centres. With Konsumentföreningen Stockholm (Stockholm Consumer Cooperative Society) as their largest shareholder, there is also a risk of significant sell-offs. Part of the proceeds of sale was used for further purchase of shares in the **Platzer** property company, which operates only on the Gothenburg property market. The net worth contribution for the financial year from Atrium Ljungberg was SEK 1.2 m (SEK 0.10 per Svolder share) and SEK 6.4 m from Diös (SEK 0.50 per Svolder share).

## 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 UNCERTAINTIES

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.

## EVENTS AFTER THE REPORTING PERIOD

The net worth on 7th March was SEK 96 per share and the listed price was SEK 89.25.

## FINANCIAL CALENDAR

The reports for the period 1st September 2013 – 31st May 2014 (9 months) and for the current reporting period, 1st March – 31st May 2014, will be published on 11th June 2014.

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 2014

CAROLINE SUNDEWALL  
*Chairperson*

MATS ANDERSSON  
*Board member*

FREDRIK CARLSSON  
*Board member*

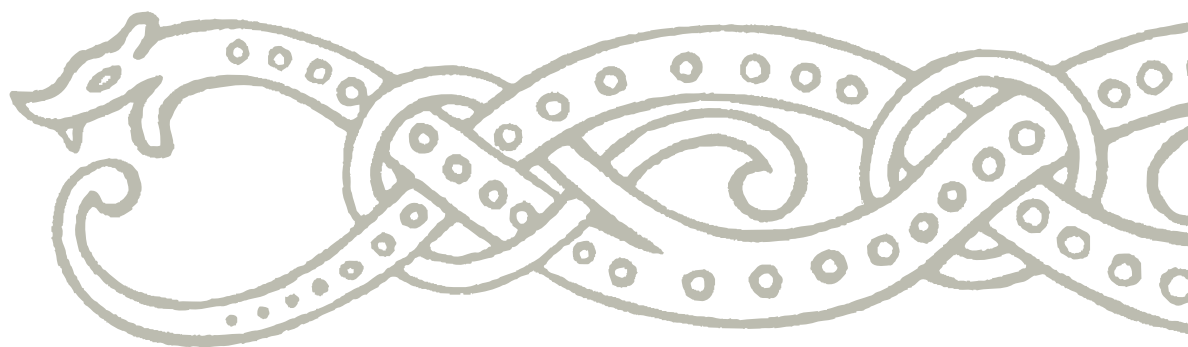
ROLF LUNDSTRÖM  
*Board member*

JOHAN QVIBERG  
*BOARD MEMBER*

ULF HEDLUNDH  
*Managing Director*

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



## THE EQUITIES PORTFOLIO, 28/2/2014

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>					3.3	9.9	–0.2	
SSAB A	528,000	50.55	26.7	2.2				2.10
SSAB B	305,000	45.02	13.7	1.1				1.10
<b>Capital Goods</b>					29.1	18.1	8.1	
Saab	1 000,750	176.50	176.6	14.3				13.80
Beijer Alma	597,385	174.50	104.2	8.4				8.10
XANO Industri	330,000	242.00	79.9	6.5				6.20
<b>Commercial Services</b>					3.1	6.9	0.0	
Bong convertible shares	30	SEK m 1	30.0	2.4				2.30
Bong	5,889,281	1.37	8.1	0.7				0.60
<b>Transport</b>					1.5	0.7	0.0	
SAS preference shares	36,000	500.00	18.0	1.5				1.40
<b>Consumer Discretionary and Services</b>					13.7	17.8	2.7	
KappAhl	1,670,228	41.90	70.0	5.7				5.50
New Wave Group	1,464,000	42.60	62.4	5.0				4.90
Unibet	120,361	314.00	37.8	3.1				3.00
Oriflame	119,500	162.90	19.5	1.6				1.50
<b>Healthcare</b>					6.2	7.9	1.8	
Meda	800,000	96.55	77.2	6.2				6.00
<b>Financials and Real Estate</b>					3.7	28.2	1.7	
Platzer Fastigheter	1,470,870	30.80	45.3	3.7				3.5
<b>Software and Services</b>					20.0	2.6	3.0	
Acando B <sup>3)</sup>	8,527,525	14.95	127.5	10.3				10.00
Proact	674,885	92.00	62.1	5.0				4.90
HiQ	1,401,888	41.00	57.5	4.6				4.50
<b>Technology Hardware and Equipment</b>					10.4	4.1	5.0	
Nolato	866,707	148.25	128.5	10.4				10.00
<b>Telecom Operators</b>					–	3.5	–	
<b>Equities portfolio</b>			1,144.9	92.5	92.5	–	22.0	89.40
<b>Net debt (–)/net receivable (+)</b>			93.0	7.5	7.5	–	0.0	7.30
<b>Total/net worth</b>			1,237.9	100.0	100.0	100.0	22.0	96.70
<b>Change in value after management costs, 6 months</b>							21.2	

1) Bid price on NASDAQ OMX Nordic.

