

Annual Report  
**2012**



# Investor in brief

## Vision

To be recognized as a premier investor, supporting the development of our portfolio companies to become best-in-class.

## Business concept

Investor owns significant minority and majority interests in high quality companies. Through our participation on the Boards of Directors, we work for continuous improvement of the performance of the companies.

With our industrial experience, broad network and financial strength we strive to make our companies best-in-class. Our cash flow allows us to support strategic initiatives in our companies, capture investment opportunities and provide our shareholders with a dividend.

## Objective

Our objective is to build the net asset value, operate efficiently and pay out a steadily rising dividend. Over time, this should allow us to generate an attractive total return to our shareholders.

Our long-term return requirement for investments (with normal financial gearing) is the risk-free interest rate plus an equity risk premium, i.e. 8-9 percent annually.

## Goal fulfillment

We believe a comparison with our return target is only appropriate over longer time periods.

Benchmarking our performance is important and we consider the Swedish stock market, as reflected by the total return index SIXRX, as the most relevant benchmark considering the overall risk profile of our portfolio. As a comparison, we also provide the total return of the European market.

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The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by Investor's auditors.

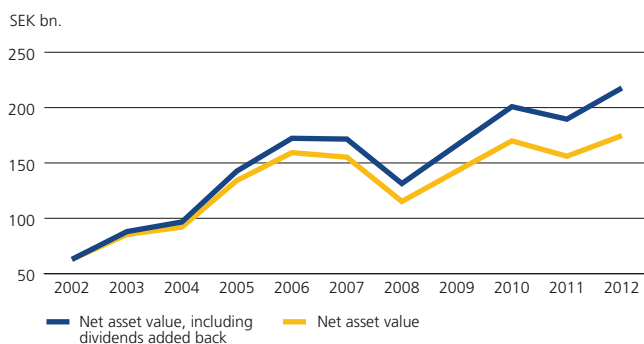
### Goal fulfillment

Years	Return requirement, %	NAV incl. dividend added back % <sup>1)</sup>	Investor total return, % <sup>1)</sup>	SIXRX return index, % <sup>1)</sup>	STOXX Europe 600 gross return index, % <sup>1)</sup>
1	8-9	15.1	38.2	16.5	19.0
5	8-9	4.7	6.7	3.5	-1.5
10	8-9	14.0	16.6	12.6	6.9
20	8-9	14.4	13.6	12.8	n.a.

<sup>1)</sup> Average annual return.

## Building net asset value

The net asset value amounted to SEK 174.7 bn. at the end of the year (156.1), an increase, with dividend added back, of 15 percent during 2012 (-6). Over the past 10 and 20 years respectively, our net asset value, including dividend added back, has grown by 14 percent annually.



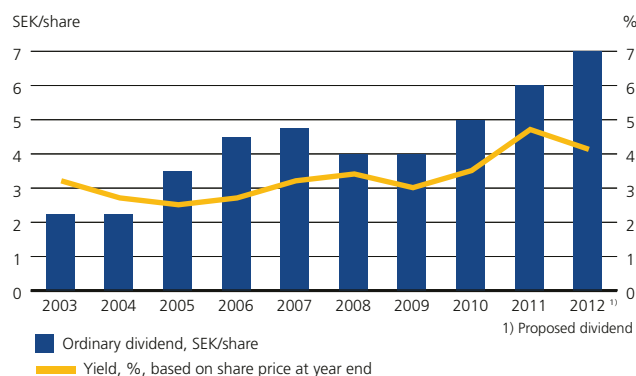
## Operating efficiently

During 2012, our management costs amounted to SEK 377 m. We expect a SEK 90-95 m. quarterly run-rate going forward, subject only to general inflationary adjustments.

## Paying a steadily rising dividend

Cash flow during 2012 was strong. We received SEK 4.8 bn. in dividends from our listed core investments. EQT generated SEK 2.2 bn. in net cash flow, while Investor Growth Capital distributed SEK 0.6 bn. We also received our first ever distribution, SEK 80 m. from 3 Scandinavia.

The Board of Directors has proposed a SEK 7.00 dividend per share, up from SEK 6.00 in 2011. Over the past ten years, the average annual dividend increase amounts to 12 percent.



# 2012 in figures

**SEK 18.6 bn.**

Positive net asset value impact

**SEK 90-95 m.**

Quarterly run-rate of management cost expected going forward

**SEK 7.00**

Dividend per share proposed ahead of the 2013 Annual General Meeting

**17 percent**

Net asset value growth, with dividend added back (with Gambro valued at agreed divestment price)

**SEK 4.8 bn.**

Dividends received from listed core investments

**SEK 6.1 bn.**

Invested in Core Investments

**14 percent**

Annual total shareholder return during the past 20 years

**38 percent**

Total shareholder return on the Investor share

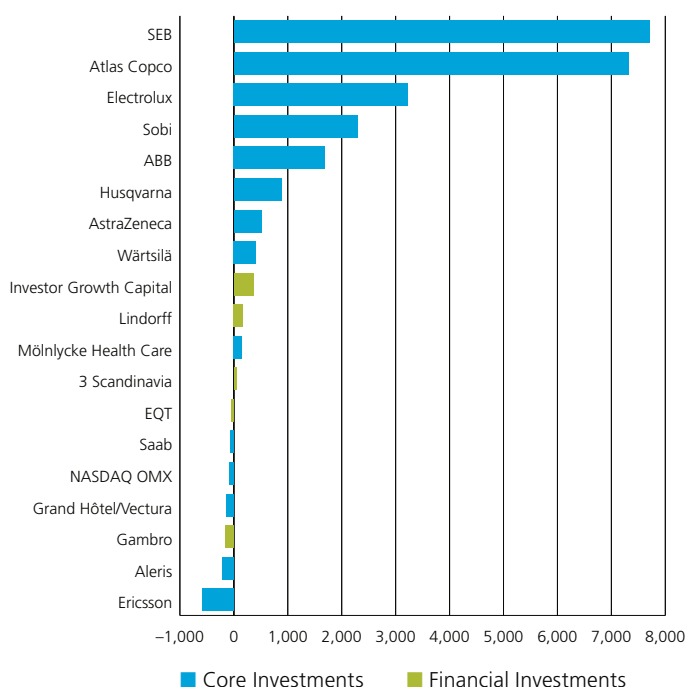
**33 percent**

Share of foreign ownership in Investor

# Portfolio overview

We are an industrial holding company, with investments classified either as core investments (82 percent of assets) or financial investments (18 percent of assets). In our core investments, we are a significant owner with a long-term investment perspective. Financial Investments includes our investments in EQT and Investor Growth Capital as well as partner-owned investments. Through substantial ownership and Board representation, we take an active part in the development of all holdings. Our business teams develop value creation plans and benchmark our investments to support them to maintain or achieve best-in-class positions in their respective industries. Our portfolio companies are active within Industrials, Financial Services, Healthcare and Technology, industries in which we have long experience and deep knowledge. Our total assets amounted to SEK 197.5 bn. and our net asset value to SEK 174.7 bn. at year-end 2012.

Impact on net asset value, SEK m., 2012



**Atlas Copco** [www.atlascopco.com](http://www.atlascopco.com) Share of total assets: **18 %**

A global leader in compressors, construction and mining equipment, power tools and assembly systems. The group operates in more than 170 countries.

Key figures	
Net Sales, SEK m.	90,533
Value of holding, SEK m.	36,645
Share of capital/votes, %	16.8/22.3

**SEB** [www.seb.se](http://www.seb.se) Share of total assets: **13 %**

A leading Nordic financial services group. SEB is present in some 20 countries, with main focus on the Nordic countries, Germany and the Baltics.

Key figures	
Total operating income, SEK m.	38,823
Value of holding, SEK m.	25,194
Share of capital/votes, %	20.8/20.9

**ABB** [www.abb.com](http://www.abb.com) Share of total assets: **12 %**

A global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact.

Key figures	
Net Sales, USD m.	39,336
Value of holding, SEK m.	24,371
Share of capital/votes, %	7.9/7.9

**Mölnlycke Health Care** [www.molnlycke.com](http://www.molnlycke.com) Share of total assets: **8 %**

A world-leading manufacturer of single-use surgical and wound care products and services for the professional health care sector.

Key figures	
Net Sales, EUR m.	1,119
Value of holding, SEK m.	16,058
Share of capital/votes, %	98/96

**AstraZeneca** [www.astrazeneca.com](http://www.astrazeneca.com) Share of total assets: **8 %**

A global, innovation-driven, integrated biopharmaceutical company.

Key figures	
Net Sales, USD m.	27,973
Value of holding, SEK m.	15,807
Share of capital/votes, %	4.1/4.1

**ERICSSON** [www.ericsson.com](http://www.ericsson.com) Share of total assets: **6 %**

The world's leading provider of communications technology and services. Ericsson operates in 180 countries and employs more than 100,000 people.

Key figures	
Net Sales, SEK m.	227,779
Value of holding, SEK m.	11,120
Share of capital/votes, %	5.3/21.4

**Electrolux** [www.electrolux.com](http://www.electrolux.com) Share of total assets: **4 %**

A global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year.

Key figures	
Net Sales, SEK m.	109,994
Value of holding, SEK m.	8,157
Share of capital/votes, %	15.5/29.9



www.wartsila.com

Share of total assets: **2%**

A global leader in complete lifecycle power solutions for the marine and energy markets. Wärtsilä has operations in nearly 170 locations in 70 countries.

**Key figures**

Net Sales, EUR m.	4,725
Value of holding, SEK m.	4,866
Share of capital/votes, %	8.8/8.8



Share of total assets: **1%**

Grand Hôtel: Stockholm's and Scandinavia's leading five-star hotel.  
Vectura: manages Investor's real estate, including the Grand Hôtel building.

**Key figures**

Value of holding, SEK m.	1,303
Share of capital/votes, %	100/100



www.saabgroup.com

Share of total assets: **2%**

Serves the global market with world-leading products, services and solutions for military defense and civil security.

**Key figures**

Net Sales, SEK m.	24,010
Value of holding, SEK m.	4,428
Share of capital/votes, %	30.0/39.5



www.eqt.se

Share of total assets: **6%**

EQT's private equity funds invest in companies in Northern and Eastern Europe, Asia and the U.S., in which EQT can act as a catalyst to transform and grow operations.

**Key figures**

Net cash flow to Investor, SEK m.	2,176
Value of holding, SEK m.	10,984
Share of funds, %	6-64



www.aleris.se

Share of total assets: **2%**

A leading private provider of health care and care services in the Nordic region.

**Key figures**

Net Sales, SEK m.	6,732
Value of holding, SEK m.	3,930
Share of capital/votes, %	98/99



www.investorgrowthcapital.com

Share of total assets: **5%**

Makes expansion stage venture capital investments in growth companies within technology and healthcare in the U.S. and China.

**Key figures**

Distribution to Investor, SEK m.	607
Value of holding, SEK m.	10,727
Share of capital/votes, %	100/100



www.sobi.com

Share of total assets: **2%**

A leading integrated biopharmaceutical company with international presence, developing and commercializing pharmaceuticals for patients with rare diseases.

**Key figures**

Net Sales, SEK m.	1,923
Value of holding, SEK m.	3,906
Share of capital/votes, %	39.9/40.5



www.gambro.com

Share of total assets: **3%**

A global medical technology leader in products and therapies for kidney and liver dialysis, myeloma kidney therapy and other extracorporeal therapies.

**Key figures**

Net Sales, SEK m.	10,836
Value of holding, SEK m.	5,455
Share of capital/votes, %	48/49



www.husqvarna.com

Share of total assets: **2%**

The world's largest producer of outdoor power products, a world leader in cutting equipment and diamond tools and European leader in consumer watering products.

**Key figures**

Net Sales, SEK m.	30,834
Value of holding, SEK m.	3,802
Share of capital/votes, %	16.8/30.3



www.lindorff.com

Share of total assets: **2%**

A leading European provider of debt-related administrative services, with operations in 11 European countries.

**Key figures**

Net Sales, EUR m.	378
Value of holding, SEK m.	4,484
Share of capital/votes, %	58/50



www.nasdaqomx.com

Share of total assets: **2%**

One of the world's largest exchange operators, which offers listings, trading, exchange technology and public company services across six continents.

**Key figures**

Net Sales, USD m.	1,663
Value of holding, SEK m.	3,160
Share of capital/votes, %	11.8/11.8



www.tre.se

Share of total assets: **1%**

A mobile operator providing mobile voice and broadband services in Sweden and Denmark, with two million subscribers and recognized for its high-quality network.

**Key figures**

Net Sales, SEK m.	9,341
Value of holding, SEK m.	2,367
Share of capital/votes, %	40/40

# Letter from the chairman

Dear Shareholder,

2012 ended on a more positive note despite continued concerns about a global economy still weakened by the financial crisis and widespread political uncertainty. Investor's long-term and engaged business model has proven resilient and I am therefore pleased to report that we recorded a total shareholder return of 38 percent for 2012. More importantly, during the past 20 years Investor has averaged 14 percent in annual total returns, clearly exceeding our return objective and the Stockholm SIXRX benchmarking index.

## The global economy still in recovery

The economic climate throughout 2012 was characterized by meager growth in developed markets and slowing growth in emerging markets. This increased the uncertainty which prevailed until late in the year, largely the result of the U.S. electoral and fiscal standoffs, leadership change in China as well as a continued lack of decisiveness in the Euro area.

As 2012 ended, some of the drama subsided as a free fall off the fiscal cliff was averted, although the U.S. still has to secure a sustainable landing. China's new leadership is in the process of a great balancing act, continuing with economic expansion while ensuring its citizens secure the benefits. In the European Union the acute Euro crisis is over. However, long-term problems such as insufficient investments in infrastructure, education and innovation, the need for an efficient and sustainable energy supply, stagnating growth in some parts of Europe, rising youth unemployment and a lack of trust in politicians and business, will continue to dominate the political and business agenda.

European companies need to bridge the gap in competitiveness that exists in relation to many companies in the U.S. and in the emerging economies. Investor's holdings such as ABB and Atlas Copco are good examples of European companies which are competitively positioned in terms of operating efficiencies and innovation in order to maintain leadership in difficult, changing markets.

## Globalization back on the agenda

Our companies are global, some of them active in over one hundred markets. As Chairman of Investor I deploy time and resources to follow trends and developments. For our companies it is essential to stay one step ahead when deciding on investments. Globalization for example, with its combination of open markets and fast technological advances, has been the largest single source of growth in the last decades. We have witnessed the creation of a vast labor force, not least in China where, according to the UN definition, at least 350 million people have

left poverty to join the rising middle class. This development has created new opportunities, not least for Investor related companies such as Ericsson, which for many years has been an important player on the Chinese market in an increasingly tough and competitive environment.

While globalization brings immense benefits to many, some countries, businesses and individuals remain vulnerable to rising income inequalities and a lack of sustainability. I believe that the answer is not less, but more globalization.

In times of crisis, we have a tendency to overreact with regulation and legislation. As the immediate crisis subsides, I hope that we will be more sensible about putting new policies in place. I am particularly concerned that growth could be suffocated by uncoordinated over-regulation in the financial sector as sound and thriving banks are essential for the growth of the real economy. While I understand the need for regulatory oversight and stronger capitalization of financial institutions in the aftermath of the financial crisis, I would like to caution for excessive reactions. I am therefore pleased that Basel III, the main global regulatory standard body, is now taking a softer stance on the implementation of banking reforms.

Another important source of growth is of course trade. I am very concerned when protectionism keeps re-emerging in the political discussion every time we have a down-turn. I am worried by the current tone of discussions around trade as well as "currency wars". I would like to encourage business to make its voice heard and be more engaged in fighting this tendency as free trade remains one of the most important foundations of prosperity. The negotiations for a comprehensive free trade deal between the U.S. and the EU should get full support from business.

## Resilience in the Nordic economies

The Nordic region has escaped much of the ravages of the recession felt in the rest of Europe, in large part because we put our fiscal houses in order during the recessions of the 1990's and early 2000's. Sweden has also undergone several reforms and deregulation.

“Investor does not buy and sell shares or holdings to make short-term gains. We focus on long-term goals, for the best performance of the companies and of our investment portfolio.”



lated some sectors creating the foundation for a strong economy. We have not fully escaped the downturn but a strong export sector has helped us to weather the storm.

Having said that, I would like to emphasize that we have some important challenges to tackle in Sweden, particularly when it comes to the high jobless rate among our young people.

Another issue which I would like to address is the debate which is taking place in Sweden around profits and competition in the service sectors of Health and Education, which were already deregulated in the 1990s. Private initiatives play an important role to bring innovation, more choices and an efficient use of public resources to the health care sector and ultimately more wealth to the entire country. With our holding Aleris, I hope that we will be able to demonstrate that private alternatives can also stand for high quality.

One of the reasons for Sweden's resilience could also be that we have an attractive business environment with close interactions with society, innovative entrepreneurs and development by long-term financial and strategic involvement. This in combination with a multitude of long-term owners has enabled businesses to make long-term investments while remaining strong and flexible. The business model with strong owners is very specific to Sweden and I would like to emphasize that we need to be careful to maintain our heritage and not erode it by a more Anglo-Saxon approach, which is management rather than owner driven.

For me, this long-term commitment does not mean that we never change; quite to the contrary, we constantly adapt and change. It is our duty to be part of the public debate on a number of central issues such as women quotas on Boards. Here I have to reiterate that companies and business generally should, in addition to developing a broader and more diverse representation on Boards, focus on increasing the number of women in senior executive positions, although not through legislation.

Another important discussion which took place in 2012 is the potential diminishing role of stock exchanges. I do not share this view and believe that we will see in the future that stock exchanges will continue to be important sources of liquidity for companies. However the increased regulatory burden on listed companies acts as a deterrent for many.

The year also saw us take a more active role in NASDAQ OMX to ensure that we, as its second largest investor, can assist this important champion of public market ownership. We added to our position in 2012 and I am very pleased of Börje Ekholm's appointment as its new Chairman. He will be ideally positioned to support NASDAQ OMX as it continues to expand.

### Long-term commitment pays off

Our commitment to building best-in-class companies for long-term performance has proven to be part of the foundation of such globally recognized brands as ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson and Saab. Despite difficult economic conditions, these companies continue to innovate, progress, and return value to shareholders.

Investor does not buy and sell shares or holdings to make short-term gains. We focus on long-term goals, for the best performance of the companies and of our investment portfolio. With our sense of history, where some of our companies are older than a century, we know that staying the course in stormy weather can be treacherous, but I believe that we will emerge heading in the right direction.

By making decisions based on our responsibilities to current and future stakeholders, by following high standards of corporate governance and by recognizing our responsibilities to wider society, Investor was able to deliver value for its shareholders in 2012.

Under Börje Ekholm's continued excellent leadership, our Management team and employees performed very well throughout the year. On behalf of the Board, I would like to thank them for another year of commitment and hard work.

The Board would also like to thank you, our shareholders, for staying the course with us through these challenging times. Your support allows us to pursue our long-term vision and your confidence drives our commitment to create value for you.

Jacob Wallenberg  
Chairman of the Board

# Strong year for Investor

2012 was a strong year for Investor, as we continued to execute on our strategy of focusing on Core Investments and building a platform for strong cash flow generation. Our objective is to grow net asset value, to operate efficiently and to pay a steadily rising dividend.

With dividend added back, our reported net asset value increased by 15 percent, or 17 percent if the trade sale value of Gambro is included. Our total return to shareholders was 38 percent, beating the general Stockholm market's (SIXRX) return of 16 percent. Our total return has outperformed the general market over the past 3, 5, 10 and 20 years.

## Building businesses

Oceans of liquidity provided by central banks and very low interest rates have been a key driver of asset values for some time. When this flood of liquidity is reversed, we may yet again see the model of everyone's swimwear. Rest assured, our model has not changed. We continue to focus on investing in and building great businesses over the long-term. For us, success is when our holdings sustainably outperform their peers. Making predictions is easy – it's just hard to be consistently right. Therefore, we will not bet our business decisions on one narrow prediction, but rather pursue strategies that can survive whatever the future brings.

## Stock markets play an important role in society

During the past few months, the Stockholm Stock Exchange and the Helsinki Stock Exchange celebrated their 150th and 100th anniversaries, respectively. The stock market gives everyone a possibility to own a piece of different companies and to share their fortunes. Maybe more importantly, the public markets are an important source of capital for building and growing companies. Many of today's Nordic champions have been financed by the stock market, allowing them to expand beyond local markets and become world market leaders. It is a concern that so few young companies have pursued public listings in recent years. We need to focus the debate on how to make public listings more attractive to finance successful, growing enterprises. I think the general economy would benefit from more growing public companies. The stock market can provide a good source of funding for entrepreneurial driven companies with growth ambitions, like Active Biotech, in which we recently participated in a directed new issue. Simplifying and clarifying the framework for directed new issues would help to strengthen companies – and

consequently the stock market as well – long-term, as directed new issues often enable growth companies to secure their funding and attract owners with a long-term view.

In addition, I am concerned about the increasing short-term focus in the public capital market, which makes it harder for public companies to focus on long-term business building. One example is the quarterly reports. They force a certain clock-speed on the company that may or may not be right. The quarterly report process is rather resource-demanding, driving costs that can be hard for smaller companies to carry. They are also potential triggers for short-term share price movements. In short, we should discuss if there are other models for transparency than the current quarterly reporting model.

## Grow net asset value and focus on Core Investments

One important part of our strategy is to build our Core Investments and to continue to invest in them. We have a long-term view and own our subsidiaries in order to control cash flow. We intend to maintain this ownership structure. Wärtsilä became a new core investment in 2012. We began acquiring shares in Wärtsilä over the market in late 2011 and early 2012. We have now pooled our 8.8 percent with Fiskars' in a joint company, Avlis AB, through which we own 21.8 percent together. We find Wärtsilä very attractive as it has stability from strong market positions, a good after market business, and solid growth potential driven by environmental regulations, smart power generation and increased penetration of natural gas-powered engines.

The main part of Aleris' business performs in line with our plan. However, Aleris has operating challenges in Healthcare Sweden and difficult market conditions in Denmark. The ongoing activities will build a stronger company. Improvements are made gradually, but will take some time to be fully realized. We injected SEK 800 m. during 2012 to de-lever Aleris and enable focus on building the business long-term.

Mölnlycke continues to perform well. When we became owners of the company in 2007, we decided to sacrifice short-term margins to strengthen the long-term growth platform. Since then, compounded annual sales growth has been 8 percent and EBITDA has increased from EUR 211 m. to EUR 321 m. Mölnlycke



“Our total return has outperformed the general market over the past 3, 5, 10 and 20 years.”



generates strong cash flow, which has resulted in a significant debt reduction, from about 9x to 4x EBITDA, since we became owners. During 2012, we bought EUR 183 m. of Mölnlycke's mezzanine debt.

We always look for opportunities to buy more in existing holdings, like we did in ABB, Aleris, Ericsson, Mölnlycke Health Care and NASDAQ OMX in 2012, but we also look at potential new core investments. Over the past two years, we have added the listed holdings NASDAQ OMX and Wärtsilä. We are also looking to add additional subsidiaries that can provide us with proprietary returns and growing cash flow. As always for new investments, we target Nordic-based companies in sectors where we have the experience and the network.

#### **Baxter – a good industrial home for Gambro**

Our partner-owned investments, in which we do not ourselves control the timing of exits, will be exited, listed or become subsidiaries. In December, it was announced that Gambro and Baxter will join their businesses, creating an integrated renal care provider with an offering benefitting patients and care givers globally. We are happy having found a sound partner for Gambro. The transaction is subject to regulatory approval and we expect closing late in the second quarter 2013.

Over the last few years, Lindorff has built a strong platform and is now a partner to some of Europe's largest banks. From this base, we think Lindorff can develop strongly. 3 Scandinavia continued to grow its subscriber base, but the average revenue per subscriber decreased due to price pressure. During 2012, we received SEK 80 m. in the first capital distribution from 3 Scandinavia. We expect continued capital distribution going forward.

While EQT's net cash flow swings over time, as a consequence of the timing of divestitures and new investments, it is expected to remain very attractive. During 2012, net cash flow to us was SEK 2.2 bn. In constant currency, the value change on our EQT investments amounted to 3 percent during 2012. The value change in Investor Growth Capital was 9 percent in constant currency. Excluding the capital injection early in the year, we received distributions of SEK 0.6 bn. during 2012.

#### **Operate efficiently**

Lower costs strengthen our cash flow. Over the last 18 months, we have reduced our management costs by simplifying our business. We expect a quarterly run-rate going forward of some SEK 90-95 m., subject only to general inflation adjustments.

#### **Pay a steadily rising dividend over time**

Our dividend policy is to pay a large portion of dividends received from listed Core Investments and a yield in line with the general market on other net assets. Our goal is to pay a steadily rising dividend. The Board of Directors proposes a dividend of SEK 7 per share. We are careful to ensure that the cash flow we generate can support a sustainable dividend, while also giving us sufficient investment capacity.

Over the past few years, as we have acted on attractive investment opportunities while anticipating strong cash flow from our businesses and possible divestitures, our leverage has exceeded our target of 5-10 percent. With the expected closing of the Gambro transaction, we will return to our target range and, consequently, have the capacity to both de-lever our subsidiaries and continue to make investments.

#### **Strong prospects for the future**

Many things went our way this past year. However, as always, there are remaining areas for improvement and new opportunities to create value. We have a portfolio of iconic companies and a strong financial position. However, continued agility and flexibility is required due to the uncertain macro environment. All in all, I believe we will be able to continue to deliver solid growth in net asset value, operate efficiently, pay a steadily rising dividend over time and consequently generate attractive total returns to our shareholders. We remain, dear shareholder, committed to working hard to further build the long-term value of your shares in Investor.

Börje Ekholm  
*President and Chief Executive Officer*

# Value creation

We are dedicated to building strong companies by working actively with each individual company, given its specific characteristics, challenges and opportunities. Our ownership perspective is long. We create long-term value by focusing on what is industrially sound for each company.

## Model to build sustainable value

### Objective

Our objective is to build the net asset value, operate efficiently and pay out a steadily rising dividend. Over time, this should allow us to generate an attractive total return to our shareholders.

#### BUILD NET ASSET VALUE

- Having the right portfolio companies with growth potential and the ability to outperform competitors over time
- Adding value to our portfolio companies based on strong ownership positions
- Successful timing of investments and divestments

#### OPERATE EFFICIENTLY

- Maintaining strict cost control to maximize cash flow
- Reduce complexity in everything we do

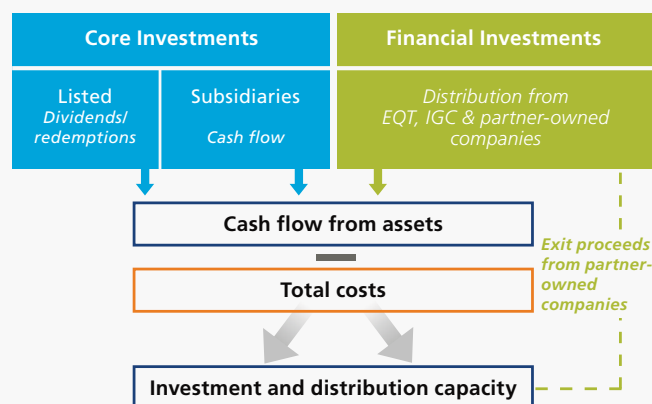
#### PAY A STEADILY RISING DIVIDEND

- Having multiple cash generating sources
- A steadily rising dividend over time contributes to an attractive total shareholder return

#### PLATFORM FOR CASH FLOW GENERATION

Our aim is to grow the cash flow available for investments and distribution to shareholders.

Within Core Investments, we receive dividends from listed investments and over time, we will receive cash flow from our subsidiaries through dividends or refinancing. Within Financial Investments, we receive distributions from EQT and Investor Growth Capital (IGC). While the cash flow from EQT can fluctuate between strong net distributions and large negative draw-downs, over time, it is a strong cash flow driver. IGC displays a similar pattern, although we will not inject any additional capital. Our partner-owned investments also provide cash flow through dividends or refinancing, as well as through divestments.



# Active ownership

The Boards are at the center of our governance model. The Boards have the responsibility to act in the best interest of the respective company and all its shareholders. Consequently, it is critical to have Boards in each company with relevant industrial and financial expertise, in combination with integrity, good business judgement and a passion for business.

## The Boards of our companies – the central body

The Boards are responsible for establishing the strategy for the company, appointing the right CEO and monitoring operational performance. The Boards also have the task of challenging and questioning management, and to support it in difficult decisions. We utilize our wide network when proposing and appointing

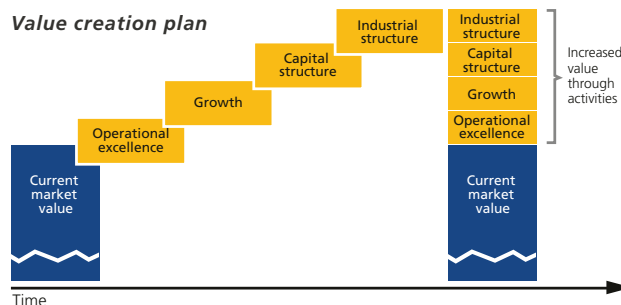
Board members to our holdings. We have at least one, preferably two, Board representatives in our holdings, including the Chairman or vice Chairman. We encourage the Boards and managements to own shares in the companies and advocate remuneration systems linked to long-term shareholder value creation.

## SIGNIFICANT OWNERSHIP TO IMPACT DECISIONS

Our business model is based on significant ownership positions in each company, allowing us to impact key decisions. We have a long-term investment perspective and engage in industries we understand. We actively support our companies in taking long-term decisions for growth. This way, they can position themselves in segments, geographies or technologies with long-term value potential. For example, we strongly encourage our companies to strengthen their presence in the world's growth regions and to establish and expand service and after-market businesses. We also support strong focus on R&D and new product launches to sustain long-term profitable growth. Flexible and sustainable business models are also closely linked to long-term profitability.

## BUSINESS TEAMS AND VALUE CREATION PLANS

Our business teams, consisting of inhouse professionals and Investor's Board representatives for each holding, develop value creation plans, identifying key drivers that the company should focus on during the next 3-5 years. Benchmarking serves as a starting point to help set relevant ambitions for each company and to support their work in order to maintain or achieve a best-in-class position. The setup with business teams enables our Board representatives to promote a number of key activities aimed at maximizing the impact on long-term competitiveness and value creation. The value creation plans target four areas; operational excellence, value-creating growth, capital structure and industrial structure.



### Operational excellence

Detailed benchmarking relative to competitors forms the basis for our work to identify potential areas where our companies can improve long-term profitability and efficiency, such as gross margins, operational costs (including SG&A and R&D), flexibility of cost structures, level of off-shoring and working capital.

### Value-creating growth

Growth is a key value driver in companies with high return on capital. We look for organic growth opportunities such as expansion into new geographic markets, new customer bases and new products, along with growth through selective acquisitions.

### Capital structure

Holdings should have a capital structure that allows them to implement their business plans. In cases of overcapitalization, the surplus should be redistributed to the owners. Likewise, when there is undercapitalization, as owners, we should be willing to inject equity, provided it is value-creating.

### Industrial structure

In certain cases, value creation can be achieved by changing the company's structure through major industrial transactions (mergers and acquisitions), by divesting non-core business activities or by dividing a company into separate entities if better value can be created through the independent management of smaller parts.

# Core Investments

Core Investments, representing 82 percent of our total assets, consists of listed holdings in which we are a significant owner, and our operating subsidiaries: Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura. We have a long-term investment perspective in our holdings with the objective to generate returns through value appreciation and dividends.

Core Investments consists of listed companies and operating subsidiaries, mostly with multinational operations. We are long-term owners with substantial ownership and no exit strategy. We focus on developing our existing holdings, but also selectively seek to add new ones. Over time, Core Investments is likely to grow in relative size, as the partner-owned holdings within Financial Investments will either become core investments or divested.

Core Investments contributed SEK 23.0 bn. to the net asset value, of which the Listed core investments SEK 23.3 bn. The total return for the listed core investments amounted to 20 percent during the year.

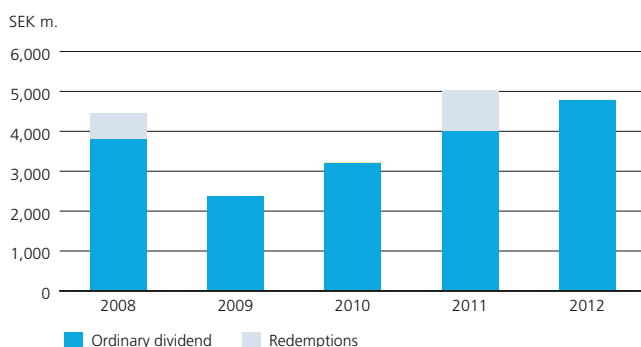
## Listed holdings

Our listed core investments are Atlas Copco, SEB, ABB, Astra-Zeneca, Ericsson, Electrolux, Saab, Sobi, Wärtsilä, Husqvarna and NASDAQ OMX. These are companies with proven business models and strong market positions. In general, we seek to be the largest owner, with a substantial share of the capital and votes, in order to secure strategic influence.

As part of our strategy, we increase ownership in selected holdings when we find valuations fundamentally attractive, the timing right and when we are not otherwise restricted. For a total of SEK 2.8 bn., we added to our positions in ABB, Ericsson, NASDAQ OMX and Wärtsilä.

Given the proposals in early 2013, dividends to be received in 2013 for fiscal year 2012 are estimated at SEK 5.4 bn. (4.8 bn.)

## Dividends and redemptions received



## Wärtsilä – a new listed core investment

Finnish Wärtsilä, listed in Helsinki, became a core investment. It provides complete life cycle power solutions for the marine and energy markets. We find Wärtsilä's long-term prospects attractive because of such factors as new environmental regulations, smart power generation and an increased penetration of natural gas-powered engines. It has leading global market positions in segments with strong secular growth, high emerging market exposure and a large aftermarket business. We have invested SEK 4.1 bn., of which SEK 3.3 bn. during 2012 (of which approximately SEK 1 bn. before it became a core investment). Sharing the view of the main owner Fiskars, we have pooled our holdings in a joint company, Avlis AB, acting as the largest strategic owner. Together we own 21.8 percent, of which Investor 8.8 percent.

## Subsidiaries

Core Investments also include Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura. Net investments amounted to SEK 3.4 bn., including investments in Mölnlycke Health Care's mezzanine debt, acquisition of instruments related to its Management Participation Program, and an equity injection in Aleris (for more information, see company pages). These companies will generate substantial cash flow to Investor, once their debt levels are normalized.

### Facts and figures 2012

- Ownership: significant minority owner in listed holdings, subsidiaries
- Ownership perspective: long-term, no exit strategy
- Board representation: preferably two, including the Chairman or vice Chairman
- Return requirement: 8-9 percent annually
- Assets: SEK 141.5 bn. (listed), SEK 21.3 bn. (subsidiaries)
- Percent of total assets: 82
- Impact on net asset value: SEK 23.0 bn.
- Total shareholder return: 20 percent (listed)
- Dividend received: SEK 4.8 bn.
- Net invested: SEK 2.8 bn. (listed), SEK 3.4 bn. (subsidiaries)

### Contribution to net asset value

SEK m.	2012	2011
Changes in value, listed	18,530	-21,887
Dividends, listed	4,782	3,998
Change in reported value, subsidiaries	-194	134
Management costs	-139	-137
<b>Total</b>	<b>22,979</b>	<b>-17,892</b>

# Financial Investments

Financial Investments, representing 18 percent of our total assets, consists of our investments in EQT and Investor Growth Capital as well as our partner-owned investments. We have the same active ownership approach to these holdings as within Core Investments. However, in the partner-owned companies, we do not control the exit horizon.

Financial Investments includes our investments in EQT funds and Investor Growth Capital, as well as our partner-owned companies Gambro, Lindorff and 3 Scandinavia.

In 2012, Financial Investments contributed to net asset value by SEK 0.6 bn. Net cash flow to Investor amounted to SEK 0.8 bn.

## EQT

We were one of the founders of private equity firm EQT in 1994 and have been a sponsor of its funds ever since, allowing us to receive carried interest and fee surplus on top of the returns received as a limited partner. During the past business cycle, EQT has generated an annual average cash flow of approximately SEK 1 bn. to Investor.

## Investor Growth Capital

Investor Growth Capital (IGC) is a stand-alone, but wholly-owned subsidiary of Investor, focusing on late-stage venture capital investments in the U.S. and China. The European unit is solely focusing on its existing investments. IGC makes minority investments in healthcare and technology. Investor receives cash flow from IGC because 50 percent of exit proceeds, net of costs, are distributed. Since the time when the new strategy was established in 2011, IGC has distributed SEK 1.3 bn. to Investor, excluding the capital injections of SEK 1.5 bn.

## Partner-owned companies

Our three major unlisted partner-owned companies, Gambro, Lindorff and 3 Scandinavia, have attractive value growth potential. As our partners may have a different time horizon than we do, Investor's ownership situation in these companies will change over time. Consequently, they will either become listed subsidiaries (and thus core investments), or divested. Decisions will be taken jointly with each respective partner in order to maximize return on investment. Other partner-owned investments are Kunskapsskolan, Novare and Samsari.

## Agreement signed to divest Gambro

In December 2012, EQT and Investor entered into an agreement to divest Gambro to the U.S. medical technology company Baxter for a total consideration of SEK 26.5 bn. Total proceeds to Investor will amount to approximately SEK 10.5 bn. and the total impact on net asset value is estimated at SEK 4.0 bn. Since the buy-out in 2006, Investor's IRR on the investment in Gambro amounts to 19 percent, assuming completion. The transaction is expected to be completed towards the end of the second quarter of 2013.

## Other

Within Financial Investments, we also have some smaller holdings, as well as our trading unit, which executes our Core Investments transactions, trades in equities and equity related instruments and gathers market intelligence. Our objective is for the trading unit to be profitable on its' own merits over time.

### Facts and figures 2012

- Ownership: wholly-owned, partner-owned, fund investor
- Ownership horizon: long-term, IPO, divestment
- Board representation: preferably two, including the Chairman or vice Chairman
- Return requirement: 15 percent annually
- Assets: SEK 35.1 bn.
- Percent of total assets: 18
- Impact on net asset value: SEK 0.6 bn.
- Net divested: SEK 0.1 bn.

### Contribution to net asset value

SEK m.	2012	2011
EQT	-54	3,360
Investor Growth Capital	359	833
<i>Partner-owned</i>		
Gambro	-160	3,499 <sup>1)</sup>
Lindorff	167	301
3 Scandinavia	52	1,675 <sup>2)</sup>
Other partner-owned	-2	0
Other	298	162
Management costs	-69	-190
<b>Total</b>	<b>591</b>	<b>9,640</b>

1) The positive contribution from Gambro Holding during 2011 is explained by the divestment of CaridianBCT.

2) Capitalization of prior years' deferred tax-loss carry-forwards as well as a change of recognition method of handset sales has had a positive impact on the results during 2011.

A global leader in compressors, construction and mining equipment, power tools and assembly systems. The group operates in more than 170 countries.  
Chairman: Sune Carlsson, President and CEO: Ronnie Leten

**IMPORTANT EVENTS 2012**

- A number of acquisitions, contributing approximately SEK 1.6 bn. in annual sales, were completed.
- Additional customer centers in Africa were opened to further strengthen Atlas Copco's position on this fast-growing continent.
- A SEK 1.4 bn. portfolio of financing and leasing contracts related to customer financing was divested.
- The Board of Directors has proposed a SEK 5.50 dividend per share. Given AGM approval, this would result in a SEK 1,138 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	90,533	81,203	69,875	63,762	74,177
Operating margin, %	21.2	21.6	19.9	14.3	18.6
Net profit	13,914	12,988	9,944	6,276	10,190
Earnings per share, SEK	11.45	10.68	8.16	5.14	8.33
Dividend per share, SEK	5.50	5.00	9.00	3.00	3.00
Net debt	8,514	14,194	5,510	10,906	21,686
Market capitalization	208,487	172,232	199,571	123,440	78,060
Number of employees	39,811	37,579	32,790	29,802	34,043

www.atlascopco.com

**INVESTOR'S VIEW**

Atlas Copco has world-leading market positions and a strong corporate culture. For quite some time, the company has had best-in-class operational performance and has generated a total return significantly higher than its peers. Over the last few years, Atlas Copco has focused on strengthening its positions in key growth markets such as China, India and Brazil, and on building world class aftermarket operations. These initiatives have been instrumental to the company's strong performance. Going forward, the company's strong market positions, a flexible business model and focus on innovation provide an excellent platform for capturing business opportunities and continuing to outperform its peers. Thanks to its stable cash flow, the company is able to distribute significant capital to shareholders, while simultaneously retaining the flexibility to act on its growth strategy.

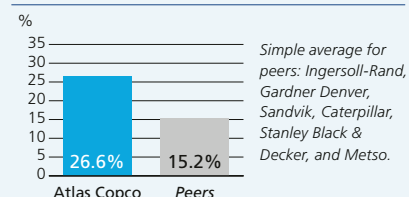


Impact on NAV: SEK 7,314 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	16.8	16.8	16.7
Share of votes, %	No. 1	22.3	22.3	22.3
Value of holding, SEK m.		36,645	30,365	34,671

Board Members from Investor's Management or Board: Sune Carlsson (Chairman), Peter Wallenberg Jr and Johan Forssell

**Average annualized return, ten years**



**Total annual return**

Years	Atlas Copco	SIXRX
1	24.2	16.5
5	17.1	3.5
10	26.6	12.6
20	19.4	12.8

A leading Nordic financial services group. SEB is present in some 20 countries, with main focus on the Nordic countries, Germany and the Baltics.  
Chairman: Marcus Wallenberg, President and CEO: Annika Falkengren

**IMPORTANT EVENTS 2012**

- SEB continued to work with its cost efficiency and met the targeted cost level of below SEK 23 bn. (pro forma). A new cost cap has been introduced, aiming at keeping annual costs below SEK 22.5 bn. in 2013 and 2014.
- The divestment of SEB's retail banking business in the Ukraine was completed.
- The position was strengthened within corporate banking as well as in the Swedish SME and mortgage segments.
- For the first time in the three-year history of the ranking, SEB is not only the leading corporate bank in Sweden, but also in the Nordic region in TNS Sifo Prospera's Corporate Banking 2012 Nordics client survey.
- Capitalization remained solid and the core tier 1 ratio was 15.1 percent at the end of the year, up from 13.7 percent at the end of 2011.
- The Board of Directors has proposed a SEK 2.75 dividend per share. Given AGM approval, this would result in a SEK 1,254 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Total operating income	38,823	37,686	36,735	41,421	38,063
Operating profit	14,235	14,953	11,389	5,654	12,434
Net profit	11,654	10,856	6,798	1,178	10,050
Earnings per share, SEK	5.31	4.93	3.07	0.58	10.36
Dividend per share, SEK	2.75	1.75	1.50	1.00	0.00
Core Tier 1 ratio, %	15.09	13.71	12.20	11.69	8.57
Market capitalization	121,183	87,938	123,023	97,330	41,606
Number of employees	16,925	17,633	19,125	20,233	21,291

www.seb.se

**INVESTOR'S VIEW**

SEB continues to focus on sustainable growth within its key growth areas: the Nordic and German corporate franchises, Swedish small and medium-sized enterprises and long-term savings. Accordingly, it should now be able to capitalize on established platforms. Non-core businesses have been divested and earnings stability has improved, alongside a strengthened balance sheet and increased focus on efficiency. While some uncertainty still remains regarding the final global and local regulatory outcome, SEB has proactively increased capitalization and liquidity positions. Our view is that SEB is well prepared to meet the new regulatory requirements.

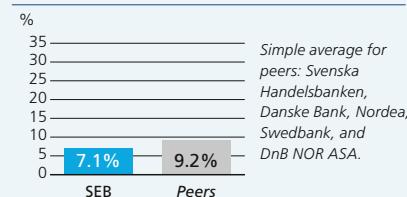


Impact on NAV: SEK 7,710 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	20.8	20.8	20.8
Share of votes, %	No. 1	20.9	20.9	20.9
Value of holding, SEK m.		25,194	18,282	25,579

Board Members from Investor's Management or Board: Marcus Wallenberg (Chairman) and Jacob Wallenberg (Vice Chairman).

**Average annualized return, ten years**



**Total annual return**

Years	SEB	SIXRX
1	43.0	16.5
5	-6.0	3.5
10	7.1	12.6
20	19.4	12.8



12%  
of total assets

A global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact.  
Chairman: Hubertus von Grünberg, President and CEO: Joe Hogan

**IMPORTANT EVENTS 2012**

- Investor acquired 3,000,000 shares, increasing its share of capital and votes to 7.9 percent.
- ABB acquired Thomas & Betts, a listed U.S. manufacturer of low-voltage electrical products, strengthening ABB's position in the U.S. market.
- ABB announced that it will reposition its Power Systems division with the aim of achieving higher returns.
- The Board of Directors has proposed a dividend of CHF 0.68 dividend per share. Given AGM approval, this would result in a SEK 851 m. dividend inflow to Investor, based on the exchange rates at the announcement.

Key figures, USD m.	2012	2011	2010	2009	2008
Net sales	39,336	37,990	31,589	31,795	34,912
Operating margin, %	10.3	12.3	12.1	13.0	13.0
Net profit	2,704	3,168	2,561	2,901	3,118
Earnings per share, USD	1.18	1.38	1.12	1.27	1.36
Dividend per share, CHF	0.68	0.65	0.60	0.51	0.48
Net debt	1,590	-1,771	-6,428	-7,219	-5,443
Market capitalization, SEK m.	310,523	295,658	344,639	312,549	270,770
Number of employees	145,000	130,000	116,000	116,000	120,000

www.abb.com

**INVESTOR'S VIEW**

Both the power and automation industries are attractive with large emerging market exposure and structural growth drivers in terms of electricity build-out and an increased focus on energy efficiency. The power market is facing price pressure but ABB is mitigating this through operational efficiencies. ABB is well positioned to benefit from the future growth potential due to its strong brand and market positions. The company was early in establishing a presence in China and India with strong local product offerings. We believe that this is critical to long-term success in these industries. Operational performance has been good and the company has strengthened its position in the automation market through a number of acquisitions. ABB's balance sheet remains healthy, supporting further growth and continued distribution to shareholders.

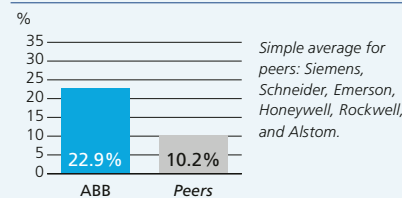


Impact on NAV: SEK 1,692 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	7.9	7.8	7.3
Share of votes, %	No. 1	7.9	7.8	7.3
Value of holding, SEK m.		24,371	23,188	25,082

Board Members from Investor's Management or Board: Jacob Wallenberg

**Average annualized return, ten years**



**Total annual return**

Years	ABB	SIXRX
1	7.6	16.5
5	-3.7	3.5
10	22.9	12.6
20	7.1	12.8



8%  
of total assets

A global, innovation-driven, integrated biopharmaceutical company.  
Chairman: Leif Johansson, President and CEO: Pascal Soriot

**IMPORTANT EVENTS 2012**

- Leif Johansson assumed the position as Chairman of the Board and Pascal Soriot as CEO.
- AstraZeneca announced new restructuring initiatives designed to improve productivity and strengthen the company's commercial operations and R&D capabilities. The new program is expected to deliver an estimated USD 1.6 bn. in annual benefits by the end of 2014, at an estimated total cost of USD 2.1 bn. As part of the program, the Södertälje and Montreal R&D sites were closed.
- The Board of Directors has proposed a USD 2.80 dividend per share. Given AGM approval, this would result in a SEK 910 m. dividend inflow to Investor based on the exchange rates at the time when the announcement was made.

Key figures, USD m.	2012	2011	2010	2009	2008
Net sales	27,973	33,591	33,269	32,804	31,601
Operating margin, %	37.3	39.2	40.8	41.5	34.7
Net profit	6,297	9,983	8,053	7,521	6,101
Earnings per share, USD (core EPS)	6.41	7.28	6.71	6.32	5.1
Dividend per share, USD	2.80	2.80	2.55	2.3	2.05
Net debt	1,369	-2,849	-3,653	-535	7,174
Market capitalization, SEK m.	382,013	408,272	435,804	486,375	444,229
Number of employees	52,700	57,200	61,000	63,000	65,000

www.astrazeneca.com

**INVESTOR'S VIEW**

Conditions remain difficult in the pharmaceutical industry. AstraZeneca must cope with patent expirations for some of its key products and strengthen its research pipeline. Improved R&D productivity remains the most important driver of long-term value for AstraZeneca and the entire pharmaceutical industry. It is also important that AstraZeneca continues to expand in emerging markets and strives for operational excellence.

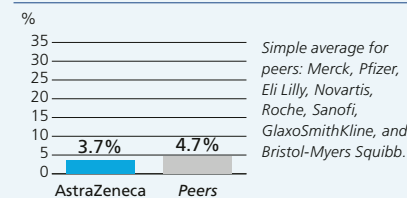


Impact on NAV: SEK 509 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 3	4.1	4.0	3.7
Share of votes, %	No. 3	4.1	4.0	3.7
Value of holding, SEK m.		15,807	16,302	15,956

Board Members from Investor's Management or Board: Marcus Wallenberg

**Average annualized return, ten years**



**Total annual return**

Years	AstraZeneca	SIXRX
1	3.2	16.5
5	7.2	3.5
10	3.7	12.6
20	8.1	12.8



**ERICSSON**

**6%**

of total assets

The world's leading provider of communications technology and services. Ericsson operates in 180 countries and employs more than 100,000 people. *Chairman: Leif Johansson, President and CEO: Hans Vestberg*

**IMPORTANT EVENTS 2012**

- Investor acquired 574,550 shares and its share of the capital and votes amounts to 5.3 and 21.4 percent respectively.
- Ericsson announced its decision not to acquire the full majority of ST Ericsson, the 50/50 joint venture between Ericsson and ST Microelectronics. The decision was made after ST Microelectronics announced its intention to exit the joint venture. As a consequence, Ericsson took a non-cash charge of approximately SEK 8 bn. during 2012, of which approximately SEK 3 bn. in cash during 2013.
- The Board of Directors has proposed a SEK 2.75 dividend per share. Given AGM approval, this would result in a SEK 479 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	227,779	226,921	203,348	206,477	208,930
Operating margin, excl. JV, %	9.7	9.6	8.7	6.5	8.0
Net profit	5,938	12,569	11,235	4,127	11,667
Earnings per share, SEK	1.78	3.77	3.46	1.14	3.52
Dividend per share, SEK	2.75	2.50	2.25	2.00	1.85
Net debt	-38,538	-39,505	-51,295	-36,071	-34,651
Market capitalization, SEK bn.	208,963	224,730	248,993	210,249	186,907
Number of employees	110,255	104,525	90,261	82,493	78,750

[www.ericsson.com](http://www.ericsson.com)

**INVESTOR'S VIEW**

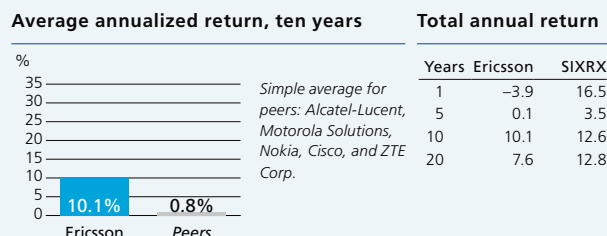
Mobile data traffic is growing significantly in the world's mobile networks and as the global leader in the mobile equipment industry, Ericsson is well positioned to capitalize on this development. As customers' networks are undergoing significant modernizations to meet the demand for mobile data, the industry has become increasingly competitive. For Ericsson to maintain its market position, it needs to sustain its technological leadership and continue to improve its cost and capital efficiency. The services business in Ericsson has developed into a stable and growing business with attractive recurring revenues.



Impact on NAV: SEK -590 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	5.3	5.3	5.0
Share of votes, %	No. 1	21.4	21.5	19.3
Value of holding, SEK m.		11,120	12,112	12,396

Board Members from Investor's Management or Board: Jacob Wallenberg (Vice Chairman) and Börje Ekholm



**Electrolux**

**4%**

of total assets

A global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. *Chairman: Marcus Wallenberg, President and CEO: Keith McLoughlin*

**IMPORTANT EVENTS 2012**

- Electrolux announced that Home Depot, the world's largest home improvement specialty retailer, will begin selling Electrolux major appliances in the United States.
- Electrolux launched the Inspiration range, which is a new range of kitchen and laundry products for the important European markets. With this launch, Electrolux transfers expertise from the professional kitchen business into consumer products.
- The Board of Directors has proposed a SEK 6.50 dividend per share. Given AGM approval, this would result in a SEK 311 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	109,994	101,598	106,326	109,132	104,792
Operating margin, excl. EO, %	4.7	3.1	6.1	4.9	1.5
Net profit	2,599	2,064	3,997	2,607	366
Earnings per share, SEK	9.08	7.25	14.04	9.18	1.29
Dividend per share, SEK	6.50	6.50	6.50	4.00	0.00
Net debt	5,685	6,367	-709	665	4,556
Market capitalization	48,757	31,142	54,371	47,641	18,929
Number of employees	59,478	52,916	51,544	50,633	55,177

[www.electrolux.com](http://www.electrolux.com)

**INVESTOR'S VIEW**

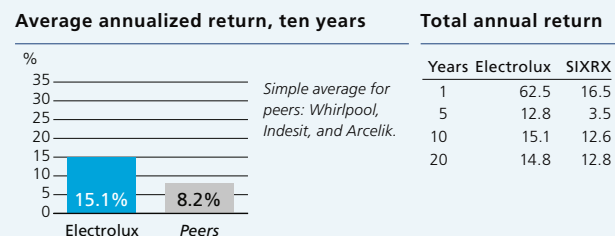
The global appliances industry is highly competitive due to low growth in mature markets and a tough industry structure. Growth in emerging markets is high, supported by a fast growing middle class and increased appliance penetration. Industry margins are low, but returns are nevertheless healthy thanks to high capital turnover. Electrolux is the second largest global appliance company with strong presence across the globe. In recent years, Electrolux has strengthened its positions in emerging markets through organic growth as well as acquisitions. The company is successfully executing its strategy and we see good potential for a higher long-term operating margin based on the ongoing strategic initiatives. To achieve a higher margin, it is critical to improve performance in the important European market.