2) Market value per Svolder share.

3) Of which 500,000 Class A 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 176.6 million, corresponding to 14.3 per cent of net worth. Saab is a company in the Capital Goods sector, which, together with other companies in the sector, accounts for 29.1 per cent of Svolder's net worth. The equivalent percentage for the Capital Goods sector in the CSRX is 18.1 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 8.1 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.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/12/2013– 28/2/2014	3 months 1/12/2012– 28/2/2013	6 months 1/9/2013– 28/2/2014	6 months 1/9/2012– 28/2/2013	Rolling 12 months 1/3/2013– 28/2/2014	12 months 1/9/2012– 31/8/2013
<b>Management operations</b>						
Dividend income	-	-	0.2	-	34.4	34.3
Administrative costs	-3.9	-3.9	-8.1	-7.8	-19.2	-18.9
Earnings from securities	130.1	196.9	227.7	205.5	273.6	251.5
Other operating income	0.8	-	1.5	1.8	2.9	3.2
<b>Operating profit</b>	<b>127.0</b>	<b>193.0</b>	<b>221.3</b>	<b>199.5</b>	<b>291.8</b>	<b>270.0</b>
<b>Profit on financial investments</b>						
Financial income	0.2	0.1	0.4	0.1	0.9	0.6
Financial expenses	-0.1	-0.1	-0.2	-0.2	-0.4	-0.5
<b>Profit/loss after financial items</b>	<b>127.1</b>	<b>193.0</b>	<b>221.5</b>	<b>199.4</b>	<b>292.3</b>	<b>270.2</b>
Tax	-	-	-	-	-	-
<b>Profit for the period</b>	<b>127.1</b>	<b>193.0</b>	<b>221.5</b>	<b>199.4</b>	<b>292.3</b>	<b>270.2</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>127.1</b>	<b>193.0</b>	<b>221.5</b>	<b>199.4</b>	<b>292.3</b>	<b>270.2</b>
<b>Earnings per share, SEK</b>	<b>9.90</b>	<b>15.10</b>	<b>17.30</b>	<b>15.60</b>	<b>22.80</b>	<b>21.10</b>

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/12/2013– 28/2/2014	3 months 1/12/2012– 28/2/2013	6 months 1/9/2013– 28/2/2014	6 months 1/9/2012– 28/2/2013	Rolling 12 months 1/3/2013– 28/2/2014	12 months 1/9/2012– 31/8/2013
<b>Cash flow from operating activities</b>						
before changes in working capital	-5.0	-4.4	-8.4	-7.8	18.7	19.4
<b>Changes in working capital</b>						
Increase (+)/decrease (-) in current liabilities	-0.1	-0.5	0.0	-0.3	0.1	-0.2
<b>Cash flow from operating activities</b>	<b>-5.1</b>	<b>-4.9</b>	<b>-8.4</b>	<b>-8.1</b>	<b>18.9</b>	<b>19.2</b>
<b>Investing activities</b>						
Purchase of securities	-163.5	-130.5	-359.4	-187.7	-710.4	-538.6
Sale of securities	207.3	182.5	432.9	319.1	718.1	604.4
Investment in machinery and equipment	-0.1	-	-0.1	-	-0.1	-
<b>Cash flow from investing activities</b>	<b>43.7</b>	<b>52.0</b>	<b>73.3</b>	<b>131.4</b>	<b>7.6</b>	<b>65.8</b>
<b>Financing activities</b>						
Loans raised (+)/amortised (-)	-	-	-	-	-	-
Dividend paid	-	-	-26.9	-42.2	-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>	<b>-26.9</b>	<b>-42.2</b>
Increase (+)/decrease (-) in liquid assets	38.6	47.0	38.0	81.1	-0.4	42.7
Liquid assets at beginning of period	58.4	50.3	59.0	16.2	97.3	16.2
<b>Liquid assets at end of period</b>	<b>97.0</b>	<b>97.3</b>	<b>97.0</b>	<b>97.3</b>	<b>97.0</b>	<b>59.0</b>

## CONSOLIDATED KEY RATIOS PER SHARE

	3 months 1/12/2013– 28/2/2014	3 months 1/12/2012– 28/2/2013	6 months 1/9/2013– 28/2/2014	6 months 1/9/2012– 28/2/2013	Rolling 12 months 1/3/2013– 28/2/2014	12 months 1/9/2012– 31/8/2013
Change in net worth, SEK	9.90	15.10	15.20	12.30	20.70	17.80
Dividend paid during the period, SEK	-	-	2.10	3.30	2.10	3.30
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.

The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares is 12,800,000.