Impact on NAV: SEK 3,231 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	15.5	15.5	13.6
Share of votes, %	No. 1	29.9	29.9	29.9
Value of holding, SEK m.		8,157	5,237	8,054

Board Members from Investor's Management or Board: Marcus Wallenberg (Chairman)





A global leader in complete lifecycle power solutions for the marine and energy markets. The company has operations in nearly 170 locations in 70 countries.  
Chairman: Mikael Lilius, President and CEO: Björn Rosengren

#### IMPORTANT EVENTS 2012

- Wärtsilä became a new core investment, with Investor holding 8.8 percent of the capital and votes. Investor has pooled its holding with Fiskars in a joint company. The parties together control 21.8 percent of the capital and votes.
- A consortium headed by Wärtsilä was awarded a turnkey contract to build a 573 MW tri-fuel power plant in Jordan. This is the largest power plant ever supplied by Wärtsilä.
- The EU Parliament voted for stricter sulphur emission limits for ships in all EU sea areas from 2020, and already from 2015 in some specific regions. This could lead to additional business opportunities for Wärtsilä.
- The Board of Directors has proposed a EUR 1.00 dividend per share. Given AGM approval, this would result in a SEK 149 m. dividend inflow to Investor based on the exchange rates at the announcement.

Key figures, EUR m.	2012	2011	2010	2009	2008
Net sales	4,725	4,209	4,553	5,260	4,612
Operating margin, %	10.2	10.6	9.1	11.2	11.4
Net profit	344	293	397	396	389
Earnings per share, EUR	1.72	1.44	1.96	1.97	1.94
Dividend per share, EUR	1.00	0.90	1.38	0.88	0.75
Net debt	567	58	-165	414	455
Market capitalization	6,454	4,402	5,631	2,768	2,072
Number of employees	18,887	17,913	17,528	18,541	18,812

[www.wartsila.com](http://www.wartsila.com)

#### INVESTOR'S VIEW

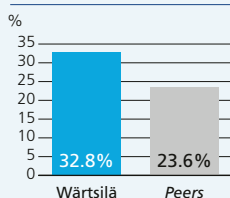
Wärtsilä has leading global market positions and high emerging market exposure, which provide an excellent platform for profitable growth. To counteract the end-market cyclicality, the company has an asset-light business model focused on the design and development of engines and in-house manufacturing of critical components. The company also has a sizeable aftermarket business in 70 countries to support both marine and power customers. We support Wärtsilä's current strategy and see good long-term potential driven by environmental regulations, smart power generation and an increased penetration of natural gas-powered engines.



Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 2	8.8	n.a.	n.a.
Share of votes, %	No. 2	8.8	n.a.	n.a.
Value of holding, SEK m.		4,866	n.a.	n.a.

Board Members from Investor's Management or Board: Sune Carlsson was elected as new Board member at the 2013 AGM

#### Average annualized return, ten years



Simple average for peers: Rolls-Royce, MAN, Alfa Laval, and Caterpillar Inc.

#### Total annual return

Years	Wärtsilä	SIXRX
1	51.8	16.5
5	11.7	3.5
10	32.8	12.6
20	-	12.8

Serves the global market with world-leading products, services and solutions for military defense and civil security.

Chairman: Marcus Wallenberg, President and CEO: Håkan Buskhe

#### IMPORTANT EVENTS 2012

- The Swedish Parliament decided with a broad majority that Sweden will acquire Gripen E fighter aircraft. In early 2013, Saab signed an agreement with the Swedish Defense Materiel Administration (FMV) for Gripen E, including development and modification work and a possible order of 22 aircraft from Switzerland, subject to parliament approval. The entire agreement is valued at SEK 47.2 bn.
- Saab made several acquisitions, including Dutch HITT and Sörman Intressenter, and investments in India's Pipavav and QuEST Global Manufacturing.
- The Board of Directors has proposed a SEK 4.50 dividend per share. Given AGM approval, this would result in a SEK 148 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	24,010	23,498	24,434	24,647	23,796
Operating margin, excl. EO, %	7.6	7.5	6.5	5.4	8.4
Net profit	1,539	2,217	454	699	-242
Earnings per share, SEK	14.33	20.38	3.97	6.28	-2.31
Dividend per share, SEK	4.50	4.50	3.50	2.25	1.75
Net debt	-4,405	-5,333	-3,291	634	1,693
Market capitalization	14,311	14,999	12,880	12,450	7,638
Number of employees	13,968	13,068	12,536	13,159	13,294

[www.saabgroup.com](http://www.saabgroup.com)

#### INVESTOR'S VIEW

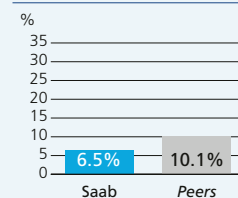
Saab provides state-of-the-art products and is well positioned in many niche markets globally. The Swedish government is still the largest customer and with decreasing Swedish defense spending over the last decade, Saab has focused on developing cost efficient products. Growth outside of Sweden continues to be imperative, and with pressure on defense budgets in most parts of the world, Saab's cost competitive product portfolio becomes increasingly attractive. Focus continues to be on operational efficiency to be able to support internal R&D investments and marketing efforts in international markets, thereby creating a strong platform for the future.



Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	30.0	30.0	30.0
Share of votes, %	No. 1	39.5	39.5	39.5
Value of holding, SEK m.		4,428	4,638	4,032

Board Members from Investor's Management or Board: Marcus Wallenberg (Chairman), Johan Forssell and Lena Treschow Torell

#### Average annualized return, ten years



Simple average for peers: BAE Systems, Finmeccanica, Thales, Cobham, EADS, Ultra, Dassault, and Meggitt.

#### Total annual return

Years	Saab	SIXRX
1	-1.3	16.5
5	3.7	3.5
10	6.5	12.6
20	-	12.8

A leading integrated biopharmaceutical company with international market presence, developing and commercializing pharmaceuticals for patients with rare diseases. *Chairman:* Bo Jesper Hansen, *President and CEO:* Geoffrey McDonough

#### IMPORTANT EVENTS 2012

- Sobi and partner Biogen Idec announced positive results from phase III studies evaluating the companies' long-lasting treatments for hemophilia A and B.
- Sobi and Pfizer extended the supply agreement for hemophilia A treatment ReFacto until December 2020. The previous agreement expired in 2015. In a separate agreement, Sobi and Pfizer agreed that Sobi will return the co-promotion rights for ReFacto and hemophilia B treatment BeneFIX in the Nordic region to Pfizer in exchange for a payment to Sobi of USD 47.5 m.
- FDA approved an extension of the Kineret label to include the treatment of neonatal-onset multisystem inflammatory disease (NOMID).
- Sobi issued a 5-year SEK 600 m. bond. The bond will replace Sobi's existing term-facility, improve financial flexibility and extend the maturity profile of the company's debt. An additional SEK 200 m. was raised in early 2013.

Key figures, SEK m.	2012	2011	2010	2009
Net sales	1,923	1,911	1,907	2,066
Operating margin, %	21.0	14.7	19.9	13.2
Net profit	-101	18	-104	n.a.
Earnings per share, SEK	-0.38	0.07	-0.47	n.a.
Dividend per share, SEK	0.00	0.00	0.00	n.a.
Net debt	143	496	1,348	n.a.
Market capitalization	9,628	3,978	8,593	1,409
Number of employees	478	506	508	554

[www.sobi.com](http://www.sobi.com)

#### INVESTOR'S VIEW

Near-term, continuing to improve operational performance and extending the life of the existing products and commercial agreements are the main drivers for Sobi's business. During 2012, Sobi reported positive phase III data for its two hemophilia products under development. Longer-term, securing the full commercial potential of Sobi's hemophilia assets is the key focus for the company.

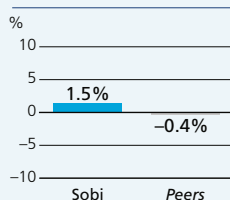


Impact on NAV: SEK 2,292 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	39.9	40.3	40.3
Share of votes, %	No. 1	40.5	40.5	40.5
Value of holding, SEK m.		3,906	1,614	3,486

Board Members from Investor's Management or Board: Lennart Johansson and Helena Saxon

#### Average annualized return, five years



Simple average for peers: Ipsen, Meda AB, and Recordati S.p.A.

#### Total annual return

Years	Sobi	SIXRX
1	142.4	16.5
5	1.5	3.5
10	-	12.6
20	-	12.8

The world's largest producer of outdoor power products, a world leader in cutting equipment and diamond tools and the European leader in consumer watering products. *Chairman:* Lars Westerberg, *President and CEO:* Hans Linnarsson

#### IMPORTANT EVENTS 2012

- To improve efficiency and lower its fixed cost base, Husqvarna has decided to reduce the number of employees by approximately 600, corresponding to 4 per cent of total employees. The reduction is expected to cost around SEK 250 m. and generate annual savings of SEK 220 m.
- To increase the focus on emerging markets and manage the European business more efficiently, Husqvarna has implemented an internal restructuring by splitting its Europe & Asia/Pacific business unit into two separate units.
- Nine of Husqvarna's products have been awarded the international "red dot design award 2012" in the world's largest product design competition.
- The Board of Directors has proposed a SEK 1.50 dividend per share. Given AGM approval, this would result in a SEK 146 m. dividend inflow to Investor.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	30,834	30,357	32,240	34,074	32,342
Operating margin, excl. EO, %	6.1	5.3	8.2	5.9	8.3
Net profit	1,023	997	1,749	903	1,288
Earnings per share, SEK	1.78	1.73	3.03	1.64	2.81
Dividend per share, SEK	1.50	1.50	1.50	1.00	0.00
Net debt	6,793	6,921	5,600	6,349	15,552
Market capitalization	22,436	18,102	32,055	29,823	15,451
Number of employees	15,429	15,698	14,954	15,030	15,720

[www.husqvarna.com](http://www.husqvarna.com)

#### INVESTOR'S VIEW

Total shareholder return for Husqvarna since the spin-off from Electrolux has been below expectations. The company has been negatively impacted by weak markets for outdoor products and an unsatisfactory operational performance in North America. However, we still believe in



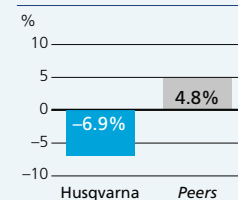
Impact on NAV: SEK 886 m.

Husqvarna's long-term potential based on its world-leading market positions, strong brands and global sales organization. The company is addressing its current problems and has recently announced actions to improve the operational performance and reduce its fixed cost base. Near-term, it is important to turn around the North American business.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	16.8	16.8	15.7
Share of votes, %	No. 1	30.3	30.1	30.8
Value of holding, SEK m.		3,802	3,062	5,058

Board Members from Investor's Management or Board: Börje Ekholm and Tom Johnstone

#### Average annualized return, six years



Simple average for peers: Toro, Blount, and Briggs & Stratton.

#### Total annual return

Years	Husqvarna	SIXRX
1	28.4	16.5
5	-7.3	3.5
10	-	12.6
20	-	12.8

Listed in 2006

One of the world's largest exchange operators, which offers listings, trading, exchange technology and public company services across six continents.  
Chairman: Börje Ekholm, President and CEO: Robert Greifeld

**IMPORTANT EVENTS 2012**

- Investor acquired 440,000 shares, increasing its share of the capital and votes to 11.8 percent.
- Börje Ekholm was elected Chairman of the Board.
- A USD 390 m. cash acquisition of Thomson Reuter's Investor Relations, Public Relations and Multimedia Solutions businesses was announced. The acquisition will broaden NASDAQ OMX's offering and generate cost synergies.
- During 2012, NASDAQ OMX repurchased shares worth of USD 275 m., corresponding to 6.5 percent of the outstanding shares.
- At the current quarterly USD 0.13 dividend per share, Investor expects to receive a SEK 64 m. dividend inflow during 2013.

Key figures, USD m.	2012	2011	2010	2009
Net sales	1,663	1,682	1,522	1,453
Operating margin (GAAP), %	41.5	41.4	41.5	41.5
Net profit (GAAP)	352	387	395	266
Earnings per share, USD (GAAP)	2.09	2.20	1.94	1.30
Dividend per share, USD	0.39	0.0	0.0	0.0
Net debt	1,479	1,688	2,082	1,541
Market capitalization, USD bn.	4,140	4,265	4,154	4,183
Number of employees	2,693	2,433	2,395	2,216

[www.nasdaqomx.com](http://www.nasdaqomx.com)

**INVESTOR'S VIEW**

NASDAQ OMX has strong market positions and a unique brand in an industry that we know well. An exchange is at the core of the financial system's infrastructure and we believe that more financial products will become traded on exchanges. Our view is that continued focus on capturing growth opportunities, such as expansion into new asset classes and adjacent businesses, should create value. The company's strong cash flow supports continued growth initiatives as well as shareholder cash distributions.

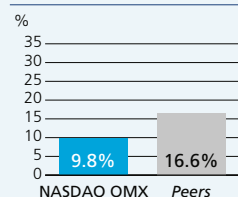


Impact on NAV: SEK -83 m.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 2	11.8	10.9	9.7
Share of votes <sup>1)</sup> , %	Shared no. 1	11.8	10.9	9.7
Value of holding, SEK m.		3,160	3,216	2,740

Board Members from Investor's Management or Board: Börje Ekholm (Chairman)  
1) No single owner is allowed to vote for more than 5 percent at the AGM.

**Average annualized return, ten years**



Simple average for peers: London Stock Exchange, Deutsche Boerse, and CME Group.

**Total annual return**

Years	NASDAQ OMX		SIXRX
	OMX		
1	2.0	16.5	
5	-12.5	3.5	
10	9.8	12.6	
20	-	12.8	

A world-leading manufacturer of single-use surgical and wound care products and services for the professional health care sector.  
Chairman: Gunnar Brock, President and CEO: Pierre Guyot

**IMPORTANT EVENTS 2012**

- Investor acquired EUR 183 m. of Mölnlycke Health Care's mezzanine debt. Investor also acquired half of the instruments in Mölnlycke's Management Participation Program, thereby increasing its ownership from 96 to 98 percent.
- Austerity packages continued to impact the market. Despite this, growth continued to be positive in Europe, while growth in North America remained strong. In general, Mölnlycke has outperformed most of its peers.
- The Wound Care division performed well. Advanced Wound Care continued to deliver strong growth, mainly in North America, but also in many European markets. In the Asia-Pacific, growth was good, although China is going through a period of consolidation of the business in order to regain growth. Mölnlycke acquired the U.S. company Brennen Medical's burn and wound care business.
- The Surgical division faces difficult market conditions but sales growth continued. Growth continued to be strong for ProcedurePak and Gloves.
- In constant currency, sales grew by 6 percent, while the EBITDA margin remained flat. Continued strong cash flow reduced net debt by EUR 99 m.

Key figures, EUR m.	2012	2011	2010	2009	2008
Net sales	1,119	1,014	949	865	800
Sales growth, %	10	7	10	8	4
In constant currency %	6	7	6	10	10
EBITDA	321	296 <sup>1)</sup>	269 <sup>1)</sup>	236	211
EBITDA, %	29	29	28	27	26
Change in working capital	-8	-31	7	n.a.	n.a.
Capital expenditures	-48	-35	-30	n.a.	n.a.
Operating cash flow	265	230	246	n.a.	n.a.
Acquisitions (-)/divestments(+)	-26	0	-19	n.a.	n.a.
Shareholder contribution (+)/distribution (-)	0	0	2	n.a.	n.a.
Other	-140	-134	-134	n.a.	n.a.
Increase (-)/decrease (+) in net debt	99	96	95	n.a.	n.a.
Net debt	1,383	1,482	1,578	1,679	1,737
Working capital/sales, %	12	11	n.a.	n.a.	n.a.
Capital expenditures/sales, %	4	3	n.a.	n.a.	n.a.

1) Excluding the purchase price allocation performed in conjunction with the acquisition of the majority in Mölnlycke Health Care, which impacted reported EBITDA negatively by EUR 4 m. in 2010 and EUR 45 m. during 2011.

[www.molnlycke.com](http://www.molnlycke.com)

**INVESTOR'S VIEW**

Mölnlycke Health Care is a true leader in its industry segments. Historically, the company has delivered strong growth and outperformed most of its key peers in terms of growth, profitability and cash conversion. The company has a highly competitive product portfolio with



Impact on NAV: SEK 153 m.

leading positions in key addressable end-markets. Continued focus on product innovation, investments in marketing/sales in existing markets, and geographic expansion into new markets will drive future growth.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	98.0	96.0	96.0
Share of votes, %	No. 1	96.0	93.0	93.0
Value of holding, SEK m.		16,058	13,436	13,555

Board Members from Investor's Management or Board: Gunnar Brock (Chairman) and Johan Röhs (up until 2012)

# Aleris

# 2%

of total assets

Unlisted subsidiary

A leading private provider of health care and care services in the Nordic region.  
 Chairman: Bengt Braun, President and CEO: Stanley Brodén

## IMPORTANT EVENTS 2012

- To strengthen the balance sheet and reduce financial leverage, enabling Aleris to focus on investing in the quality of service and improving profitability, Investor injected SEK 800 m. in equity financing.
- The majority of Aleris' businesses is stable and performs well. However, some units are facing challenges, resulting in lower overall profitability.
- Healthcare continues to face difficulties in certain operational areas in Sweden (in particular the community hospitals in Stockholm and Bollnäs), and this affects profitability. Actions have been taken to improve performance. The impact of these actions will become visible during 2013, with full effect in 2014.
- Most areas within Care perform well, and Diagnostics continues its strong performance with good volumes.
- In Norway, operations show good growth, with all areas performing well.
- In Denmark, synergies are becoming visible following the consolidation of two hospitals in Copenhagen. Performance is also improving in this challenging market.
- Organic sales growth amounted to 11 percent, while the EBITDA margin declined, partially explained by restructuring actions and integration costs. In total, non-recurring expenses amounted to SEK 69 m. during the year.

Key figures, SEK m.	2012	2011	2010	2009
Net sales	6,732	5,123	4,120	3,882
Sales growth, %	31	24	6	17
Organic sales growth, constant currency %	11	8	8	7
EBITDA	330	410	296	332
EBITDA, %	5	8	7	9
Change in working capital	105	-64	11	n.a.
Capital expenditures	-177	-133	-80	n.a.
Operating cash flow	258	213	227	n.a.
Acquisitions (-)/divestments (+)	-116	-1,714	-20	n.a.
Shareholder contribution(+)/distribution(-)	800	1,019	0	n.a.
Other	-292	-304	-608	n.a.
Increase(-)/decrease(+) in net debt	650	-786	-401	n.a.
Net debt	2,161	2,811	2,025	1,624
Working capital/sales, %	-2	-2	n.a.	n.a.
Capital expenditures/sales, %	3	3	n.a.	n.a.

[www.aleris.se](http://www.aleris.se)

## INVESTOR'S VIEW

The Scandinavian healthcare and care market offers long-term sustainable growth potential, where private providers can outgrow the overall market given the ongoing long-term outsourcing and deregulation trend. Aleris has a strong market position and an attractive platform for



Impact on NAV: SEK -216 m.

growth. Near-term, however, focus should be on integrating recent acquisitions and improving the performance within units currently operating unsatisfactory. Delivering high-quality and cost-efficient service is the main differentiating and sustainable factor for this business over the long-term, which is why efforts to constantly improve quality and service for patients and payers are the top priority.

Investor's engagement	Ownership position	2012	2011	2010
Share of capital, %	No. 1	98.0	98.0	97.0
Share of votes, %	No. 1	99.0	99.0	99.0
Value of holding, SEK m.		3,930	3,342	2,465

Board Members from Investor's Management or Board: Peter Wallenberg Jr and Johan Röhss (up until 2012)

GRAND HÔTEL  
 STOCKHOLM - SWEDEN

VECTURA

# 1%

of total assets

Unlisted subsidiaries

**Grand Hôtel:** Scandinavia's leading five-star hotel, opened in 1874. It occupies a landmark building with a unique location on the waterfront in central Stockholm. Chairman: Peter Wallenberg Jr, President and CEO: Marie-Louise Kjellström  
**Vectura:** Manages real estate, including Investor's office, Näckström Fastigheter (operates real estate related to Aleris), Blasieholmen 54 (The Grand Hôtel property) and other land and real estate.

## IMPORTANT EVENTS 2012

### Grand Hôtel

- In line with the trend for the Stockholm high-end hotel market, sales for the hotel lodging activities were below last year's, despite a strong finish for the year.
- The hotel property was transferred to Vectura, allowing management to focus on the operations of the hotel.
- Renovations will continue during 2013, which will affect the hotel's operations near-term, but strengthen its position for the future.
- Sales declined slightly. The decline in EBITDA is mainly explained by Grand Hôtel being charged with rent by Vectura, having previously been impacted by depreciation instead.

### Key figures, SEK m.

	2012	2011
Net sales	383	388
Sales growth, %	-1	-
EBITDA	0	25
EBITDA, %	0	6
Number of employees	265	260

### Vectura

- Näckström Fastigheter initiated projects in Simrishamn and Sunne, Sweden, developing facilities that will be operated by Aleris.
- Renovations were started on the Blasieholmen 54 property and will continue during 2013.

### Key figures, SEK m.

	2012	2011
Net sales	116	99
Sales growth, %	15	-
EBITDA	58	47
EBITDA, %	50	48

[www.grandhotel.se](http://www.grandhotel.se)

## INVESTOR'S VIEW

**Grand Hôtel** has a unique brand and location. In recent years, wide-scale renovations have been made to the hotel, new facilities have been opened and various initiatives have been implemented in order to cope with the challenging economic climate. It is important that Grand Hôtel continues to develop its offering, reach new customer segments, increase the occupancy rate, and focus on efficiency, without compromising its status as a superior hotel.



Impact on NAV: SEK -131 m.

**Vectura:** In 2012, Investor consolidated its real estate assets into one company in order to gain operating efficiencies. Vectura was created for the purpose of managing these assets. We will evaluate the ongoing projects before committing additional capital to Näckström Fastigheter.

Investor's engagement	Ownership position	2012	2011
Share of capital, %	No. 1	100.0	100.0
Share of votes, %	No. 1	100.0	100.0
Value of holding, SEK m.		1,303	1,622

Board Members from Investor's Management or Board:  
 Grand Hôtel: Peter Wallenberg Jr and Johan Röhss (up until 2012)  
 Vectura: Lennart Johansson and Susanne Ekblom

# EQT

# 6%

of total assets

Unlisted

The EQT private equity funds invest in companies in Northern and Eastern Europe, Asia and the U.S., in which EQT can act as a catalyst to transform and grow operations. *President and CEO (EQT Partners AB): Conni Jonsson*

## IMPORTANT EVENTS 2012

- Net cash flow to Investor from EQT amounted to SEK 2.2 bn. The reported value change for Investor's investments in EQT's funds was 0 percent. In constant currency, the value change was 3 percent.
- Larger investments included Anticimex, BSN Medical, China Healthcare, UC4 Software Group and Vertu. Larger divestments included Dako, KMD, Leybold Optics, and Lundhags.
- EQT IV and Investor announced the divestment of Gambro to Baxter. Gambro is reported at EQT IV's share of its book value of equity.
- After the year-end, EQT announced the closing of the new fund, EQT Infrastructure II, at EUR 1,925 m. Investor's commitment amounts to EUR 151 m.
- Investor's outstanding commitments to EQT's funds were SEK 5.5 bn. at year-end.

SEK m.	Total commitment	Investor's share	Investor's remaining commitment	Market value
Terminated Funds <sup>1)</sup>	11,819	–	–	3
Fully Invested Funds <sup>2)</sup>	98,597	–	1,287	9,866
EQT VI	40,906	6%	1,919	592
EQT Expansion Capital II	4,084	15%	183	455
EQT Infrastructure II	15,079	8%	1,508	1
EQT Credit Fund II	6,462	10%	646	0
<b>Total</b>	<b>176,947</b>		<b>5,543</b>	<b>10,917</b>

1) EQT I, EQT II, EQT Denmark, EQT Finland

2) EQT III, EQT IV, EQT V, EQT Expansion Capital I, EQT Greater China II, EQT Infrastructure, EQT Credit Fund, EQT Opportunity, EQT Asia

Impact on Investor's net asset value, SEK m.	2012	2011
Net asset value, beginning of the year	13,214	10,858
Contribution to net asset value (value change)	–54	3,360
Draw-downs (investments and management fees)	1,284	2,515
Proceeds to Investor (divestitures, fee surplus and carry)	–3,460	–3,519
<b>Net asset value, end of the year</b>	<b>10,984</b>	<b>13,214</b>

[www.eqt.se](http://www.eqt.se)

## INVESTOR'S VIEW

Investor has been a sponsor of EQT's funds since its inception almost 20 years ago. Since then, EQT has delivered top investment performance in its industry and we have received returns on our limited partner interest in the top quartile of the industry. As a sponsor, we also have an ownership interest in the general partners of the funds, allowing us to capture a portion of both the carry and surplus from management fees. This represents a significant enhancement of our total return from the respective funds over time. Although "lumpy" by nature, depending on whether the funds are in an investment or divestment phase, our investments in the EQT funds are expected to continue to generate strong cash flow.



Impact on NAV: SEK –54 m.

Investor's engagement	2012	2011
Investor's share of funds, %	6-64	6-64
Value of holding, SEK m.	10,984	13,214

# IGC

INVESTOR GROWTH CAPITAL

# 5%

of total assets

Unlisted

Investor Growth Capital (IGC) makes expansion stage venture capital investments in growth companies within technology and healthcare in the U.S. and China. *President and CEO: Stephen Campe*

## IMPORTANT EVENTS 2012

- Net distributions to Investor from IGC amounted to SEK 607 m. (excluding the SEK 750 m. capital injection). The reported value change was 4 percent. In constant currency, the value change was 9 percent.
- New investments included Acquia, BillFloat, CallFire, Conductor, Fclub, Guavus, HireVue, Kythera Biopharmaceuticals.
- Divestments included Achillion, Cambio Health Care, Cameron Health, Clairmail, ID Analytics, ISTA, KAI Pharmaceuticals, Paratek, Ruckus Wireless and Sunny Optical.

Impact on Investor's net asset value, SEK m.	2012	7/1-12/31 2011
Net asset value, beginning of the year	10,225	8,734
Contribution to net asset value (value change)	359	1,028
Capital contribution from Investor	750	1,137
Distribution to Investor	–607	–674
<b>Net asset value, end of the year</b>	<b>10,727</b>	<b>10,225</b>
<i>Of which net cash</i>	<i>1,976</i>	<i>1,453</i>

[www.investorgrowthcapital.com](http://www.investorgrowthcapital.com)

## INVESTOR'S VIEW

With its new structure and focus on the U.S. and China, where the track record and return prospects are strongest, IGC has a solid platform for continued strong performance. The structural change leads to a clarified capital commitment from Investor and also creates the basis for a more sustainable cash flow to us.



Impact on NAV: SEK 359 m.

Investor's engagement	2012	2011
Investor's share of funds, %	100	100
Value of holding, SEK m.	10,727	10,188



3%

of total assets

Unlisted

A global medical technology company and a leader in developing, manufacturing and supplying products and therapies for kidney and liver dialysis, myeloma kidney therapy and other extracorporeal therapies for chronic and acute patients.

Chairman: Erich Reinhardt, President and CEO: Guido Oelkers

#### IMPORTANT EVENTS 2012

- On December 4, 2012, Investor and EQT signed an agreement to divest Gambro to the U.S. medical technology company Baxter. The transaction is expected to close, subject to customary regulatory approval, towards the end of the second quarter of 2013. Until closing, the reported value of Gambro will remain as our share of book equity at the time of the agreement.
- The demand for Gambro's products and services was healthy in the Americas and APAC, while EMEA continued to be weak for both business areas Chronic and Acute. In EMEA, performance within both business areas was negatively affected by the earthquakes in Italy
- The Chronic business area continued to show strong growth in several important emerging markets.
- The Acute business area showed continuous good performance primarily in the Americas, but also in APAC.
- Early in the year, Investor and EQT together invested EUR 86 m. in Gambro. This was the first investment to support the established strategic plan to expand the sales force, improve growth of the Acute business area, develop the product portfolio and optimize production.
- In constant currency, sales were down 2 percent. EBITDA declined, which is partially explained by the negative impact from the Italian earthquakes and restructuring costs.

Key figures, SEK m.	2012	2011	2010	2009	2008
Net sales	10,836	10,928	12,152	12,484	11,172
Sales growth, %	-1	-10	-3	12	1
Sales growth, constant currency, %	-2	-5	2	1	2
Normalized EBITDA	1,676	2,041	2,395	2,384	1,707
Normalized EBITDA, %	15	19	20	19	15
Net debt <sup>1)</sup>	8,090	8,572	25,380	25,559	25,483

1) The net debt reported for 2009-2010 is attributable to former Gambro Holding, including both Gambro and CardianBCT.

[www.gambro.com](http://www.gambro.com)

#### INVESTOR'S VIEW

The restructuring of Gambro has been challenging and also taken longer than we originally anticipated. During the past couple of years however, Gambro has taken important steps to ensure operational efficiency and strengthen the focus on its core activities, especially following the launch of the new strategic plan in early 2012. We continue to believe that the improvement potential, both when it comes to revenue growth and margins, is substantial.



Impact on NAV: SEK -160 m.

Investor's engagement	Ownership position	2012	Board Members from Investor
Share of capital, %	No. 2	48	Helena Saxon
Share of votes, %	No. 2	49	
Value of holding, SEK m.		5,455	



2%

of total assets

Unlisted

A leading European provider of debt-related administrative services. The company has operations in Denmark, Estonia, Finland, Germany, Latvia, Lithuania, The Netherlands, Norway, Russia, Spain and Sweden.

Chairman: Hugo Maurstad, President and CEO: Endre Rangnes

#### IMPORTANT EVENTS 2012

- Lindorff had a good year for both of its business areas, Collection and Capital.
- Lindorff made several portfolio acquisitions, including one large from a leading German financial institution. Lindorff also acquired a collection unit from Santander Group in Spain, as well as entering into a service agreement with them. Furthermore, an agreement was signed to acquire Solveon, a debt collector in the Netherlands, from ABN. Through these acquisitions, Lindorff has built a strong platform as a partner to several major European banks.
- Lindorff signed a large third party contract with a financial portfolio investor in Spain and co-invested in the portfolio.
- In constant currency, sales grew 11 percent during the year, while EBITDA improved sharply, lifting the EBITDA margin from 28 to 31 percent.

Key figures, EUR m.	2012	2011	2010	2009	2008
Net sales	378	337	309	267	277
Sales growth, %	12	9	16	-4	n.a.
Sales growth, constant currency, %	11	7	6	0	n.a.
EBITDA	116	96	89	59	72
EBITDA, %	31	28	29	22	26
Net debt	764	669	615	530	545

[www.lindorff.com](http://www.lindorff.com)

#### INVESTOR'S VIEW

Lindorff has a good business mix with its two business areas, Collection and Capital. Collection's service-driven business model has low capital requirements and provides a stable earnings base. Capital has the capacity and ability to pursue portfolio acquisitions with good yield. The growth rate can be adapted to Lindorff's growth ambitions and market opportunities. We expect Lindorff to act on value creating opportunities in Europe. Internally, Lindorff should continue to focus on improving efficiency and operational excellence, as well as integrating recently made acquisitions. We remain confident in Lindorff's long-term growth potential.



Impact on NAV: SEK 167 m.

Investor's engagement	Ownership position	2012	Board Members from Investor
Share of capital, %	No. 1	58	Lennart Johansson and Petra Hedengran
Share of votes, %	Shared no. 1	50	
Value of holding, SEK m.		4,484	



# 1%

of total assets

Unlisted

A mobile operator providing mobile voice and broadband services in Sweden and Denmark. The company has more than two million subscribers and is recognized for its high-quality network.

Chairman: Marcus Wallenberg, President and CEO: Peder Ramel

### IMPORTANT EVENTS 2012

- 3 Scandinavia continued to grow its subscriber base, adding 250,000 new subscribers in total. The Average Revenue per User (ARPU), continued to decline due to intense competition and price pressure.
- The roll-out of LTE (4G) continued both in Sweden and Denmark.
- The SEK 10.5 bn. external debt of 3 Scandinavia was refinanced and the maturity extended from December 2012 to July 2015. Investor still guarantees its SEK 4.2 bn. share of the debt.
- In 2011, 3 Scandinavia changed the recognition method of handset sales. During a transition period, EBITDA is positively impacted by the early recognition of handset revenue from new and prolonged subscribers, while treatment of the existing subscriber base remains unchanged. This effect will fade out as subscriber contracts signed prior to the change expire.
- Sales grew by 5 percent and the EBITDA margin remained flat. Operating cash flow continued to be positive and at the end of the year, a SEK 200 m. distribution was made to the owners, of which SEK 80 m. to Investor.

Key figures, SEK m.	2012	2011 <sup>1)</sup>	2010	2009	2008
Net sales	9,341	8,911	7,015	5,840	5,147
Sales growth, %	5	n.a.	20	13	19
EBITDA	2,425	2,397	1,067	434	-106
EBITDA, %	26	27	15	7	-
Net debt	9,652	10,472	9,910	10,230	10,235
<b>Other key figures</b>					
Subscribers	2,407,000	2,152,000	1,866,000	1,569,000	1,231,000
ARPU, SEK	282	312	329	348	379
Non-voice ARPU %	46	46	43	42	36
Postpaid/prepaid ratio	84/16	85/15	87/13	90/10	90/10

1) As the recognition of handset sales was changed during 2011, figures for 2011 and 2010 are not directly comparable. Using the old method, sales, EBITDA and the EBITDA margin would have been SEK 7,800 m., SEK 1,306 m. and 17 percent respectively, during 2011.

[www.tre.se](http://www.tre.se)

### INVESTOR'S VIEW

Over the past years, 3 Scandinavia's focus on building a high-quality mobile network has proven successful, as illustrated by strong subscriber intake and improved operating performance. With strong cost control in place, growth remains the key value driver, and 3 Scandinavia should continue to increase its market share and capture additional growth opportunities. With its spectrum portfolio and high-quality network, the company is well positioned to continue growing. Future revenue and profit growth should translate into enhanced cash flow generation.



Impact on NAV: SEK 52 m.

Investor's engagement	Ownership position	2012	Board Members from Investor
Share of capital, %	No. 2	40	Marcus Wallenberg (Chairman),
Share of votes, %	No. 2	40	Lennart Johansson and Christian Cederholm
Value of holding, SEK m.		2,367	



Kunskapsskolan

Unlisted

Kunskapsskolan, founded in 1999, is a leading independent school operator in Sweden, operating 36 schools with around 10,000 students. All schools are publicly funded, free of charge and non-selective. Kunskapsskolan has developed an educational concept focused on high-quality personalized education with clear goal orientation. The concept has attracted international attention and it is currently implemented at five schools with approximately 4,000 students in the UK, one school in Manhattan, New York and starting spring 2013, one school in Delhi, India.

[www.kunskapsskolan.se](http://www.kunskapsskolan.se)

Key figures, SEK m.	2012	2011	2010
Net sales	803	799	780
EBITDA, %	4	6	10
Net debt	178	148	124

Investor's engagement	2012	Board Members from Investor
Share of capital, %	40	Johan Röhss (up until 2012)
Share of votes, %	32	
Value of holding, SEK m.	164	



Unlisted

Novare Human Capital was founded by Investor in 2001. It is comprised of six companies with specialist expertise within the field of Human Resources, offering a unique and comprehensive platform to service clients covering the full HR spectra. All Novare Human Capital companies focus on supporting the development of businesses and their employees. Clients are primarily mid-sized and large companies from a wide range of businesses.

[www.novare.se](http://www.novare.se)

Key figures, SEK m.	2012	2011	2010
Net sales <sup>1)</sup>	60	72	76
EBITDA, %	3	15	12
Net debt	2	0	1

1) Net sales including Novare's share of associated companies net sales is SEK 100 m. for 2011, SEK 82 m. for 2010 and SEK 61 m. for 2009.

Investor's engagement	2012	Board Members from Investor
Share of capital, %	50	Johanna Klint and David Lindquist
Share of votes, %	50	
Value of holding, SEK m.	6	



The make strategy happen.

Unlisted

Samsari is a consultant company that empowers people and organizations, to make strategy happen, based on Action Learning. Focusing on real business challenges, Samsari delivers concrete measurable results through management training, management meetings and internal communication. Samsari continued to grow during 2012 and recorded a sales increase of 17 percent and doubled its EBIT. Samsari's client list is strong and projects generated during 2012 were generally more complex and closer to clients' top management.

[www.samsari.se](http://www.samsari.se)

Key figures, SEK m.	2012	2011	2010
Net sales	18	17	12
EBITDA, %	11	4	-7
Net debt	-2	-1	0

Investor's engagement	2012	Board Members from Investor
Share of capital, %	50	Oscar Stege Unger
Share of votes, %	50	
Value of holding, SEK m.	6	

# Financial development

At year-end 2012, Investor's net asset value amounted to SEK 174.7 bn., an increase of SEK 18.6 bn. during the year. With dividend added back, net asset value growth was 15 percent. With Gambro valued at the transaction value with Baxter, net asset value grew by 17 percent, while the SIXRX total return index advanced by 16 percent. Net gearing was 11.5 percent at year-end, or 6.4 percent assuming that the Gambro divestment had been completed.

Overview of net asset value						
	12/31 2012				12/31 2011	
	Owner-ship, % (capital)	SEK/ share	SEK m.	Value change	Dividends/ net distribution	SEK m.
<b>Core Investments</b>						
<i>Listed</i>						
Atlas Copco	16.8	48	36,645	6,280	1,034	30,365
SEB	20.8	33	25,194	6,912	798	18,282
ABB	7.9	32	24,371	831	861	23,188
AstraZeneca	4.1	21	15,807	-495	1,004	16,302
Ericsson	5.3	15	11,120	-1,026	436	12,112
Electrolux	15.5	11	8,157	2,920	311	5,237
Wärtsilä	8.8	6	4,866	413	-	-
Saab	30.0	6	4,428	-210	148	4,638
Sobi	39.9	5	3,906	2,292	-	1,614
Husqvarna	16.8	5	3,802	740	146	3,062
NASDAQ OMX	11.8	4	3,160	-127	44	3,216
		<b>186</b>	<b>141,456</b>			<b>118,016</b>
<i>Subsidiaries</i>						
Mölnlycke Health Care						
Equity	98	19	14,178	96 <sup>1)</sup>		13,187
Mezzanine debt		2	1,880	57		249
Aleris	98	5	3,930	-216		3,342
Grand Hôtel/Vectura	100	2	1,303	-131		1,622
		<b>28</b>	<b>21,291</b>			<b>18,400</b>
		<b>214</b>	<b>162,747</b>			<b>136,416</b>
<b>Financial Investments</b>						
EQT		15	10,984	-54	2,176	13,214
Investor Growth Capital		14	10,727	359	-143	10,225
<i>Partner-owned investments</i>						
Gambro						
Equity	48	7	5,455	-160		5,239
Lindorff						
Equity	58	6	4,200	142		4,058
Mezzanine debt		0	284	25		279
3 Scandinavia	40	3	2,367	52	80	2,395
Other partner-owned investments		0	176	-2		180
Other investments		1	951	298		1,625
		<b>46</b>	<b>35,144</b>			<b>37,215</b>
<i>Other assets &amp; liabilities</i>						
		0	-428			-651
<b>Total assets</b>		<b>260</b>	<b>197,463</b>			<b>172,980</b>
Net cash (+)						
net debt (-)		-30	-22,765			-16,910
<b>Net asset value</b>		<b>230</b>	<b>174,698</b>			<b>156,070</b>

1) Mölnlycke Health Care's (MHC) contribution to net asset value was negatively affected by SEK 648 m. in conjunction with the acquisition of shares relating to MHC's Management Participation Program during the second quarter.

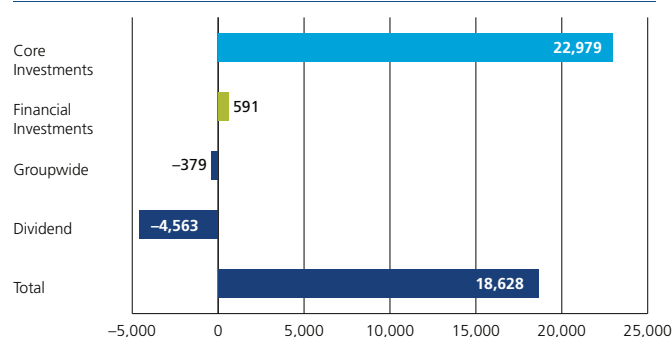
Development of the Group				
SEK m.	2012	2011	2010	2009
Changes in value	19,472	-17,586	28,492	31,327
Dividends	5,177	4,330	3,622	2,866
Other operating income	509	480	994	1,113
Management costs	-377	-656 <sup>1)</sup>	-646	-634
Other items <sup>2)</sup>	-606	4,144	-1,851	-3,304
<b>Profit (+)/Loss (-)</b>	<b>24,175</b>	<b>-9,288</b>	<b>30,611</b>	<b>31,368</b>
Non-controlling interest	51	59	20	
Dividends paid	-4,563	-3,802	-3,050	-3,059
Other effects on equity	-1,035	-285	-381	-869
<b>Total</b>	<b>18,628</b>	<b>-13,316</b>	<b>27,200</b>	<b>27,440</b>

1) Includes a restructuring charge of SEK 150 m. during the first quarter of 2011 and SEK 86 m. related to Investor Growth Capital.

2) Other items include among other share of results of associates and net financial items.

The impact on net asset value is mainly related to Core Investments, which contributed SEK 22,979 m. (-17,892), of which listed SEK 23,312 m. (-17,892). Financial Investments contributed by SEK 591 m. during the period (9,640).

## Impact on net asset value, SEK m.



## Results

The consolidated net profit amounted to SEK 24,175 m. (-9,288), mainly driven by positive value changes and dividends related to Core Investments. Management costs amounted to SEK 377 m. (656). The decline is explained by the substantial cost savings that have been made since 2011 and Investor Growth Capital carrying its own costs.



## Impact from pending divestment of Gambro

The divestment of Investor's holding in Gambro to Baxter was announced in December 2012, and the transaction is expected to close towards the end of the second quarter of 2013, subject to regulatory approval. The value of Gambro, based on the equity method, is reported as assets held-for-sale and will remain unchanged until the transaction is completed.

Assuming that the divestment had been completed by December 31, 2012, generating proceeds of SEK 10.5 bn., Investor's reported net asset value would have amounted to SEK 178,747 m. compared to the reported SEK 174,698 m. The change in net asset value, with dividend added back, would have been 17 percent compared to the reported 15 percent. Net debt would have been SEK 12,292 m., compared to the reported SEK 22,765 m. Leverage would have been 6.4 percent instead of 11.5 percent.

## Net debt and leverage

Investor's net debt amounted to SEK 22,765 m. at year-end 2012 (16,910) corresponding to leverage of 11.5 percent (9.8). Net debt increased mainly due to significant investments in Core Investments.

Our target leverage is between 5 and 10 percent over a business cycle. Given the nature of our business, leverage can fluctuate above and below the desired level over time. However, leverage should not exceed 25 percent over any longer periods of time.

Our leverage policy allows us to capture opportunities in the market and support our holdings, while taking our tax status into consideration.

Debt financing of the Core Investments subsidiaries and the partner-owned investments within Financial Investments, is arranged on an independent ring-fenced basis and hence not included in Investor's net debt. Investor guarantees SEK 4.2 bn. of 3 Scandinavia's external debt, which is not included in Investor's net debt.

### Net debt 12/31 2012

SEK m.	Consolidated balance sheet	Deductions related to Core Investments subsidiaries and IGC <sup>1)</sup>	Investor's net debt
Other financial instruments	1,072		1,072 <sup>1)</sup>
Cash, bank and short-term investments	10,368	-3,743	6,625 <sup>2)</sup>
Receivables included in net debt	953	-6	947 <sup>3)</sup>
Loans	-46,488	15,288	-31,200 <sup>3)</sup>
Provision for pensions	-728	519	-209 <sup>3)</sup>
<b>Total</b>	<b>-34,823</b>	<b>12,058</b>	<b>-22,765</b>

1) IGC does not have any debt. Cash is excluded in Investor's net debt.

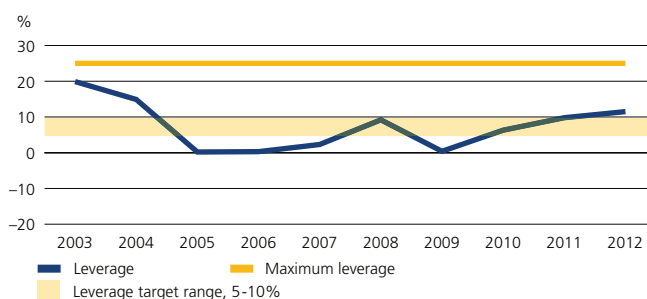
2) Included in cash and readily available placements.

3) Included in gross debt.

### Contribution to net debt

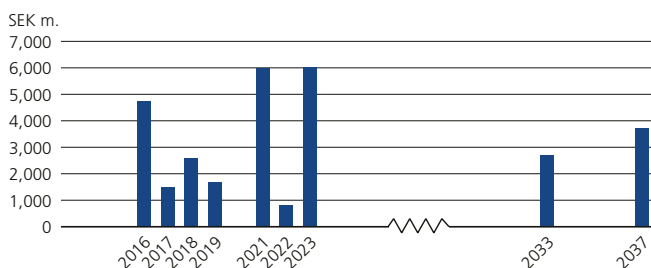
SEK m.	2012	2011
Opening net debt	-16,910	-11,472
Dividends received	5,467	4,949
Net investments	-6,040	-4,951
Other	-719	-1,634
Dividend paid	-4,563	-3,802
<b>Closing net debt</b>	<b>-22,765</b>	<b>-16,910</b>

### Leverage



The average maturity of the debt, excluding the debt of the core investments subsidiaries, was 10.6 years as of year-end 2012 (11.2). As of year-end 2012, gross cash amounted to SEK 7.7 bn.

#### Debt maturity profile



#### Parent Company

The Parent Company's result after financial items was SEK 23,057 m. (-16,713). The result is mainly related to listed Core Investments which contributed to the result with dividends amounting to SEK 4,738 m. (3,998) and value changes of SEK 18,244 m. (-22,063). During the year, the Parent Company invested SEK 9,746 m. in financial assets (8,804), of which SEK 9,095 m. in Group companies (5,042) and purchases in listed core investments of SEK 390 m. (3,605). By the end of 2012, shareholder's equity totaled SEK 161,349 m. (142,633).

#### Tax

In November 2012, The Swedish Parliament decided to cut the corporate tax rate from 26.3 to 22 percent, effective as of January 1, 2013. For Investor, the change has affected the net value of consolidated deferred taxes positively by SEK 407 m.

Mölnlycke Health Care was denied full deductibility of interest on shareholder loans by the Swedish Tax Authority. The company appealed successfully to the first administrative court. The verdict has been appealed by the tax authorities.

#### Valuation methodology

<b>Core Investments</b>	
<i>Listed</i>	Share price (bid) of share class held by Investor or most actively traded class of shares.
<i>Subsidiaries</i>	Subsidiaries are valued according to the acquisition method.
<b>Financial Investments</b>	
<i>EQT &amp; IGC</i>	Unlisted holdings at multiple or third-party valuation, listed shares at share price (bid).
<i>Partner-owned</i>	Equity method. Income and balance sheet items reported with one month's delay.

#### Risks and uncertainty factors

Risk management is an integral part of the Board's and Management's governance and follow-up of business operations. The Board is responsible for setting appropriate risk levels and establishing authorities and limits. It also ratifies the Risk Policy.

The following is a brief description of the most significant risks and uncertainty factors affecting the Group and Parent Company. See Note 3, Risks, for a more detailed description of Investor's risk exposure and risk management.

##### Commercial risks

Investor's commercial risks primarily consist of a high level of exposure to a particular industry or an individual holding, as well as changes in market conditions that limit investment opportunities or prevent exit from a holding at the chosen time. However, the overall risk in the portfolio is limited by the fact that it consists of a number of investments in different industries, and geographies and with various ownership horizons.

##### Financial risks

The main financial risks that the Investor Group is exposed to are market risks, i.e. the risks associated with changes in the value of a financial instrument that are primarily caused by fluctuations in share prices, exchange rates or interest rates. Investor uses derivatives as one method of managing financial risks.

##### Uncertainty factors

Uncertainty factors that affect operations, and that also make forecasts regarding the company's future development unsure, relate mainly to changes in share prices, foreign exchange rates, prices of unlisted holdings and the development of various industrial sectors.

#### Future development

Investor's objective for the future is to build net asset value, operate efficiently and pay out a steadily rising dividend. Investor will focus on its role as an active owner in Core Investments.

Core Investments will continue to constitute the largest share of Investor's portfolio, and will therefore be the key value driver. Investor will make additional investments in selected core investments and continue to be active in developing and exercising influence over the companies, primarily through Board representation. Financial Investments' share of assets will likely decrease over time, since partner-owned investments will either become Core Investments or be divested. Investor's ambition is to generate strong, sustainable cash flow. Dividend and free cash flow from holdings, as well as the cost savings that have already been implemented, will contribute to strengthening these cash-flows.

# Sustainable business

As a long-term and engaged owner, we support our companies to develop sustainable business models, including such areas as the environment, human rights and working conditions.

Through history, we have learned that there is a strong link between long-term profitability and a sustainable business model. Our thinking and activities within the corporate sustainability field are split into two perspectives: our role as an owner and investor, as well as our role as a company and employer. Our sustainability efforts also include ongoing dialogues with large businesses, international business networks and government representatives in different countries about the conditions for owning and developing companies long-term. These dialogs give us early indications about trends, political changes and opportunities, which we convey to our holdings. We are also active in these discussions, promoting the views we have as a long-term responsible owner. A sustainability focus provides interesting opportunities for us, as well as our holdings. Our main focus within corporate

sustainability lies in our role as a responsible owner, as this is where we can make the most impact.

## The ownership perspective

In our holdings, we strive to ensure that operations are conducted in a responsible and ethical manner. Compliance with legislation and regulations is a basic requirement. Our influence is mainly exercised through our work on the Boards and we expect our holdings to draw up policies and goals for the corporate sustainability issues that are most relevant and important to them. Since corporate sustainability risks and challenges differ between companies, industries and countries, each company must identify and address the issues relevant to its particular operations. Many of our holdings are leaders within this field. See examples below and on our website.

## The employer perspective

We make sure that we have a good working environment and that we take good care of our employees. Our internal policies and instructions constitute important control documents in all parts of the company, e.g. within the areas of ethics, anti-corruption and whistle blowing. We support the OECD Guidelines for Multi-national Enterprises and we comply with laws and regulations. Health, the working environment and safety are all things that are very important to us in our role as employer. Since 2007, we report our climate footprint, as part of the Carbon Disclosure Project. In the 2012 Nordic CDP Report, Investor's score was 79 out of a possible 100 points, putting us at the top for our category of companies in Sweden.

## Examples from our holdings

### Atlas Copco

Atlas Copco was included in the Dow Jones Sustainability Index 2012/2013 and was recognized as the 18th most sustainable company by the annual Global 100 list at the World Economic Forum in Davos. The fight against corruption continued and all managers took the e-learning against corruption with videos from the UN Global Compact.

### Husqvarna

Husqvarna launched a range of battery driven products. The robotic lawn mower, Automower®, with no direct emissions, and low noise levels and energy consumption, continued to show good growth. A structured follow-up process on health and safety was launched globally.

### Mölnlycke Health Care

To assist its employees with identifying and preventing ethical dilemmas, Mölnlycke created an on-line Code of Conduct training module. Every year, the company donates close to 250,000 pairs of Biogel® surgical gloves to Operation Smile. Mölnlycke continues to develop environmental reporting, which will facilitate environmental outcome tracking during 2013.

### Saab

Saab formed a Corporate Responsibility function, aimed at further strengthening the responsibility in Ethics, Society, Environment and in Our People. Also elected "This year's best workplace" by Swedish weekly Veckans Affärer from a gender equality perspective, placed among the top 10 best companies in the CDP's Leadership Index, and ranked high in Transparency International's "Defence Companies Anti-Corruption Index".

### Wärtsilä

Wärtsilä is included in several sustainable development indices and has sold more than 2,000 environmentally sound gas fuelled engines for land-based and marine applications. Wärtsilä's sustainability focus lies in many operative targets, e.g. 10 percent energy savings in absolute terms by 2016 from 2005 consumption, and the Zero Injury target for employees.

For more and detailed examples, see our website.

# The Investor share

The total return for the Investor share in 2012 was 38 percent and the average annualized total return has been 14 percent over both the past 10 and 20 years. The price of Investor's A share increased 35 percent during the year from SEK 123.20 to SEK 165.80. The B share increased 32 percent from SEK 128.40 to SEK 170.00.

## Strong performance

2012 was a strong year, with the B share generating a total return of 38 percent, beating the market's (SIXRX) return of 16 percent. Performance was particularly strong during the second half of the year, supported by among other things, increased interest in Mölnlycke Health Care and the announced divestment of Gambro in December. Net asset value grew in line with the market. Consequently, the discount to net asset value contracted. We continued to meet with a large number of institutional and private investors in Sweden and also abroad, acknowledging an increased interest from foreign long-term investors.

## Turnover

During 2012, the turnover of Investor shares on the Stockholm Stock Exchange totaled 391 million (552), of which 32 mil-

lion were A shares (43) and 358 million were B shares (509). This corresponded to a turnover rate of 10 percent (13) for the A share and 78 percent for the B share (109), compared with 74 percent for the Stockholm Stock Exchange as a whole (96). On average, 1.6 million Investor shares were traded daily (2.1). Our share was the fifth most actively traded share on the Stockholm Stock Exchange in 2012 (17th). Additional Investor shares were also traded on other exchanges.

## Ownership structure

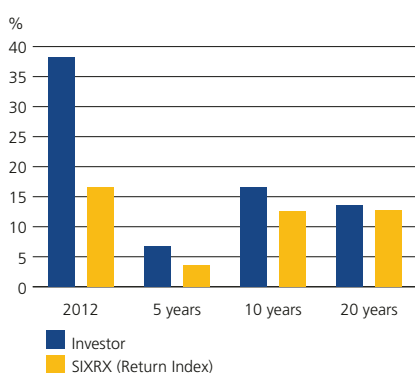
At year-end, our share capital totaled SEK 4,795 m., represented by 767,175,030 registered shares, each with a quota value of SEK 6.25. We had a total of 129,559 shareholders at year-end 2012 (134,329). In terms of numbers, the largest category of shareholders is private investors, and in terms of the percentage of share capital

held, institutional owners dominate. The largest single shareholder category is foundations, of which the three Wallenberg foundations are the largest. In January 2013, the Wallenberg foundations announced that the aggregate holding of KAW, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Foundation amounts to 23.3 percent of the capital and 50.0 percent of the votes in Investor, an increase of 0.9 and 1.8 percent respectively compared to year-end.