## CONSOLIDATED BALANCE SHEET

### ASSETS

(SEK m)	28/2/2014	30/11/2013	31/8/2013	28/2/2013	30/11/2012	31/8/2012
<b>Non-current assets</b>						
<i>Property, plant and equipment</i>						
Equipment	0.2	0.1	0.1	0.1	0.2	0.2
<i>Financial assets</i>						
Securities holdings	1,144.9	1,086.2	990.4	870.9	726.1	794.2
<b>Current assets</b>						
Current receivables	1.3	4.6	21.7	8.4	7.2	17.1
Cash and bank balances	97.0	58.4	59.0	97.3	50.3	16.2
<b>Total assets</b>	<b>1,243.4</b>	<b>1,149.2</b>	<b>1,071.1</b>	<b>976.8</b>	<b>783.7</b>	<b>827.7</b>

### SHAREHOLDERS' EQUITY AND LIABILITIES

<b>Shareholders' equity</b>	<b>1,237.9</b>	<b>1,110.8</b>	<b>1,043.2</b>	<b>972.5</b>	<b>779.5</b>	<b>815.3</b>
<b>Liabilities</b>						
Current liability to credit institution	-	-	-	-	-	-
Current liabilities	5.5	38.4	27.9	4.3	4.2	12.4
<b>Total liabilities and shareholders' equity</b>	<b>1,243.4</b>	<b>1,149.2</b>	<b>1,071.1</b>	<b>976.8</b>	<b>783.7</b>	<b>827.7</b>

### CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/12/2013– 28/2/2014	3 months 1/12/2012– 28/2/2013	6 months 1/9/2013– 28/2/2014	6 months 1/9/2012– 28/2/2013	12 months 1/9/2012– 31/8/2013
<b>Opening balance</b>	<b>1,110.8</b>	<b>779.5</b>	<b>1,043.2</b>	<b>815.3</b>	<b>815.3</b>
Dividend paid	-	-	-26.9	-42.2	-42.2
Comprehensive income for the period	127.1	193.0	221.5	199.4	270.2
<b>Closing balance</b>	<b>1,237.9</b>	<b>972.5</b>	<b>1,237.9</b>	<b>972.5</b>	<b>1,043.2</b>

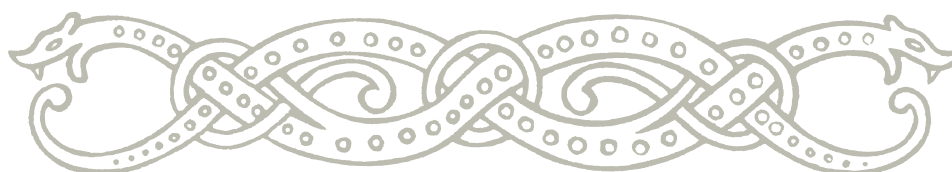
### CONSOLIDATED KEY RATIOS PER SHARE

	28/2/2014	30/11/2013	31/8/2013	28/2/2013	30/11/2012	31/8/2012
Net worth per share, SEK	96.70	86.80	81.50	76.00	60.90	63.70
Share price (Class B), SEK	90.25	77.25	71.00	60.00	49.50	56.00
Net worth, premium (+)/discount (-), %	-7	-11	-13	-21	-19	-12
Liquidity (+)/Borrowing (-), %	8	2	5	11	7	3
Equity/assets ratio, %	100	99	99	100	100	99
Number of shares, million	12.8	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 Interim 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 is 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. In other respects, the same accounting principles and bases for assessment have been used as in the most recent Annual Report.



# THE KEY TO SOUND INVESTMENT

At Svolder we consider there to be a close link between value growth and active stock management, i.e. a concentrated, judiciously-leveraged portfolio of low-valued shares. We call this *Svolder Shareholder Responsibility* – SSR.

This means that you the shareholder can rest assured that we are doing all we can to manage your funds in the best way possible – something we have done very successfully over the long term.

$$\begin{array}{r} + \text{SRR} \\ + \text{GTH} \\ + \text{DVD} \\ \hline = \text{SVO} \end{array}$$

## SVOLDER SHAREHOLDER RESPONSIBILITY

Management of other people's money entails a tremendous responsibility; this view is pivotal to our investment work.

## GROWTH

Svolder invests mainly in small and medium-sized listed Swedish companies with long-term growth potential.

## DIVIDEND

Assertive dividend policy based on the portfolio companies' dividends less Svolder's ongoing management costs.

## SVOLDER

Svolder is a Swedish investment company listed on NASDAQ OMX Stockholm.

Prioritaire **A**

PORTO  
BETALT

SVOLDER IS A DEDICATED INVESTMENT TRUST THAT INVESTS PRIMARILY IN THE SHARES OF SMALL AND MEDIUM-SIZED LISTED 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 AT [WWW.SVOLDER.SE](http://WWW.SVOLDER.SE)