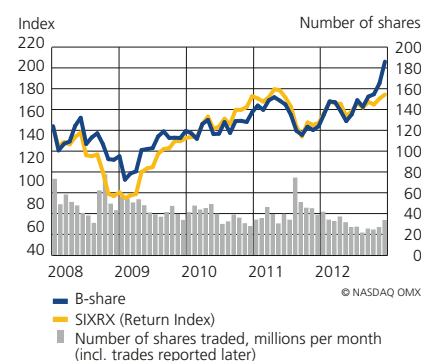
## Employee share ownership

Within the framework of our long-term share based remuneration, all employees are given the opportunity to invest 10 percent or more of their gross fixed base salary in Investor shares. Approximately 84 percent of Investor's employees are shareholders. In total, employees contrib-

Average total return Investor vs. SIXRX



Total return Investor vs. SIXRX



Investor's 15 largest shareholders listed by capital stake<sup>1)</sup>

12/31 2012	% of capital	% of votes
Knut and Alice Wallenberg Foundation	18.7	40.2
Alecta	5.3	2.8
AMF	3.9	5.0
Northern Cross Investments Ltd.	2.7	0.6
Swedbank Robur Funds	2.5	1.0
SEB-Foundation	2.3	4.7
Marianne and Marcus Wallenberg Foundation	2.3	4.9
First Eagle Investment Management LLC	1.9	2.8
Norges Bank Investment Management	1.7	0.4
Marcus and Amalia Wallenberg Memorial Fund	1.4	3.1
Skandia Liv	1.3	2.8
Afa insurance	1.3	0.3
Third Avenue Management LLC	1.2	2.5
Fourth AP-fund	1.1	1.0
Handelsbanken funds	1.0	0.2

<sup>1)</sup> Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Euroclear Sweden.

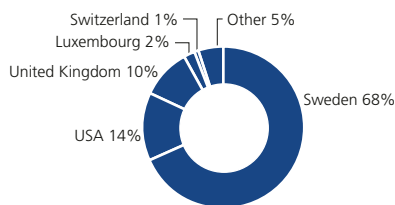
uted Investor shares worth of SEK 15.8 m. within the programs for long-term share based remuneration during 2012. The President, senior management and certain key personnel are required to invest a significant portion of their fixed base salary in Investor shares. Personal investments

mean that the program has both an upside and a downside, aligning the interest of employees with shareholders. For more information on remuneration, see Employees, network, and brand page 28 and Note 9, Employees and personnel costs, page 66.

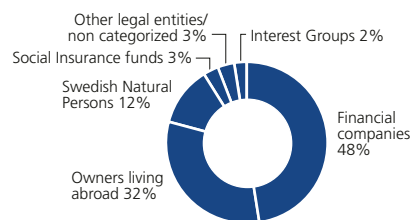
## Proposed dividend

The Board and the President propose a dividend to shareholders of SEK 7.00 per share (6.00), corresponding to a maximum of SEK 5,370 m. to be distributed (4,603), based on the total number of registered shares.

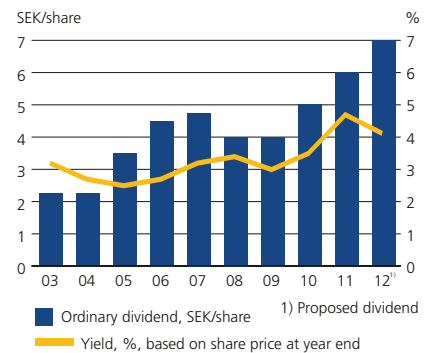
### Distribution of ownership by country,%



### Distribution of shareholders (% of capital)



### Dividend



### Characteristics of the Investor share

- Our business model to actively develop holdings is well proven and has continuously generated healthy long-term returns to shareholders.
- Investor has a strong financial position, enabling us to capture attractive business opportunities for ourselves and for our holdings.
- Investor has strong cash flow generation, which provides both investment and distribution capacity.
- The liquidity of Investor shares is one of the highest on the Nordic Stock Exchange.
- Investor is a low-cost alternative to get exposure to a well-diversified portfolio of world class companies.

### Brief facts

- Founded 1916, listed since 1917.
- A shares and B shares are mainly traded on NASDAQ OMX Stockholm.
- The only difference between the A and B share classes is that the A share carries one vote while the B share carries 1/10 vote.
- Total number of registered shares: 767,175,030, of which 311,690,844 A shares and 455,484,186 B shares.
- Ticker codes B share: INVEB SS (Bloomberg), INVEB.ST (Reuters), INVE.B (FactSet).
- Market capitalization on December 31: SEK 128 bn. (adjusted for repurchased shares). 10th largest company on the Stockholm Stock Exchange.

### Analyses of Investor

Firms publishing analyses of Investor AB

- ABG Sundal Collier
- Carnegie
- Cazenove
- Cheuvreux
- Goldman Sachs
- Handelsbanken
- Nordea
- SEB Enskilda
- Swedbank Markets
- UBS

### Investor relations contacts

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IR Group: +46 8 614 2800

# Employees, network and brand

Our history of developing companies has created a strong international reputation. Our network of industrialists and specialists is a strategic asset that helps us recruit the right talent to our own company as well as our holdings, along with identifying attractive investment opportunities and trends.

Our strategic assets include our reputation, network and employees. In addition to the investment organization, our organization consists of employees in Corporate Communications, Group Finance, Human Resources, IT, Legal, Corporate Governance and Compliance and Office Support.

## Our employees

Having the right people in the right place at the right time is critical in order to build successful companies. To recruit and retain the right people, we focus on creating an attractive workplace that emphasizes competence, professionalism and quality awareness.

In light of the extensive cost reduction program implemented during 2011, which resulted in a staff reduction of one-third, employee satisfaction has been a key focus during 2012. We have launched several in-house activities to promote an attractive and open work space. We also held an internal conference to continue the discussion regarding our updated business strategy and how we as a company and employer can move forward in creating an even better working environment for all employees.

## Our culture guides our actions

A strong and clear corporate culture is important if we are to successfully achieve

### Our philosophy on remuneration – in short

- Total remuneration, which the individual and the company agree upon, should be competitive in order to attract the right person to the right place at the right time.
- A substantial part of the total remuneration package should be variable.
- The system should be linked to long-term shareholder return by offering the opportunity to build considerable long-term shareholdings. We expect employees to invest their own personal funds in the company.
- The systems should be transparent.
- The remuneration systems should adhere to the “grandfather principle”, i.e. all changes in the employee’s remuneration are to be approved by the supervisor of the manager proposing the change.

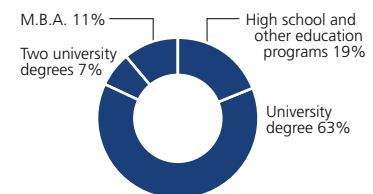
our vision and goals. We regularly follow-up on our employees’ views and reflections. High ethical standards are an integral part of our way of doing business.

## Diversity creates value

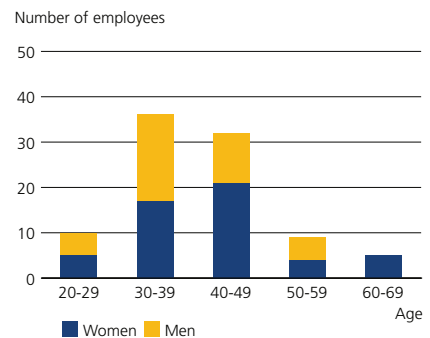
Our team of employees is wide ranging in terms of age, gender and expertise. The representation of women in senior management positions within our own organization is 34 percent (38). Our Management Group consists of 40 percent women (40). Our ambition is to have at least one man and one woman in the final process for every recruitment activity, labor law permitting. We continue to provide management training for a num-

ber of employees, and contribute to the promotion of women to key positions in our holdings. During 2012 we continued to offer mentorship programs and focused on our employees’ individual long-term development.

### Employees by education



### Age distribution



### Facts & figures on employees

- Number of employees on December 31, 2012<sup>1)</sup>: 91 (91).
- Average age: 41.0 years (40.1).
- Invested in education per employee: approximately SEK 29,000 (12,000).
- Percentage of female employees: 56 (52).
- Percentage of women in senior management positions: 34 (38).
- Percentage of women in the Management Group: 40 (40).
- Personnel turnover: 11.0 percent (8.0)

1) Investor AB, AB Investor Group Finance, AB Navigare.

### Core values

- **Create value** – we create value in everything we do with a long-term view and short-term impatience.
- **Continuous improvement** – we think forward – there is always a better way.
- **Contribute your view** – we state, listen to and respect different views. We encourage integrity, openness and dialogue. When a decision is made, we take our responsibility.
- **Care for people** – we are fair and open with one another. We contribute to growth and success as individuals and in teams. We are accountable for the results.

# Corporate Governance Report

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company. For Investor, which is an industrial holding company, the business model of active ownership is to create value in companies. For this, good corporate governance is fundamental. This applies to Investor's own organization, as well as to the companies in which Investor is an owner.

Investor is a Swedish limited liability corporation that is publicly traded on the NASDAQ OMX Stockholm exchange and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on [www.bolagsstyrning.se](http://www.bolagsstyrning.se). This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2012 financial year. The Corporate Governance Report has been reviewed by Investor's auditor, see page 103.

Investor complied with the Code during 2012. Investor did neither deviate from the NASDAQ OMX Stockholm Rule Book for Issuers nor from good stock market practice.

## Corporate Governance at Investor

Applicable external legislation, regulations and recommendations, as well as internal policies, instructions and the Articles of Association all form the basis of Investor's corporate governance – from shareholders, the Board and President to company Management.

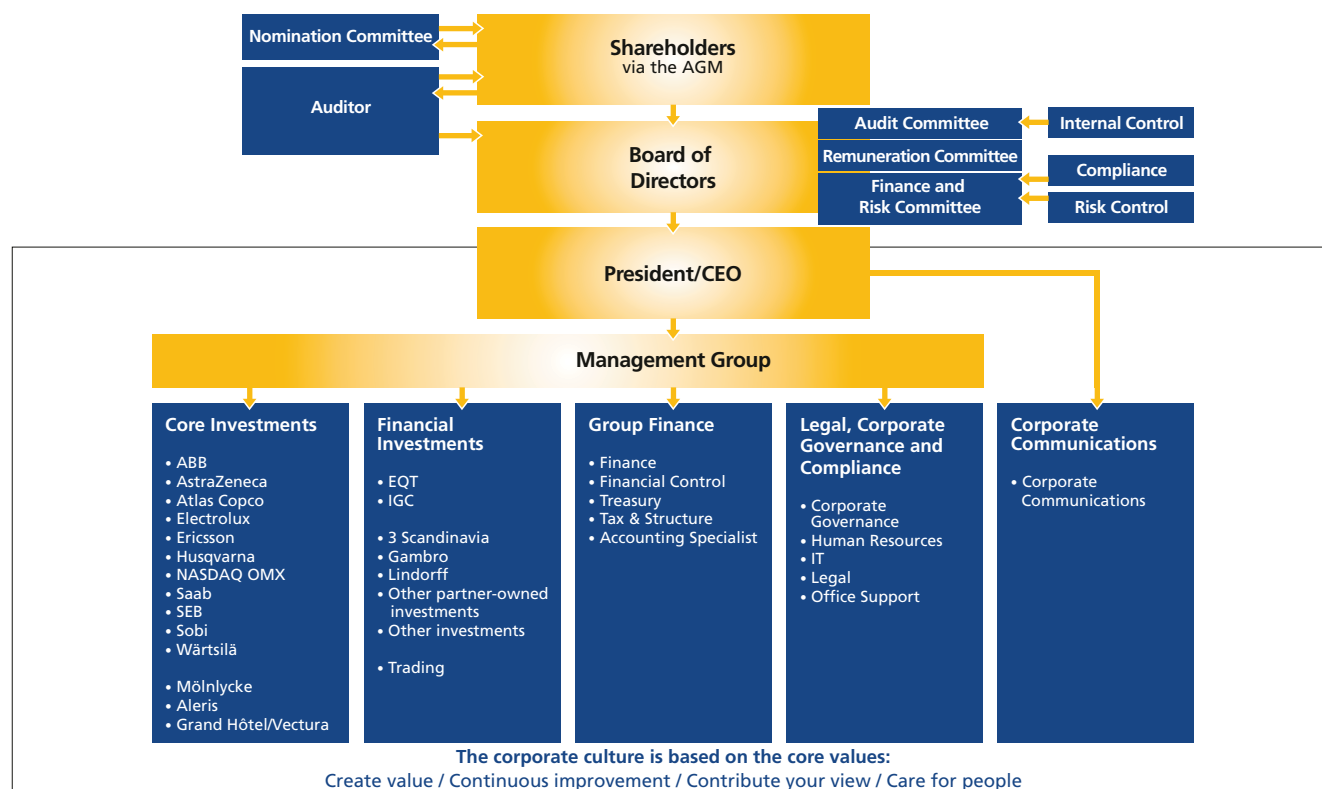
The Annual General Meeting (AGM) is the company's highest decision-making authority and serves as the forum through which Investor's shareholders exercise their influence over the business.

The Nomination Committee is to promote the interests of all shareholders and is responsible for proposing decisions to the AGM on electoral and remuneration issues, such as a proposal for the composition of the Board.

The external auditor appointed by the AGM audits the Board and the President's administration of the company.

On behalf of Investor's owners, the Board oversees the Management of the company's affairs. The Board is headed by the Chairman Jacob Wallenberg. The Board appoints the President, who is charged with carrying out the day-to-day management of the company in accordance with the Board's instructions. The division of responsibilities between the Board and President is

## Corporate Governance at Investor



specified in Instructions and Rules of Procedures that are approved by the Board each year.

To increase the efficiency and depth of the Board's work on certain issues, it has established three Committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee.

Internal policies and instructions constitute important control documents in all parts of the company and clarify responsibilities and powers within areas such as information security, compliance and risk. The Management Group actively works to engage all employees in developing the corporate culture and living by the values expressed through it. For more information about Investor's work with sustainable business, see page 25.

### AGM and the AGM's decision-making authorities

Investor's AGM is held in the Stockholm area during the first half of the year. No later than at the publication of the third-quarter report, shareholders are informed of the time and place of the AGM and are provided information on their right to have business discussed at the AGM. The notice of the AGM is published at the earliest six weeks, but no later than four weeks, before the date of the AGM.

The AGM is informed about the company's development over the past fiscal year and decides on a number of central issues, such as changes to the company's Articles of Association, the election of auditor, discharging the Board from liability for the fiscal year, remuneration for the Board and fees to the auditor, decisions on the number of Board members, election of the Board for the period up to the close of the next AGM and dividends. Investor always strives to ensure that the Board, Management Group, Nomination Committee and the auditor are present at the AGM.

Shareholders are entitled to participate in and vote at the AGM if they are recorded in the register of shareholders and have reported their intention to attend by the specified deadline. Shareholders who cannot attend the AGM in person may appoint a proxy. To enable non-Swedish-speaking shareholders to participate, the AGM's proceedings are simultaneously interpreted into English. All printed information is available in both Swedish and English.

Decisions at the AGM usually require a simple majority vote. However, for certain items to be resolved at the AGM, the Swedish Companies Act requires that a proposal is approved by a higher percentage of the shares and votes represented at the AGM.

Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes. A-shares are entitled to one vote and B-shares are entitled to 1/10 vote.

### 2012 and 2013 AGM

Investor's 2012 AGM was held at City Conference Centre on April 17. Approximately 1,000 shareholders, including shareholders represented by proxies, were represented at the meeting, representing 73.6 percent of the votes and 56.6 percent of the capital.

The 2013 AGM will take place on April 15 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should submit such request to the Nomination Committee before February 18 and to the company before February 25, 2013. Contact information is available on the company website.

The President's presentation at the AGM is published on Investor's website the day after the AGM. The documents from the AGM and the minutes recorded at the AGM are also published on the website.

### Shares, ownerships and distribution policy

At year-end 2012, Investor had 129,559 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. Investor's share capital totaled SEK 4,795 m., consisting of a total of 767 million shares, of which 312 million are class A-shares and 455 million are class B-shares.

Investor's distribution policy is to distribute a large percentage of the dividends received from listed Core investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor AB's goal is to generate a steadily rising annual dividend.

The 2012 AGM decided on a dividend payment of SEK 6.00 per share to shareholders. The Board and President recommend to the 2013 AGM a distribution of dividend to shareholders of SEK 7.00 per share.

#### Investor's 10 largest shareholders listed by voting rights on December 31, 2012<sup>1)</sup>

	% of votes	% of capital
Knut and Alice Wallenberg Foundation <sup>2)</sup>	40.2	18.7
AMF	5.0	3.9
Marianne and Marcus Wallenberg Foundation <sup>2)</sup>	4.9	2.3
SEB Foundation	4.7	2.3
Marcus and Amalia Wallenbergs Memorial Fund <sup>2)</sup>	3.1	1.4
First Eagle Investment Management LLC	2.8	1.9
Alecta	2.8	5.3
Skandia Liv	2.8	1.3
Third Avenue Fund	2.5	1.2
Swedbank Robur Funds	1.0	2.5
<b>Total</b>	<b>69.8</b>	<b>40.8</b>

1) Directly registered, or registered in the name of nominees, with Euroclear Sweden.

2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.



### Repurchases of own shares

Since 2000, the Board has requested and been granted a mandate by the AGM to buy back the company's shares. The company's holding of its own shares should not exceed 1/10 of all shares outstanding in the company. In 2012, no further shares were repurchased, however, 421,104 of the repurchased shares were transferred during 2012. Also, for the 2013 Annual General Meeting, there is a proposal to give authorization to the Board to buy back Investor shares in order to hedge the long-term share-based remuneration programs.

2012	Number of shares	Share of total number of outstanding shares, %	Nominal value, SEK m.	Transaction price, SEK m.
Opening balance	6,669,158	0.9	41.7	
Acquired	–			
Transferred	–421,104	0.1	–2.6	25.0
Closing balance	6,248,054	0.8	39.1	

### Nomination Committee

The AGM decides the procedures of how to appoint the members of the Nomination Committee.

According to the current instruction for the Nomination Committee, the Committee shall consist of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a representative and the Chairman of the Board. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members. For further instructions for the Nomination Committee, see the company website.

#### Nomination Committee's preparations for 2013 AGM

Up until February 28, 2013, the Nomination Committee had held four meetings at which the minutes were recorded. They also stayed in contact between these meetings. At the Committee's first meeting, Hans Wibom, representing the Wallenberg Foundations, was elected Chairman. All members of the Nomination Committee are presented in table below. Each member of the Nomination Committee signed a confidentiality agreement in connection with the start of their work.

The Nomination Committee is charged with preparing and presenting to the 2013 AGM proposals for resolutions regarding: the Chairman at the AGM, the Board of Directors and the Chairman of the Board, remuneration to the Board (Chairman of the Board, other Board members and Committee work), auditor, audit fees and to the extent deemed necessary, proposal regarding amendments of the current instruction for the Nomination Committee.

In order to reach proper decisions about the composition of the Board, the Committee is furnished with the evaluation of the Board and its work, as well as the Chairman of the Board's report on the company's activities, goals and strategies.

In order to assess the demands imposed on the Board as a consequence of the Company's current position and future direction, the Nomination Committee has discussed the size and composition of the Board, e.g. in terms of competence, industry and international experience, expertise and diversity. An important principle is that the composition of the Board shall reflect and allow various competences and experiences that Investor's active ownership philosophy and long-term ownership involvement require.

The Nomination Committee also studied the audit evaluation and the recommendations of the Audit Committee regarding auditor and fees for audit work.

The Nomination Committee's recommendations with the motivated opinion regarding Board of Directors are made public when notice of the AGM is published and can be found on the company website. The Nomination Committee's proposal is presented at the AGM including motivation together with a report on the work performed by the Committee.

#### Nomination Committee members 2013 AGM

Nomination Committee members	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders	31/12-12 % of shares
Hans Wibom, Wallenberg Foundations	Yes	No <sup>1)</sup>	48.2
Peder Hasslev AMF	Yes	Yes	5.0
Lars Isacson, SEB Foundation	Yes	Yes	4.7
Caroline af Ugglas, Skandia Liv	Yes	Yes	2.8
Jacob Wallenberg, Chairman of the Board	Yes	No <sup>2)</sup>	

The composition of the nomination Committee was made public on October 5, 2012. The composition meets the independence criteria set forth by the code.

1) Representing the Wallenberg Foundations.

2) Member of Knut och Alice Wallenberg Foundation.

### Auditor

The auditor is appointed by the AGM for a mandate period of one year. On behalf of the shareholders, the auditor is responsible for auditing the company's annual accounts and accounting records, as well as the administration by the Board and the President. The auditor provides regular written and oral reports on the audit work and results of the audit to the Audit Committee. The auditor participates at each Audit Committee meeting. The auditor-in-charge also submits an audit report to the AGM, a

statement on how the guidelines for remuneration and other compensation have been applied, and an opinion on the Corporate Governance Report. Shareholders are welcome to direct questions to the auditor at the AGM.

Pursuant to its Articles of Association, Investor must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the company's auditor.

At the 2012 AGM, the registered firm of auditors, KPMG AB was appointed auditor until the close of the 2013 AGM, with the auditor in charge Helene Willberg, Authorized Public Accountant.

Over the past three years, the auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during an audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. For details on remuneration to auditors, see Note 10, Auditor's fees and expenses.

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#### Investor's auditor: KPMG AB

Auditor-in-charge: Helene Willberg, Authorized Public Accountant

Born: 1967

Auditor-in-charge for Investor since 2010

Shares in Investor AB: 0 shares

Other auditing assignments: Cloetta, Höganäs, Nobia, Thule

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## Board

The Board is appointed by the AGM to serve for a mandate period through the end of the next AGM. On behalf of Investor's owners, the Board establishes the goals and strategies for the company, evaluates the operational management and ensures that systems are in place to monitor and verify the company's business and organizational objectives. The Board also ensures that the company's stakeholders are furnished with accurate information, that laws and regulations are complied with and that ethical guidelines and internal policies are modified as needed.

Investor's Board forms a quorum when more than half of the members are present. The Board's efforts to assure the quality of Investor's financial reporting are described in the section "Internal controls and risk management for the financial reporting".

Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. The AGM decides the exact number. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that the assignment requires. Each Board member is responsible for requesting any supplementary information that he/she feels is necessary in order to make sound decisions.

New Board members are introduced to Investor's business operations by attending an introduction orientation involving,

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## Board of Directors 2012

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No <sup>1)</sup>
Sune Carlsson	2002	Vice chairman	1941	Swedish	Yes	Yes
Dr. Josef Ackermann	2012	Member	1948	Swiss	Yes	Yes
Gunnar Brock <sup>2)</sup>	2009	Member	1950	Swedish	No <sup>3)</sup>	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No <sup>4)</sup>	Yes
Tom Johnstone	2010	Member	1955	British	Yes	Yes
Carola Lemne	2010	Member	1958	Swedish	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
O. Griffith Sexton	2003	Member	1944	American	Yes	Yes
Hans Stråberg	2011	Member	1957	Swedish	No <sup>3)</sup>	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Marcus Wallenberg	2012	Member	1956	Swedish	Yes	No <sup>1)</sup>
Peter Wallenberg Jr	2006	Member	1959	Swedish	Yes	No <sup>1)</sup>

1) Member of Knut och Alice Wallenberg Foundation.

2) In conjunction with taking over as the Chairman for Mölnlycke Health Care in 2007 (which was prior to his election to the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke Health Care as part of the stock investment program for the Board and senior executives of that company. However, it has been concluded that this not make Gunnar Brock independent on Investor or its Management.

3) Has been President of a closely-related company during the last five years.

4) President.

for example, meetings with departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

#### ***The Chairman of the Board***

The AGM appoints the Chairman of the Board. The Chairman organizes and leads the work of the Board, ensures that the Board continues to advance its knowledge of the company, communicates views from the owners and serves as support for the President. The Chairman and the President set the agenda for Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently, and ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, the Chairman of the Board, Jacob Wallenberg, is also involved in a number of other companies and serves on a number of international organizations. He has an extensive international network and he participates in various policy forums.

#### ***Members of the Board of Directors***

Since the 2012 AGM, the Board has consisted of thirteen members and no deputies. At the 2012 AGM, Jacob Wallenberg, Sune Carlsson, Gunnar Brock, Börje Ekholm, Tom Johnstone, Carola Lemne, Grace Reksten Skaugen, O. Griffith Sexton, Hans Stråberg, Lena Treschow Torell and Peter Wallenberg Jr. were re-elected. Dr. Josef Ackermann and Marcus Wallenberg were elected as new members. The AGM elected Jacob Wallenberg as Chairman of the Board for the period ending with the next AGM. President Börje Ekholm is the only Board member who is a member of the company's Management Group.

The percentage of women is 23 and the percentage of foreign members on the Board is 31 percent. A more detailed presentation of the Board is found on page 40 and on the website.

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive remuneration from these companies. It is the opinion of the Nomination Committee and the company that this remuneration does not entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and work actively through the Boards of its holdings to identify and drive value-creating initiatives. The work of Board of Directors in Investor's holdings is the core of Investor's active ownership model. For Investor, where a fundamental component is to have the right Board in each company, it is natural that Members of Investor's Board of Directors and Management have Board assignments in Investor's holdings. The assessment of each Board member's independence is presented on page 32.

#### ***The Board's Rules of Procedure***

In addition to laws and recommendations, the work of the Board is governed by its Rules of Procedure. These dictate how the Board works and the tasks that it performs. The Rules of Procedure also include instructions to the President and the Committees. The Board reviews its Rules of Procedure annually and adopts them by a Board decision.

The Rules of Procedure also specify which matters of business should always be included on the agenda of each Board meeting. Furthermore, the Rules of Procedure contain guidelines governing the decisions the Board may delegate to the President.

#### ***Evaluation of the Board***

Pursuant to the Rules of Procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board.

The 2012 evaluation was answered by each Board member. In addition, the Chairman met with each Board member separately to discuss the work done by the Board during the year.

The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The Board discussed the results of this year's evaluation and the Chairman of the Board presented them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

#### ***Work of the Board in 2012***

During the year, the Board held 14 meetings, of which ten were regular meetings, one was statutory and three were extraordinary. The attendance of each Board member at these meetings is shown in the table on page 35. The secretary of these Board meetings was General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with comprehensive written information on the issues that were to be discussed.

During the year, the Board devoted considerable time to the acquisition of additional shares in ABB, Ericsson and NASDAQ OMX, the investment in the new core investment Wärtsilä, the acquisition of Mölnlycke Health Care's mezzanine debt, the investment in Gambro to finance the company's strategic plan, the consolidation of real estate by the company Vectura, and the divestment of Gambro. Prior to each transaction, extensive analysis were presented to the Board.

The Board devoted time to both internal and external presentations of the financial markets in particular countries, as well as from a global perspective. The Board discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor's holdings and the long-term strategies of such holdings. For example, guest speakers were invited to give presentations at Investor's Board meeting that was held in June in New York.

During the year the Board also has met with the CEOs of Investor's holdings, inter alia Atlas Copco, Electrolux, Ericsson, Gambro and Sobi, for presentations of their companies.

The financial reports presented at every regular Board meeting, including those prior to the year-end and interim reports, are an important aspect of the Board's work. The Board also receives regular reports on the company's financial position. At regular Board meetings, reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding one or more of the company's holdings.

Committee work is an important task performed by the Board. A more detailed description of the work conducted by the Committees during 2012 is presented below.

During the year, the company's Management presented value creating plans for Core Investments, including analyses of the holdings' operations and development potential in the business areas where they are active. These analyses and their implications were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions.

The Board also received and discussed reports on the composition of portfolios and developments within Financial Investments, including Investor's involvement in EQT and the operations of Investor Growth Capital.

In addition to participating in meetings of the Audit Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's Management being present.

An evaluation of the work done by the Board was also conducted during the year, which provided the basis for the work of the Nomination Committee and for determining the focus of future Board work.

#### **Board Committees**

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed three Committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting. The Committee's duties and decision-

making authorities are regulated in the instruction presented to each Committee annually.

The primary objective of the Committees is to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in Committee meetings.

#### **AUDIT COMMITTEE**

The Audit Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit Committee is the primary way in which the Board and the company's auditor communicate with each other.

During 2012, the Audit Committee consisted of Sune Carlsson (chairman), Jacob Wallenberg and Peter Wallenberg Jr. The composition of the Committee meets the independence criteria set forth by the Code and the Swedish Companies Act. The Audit Committee held six meetings during the year, typically in conjunction with issuance of the quarterly and annual reports. During 2012 the Committee:

- Analyzed each interim report and the year-end report for completeness and accuracy.
- Focused particularly on the correct treatment and accounting of each business area.
- Maintained regular contact with the company's external auditor and followed up on any findings reported.
- Evaluated the audit work performed and offers from other audit firms and presented its conclusions to the Nomination Committee.
- Monitored the efficiency in the organization and the internal control in connection with process changes.

#### **REMUNERATION COMMITTEE**

The tasks of the Remuneration Committee are, among other things, to evaluate and prepare guidelines for salary and other remuneration, and to decide remuneration to the members of the Management Group, except for the President for whom the Board as a whole sets the remuneration. In 2012, the members of the Remuneration Committee were Jacob Wallenberg (Chairman), O. Griffith Sexton and Lena Treschow Torell. The composition of the Remuneration Committee meets the independence criteria set forth by the Code. The Remuneration Committee held five meetings during the year. During 2012 the Committee:

- Evaluated and approved remuneration structures for personnel and salary reviews for Management.
- Evaluated and assessed the President's goals and terms and conditions for remuneration for 2012, which were then approved by the Board.
- Monitored and evaluated variable salary programs that were in effect or concluded during the year.

- Evaluated and implemented the guidelines for remuneration and the long-term variable remuneration program for Management and employees that was adopted by the 2012 AGM.
- Monitored and evaluated the development of remuneration programs and remuneration levels in the market.
- Proposed to the Board to submit to the AGM 2013 a long-term variable remuneration program which is substantially identical to the program from 2012.

#### FINANCE AND RISK COMMITTEE

The Finance and Risk Committee ensures that the company's compliance efforts are effective and monitors risk exposure and financial strategies. The members of the Finance and Risk Committee in 2012 were Grace Reksten Skaugen (Chairman), Gunnar Brock and Jacob Wallenberg. The independence criteria do not apply to the members of this Committee. The Finance and Risk Committee held four meetings during the year. At each meeting, representatives from the specialist functions gave presentation on the current risk status and follow-up on limits and mandates in relation to policies. During 2012 the Committee focused on:

- Investor's financial flexibility.
- The uncertainties regarding the development of the global economy and the rating downgrade of several banks and its effects on Investor.

- Monitoring of risk exposure and strategy for Treasury.
- Monitoring of risk exposure and performance for Trading.
- Updates of policies and instructions were approved.

#### The President, the Management Group and the organization

The President, Börje Ekholm, is responsible for the daily operation of the business. The President's responsibilities include among other things ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market.

The President reports to the Board and ensures that it is provided with the requisite material for making well-informed decisions. The President is also a member of the Investor Board and attends all Board meetings except for when his performance is under evaluation and when the Board meets the auditor without the presence of the Management.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. There has been no change in the Management Group during 2012. Each member of the Management Group is responsible for one or more departments. For more information about the President and Management Group, see page 42.

#### Attendance record and Board remuneration in 2012

Member Chairman	Audit Committee	Remu- neration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees			Committee fees			Total Board Remunera- tion incl. synthetic shares, SEK <sup>1)</sup>
						Cash, SEK	Value of synthetic shares, SEK <sup>1)</sup>	Number of synthetic shares <sup>1,2)</sup>	Audit Com- mittee, SEK	Remune- ration Com- mittee, SEK	Finance and Risk Com- mittee, SEK	
Jacob Wallenberg				100%	100%	984,375	984,375	7,412	131,250	131,250	65,625	2,296,875
Sune Carlsson				100%	100%	262,500	262,500	1,977	196,875			721,875
Dr Josef Ackermann <sup>3)</sup>				71%		229,688	229,688	1,729				459,376
Gunnar Brock				93%	100%	262,500	262,500	1,977			65,625	590,625
Börje Ekholm				100%								
Tom Johnstone				93%		262,500	262,500	1,977				525,000
Carola Lemne				100%		262,500	262,500	1,977				525,000
Grace Reksten Skaugen				86%	100%	525,000					131,250	656,250
O. Griffith Sexton				79%	100%	525,000				65,625		590,625
Hans Stråberg				100%		262,500	262,500	1,977				525,000
Lena Treschow Torell				100%	100%	262,500	262,500	1,977		65,625		590,625
Marcus Wallenberg				89%		525,000						525,000
Peter Wallenberg Jr				86%	83%	262,500	262,500	1,977	131,250			656,250
<b>Total</b>						<b>4,626,563</b>	<b>3,051,563</b>	<b>22,980</b>	<b>459,375</b>	<b>262,500</b>	<b>262,500</b>	<b>8,662,501</b>

1) At point of allocation.

2) The synthetic shares are valued in connection with allocation after the Annual General Meeting 2012 and shall be based on an average market price of Investor shares of class B during a measurement period in conjunction with the allocation, see Note 9, Employees and personnel costs.

3) Dr. Josef Ackermann assumed his position as Member of the Board of Directors on June 1, 2012.

For total value of the Board fee including synthetic shares and dividends at year-end, see Note 9, Employees and personnel costs.

The Management Group meets regularly to decide and follow up on business activities, current projects and other issues, and to discuss personnel and organizational issues. The Management Group also holds meetings focused on the company's strategy and risk assessment four to five times a year.

The Management Group regularly works with specific business transactions. During 2012 the work with value creating plans continued. During the year the Management Group has had focus on add-on investments in Core Investments, the purchase of Wärtsilä, the purchase of Mölnlycke Health Care's mezzanine loan, the capital structure in Aleris, the strategic plan for and the divestment of Gambro and the completion of the restructuring of Investor Growth Capital. The Management Group also worked proactively to ensure the company's financial flexibility. Furthermore, the Code on Gifts, Rewards and other Benefits in Business, by the The Swedish Anti-Corruption Institute (Institutet Mot Mutor) has been implemented. The Management Group regularly monitors the organization to ensure that it has the right competences given the company's strategy, goals and challenges.

Investor's Analysts and Investment Managers in the investment organization work in business teams with one or more investments. These individuals continuously research each holding, the sector to which it belongs and competitors to identify value creating initiatives, risks and their return potential. In the listed Core Investments Investor exercises its active ownership through Board representation.

Investor governs its wholly-owned operating subsidiaries, Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura, through its representation on the Boards of those companies. Investor's Board representatives are appointed by the President of Investor. The Board representatives ensure value creation in the companies and that any indications of problems in the portfolio companies, that could impact Investor, are dealt with in an efficient manner. They are also responsible for ensuring that Investor's Management Group and Board are provided with relevant information.

Investor Growth Capital is governed as a standalone wholly-owned subsidiary.

The governance of the partner-owned companies is carried out jointly with each partner.

Investor's Trading function is governed by mandates and limits set by the Board.

Support functions on group level are Accounting Specialist, Corporate Communications, Corporate Governance, Finance, Financial Control, HR, IT, Legal, Office Support, Tax & Structure and Treasury. Responsibilities and processes within each function are governed by approved policies and instructions.

## Control functions

Using the risk policy approved by the Board as framework, the Risk Control function identifies and monitors the risks that Investor is exposed to. This function is responsible for all internal reporting of Investor's significant risks at the aggregate level. Furthermore, this function is responsible for coordinating risk management work in the business, developing awareness of different types of risk and contributing to the creation of a healthy culture in connection with risks and risk management. The Risk Control function reports to the Finance and Risk Committee.

The Compliance function supports Investor's compliance with laws and regulations, and maintains internal regulatory systems to this end. The Compliance function reports to the Finance and Risk Committee.

The Internal Control function provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work in consultation with the Audit Committee, Management Group and the external auditor. It also regularly provides reports on its work to the Audit Committee during the year.

## Remuneration

### *Remuneration to the Board*

The Nomination Committee recommends the remuneration to the Board for the coming fiscal year and the AGM approves the remuneration. Remuneration is paid to Board members not employed by the company. The total remuneration to the Board approved by the AGM was SEK 8.728 m. The Nomination Committee proposed an increase of 5 percent at the AGM 2012. The Nomination Committee had the opinion that the proposed increase of 5 percent is justified since the Board remuneration including the remuneration for committee work, per Board member, have been unchanged since 2006. Information on specific compensation is provided in the table on page 35 and in Note 9, Employees and personnel costs. The Chairman receives higher compensation than the other Board members, which reflects the extra duties this position involves. Members of the Board not employed by the company do not participate in Investor's share-based remuneration programs.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are either shareholders in the company or have similar exposure to changes in the price of Investor's share over the long term. Since the 2008 AGM, it is possible for Board members to receive a portion of their compensation in the form of synthetic shares. For the detailed terms and conditions for synthetic shares, see Note 9, Employees and personnel costs, and the company website.

At the statutory Board meeting in April, the Board adopted, as in 2011, a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year Board remuneration, before taxes, excluding remuneration for Committee work.

#### **Remuneration to Management and other employees**

In order to achieve solid, long-term growth in value for its shareholders, Investor strives to offer its employees a total remuneration package that is in line with the market and enables the recruitment and retention of the most suitable employees. Comparative studies of relevant industries and markets are carried out annually in order to evaluate current remuneration levels and to determine what constitutes a total level of remuneration in line with market practice.

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, after which the Board is informed.

When determining salaries, the employee's total compensation package is benchmarked to the external market. The mix between the various components: fixed cash salary, variable cash salary, long-term variable remuneration, pension and other remuneration and benefits, is set depending on the employee's position.

Investor's policy is for the Management Group to own shares in Investor corresponding to a market value of at least one year's gross salary for the President and at least half of one year's gross salary for the other members of the Management Group.

During 2011, an evaluation was made of the long-term variable remuneration program for the Management and the employees which was adopted at the Annual General Meeting 2011. As a result of the evaluation, the Board discussed and evaluated alternative changes to the long-term variable remuneration program. The long-term variable remuneration program proposed by the Board and decided by the Annual General Meeting in 2012 was substantially identical to the program from 2011. The Board has decided to propose to the Annual General Meeting 2013 a long-term variable remuneration program in which all employees may participate and which is essentially identical to the program from 2012, see Note 9, Employees and personnel costs. The Board's final proposal will be announced in the Notice of the 2013 Annual General Meeting.

The Board of Directors' proposed guidelines for salary and other remuneration for the President and other Members of the Management Group comply, in all material respects, with the guidelines for remuneration for previous years, and they are

based on agreements entered into between Investor and each executive. For more information on the most recently approved guidelines on remuneration to senior executives, see Note 9, Employees and personnel costs. For a description of the Board's proposed guidelines for salary and other remuneration for the President and other Members of the Management Group to the 2013 AGM, see the company website.

Information is also available in Note 9, Employees and personnel costs, and on the website about Investor's variable remuneration to senior executives and of each outstanding share- and share-price-related incentive scheme. Furthermore, available on the website are the Remuneration Committee's reports on the following: the results of the evaluation of on-going, and during the year completed, programs concerning variable salary and of the current remuneration structure and levels of remuneration, and how guidelines for remuneration principles, decided by the AGM, have been applied.

#### **The Board's report on Internal control for financial reporting**

Effective Board work is the cornerstone for good internal control. Internal control and risk management comprise a part of the Board's and Management's governance and follow-up of the business operations. Internal control is intended to ensure appropriate and efficient management of the operations, the reliability of the financial reporting and compliance with laws, ordinances and internal regulations. The Board has the ultimate responsibility of the internal control for the financial reporting.

Investor's system of internal control and risk management, with regard to financial reporting, is designed to manage risks involved in the processes related to financial reporting and ensure a high level of reliability in the financial reporting. It is also designed to ensure compliance with the applicable accounting requirements and other requirements that Investor must meet as a listed company. Investor's main business is the management of financial transactions and the company's internal control over financial reporting is focused primarily on ensuring efficient and reliable management of, and accounting for, purchases, sales and accurate evaluation of securities. Correct consolidation of the operating subsidiaries is also a priority.

The wholly-owned operating subsidiaries, Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura have separate internal control systems in place for their operational activities. The Board of each of these companies is responsible for ensuring the efficiency of the operating subsidiary's internal regulations, internal controls, risk management and financial reporting, as well as reporting on these items to that company's Board of Directors. Investor's Board representatives provide this information to Investor's investment organization, where analysis and follow-up take place.

This report on Investor's internal control for financial reporting is based on the COSO framework (The Committee of Sponsoring Organisations of the Treadway Commission) including the control components; Control environment, Risk assessment, Control Activities, Information and communication and Monitoring.

#### **Control environment**

The foundation of internal control is the overall control environment established by the Board and Management. This control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by explicit instructions and a corporate culture based on shared values. It also requires each individual's awareness of his/her role in maintaining effective internal control. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people.

All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow, e.g. from transaction management to bookkeeping and the preparation of external reports. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. The governing documents are updated yearly or when needed to ensure that they always reflect current legislation, regulations and changes in processes. During 2012 a review to increase accessibility of policies and instructions for the employees has been performed. The Compliance function educates and informs the organization continuously about internal policies and instructions.

#### **Risk assessment**

Risk assessment, i.e. identifying and evaluating risks that could prevent the company from achieving its business goals and having reliable financial reporting, is conducted continuously at Investor. The Board, via the Finance and Risk Committee and the Audit Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting. The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals.

The CEO is responsible for ensuring that the organization complies with the Risk policy and for the continuous management of all risks within the business.

The Board's and the Management's support function for managing and identifying risks and activities required, is the Risk Control Function. The overarching purpose of the function is, within the framework of the Risk Policy, to manage and control the risks within the Investor business to ensure that the Group's ability to fulfill its mission and obligations is not compromised. The Function is also responsible for identifying and controlling the risks that arise in the Group's financial activities, for continu-

ously developing and improving risk measurement methodology and for ensuring accurate and fit for-purpose risk reporting.

The operating subsidiaries: Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura are independent legal entities within the Group. They have their own risk policies and organizational structures with their own Boards, Management Groups and control functions for managing risks and quality assurance of their financial reporting to the parent company. Investor's Board representative in the subsidiaries ensures that Investor's Board and Management is informed about any issue in the financial reporting, that could affect Investor's business or financial reporting.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to the Management Group. The financial reports are compiled monthly and provided to the Management Group.

Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. In the yearly risk assessment process, the organization evaluated and followed up identified risks during 2012. There was a particular focus on identifying risks related to the restructuring of Investor Growth Capital, which started in 2011. When needed, action plans were implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are then reported to the Management Group and the Board. The CEO and Management Group follow up on the implementation of action plans.

Using each business area's risk assessment as a starting point, the Audit Committee determines which of the identified risks for the financial reporting should be prioritized by the Internal Control function. Focus is placed on risks of material weaknesses in the financial reporting for significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. Actions such as improved control routines are then taken in order to further ensure accurate financial reporting. The Finance and Risk Committee follows up on the measures in place for dealing with other risks.

For a more detailed description of Investor's risks, see Note 3, Risks.

#### **Control activities**

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company



Management to other employees. The purpose of the control activities is to prevent, detect and rectify weaknesses and deviations.

At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions. During 2012 quality assurance of the controls of the financial reporting from the operating subsidiaries and controls in the consolidation process have been in focus.

Investor's financial reports are analyzed and validated by the company's control function within Finance. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored regularly on the basis of information received from system administrators in the business process.

Suggestions for improvements are implemented on an ongoing basis.

#### **Information and communication**

Investor's Board has adopted a communication policy for the purpose of ensuring that the external information is correct and complete. Financial information is provided in the Interim Reports, Year-End Report and the Annual Report. Within the company, there are also instructions on how to communicate financial information between Management and other employees. During 2012 Investor has focused on improving, simplifying and ensuring that correct and relevant information continuously is available. In order for correct dissemination of information to occur, there must be good information security routines in place.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. During 2012 Investor

launched a new website with the aim to enhance its information, for example regarding the financial information. News and events that are considered to have an impact on Investor's share prices are announced in press releases.

#### **Monitoring**

Both the Board and the Management Group regularly follow up on the compliance and effectiveness of the company's internal controls to ensure the quality of internal processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is furnished with detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee plays an important role in ensuring and monitoring that control activities are in place for important areas of risk inherent in the processes for financial reporting. The Audit Committee, Management Group and Internal Control function regularly follow up reported deviations.

More information about Investor's corporate governance activities is available at [www.investorab.com](http://www.investorab.com)

Information about laws and practices associated with Swedish corporate governance is available at: [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se) (the Code), [www.nasdaqomx.com](http://www.nasdaqomx.com) (rule book for issuers) and [www.fi.se](http://www.fi.se) (The Swedish Financial Supervisory Authority's statutes and information about insiders).

# Board of Directors

## 1. Jacob Wallenberg<sup>1)</sup> Born 1956

Chairman since 2005  
Vice Chairman 1999-2005  
Director since 1998  
Chairman: Remuneration Committee  
Member: Audit Committee, Finance and Risk Committee

### Other board assignments

Vice Chairman: Ericsson, SAS, SEB  
Director: ABB, The Coca-Cola Company, Knut and Alice Wallenberg Foundation, Stockholm School of Economics  
Member: The European Round Table of Industrialists, IBLAC Shanghai's International Business Leaders Advisory Council

### Work experience

Chairman: SEB  
Vice Chairman: Atlas Copco  
President and CEO: SEB  
Executive VP and Head of Enskilda Division: SEB  
Advisor to the President and CEO: SEB  
Executive VP and CFO: Investor

### Education

B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania  
Reserve Officer, Swedish Navy

### Independent/Dependent<sup>2)</sup>

**Shares in Investor<sup>3)</sup>**  
186,936, Synthetic shares: 38,437

## 2. Sune Carlsson<sup>1)</sup> Born 1941

Vice Chairman since 2011  
Director since 2002  
Chairman: Audit Committee

### Other board assignments

Chairman: Atlas Copco

### Work experience

Vice Chairman: Scania  
President and CEO: SKF  
Executive Vice President: ABB, ASEA

### Education

M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

### Independent/Dependent<sup>2)</sup>

**Shares in Investor<sup>3)</sup>**  
50,000, Synthetic shares: 10,249

## 3. Dr. Josef Ackermann<sup>1)</sup> Born 1948

Director since 2012

### Other board assignments

Chairman: Zurich Insurance Group, St. Gallen Foundation for International Studies  
Vice Chairman: Belenos Clean Power Holding  
Vice Chairman foundation board: World Economic Forum  
Second Deputy Chairman Supervisory Board: Siemens  
Non-executive member: Royal Dutch Shell  
Director International Advisory Board: The National Bank of Kuwait, Akbank and The China Banking Regulatory Commission (CBRC)

### Work experience

Chairman Management Board and the Group Executive Committee: Deutsche Bank  
President Executive Board: Schweizerische Kreditanstalt (Switzerland)

### Education

Dr. oec, economics and social sciences, University of St. Gallen, Switzerland

### Independent/Dependent<sup>2)</sup>

**Shares in Investor<sup>3)</sup>**  
0, Synthetic shares: 1,729

## 4. Gunnar Brock<sup>1)</sup> Born 1950

Director since 2009  
Member: Finance and Risk Committee

### Other board assignments

Chairman: Mölnlycke Health Care, Rolling Optics, Stora Enso  
Director: SOS Children's Villages, Stena, Stockholm School of Economics, Syngenta, Total  
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

### Work experience

CEO: Alfa Laval, Atlas Copco, Tetra Pak Group of Companies, Thule International

### Education

M.Sc. in Economics and Business Administration, Stockholm School of Economics

### Independent/Dependent<sup>2)</sup>

### Shares in Investor<sup>3)</sup>

0, Synthetic shares: 8,117

## 5. Börje Ekholm

See information on page 42

## 6. Tom Johnstone<sup>1)</sup> Born 1955

Director since 2010

### Current role

President and CEO: SKF

### Other board assignments

Director: Husqvarna, SKF

### Work experience

Director: The Association of Swedish Engineering Industries, Electrolux  
Executive Vice President: SKF  
President: Automotive Division, SKF

### Education

M.A., University of Glasgow

### Independent/Dependent<sup>2)</sup>

**Shares in Investor<sup>3)</sup>**  
0, Synthetic shares: 5,751

## 7. Carola Lemne<sup>1)</sup> Born 1958

Director since 2010

### Current role

President and CEO: Praktikertjänst

### Other board assignments

Director: The Confederation of Swedish Enterprise, Getinge

### Work experience

Director: Apoteket, Meda, Stockholm University, The Strategic Research Foundation  
Managing Director: Danderyd University Hospital  
Vice President Clinical Development and Regulatory Affairs Strategy: Pharmacia Corp (New Jersey)

### Education

M.D., Ph.D. and Associate Professor, Karolinska Institutet

### Independent/Dependent<sup>2)</sup>

**Shares in Investor<sup>3)</sup>**  
1,000, Synthetic shares: 5,751



1) For more detailed CV, please visit our website: [www.investorab.com](http://www.investorab.com).

2) See page 32, table Board of Directors 2012.

3) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 9, Employees and personnel costs.

**8. Grace Reksten Skaugen**<sup>1)</sup> Born 1953  
 Director since 2006  
 Chairman: Finance and Risk Committee

**Other board assignments**  
 Chairman: Norwegian Institute of Directors  
 Deputy Chairman: Statoil  
 Director: Orkla

**Work experience**  
 Chairman: Entra Eiendom, Ferd  
 Director: Atlas Copco, Corporate Finance Enskilda Securities (Oslo), Opera Software, Renewable Energy Corporation, Storebrand, Tandberg

**Education**  
 M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 1,500

**9. O. Griffith Sexton**<sup>1)</sup> Born 1944  
 Director since 2003  
 Member: Remuneration Committee

**Other board assignments**  
 Director: Morgan Stanley

**Work experience**  
 Advisory Director: Morgan Stanley  
 Managing Director: Morgan Stanley  
 Adjunct Professor of Finance, Columbia Business School  
 Visiting Lecturer, Princeton University

**Education**  
 M.B.A., Stanford University Graduate School of Business  
 B.S.E., Princeton University

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 1,800

**10. Hans Stråberg**<sup>1)</sup> Born 1957  
 Director since 2011

**Other board assignments**  
 Chairman: CTEK, Orchid, Roxtec  
 Director: N Holding, Stora Enso  
 Member: Royal Swedish Academy of Engineering Sciences (IVA)

**Work experience**  
 President and CEO: Electrolux  
 COO: Electrolux  
 Various positions with Electrolux

**Education**  
 M.Sc. in Engineering, Chalmers University of Technology, Gothenburg  
 Reserve Officer, The Swedish Army

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 8,300, Synthetic shares: 3,780

**11. Lena Treschow Torell**<sup>1)</sup> Born 1946  
 Director since 2007  
 Member: Remuneration Committee

**Other board assignments**  
 Chairman: Euro-CASE, MISTRA  
 Vice Chairman: Chalmers University of Technology, ÅF  
 Director: Saab, SKF

**Work experience**  
 Chairman and President: Royal Swedish Academy of Engineering Sciences (IVA)  
 Research Director: Joint Research Centre, European Commission (Brussels)  
 Professor in Physics: Chalmers University of Technology, Uppsala University  
 Board member: Ericsson, Gambio, Getinge, Micronic Mydata

**Education**  
 Ph.D., Physics, University of Gothenburg  
 Docent, Physics, Chalmers University of Technology

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 16,500, Synthetic shares: 10,249

**12. Marcus Wallenberg**<sup>1)</sup> Born 1956  
 Director since 2012

**Other board assignments**  
 Chairman: Electrolux, LKAB, Saab, SEB  
 Director: AstraZeneca, Knut and Alice Wallenberg Foundation, Stora Enso, Temasek Holding

**Work experience**  
 President and CEO: Investor  
 Executive VP: Investor  
 Chairman: International Chamber of Commerce (ICC)  
 Director: Stora Feldmühle (Germany)  
 SEB (Stockholm, London)

**Education**  
 B. Sc of Foreign Service, Georgetown University, Washington D.C.  
 Reserve Officer, Swedish Navy

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 552,223

**13. Peter Wallenberg Jr.**<sup>1)</sup> Born 1959  
 Director since 2006  
 Member: Audit Committee

**Other board assignments**  
 Chairman: Foundation Asset Management, Grand Hôtel, The Royal Swedish Automobile Club, Kungsträdgården Park & Evenemang  
 Vice Chairman: The Knut and Alice Wallenberg Foundation  
 Director: Aleris, Atlas Copco, Scania, SEB Kort, Stockholmsmässan

**Work experience**  
 President and CEO: The Grand Hôtel Holdings  
 General Manager: The Grand Hôtel  
 President: Hotel Division Stockholm-Saltsjön

**Education**  
 BSBA Hotel Administration, University of Denver, International Bacholoria, American School, Leysin, Switzerland

**Independent/Dependent**<sup>2)</sup>

**Shares in Investor**<sup>3)</sup>  
 57,598, Synthetic shares: 10,249



**Honorary Chairman**  
**Peter Wallenberg** born 1926  
 Honorary Chairman since 1997  
 Chairman 1982-1997  
 Director 1969-1982

**Other board assignments:**  
 Chairman: The Knut and Alice Wallenberg Foundation, Honorary Chairman: Atlas Copco AB

**Education:** Bachelor of Laws, University of Stockholm

1) For more detailed CV, please visit our website: [www.investorab.com](http://www.investorab.com).

2) See page 32, table Board of Directors 2012.

3) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 9, Employees and personnel costs.

# Management Group



## **Börje Ekholm**

Born 1963  
Director since 2006  
President and Chief Executive Officer since 2005  
Member of the Management Group since 1997, employed in 1992

### **Board assignments**

Chairman: KTH Royal Institute of Technology, NASDAQ OMX  
Director: Chalmersinvest, EQT Partners, Ericsson, Husqvarna

### **Work experience**

Board member: Biotage, Greenway Medical Technology, Scania, Tessera Technologies, WM-data  
Head of New Investments: Investor  
CEO: Novare Kapital  
Analyst: Core Holdings, Investor  
Associate: McKinsey & Co

### **Education**

M.B.A., INSEAD, Fontainebleau  
M.Sc. in Engineering, KTH Royal Institute of Technology, Stockholm

**Shares in Investor<sup>1)</sup>**  
438,095



## **Susanne Ekblom**

Born 1966  
Chief Financial Officer  
Member of the Management Group since 2011, employed in 2011

### **Board assignments**

Director: Vectura

### **Work experience**

CFO: Sveriges Television  
Controller: Scania  
Head of Financial and Administration: DynaMate  
Head of Accounting: LRF Media  
Financial Manager: Ingenjörskörförbundet

### **Education**

BSc. in Business and Economics, Stockholm University

**Shares in Investor<sup>1)</sup>**  
4,000



## **Johan Forssell**

Born 1971  
Head of Core Investments  
Member of the Management Group since 2006, employed in 1995

### **Board assignments**

Director: Atlas Copco, Saab

### **Work experience**

Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst: Core Holding, Investor

### **Education**

M.Sc. in Finance, Stockholm School of Economics, Stockholm

**Shares in Investor<sup>1)</sup>**  
62,008



## **Petra Hedengran**

Born 1964  
General Counsel, and Head of Corporate Governance and Compliance  
Member of the Management Group since 2007, employed 2007

### **Board assignments**

Director: The Association for Generally Accepted Principles in the Securities Market, EQT Partners, Lindorff Group

### **Work experience**

Partner och Head of Banking and Financing Group: Advokatfirman Lindahl  
Legal Counsel and General Counsel: ABB Financial Services, Nordic Region  
Assistant Judge: Stockholms Tingsrätt  
Associate: Gunnar Lindhs Advokatbyrå

### **Education**

Bachelor of Laws, Stockholm University

**Shares in Investor<sup>1)</sup>**  
13,817



## **Lennart Johansson**

Born 1955  
Head of Financial Investments  
Member of the Management Group since 2006, employed 2003

### **Board assignments**

Director: Hi3G, Lindorff Group, SOBI

### **Work experience**

CEO: b-business partners och Emerging Technologies  
Deputy CEO/Senior Executive Vice President and Senior Vice President Accounting: Atlas Copco Audit and Control  
Business Area Controller: Atlas Copco Industrial Technique  
Management consultant: Nordic Management, SMG

### **Education**

M. Sc. in Business Administration, Stockholm School of Economics, Stockholm

**Shares in Investor<sup>1)</sup>**  
35,071

See Note 9, Employees and personnel costs, for shares and share-related instruments held by Management Group members.

1) Includes holdings of close relatives and legal entities.

# Proposed Disposition of Earnings

The Board of Directors propose that the unappropriated earnings in Investor AB:

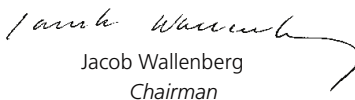
Total available funds for distribution		To be allocated as follows:	
Retained earnings	119,562,023,572	Dividend to shareholders, SEK 7.00 per share	5,370,225,210 <sup>1)</sup>
Net profit for the year	23,056,715,955	Funds to be carried forward	137,248,514,317
<b>Total SEK</b>	<b>142,618,739,527</b>	<b>Total SEK</b>	<b>142,618,739,527</b>

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Administration Report for the Group and the Parent Company gives a true and fair view of the operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face. The annual accounts and the consolidated financial statements were approved for release by the Board of Directors and the President on March 12, 2013. The consolidated Income Statement and Balance Sheet, and the Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on April 15, 2013.

The proposed dividend amounts to SEK 5,370 m. The Group's equity attributable to the shareholders of the Parent Company was SEK 174,698 m. as of December 31, 2012 and unrestricted equity in the Parent Company was SEK 142,619 m. Unrestricted equity includes SEK 66,702 m. attributable to unrealized changes in value according to a valuation at fair value. With reference to the above, and to other information that has come to the knowledge of the Board, it is the opinion of the Board that the proposed dividend is defensible with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

1) Calculated on the total number of registered shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2012, the Parent Company's holding of own shares totaled 6,248,054.


Stockholm, March 12, 2013

  
Jacob Wallenberg  
Chairman

  
Dr. Josef Ackermann  
Director


  
Gunnar Brock  
Director

  
Sune Carlsson  
Vice Chairman

  
Tom Johnstone  
Director


  
Carola Lemne  
Director

  
Grace Reksten Skaugen  
Director

  
O. Griffith Sexton  
Director

  
Hans Stråberg  
Director

  
Lena Treschow Torell  
Director

  
Marcus Wallenberg  
Director

  
Peter Wallenberg Jr  
Director

  
Börje Ekholm  
President and  
Chief Executive Officer

Our Audit Report was submitted on March 13, 2013

KPMG AB

*Signed on the original document*

Helene Willberg  
Authorized Public Accountant

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# Consolidated Income Statement

SEK m.	Note	2012	2011
Dividends	6	5,177	4,330
Other operating income	6	509	480
Changes in value	7	19,472	-17,586
Net sales	6	16,849	14,674
Cost of goods and services sold	8,9,11,16,17,18	-11,166	-9,605
Sales and marketing costs	8,9,11,16,17,18	-2,595	-2,558
Administrative, research and development and other operating costs	8,9,10,11,16,17,18	-1,549	-1,334
Management costs	8,9,10,11,16,17,18	-377	-506 <sup>1)</sup>
Restructuring costs	8,9	-	-150
Share of results of associates	12	-237	5,240
<b>Operating profit/loss</b>		<b>26,083</b>	<b>-7,015</b>
Financial income	13	906	572
Financial expenses	13	-3,432	-3,138
<b>Net financial items</b>		<b>-2,526</b>	<b>-2,566</b>
<b>Profit/loss before tax</b>		<b>23,557</b>	<b>-9,581</b>
Tax	14	618	293
<b>Profit/loss for the year</b>	5	<b>24,175</b>	<b>-9,288</b>
Attributable to:			
Owners of the Parent Company		24,226	-9,229
Non controlling interest		-51	-59
<b>Profit/loss for the year</b>		<b>24,175</b>	<b>-9,288</b>
Basic earnings per share, SEK	15	31.85	-12.14
Diluted earnings per share, SEK	15	31.83	-12.14

1) Up until July 1, 2011, costs relating to Investor Growth Capital were included in Investor's management costs. These costs amounted to SEK 86 m. during H1 2011.

# Consolidated Statement of Comprehensive Income

SEK m.	Note	2012	2011
Profit/loss for the year		24,175	-9,288
Other comprehensive income for the year, including taxes			
Revaluation of non-current assets for the year		32	190
Change in fair value of cash flow hedges for the year		399	-243
Foreign currency translation adjustment		-720	7
Actuarial gains and losses on defined benefit pension plans		-70	-30
Share of other comprehensive income of associates		41	-189
<b>Total other comprehensive income for the year</b>		<b>-318</b>	<b>-265</b>
<b>Total comprehensive income for the year</b>		<b>23,857</b>	<b>-9,553</b>
Attributable to:			
Owners of the Parent Company		23,913	-9,469
Non-controlling interest		-56	-84
<b>Total comprehensive income for the year</b>	24	<b>23,857</b>	<b>-9,553</b>



# Consolidated Balance Sheet

SEK m.	Note	12/31 2012	12/31 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	16	23,996	24,619
Other intangible assets	16	8,718	9,750
Buildings and land	17	2,563	2,494
Machinery and equipment	18	1,595	1,501
Shares and participations recognized at fair value	19	162,244	140,629
Shares and participations in associates	12	2,074	7,268
Other financial investments	23	1,072	1,967
Long-term receivables	20	6,281	6,045
Deferred tax assets	14	823	687
<b>Total non-current assets</b>		<b>209,366</b>	<b>194,960</b>
<b>Current assets</b>			
Inventories	21	1,264	1,141
Tax assets		137	352
Trade receivables		1,942	1,848
Other receivables	20	284	264
Prepaid expenses and accrued income	22	716	876
Shares and participations in trading operation		113	1,094
Short-term investments	23	2,672	8,760
Cash and cash equivalents	23	7,696	4,312
Assets held for sale	12	5,455	–
<b>Total current assets</b>		<b>20,279</b>	<b>18,647</b>
<b>TOTAL ASSETS</b>		<b>229,645</b>	<b>213,607</b>

# Consolidated Balance Sheet

SEK m.	Note	12/31 2012	12/31 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	24		
Share capital		4,795	4,795
Other contributed equity		13,533	13,533
Reserves		-536	-283
Retained earnings, including profit/loss for the year		156,906	138,025
<b>Equity attributable to shareholders of the Parent Company</b>		<b>174,698</b>	<b>156,070</b>
Non-controlling interest		408	649
<b>Total equity</b>		<b>175,106</b>	<b>156,719</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term interest-bearing liabilities	25	45,278	44,693
Provisions for pensions and similar obligations	26	728	673
Other provisions	27	108	248
Deferred tax liabilities	14	2,714	3,500
Other long-term liabilities	28	51	-
<b>Total non-current liabilities</b>		<b>48,879</b>	<b>49,114</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	25	1,210	3,479
Trade payables		1,178	1,067
Tax liabilities		192	290
Other liabilities	28	608	584
Accrued expenses and prepaid income	29	2,301	2,265
Provisions	27	171	89
<b>Total current liabilities</b>		<b>5,660</b>	<b>7,774</b>
<b>Total liabilities</b>		<b>54,539</b>	<b>56,888</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>229,645</b>	<b>213,607</b>

See Note 31, for the Group's pledged assets and contingent liabilities.

# Consolidated Statement of Changes in Equity

SEK m.	Note 24	Equity attributable to shareholders of the Parent Company							Non-controlling interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2012		4,795	13,533	-349	558	-492	138,025	156,070	649	156,719
Profit/loss for the year							24,226	24,226	-51	24,175
Other comprehensive income for the year				-623	32	350	-72	-313	-5	-318
<b>Total comprehensive income for the year</b>				<b>-623</b>	<b>32</b>	<b>350</b>	<b>24,154</b>	<b>23,913</b>	<b>-56</b>	<b>23,857</b>
Release of revaluation reserve due to amortization of revalued amount					-12		12			
Dividend							-4,563	-4,563		-4,563
Change in non-controlling interest							-779	-779	-185	-964
Stock options exercised by employees							25	25		25
Equity-settled share-based payment transactions							32	32		32
Closing balance 12/31 2012		4,795	13,533	-972	578	-142	156,906	174,698	408	175,106

SEK m.	Note 24	Equity attributable to shareholders of the Parent Company							Non-controlling interest	Total equity
		Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2011		4,795	13,533	-168	377	-273	151,122	169,386	665	170,051
Profit/loss for the year							-9,229	-9,229	-59	-9,288
Other comprehensive income for the year				-181	190	-219	-30	-240	-25	-265
<b>Total comprehensive income for the year</b>				<b>-181</b>	<b>190</b>	<b>-219</b>	<b>-9,259</b>	<b>-9,469</b>	<b>-84</b>	<b>-9,553</b>
Release of revaluation reserve due to amortization of revalued amount					-9		9			
Dividend							-3,802	-3,802		-3,802
Change in non-controlling interest							-58	-58	58	
Acquisition of non-controlling interest									10	10
Stock options exercised by employees							-19	-19		-19
Equity-settled share-based payment transactions							30	30		30
Sales of own shares							2	2		2
Closing balance 12/31 2011		4,795	13,533	-349	558	-492	138,025	156,070	649	156,719

# Consolidated Statement of Cash Flow

SEK m.	Note	2012	2011
<b>Operating activities</b>			
Core Investments			
Dividends received		4,783	3,998
Cash receipts		17,313	14,451
Cash payments		-14,146	-11,697
Financial Investments and management costs			
Dividends received		416	347
Net cash flows, trading operation		-781	984
Cash payments		-585	-648
<b>Cash flow from operating activities before net interest and income tax</b>		<b>7,000</b>	<b>7,435</b>
Interest received <sup>1)</sup>		1,115	1,493
Interest paid <sup>1)</sup>		-3,182	-3,129
Income tax paid		-148	-461
<b>Cash flow from operating activities</b>		<b>4,785</b>	<b>5,338</b>
<b>Investing activities<sup>2)</sup></b>			
Acquisitions		-6,164	-10,360
Divestments		4,864	7,328
Increase in long-term receivables		0	-
Decrease in long-term receivables		262	177
Acquisitions of subsidiaries, net effect on cash flow		-1,217	-1,153
Sale of subsidiaries, net effect on cash flow		-	8
Increase in other financial investments		855	-4,856
Decrease in other financial investments		-	3,591
Net changes, short-term investments		6,099	608
Acquisitions of property, plant and equipment		-688	-573
Proceeds from sale of other investments		4	11
<b>Net cash used in investing activities</b>		<b>4,015</b>	<b>-5,219</b>
<b>Financing activities</b>			
Borrowings		4,288	7,058
Repayment of borrowings		-5,062	-1,748
Sales of own shares		-	2
Dividend		-4,563	-3,802
<b>Net cash used in financing activities</b>		<b>-5,337</b>	<b>1,510</b>
<b>Cash flow for the year</b>		<b>3,463</b>	<b>1,629</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>4,312</b>	<b>2,684</b>
Exchange difference in cash		-79	-1
<b>Cash and cash equivalents at year-end</b>		<b>7,696</b>	<b>4,312</b>

1) Gross flows from interest swap contracts are included in interest received and interest paid.

2) Mandatory heading in statement of cash flow according to IFRS. Investing activities in this statement are not in accordance with Investors's definition.

# Parent Company Income Statement

SEK m.	Note	2012	(Restated) 2011
Dividends		4,738	3,998
Changes in value	39, 40	18,244	-22,063
Net sales		29	20
Operating costs	9, 10, 11, 16, 17, 18	-378	-495 <sup>1)</sup>
Results from participations in Group companies	34	-	520
Results from participations in associates	39	-	1,054
<b>Operating profit/loss</b>		<b>22,633</b>	<b>-16,966</b>
<b>Profit/loss from financial items</b>			
Results from other receivables that are non-current assets	35	1,094	2,534
Interest income and similar items	36	30	129
Interest expenses and similar items	37	-700	-2,410
<b>Profit/loss after financial items</b>		<b>23,057</b>	<b>-16,713</b>
Tax	14	-	-
<b>Profit/loss for the year</b>		<b>23,057</b>	<b>-16,713</b>

# Parent Company Statement of Comprehensive Income

SEK m.	2012	(Restated) 2011
Profit/loss for the year	23,057	-16,713
Other comprehensive income for the year		
Actuarial gains and losses on defined benefit pension plans	-17	-12 <sup>1)</sup>
Change in fair value of cash flow hedges for the year	183	-17
<b>Total other comprehensive income for the year</b>	<b>166</b>	<b>-29</b>
<b>Total comprehensive income for the year</b>	<b>23,223</b>	<b>-16,742</b>

1) Restated due to new accounting policy, see Note 1, Significant accounting policies.

# Parent Company Balance Sheet

SEK m.	Note	12/31 2012	12/31 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16	11	16
Property, plant and equipment	18	19	22
Financial assets			
Participations in Group companies	38	44,399	41,174
Participations in associates	39	94,733	76,611
Other long-term holdings of securities	40	40,178	39,492
Receivables from Group companies	41	29,066	25,243
<b>Total non-current assets</b>		<b>208,406</b>	<b>182,558</b>
<b>Current assets</b>			
Trade receivables		1	3
Receivables from Group companies		1,107	3,196
Receivables from associates		0	0
Tax assets		13	13
Other receivables		17	1
Prepaid expenses and accrued income	22	69	34
Cash and cash equivalents	23	0	0
<b>Total current assets</b>		<b>1,207</b>	<b>3,247</b>
<b>TOTAL ASSETS</b>		<b>209,613</b>	<b>185,805</b>

# Parent Company Balance Sheet

SEK m.	Note	12/31 2012	12/31 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
		18,730	18,730
Unrestricted equity			
Fair value fund, hedging reserve		–	–183
Accumulated profit/loss		119,562	140,799
Profit/loss for the year		23,057	–16,713
		142,619	123,903
<b>Total equity</b>		<b>161,349</b>	<b>142,633</b>
<b>Provisions</b>			
Provisions for pensions and similar obligations	26	194	203
Other provisions	27	97	90
<b>Total provisions</b>		<b>291</b>	<b>293</b>
<b>Non-current liabilities</b>			
Loans	25	27,684	25,375
Liabilities to Group companies		879	1,169
<b>Total non-current liabilities</b>		<b>28,563</b>	<b>26,544</b>
<b>Current liabilities</b>			
Loans	25	–	2,056
Trade payables		9	20
Liabilities to Group companies		18,662	13,503
Liabilities to associates		0	2
Other liabilities		21	14
Accrued expenses and deferred income	29	718	740
<b>Total current liabilities</b>		<b>19,410</b>	<b>16,335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>209,613</b>	<b>185,805</b>
<b>PLEDGED ASSETS AND CONTINGENT LIABILITIES</b>			
Pledged assets	31	95	23
Contingent liabilities	31	10,200	10,208

# Parent Company Statement of Changes in Equity

SEK m.	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value fund, hedging reserve	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2012	4,795	13,935	-183	124,086		142,633
Profit/loss for the year					23,057	23,057
Other comprehensive income for the year			183	-17		166
<b>Total comprehensive income for the year</b>			<b>183</b>	<b>-17</b>	<b>23,057</b>	<b>23,223</b>
Dividend				-4,563		-4,563
Stock options exercised by employees				25		25
Equity-settled share-based payment transactions				31		31
Closing balance 12/31 2012	4,795	13,935	-	119,562	23,057	161,349

SEK m.	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value fund, hedging reserve	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2011	4,795	13,935	-166	144,600		163,164
Profit/loss for the year					-16,713	-16,713
Other comprehensive income for the year			-17	-12		-29
<b>Total comprehensive income for the year</b>			<b>-17</b>	<b>-12</b>	<b>-16,713</b>	<b>-16,742</b>
Dividend				-3,802		-3,802
Stock options exercised by employees				-19		-19
Equity-settled share-based payment transactions				30		30
Sales of own shares				2		2
Closing balance 12/31 2011	4,795	13,935	-183	140,799	-16,713	142,633

## Unrestricted equity

### Fair value fund, hedging reserve

Investor applies the regulations of the Swedish Annual Accounts Act concerning the valuation of financial instruments at fair value in accordance with chapter 4, Section 14a-e. The hedging reserve includes the effective component of the accumulated net change of fair value of an instrument used for a cash flow hedge, relating to hedging transactions not yet accounted for in the Profit/loss. The change in value is recognized in other comprehensive income. Changes in the hedging reserve have no effect on the reported tax expense since the Parent Company is taxed in accordance with the regulations for industrial holding companies in Sweden.

## Distribution of share capital

The Parent Company's share capital on December 31, 2012, as well as on December 31, 2011 consists of the following numbers of shares with a quota of SEK 6.25 per share.

Share class	Number of shares	Number of votes	Share in % of	
			Capital	Votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
<b>Total</b>	<b>767,175,030</b>	<b>357,239,262</b>	<b>100.0</b>	<b>100.0</b>

For information regarding repurchased own shares, see the Corporate Governance Report page 30.



# Parent Company Statement of Cash Flow

SEK m.	2012	2011
<b>Operating activities</b>		
Dividends received	4,738	3,998
Cash payments to suppliers and employees	-319	-435
<b>Cash flow from operating activities before net interest and income taxes</b>	<b>4,419</b>	<b>3,563</b>
Interest received	1,807	1,701
Interest paid	-1,683	-1,278
Income taxes paid	0	0
<b>Cash flow from operating activities</b>	<b>4,543</b>	<b>3,986</b>
<b>Investing activities<sup>1)</sup></b>		
Share portfolio		
Acquisitions	-649	-4,700
Divestments	83	1,998
Other items		
Capital contributions to subsidiaries	-3,224	-4,037
Acquisitions of property, plant and equipment/intangible assets	-2	-9
<b>Net cash used in investing activities</b>	<b>-3,792</b>	<b>-6,748</b>
<b>Financing activities</b>		
Borrowings	3,277	6,347
Repayment of borrowings	-2,078	-90
Change, intra-group balances	2,613	305
Sales of own shares	-	2
Dividend	-4,563	-3,802
<b>Net cash used in financing activities</b>	<b>-751</b>	<b>2,762</b>
<b>Cash flow for the year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at year-end</b>	<b>0</b>	<b>0</b>

1) Mandatory heading in statement of cash flow according to IFRS. Investing activities in this statement are not in accordance with Investor's definition.

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

# Notes to the financial statements

## Note 1 Significant accounting policies

The most significant accounting policies applied in this Annual Report are presented in this note and, where applicable, in the notes to the financial statements. For a more comprehensive description of the accounting policies applied by the Group and the Parent Company, refer to Investor's homepage [www.investorab.com](http://www.investorab.com), Investor in Figures.

### Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS as adopted by the European Union). In addition, RFR 1 Supplementary Accounting Policies for Groups, was applied. The Parent Company applies the same accounting policies as the Group, unless otherwise noted. Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act. The Annual Accounts Act and RFR 2 Accounting for Legal Entities have been applied for the Parent Company.

### Basis of preparation for the Parent Company and consolidated financial statements

The financial statements are presented in Swedish kronor (SEK), which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m.).

In the consolidated financial statements, the majority of assets are financial assets measured at fair value. The majority of property is also measured at fair value. Other assets and liabilities are in essence measured at historical cost.

Non-current assets and non-current liabilities consist primarily of amounts that are expected to be settled more than 12 months from the balance sheet date. Other assets and liabilities are presented as current assets and current liabilities.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise noted. The accounting policies have also been consistently applied to the reporting and consolidation of the Parent Company, subsidiaries and associates.

In some of the notes for the Group, information relating to the investing activities is presented. Investing activities include the following: Parent Company operations, Investor's internal bank, trading operations and Investor Growth Capital (up until July 1, 2011). Information regarding the investing activities is presented in the notes if the amounts are significant.

### Changes in accounting policies

The following is a description of the revised accounting policies applied by the Group and Parent Company as of January 1, 2012.

#### *Changes in accounting policies due to new or amended IFRS.*

IFRS changes that are to be applied starting in 2012 did not have any effect on the Group's or the Parent Company's accounting. A number of new or amended standards will come into effect for the next financial year and they have not been adopted early when preparing these financial statements.

#### *Voluntary change in accounting policy*

The policy for accounting of share-based payments has changed during the year. The change only affects the allocation of costs between management costs and financial net. It does not affect total income. Reallocated amounts are considered non-material and, because of that, no restatement of previous periods is presented, see Note 9, Employees and personnel costs for a description of the policy.

#### *Change in accounting policy for the Parent Company due to change in RFR 2*

As a consequence of a change in RFR 2 Accounting for legal entities, actuarial gains and losses relating to pensions in the Parent Company are no longer recorded in profit/loss for the year. Instead, they are recorded in other comprehensive income. The new accounting harmonizes with how actuarial gains and losses are recorded in the consolidated accounts. For a specification of restated amounts, see the Parent Company Income Statement and Statement of Comprehensive Income.

#### *New IFRS regulations and interpretations to be applied in 2013*

The new or revised standards described below will be applied, and have an impact on, the Group as of January 1, 2013.

Amendment IAS 1 Presentation of Financial Statements: The amendment concerns how items in other comprehensive income must be presented, i.e. items that could be reclassified to profit/loss at a future point in time must

be presented separately from items which will never be reclassified. Examples of items that should be reclassified are translation differences and gains/losses from cash flow hedges. Items that should not be reclassified are actuarial gains and losses and revaluations in accordance with the revaluation model for Property, Plant and Equipment.

Amendment to IAS 19 Employee benefits: For Investor, the impact of this amendment is that financing cost will be calculated as a net and that new requirements for disclosures will be added. The change will not have any material effect on the consolidated accounts in monetary terms.

Amendment to IFRS 7 Financial Instruments – Disclosures: The change refers to new requirements for disclosures regarding netting of financial assets and liabilities. The amendment may lead to additional disclosures for the Group.

IFRS 13 Fair Value Measurement: This is a new standard for measuring fair value, including changed disclosure requirements. The new standard will lead to some additional disclosures for the Group.

The new or revised standards described below will be applied and have an impact on the Group as of January 1, 2014.

IFRS 10 Consolidated Financial Statements including changes relating to Investment entities: This is a new standard for consolidation using a new model for the evaluation of controlling influence. Since Investor has no exit strategy for the majority of its large holdings, the definition of an Investment entity is not applicable. There is an ongoing investigation into whether the new standard will mean that additional companies should be consolidated because of de facto control.

IFRS 12 Disclosure of Interests in Other Entities: This is a new standard regarding disclosures for investments in subsidiaries, joint arrangements and associates. The amendment may lead to additional disclosures for the Group.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments Recognition and Measurement: with mandatory effective date of January 1, 2015. The IASB has thus far published the first parts of what will become the final IFRS 9. The changes are not expected to have any substantial effects on amounts reported in the consolidated financial statements, since the majority of the Group's financial assets are reported in accordance with the fair value option.

Other changes to IFRS and IFRIC to be applied in the future are not expected to have any impact on the Group's reporting.

### Consolidation principles

The consolidated financial statements comprise the Parent company, subsidiaries and associates:

- Subsidiaries are companies in which Investor AB has more than 50 percent of the votes or by other means has a controlling influence. Subsidiaries are reported in accordance with the purchase method.
- Associates are companies in which Investor has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor control and monitor the companies' operations. For further information see Note 12, Shares and participations in associates.

Intra-group receivables, payables and transactions as well as gains arising from transactions with associates, that are consolidated using the equity method, are eliminated when preparing the consolidated financial statements.

### Foreign currency

#### *Translation to functional currency*

Foreign currency transactions are translated at the exchange rate in existence on the date of the transaction. Assets and liabilities in foreign currency are translated at the exchange rate in existence on the Balance sheet date, except for non-monetary assets and liabilities, which are recognized at historical cost using the exchange rate in existence on the date of the transaction. Exchange differences arising up on translation are recognized in the income statement with the exception of effects from cash-flow hedges, see Note 30, Financial instruments.

#### *Financial statements of foreign operations*

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses/deficits, are translated to SEK using the exchange rate in existence on the balance sheet date. Revenues and expenses in a foreign operation are translated to SEK using an average exchange rate that approximates the exchange rates on the dates of the transactions. Translation differences arising when translating foreign operations are recognized directly in other comprehensive income and are accumulated in a separate component of equity, translation reserve.

## Note 2 Critical estimates and key judgments

In order to close the books and prepare the financial statements in accordance with IFRS, management must make estimates and assumptions that affect the application of the accounting policies and the amounts recognized for assets, liabilities, income and expenses.

Estimates and judgments are based on historical experience, market information and assumptions that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

### Judgments in relation to the application of accounting policies

Within the scope of IFRS, there are some instances where management must either choose between accounting policies, or choose whether to apply a particular accounting policy, in order to provide a fair view of the Group's activities. The development relating to accounting and the choice of policies are discussed in the Audit Committee. Significant items for which a special judgment has been made in order to define the Group's accounting policies are presented below.

	Judgments	See note
Participations in associates	Fair value or equity method	Note 12
Owner-occupied property	Revaluation or cost model	Note 17
Interest-bearing liabilities and related derivatives	Application of hedge accounting	Note 30

### Important sources of uncertainty in estimates

The most significant estimation uncertainties in relation to the preparation of the consolidated financial statements are presented below. Changes in assumptions may result in material effects on the financial statements and the actual outcome may differ from estimated values. For more detailed descriptions of the judgments and assumptions, please refer to the specific notes referenced below.

	Estimates and assumptions	See note
Valuation of unlisted holdings	Appropriate valuation method, comparable companies, future revenue and margin	Note 30
Valuation of interest-bearing liabilities and derivatives	Yield curve for valuation of financial instruments for which trading is limited and duration is long-term	Note 30
Valuation of owner-occupied property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 17
Impairment test of intangible assets	Projected cash-flows, growth rate, margins and discount factor	Note 16
Reporting of deferred tax assets	Future possibilities to benefit from tax loss carry forwards	Note 14
Valuation of pension liabilities	Discount rate, expected return on plan assets, future salary increase	Note 26

## Note 3 Risks

The Investor group is, in its business, exposed to commercial risks and financial risks such as market risks, credit risks, liquidity risks and funding risks. The group is also exposed to operational risks, as well as legal and regulatory risks.

Risk management is part of the Board's and management's governance and follow-up of the business. At Investor, risk management is an integral part of the Group's processes, meaning that control and responsibility for control is close to the business operations. Investor's Board decides on risk levels, mandates and limits for the Parent Company and Investor's different business areas, while the Boards in the operating subsidiaries decide on policies adapted to manage risks in their respective businesses.

Investor's Risk policy sets measurement and mandates for market risks for the short trading, excess liquidity and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles to minimize legal, regulatory and operational risks in the business.

There has been no significant change in the measurement and follow-up of risks compared with the preceding year. For further information on risk assessment process, see the Corporate Governance Report page 38.

### COMMERCIAL RISKS

Maintaining long-term ownership in Core Investments and a flow of investments and divestments in Financial Investments involves commercial risks. These risks include, for instance, having a high exposure to a certain sector or an individual holding, changed market conditions for finding attractive investment candidates and barriers that arise and prevent exits from a holding at the chosen time. Investor's subsidiaries, Mölnlycke Health Care (MHC) and Aleris, operate within the healthcare sector on different geographical markets for products and services. To remain competitive, all business units need to continuously develop innovative products and services that cost efficiently satisfy customer needs. New products, services and techniques developed and promoted by competitors can also affect the ability to achieve business plans and objectives. An important part of the subsidiaries' strategies for growth is to make strategic acquisitions and enter strategic alliances to complement current businesses. A subsidiary's failure to identify appropriate targets for strategic acquisitions, or unsuccessful integrate its acquisitions, could have a negative impact on competitiveness and profitability. In order to manage its various business risks, Investor focuses on such factors as the following:

**Diversification** – Diversification, with regard to sector, industry, investment horizon, ownership stake, type of company, region and degree of maturity of the companies, represents an important tool for risk control. Diversification of Investor's portfolio maintains a balance between companies in different sectors, of different sizes and at different stages of development. Core Investments have international operations and therefore their exposure to economic and political developments in a single country is limited. The same is also true for a significant portion of the operating subsidiaries and partner-owned financial investments. The ownership share varies, depending on the investment strategy, and the investment horizon, from long-term to short-term. Core Investments and Financial Investments that are listed have a high liquidity. This provides Investor with a strong financial flexibility.

**Expertise** – The knowledge, experience and expertise that the Company has accumulated over the decades is an important asset in managing commercial risks. Investor's network is not only an important asset in facilitating the sharing of knowledge and experience, but also a source of suggestions and advice in identifying investment opportunities. Expertise and presence where the investments are implemented play an important role in the management of commercial risks. Continued development of the Group and ability to achieve strategic objectives depend, among others, on the ability to attract and retain employees with cutting-edge expertise.

**Processes** – For a company to be considered as an investment candidate, it must undergo a series of structured processes involving not only the investment manager, but also various committees and boards. These processes and every individual business process are well documented in investment instructions. External experts of high repute are also engaged, for example, analyzing the companies concerned. Out of the many attractive investment opportunities considered, only a few survive right through to the end of the process. Thorough preparation plays an important role in the management of commercial risks. Once a company is brought into the portfolio, it is managed as part of the Group's active ownership. At Investor, active ownership means supporting the company in its product- and process development efforts, as well as critically examining and exercising influence over its activities to prevent loss of focus on profitability. The work to manage commercial risks is continuously reviewed, evaluated and documented.

**FINANCIAL RISKS**

The main category of financial risks that the Investor Group is exposed to is market risks. These are primarily risks associated with fluctuations in share prices, as well as interest rate risks and foreign exchange rate risks.

Derivative instruments are used to manage financial risks. All derivative transactions are handled within guidelines and limits stated in financial policies. The financial risks are managed by each subsidiary's Treasury function.

**Market risks**

Market risks refer to the risk of a change in value of a financial instrument because of changes in share prices, exchange rates or interest rates.

**Share price risk**

Investor's largest risk is the share price risk. The majority of Investor's share price risk exposure is concentrated to Core Investments. At year-end 2012, Core Investments accounted for 71 percent of total assets (68). For further information about listed Core Investments, see page 10 and pages 12-17. The companies and their share prices are analyzed and continuously monitored by Investor's analysts. Through committed ownership, which is exercised through Board representation and in other ways, Investor influences a company's strategy and decisions. Thus, a large portion of share price exposure in a Core Investment does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. Investor does not have defined goals for share price risks, as share prices are affected by short term fluctuations. The share price risk for listed Core Investments is not hedged.

Subsidiaries within Core Investments accounted for 11 percent of total assets (11). Their profit/loss and changes in equity have an impact on Investor's net asset value. The financial assets of each subsidiary primarily consist of trade receivables from public hospitals/care institutions resulting from the delivery of healthcare products and services. Each subsidiary also has financial assets that are cash equivalents. The Groups' financial liabilities primarily consist of loans from credit institutes that were taken in order to finance acquisitions or for other reasons. In general, MHC strives to use hedge accounting to minimize volatility in the Income Statement, which can result from measurement at fair value. Aleris does not use hedge accounting. The profit/loss of the consolidated subsidiaries have a direct impact on Investor's assets. There is no share price risk associated with the wholly owned subsidiaries.

If the value of Listed Core investments was to decline by 10 percent (generally, simultaneously and holding all other factors constant), the impact on income and equity would be approximately SEK -14.1 bn. (-11.8). If the value of Core Investment subsidiaries was to decline by 10 percent (generally, simultaneously and holding all other factors constant), the impact on income and equity would be approximately SEK -2.1 bn. (-1.8).

Financial Investments are comprised of investments in EQT, Investor Growth Capital (IGC) and partner-owned companies consolidated as associates. EQT and IGC investments are exposed to share price risk. Compared with Core Investments, there is a higher risk exposure within this area. IGC is mainly exposed to smaller unlisted companies and new technologies and markets, although there is also a higher potential return on these investments. Venture Capital investments comprise around 100 companies operating in Asia, Europe and the U.S. and contribute considerably to diversity in the portfolio. IGC investments are valued in accordance with the guidelines of the International Private Equity and Venture Capital Association. Investor also takes an active role in these companies through Board work. At year-end 2012, EQT and IGC investments accounted for 11 percent of total assets (14).

The partner-owned investments and other accounted by the end of 2012 for 7 percent of Investor's assets (7). The impact on Investor's assets is generated by the companies change in equity. The partner-owned investments' businesses have a direct impact on Investor's assets. There is no share price risk from these investments.

By the end of 2012, Financial Investments accounted for 18 percent of the total assets (21). If the value of Financial investments was to decline by 10 percent (generally, simultaneously and holding all other factors constant) the impact on income and equity would be SEK -3.5 bn. (-3.8).

Investor has a trading operation for the purpose of executing Core Investments transactions and obtaining market information. The trading operation conducts short-term equity trading and deals in equity derivatives (primarily for hedging market risk in the portfolio). The market risk in this activity is measured and monitored in terms of cash delta. Limits on gross, net and maximum position size are measured as well as liquidity risk. At year-end 2012, the trading operation accounted for less than 0.5 percent of total assets (0).

If the value of the assets belonging to the trading operation were to decline by 10 percent (generally, simultaneously and holding all other factors constant), the impact on income and equity would be SEK 3 (0) m.

**Listed holdings in all business areas**

If the value of listed holdings in all business areas were to decline by 10 percent (generally, simultaneously and holding all other factors constant), the impact on income and equity would be approximately SEK -14 bn. (-12), which equals 8.2 percent of Investor's net asset value (7.7). Market risks associated with listed stocks constitute the greatest risk for Investor.

**Exchange rate risk**

Currency exposure arises from cash flows in foreign currencies (transaction exposure), the translation of Balance Sheet items to foreign currencies (Balance Sheet exposure) and the translation of foreign subsidiaries' Balance Sheets and Income Statements to the Groups accounting currency (translation exposure).

**Balance sheet exposure**

Since the majority of Core Investments are listed in SEK, there is no direct exchange rate risk that affects Investor's Balance Sheet. However, Investor is indirect exposed to exchange rate risks in Core Investments that are listed on foreign stock exchanges or that have foreign currency as their pricing currency. In addition, there are indirectly exchange rate risks since the majority of the companies in the Core Investments business area are active in several markets. These risks have a direct impact on the company's Balance Sheet and Income Statement, which indirectly affects valuation of the shares.

The operating subsidiaries, IGC, EQT and partner-owned companies are exposed to exchange rate risks in business and investments made in foreign companies.

There is no regular hedging of foreign currency since the investment horizon is more than three years and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if judged beneficial from a market-economic perspective.

Exchange rate risks for investments in the trading operation are minimized through currency derivative contracts at the portfolio level.

Total currency exposure for the Investor Group's investments in foreign currency is provided in the table below. If the SEK were to appreciate 10 percent against both the USD and EUR (holding all other factors constant), the impact on income and equity would be approximately SEK -5.3 bn. (-5.1).

Total assets in foreign currency (SEK m.)	12/31 2012	12/31 2011
USD	12,548	13,245
EUR	40,891	37,810
Other European currencies	8,070	8,303
Asia	1,261	1,172
<b>Total</b>	<b>62,770</b>	<b>60,530</b>

The increase of exposure in EUR relates mainly to the new investment in Wärt-silä. The Group's liabilities in EUR (see below) match a significant portion of the holdings' asset values. The reduction of currency exposure in USD relates mainly to divestments within IGC and value change due to lower exchange rates. Total currency exposure of the Investor Group's liabilities is presented in the table below.

Total liabilities in foreign currency (SEK m.)	12/31 2012	12/31 2011
USD	880	814
EUR	31,581	35,902
Other European currencies	10,390	10,490
Asia	1,955	2,214
<b>Total</b>	<b>44,806</b>	<b>49,420</b>

Exchange rate risk in excess liquidity resulting from investments in foreign currency is managed through currency derivative contracts.

Exchange rate risk arising in connection with loans in foreign currency is managed by, among other things, exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. This strategy is applied if there is a high level of net exposure, having considered the holdings in foreign currency.

### Note 3, cont'd Risks

The net exposure in foreign currencies after hedge is presented in the table below:

<i>Net exposure in foreign currencies after hedge</i> (SEK m.)	12/31 2012	12/31 2011
USD	10,600	13,590
EUR	-103	-10,571
Other European currencies	-9,141	-7,956
Asia	-2,304	-2,934
<b>Total</b>	<b>-948</b>	<b>-7,871</b>

#### Currency exposure in transactions

Investor's guideline is that future known cash flows in foreign currency that exceed the equivalent of SEK 50 m. are to be hedged through forward exchange contracts, currency options or currency swaps. This is valid for forecast or contracted flows for Core Investments and Financial Investments.

MHC's operational cash flows in foreign currency are estimated at the equivalent of EUR 362 m. (348), corresponding to SEK 3.1 bn., for the next 12 months. Only exposures expected to generate cash flow transactions within 12 months are hedged. As of December 31, 2012, 66 percent (66) of the forecasted net transaction flows in foreign currency for the next 12 months were hedged. For outstanding currency hedging as of December 31, an immediate 10 percent rise in the value of each currency against the EUR would impact net income by EUR 1.9 m. during the next 12 month period (1.2). The impact on equity from valuation of the financial derivatives that are recognized in hedge accounting would be EUR -15.0 m. (8.3).

#### Currency exposure due to net investments in foreign operations

Currency exposure in investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is translated to SEK on the balance sheet date and is recognized in the translation reserve under equity. Net investments are partly neutralized by loans in foreign currencies. Currency exposure due to net investments in foreign operations is normally not hedged.

The table below show the exposure, in main currencies, arising from net investments in foreign subsidiaries (in investment currency).

	12/31 2012	12/31 2011
DKK m.	174	248
EUR m.	661	946
GBP m.	148	128
HKD m.	510	540
NOK m.	252	148
USD m.	1,418	39

The exposure increase in USD relates to the restructuring of Investor Growth Capital to a stand-alone entity. The majority of the legal entities within the Investor Growth Capital group uses USD as functional currency as of January 1, 2012.

An increase of the SEK by 10 percent would decrease the equity by SEK 1.9 bn due to translation effects of currency exposure in net investments in foreign subsidiaries (1.4).

#### Interest rate risk

The Groups' interest rate risk is primarily associated with long-term borrowings. In order to minimize the effects of interest rate fluctuations and limits, instructions have been established for such things as fixed interest rate periods.

#### Excess liquidity and debt portfolio

The Treasury function manages interest rate risks, exchange rate risks, liquidity risks and financing risks associated with the administration of the excess liquidity portfolio and financing activities.

For excess liquidity exposed to interest rate risks, the goal is to limit interest rate risks while maximizing return within the established guidelines of the risk policy. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration and high liquidity. For further information, see Note 23, Other financial investments, short-term investments and cash equivalents. A one percentage point parallel movement upward of the yield curve would reduce the value of the portfolio and affect the Income Statement be approximately SEK -43 m. (-61).

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing tenor within the established limits and instructions of the Risk Policy. Fixed rates are established to provide flexibility to change the loan portfolio in step with investment activities and to minimize loan costs and volatility in the cash flow over time. A parallel movement of the yield curve downwards by one percentage point would increase the reported value of the hedged portion of loans by SEK 1.4 bn. (1.8). The amount is reduced to 139 m. (20) when hedging derivatives are included. The interest cost effect for the non-secured loans would be SEK -1.0 bn. (-0.9), with a movement of the yield curve downwards with one percentage point.

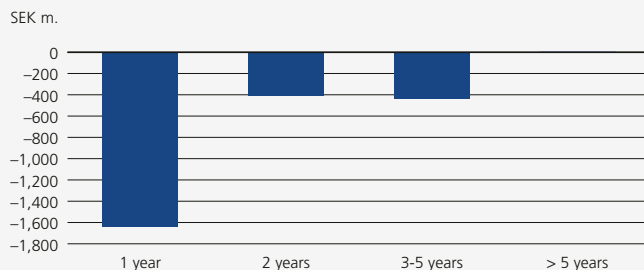
Investor uses derivatives to hedge against interest rate risks (related to both fair value and cash flow fluctuations) in the debt portfolio. Some derivatives do not qualify for hedge accounting, but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed-interest term for each loan. The distribution between hedged and non-hedged loans is shown in the table below.

Outstanding amount allocated to hedged loans and non-hedged loans, SEK m.	12/31 2012		12/31 2011	
	Derivatives	Carrying amount	Derivatives	Carrying amount
Hedged loans		29,579		31,433
-related foreign exchange/interest rate derivatives with positive value	-953		-804	
-related foreign exchange/interest rate derivatives with negative value	1,502		1,649	
Non-hedged loans		14,776		14,531
-related foreign exchange/interest rate derivatives with negative value	561		482	
<b>Total</b>	<b>1,110</b>	<b>44,355</b>	<b>1,327</b>	<b>45,964</b>

The effect of fair value hedges is recognized in the Income Statement. The remaining maturities of fair value hedges vary between 4 and 24 years. For further information on the maturity structure, see schedule, Debt maturing profile, page 24.

In the case of cash flow hedges, hedging instruments are valued on each balance sheet date and the change in value is recognized in other comprehensive income. The remaining maturities for cash flow hedges are between 1 and 5 years, see graph below. During the year, the impact of cash flow hedges on other comprehensive income was SEK 362 m. (-44). With a parallel movement of the yield curve by one percentage point, the cash flow hedges effect on other comprehensive income would be SEK -287 m. (-243).

#### Future cash flows from cash flow hedged transactions 12/31 2012



Because the operating subsidiaries are ring-fenced, a sensitivity analysis also is presented for each operating subsidiary.

For MHC, a one percentage point increase in interest rates for all currencies, calculated on the Group's net debt as of December 31, 2012, would impact income during the subsequent 12-month period by EUR -0.6 m. (-3.1). A one percentage point decrease in all of the Group's interest rate derivatives that are classified as cash flow hedges, would have an impact on equity of EUR -26.0 m. (-28.4).

For Aleris, the total interest rate risk exposure associated with assets amounts to SEK 522 m. (201). A parallel movement of the yield curve upwards by one percentage point would reduce value by approximately SEK 4 m. (2). Interest rate risk exposure associated with liabilities amounts to SEK 2,360 m. (2,695). A parallel movement downward of the yield curve by one percentage point would impact income and the equity by approximately SEK 17 m. (20).

## Note 3, cont'd Risks

### Liquidity and financing risk

Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments. To reduce the effect of refinancing risks, limits are set regarding average maturities for loans.

Liquidity risks are minimized in Treasury operations by keeping the maturity of short-term cash investments to less than two years and by always maintaining a higher than 1:1 ratio between cash and credit commitments/current liabilities. Liquid funds are invested in overnight markets and short-term interest-bearing securities with low risk and high liquidity. In other words, they are invested in a well-functioning second-hand market, allowing conversion to cash when needed. Liquidity risk in the trading operations is restricted via limits established by the Board.

Financing risks are defined as the risk that financing cannot be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. In order to minimize financing risks, the Treasury function works actively to ensure financial preparedness by establishing loan and credit limits for both long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (please refer to the chart with information on the maturity profile, on page 24) and by diversifying sources of capital. An important aspect, in this context, is the ambition to have a long borrowing profile. Furthermore, proactive liquidity-planning efforts also help limit both liquidity and financing risk.

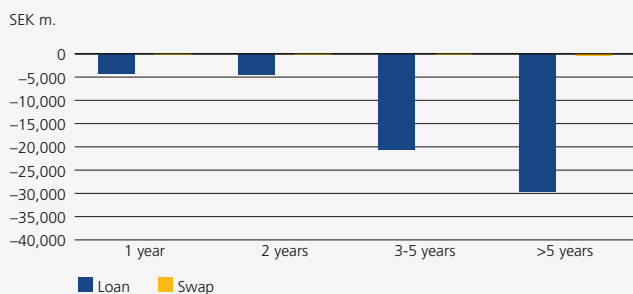
Investor's funding is primarily done through long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is a loan program intended for long-term financing. The program is for EUR 5.0 bn. (SEK 43.1 bn.), of which EUR 3.3 bn. (SEK 28.1 bn.) has been utilized. For short-term financing, Investor has an uncommitted Swedish and a European Commercial Paper program (CP/ECP) for SEK 10.0 bn. and USD 1.5 bn. (SEK 9.8 bn.), respectively. None of the Commercial Paper programs have been utilized during 2012. Investor has a committed syndicated bank loan facility of SEK 10.0 bn., the majority of which matures in 2017. However, there is an option to extend it for an additional year as a financing and liquidity reserve. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants in any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

The operating subsidiaries ensure their financial preparedness by keeping credit facilities, should there be a need for additional working capital or minor acquisitions. As of December 31, 2012, Aleris had a total credit facility of SEK 3,395 m. (3,315), of which SEK 2,301 m. was utilized (2,663). At the same time, MHC had a total credit facility amounting to EUR 1,397 m. (1,646) of which EUR 1,299 m. (1,548) had been utilized. The terms of the credit facility require the company to meet a number of key financial ratios. MHC fulfilled all requirements during 2012. Aleris received a capital contribution during 2012, for the purpose of meeting requirements based on debt ratio compared to EBITDA.

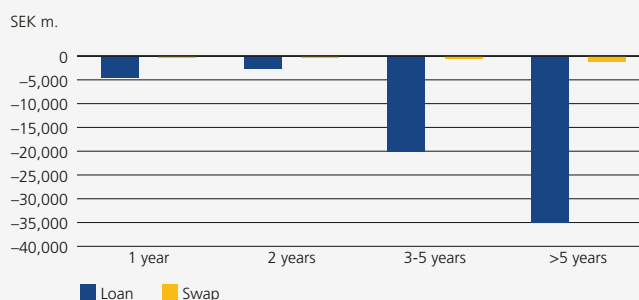
Investor's liquidity and financing risks are considered to be low. With an equity/assets ratio of 76 percent at year-end (73), Investor has considerable financial flexibility, since leverage is very low and most assets are highly liquid.

The following graphs show cash flows of contracted financial payment commitments for loans and derivatives according to remaining maturity periods as of December 31, 2012 and 2011.

### Cash flows of financial liabilities and derivatives as of 12/31 2012



### Cash flows of financial liabilities and derivatives as of 12/31 2011



Exposure from guarantees and other contingent liabilities also constitutes a liquidity risk. For such exposure, see Note 31, Pledged assets and contingent liabilities.

### Credit risk

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor.

Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments (mainly interest rate and currency swaps as well as a minor portion in OTC derivatives).

In order to limit credit risks, there are specified limits for exposure to counterparties. According to the Company's credit risk policy, Investor may only be exposed to credit risks towards counterparties with good creditworthiness, based on ratings by highly-reputable rating institutions, for a limited amount and for a limited duration. Limits are set for exposures on single counterparties, with the exception for government debt instruments guaranteed by AAA/Aaa rated sovereigns.

Investor applies a wide-ranging limit structure with regard to maturities, issuers and counterparties in order to control credit risks. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are established with counterparties in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements. Credit risk is closely monitored each day and the agreements with various counterparties are continuously analyzed. Despite the high level of turbulence in world financial markets, Investor has not recorded any credit losses during the past three years.

Due to the downgrade of a number of global banks and financial institutions during 2012, Investor became exposed to credit risk toward counterparties with a below A-level rating as from June 2012.

The following diagram shows the credit risk exposure in interest-bearing securities, by rating category, as of December 31, 2012.

Instrument	Nominal amount	Average remaining maturity, months	Number of counterparties	Percentage of the credit risk exposure
Swedish government papers (AAA)	2,917	5.3	1	25
AAA	2,600	8.8	9	22
AA	1,138	1.1	9	10
A	4,442	0.2	9	38
Lower than A	530	0.9	2	5
<b>Total</b>	<b>11,627</b>	<b>3.5</b>	<b>30</b>	<b>100</b>

The total credit risk exposure related to the fair value reported items at the end of 2012 amounted to SEK 11,627 m. (14,983).

As of December 31, 2012, the credit risks resulting from positive market values for derivatives amounted to SEK 517 m. (633), which have been reported in the Balance Sheet.

The operating subsidiaries do not invest excess liquidity as repayment of loans are prioritized. The credit risk in the operating subsidiaries relates mainly to trade account receivables. MHC's and Aleris' credit risks are limited due to the fact that a significant portion of their customers are public hospitals/care institutions. The maximum exposure related to commercial credit risk corresponds to the carrying amount of trade receivables.

## Note 3, cont'd Risks

The following diagram shows the aging of the trade receivables and other short-term receivables within the Group.

Aging of receivables	12/31 2012			12/31 2011		
	Gross carrying amount	Impairment	Net	Gross carrying amount	Impairment	Net
Not past due	1,582	-1	1,581	1,555	0	1,555
Past due 0 - 30 days	349	-2	347	298	0	298
Past due 31 - 90 days	108	-3	105	96	-4	92
Past due 91-180 days	94	-4	90	65	-8	57
Past due 181-360 days	71	-9	62	46	-17	29
More than 360 days	67	-26	41	53	-25	28
<b>Total</b>	<b>2,271</b>	<b>-45</b>	<b>2,226</b>	<b>2,113</b>	<b>-54</b>	<b>2,059</b>

### Concentrations of credit risks

Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each area of risk. The concentration of credit risk exposure is presented in table on page 60. The secured bonds issued by Swedish mortgage institutions have the primary rating category of AAA. The proportion of secured bonds accounted for 88 percent (61) of the total nominal value of the existing AAA class and 20 percent (13) of the total portfolio's nominal value.

Because the global nature of its business and sector diversification, the Group does not have any specific customers representing a significant portion of receivables.

### LEGAL AND REGULATORY RISKS

The Compliance function monitors commitments that must comply with external regulations and laws, contract-related commitments and internal company rules. The work of the Legal and Compliance function focuses on minimizing these risks. The Group ensures that its activities comply with existing laws, regulations and other external requirements that are imposed, for example, by its auditors.

Healthcare companies must comply with laws and regulations of each country where they conduct business. Examples of such laws are the Health and Medical Service Act, the Social Services Act and environmental legislation. In other words, activities are heavily regulated. The awareness of such risks is

high within the Investor Group.

### Operational risks

Operational risks are defined as the risk of loss due to inadequacies in internal routines, processes or systems, or the risk of disruptions to operations from external events. In addition to the high level of awareness of operational risks in the organization, policies and instructions are in place in every unit and at the Group level, which govern how activities are to be conducted.

Risks associated with selling and operating healthcare services are dealt with by the different levels of management for each area of operations.

Continuous quality improvement is performed in accordance with ISO-standards.

Property risks, liability risks and interruption risks are covered by insurance policies. Up to this date, very few incidents have occurred.

The process is followed up on an ongoing basis to determine and strengthen appropriate control measures to reduce operational risks. Besides Risk Control, Internal Control and Compliance functions, the efforts of all employees are required in order to successfully control operational risks. The annual risk assessment process is an important tool for identifying operational risks and other types of risks. One important aspect of this is the Group's endeavor to maintain a high level of professionalism and sound ethics. These ambitions, along with the strict policies and effective control procedures, help to significantly reduce operational risks.

### OTHER RISKS

Work is actively carried out in the area of security to protect Investor against internal and external threats. Investor's Security Committee evaluates security risks that could have short-term or long-term implications for Investor. The committee also takes necessary measures to minimize the negative effects of such risks, and it is responsible for ensuring that disaster and continuity planning is updated.

To a large extent, spending on healthcare products and services is regulated by various governments. This applies to most markets around the world. Funds are made available or withdrawn from healthcare budgets due to different types of political decisions. In most of the major markets, pricing of the Group's products and services is controlled by decisions made by government authorities. Therefore, the Group is exposed to political risks.

## Note 4 Acquisitions

### Accounting policies

In connection with a business combination, the consolidated cost is established through a purchase price allocation. In the analysis, the fair value of the identifiable assets and the assumed liabilities is determined. For business combinations where the cost exceeds the net carrying amount of the acquired identifiable assets and the assumed liabilities, the difference is reported as goodwill in the Balance Sheet. The purchase price allocation identifies assets and liabilities that are not reported in the acquired company, such as trademarks and customer contracts. Surplus values that have been identified when making the purchase price allocation are depreciated over the estimated useful life. Goodwill and trademarks are considered to have an indefinite useful life and are therefore tested annually for impairment, or whenever there is any indication of impairment.

### Non-controlling interests

At the time of an acquisition, the Group must choose to either recognize non-controlling interest at fair value, meaning that goodwill is included in the non-controlling interest or recognize the non-controlling interest as the share of the net assets. The choice between the two methods is made individually for each acquisition. If a business combination achieved in stages

results in a controlling influence, the prior acquired shares are revalued at fair value and the resulting profit or loss is recognized in the Income Statement. Acquisitions that are made subsequent to having obtained a controlling influence and divestments that do not result in a loss of the controlling influence are reported under equity as a transfer between equity attributable to the Parent Company's shareholders and non-controlling interests. Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement. The financial statements of subsidiaries are reported in the consolidated financial statements as of the acquisition date and until the time when a controlling interest no longer exists.

### Acquisitions in Group companies 2012

During the year Aleris acquired Stureplans Husläkarmottagning, Södermalms Hemtjänst and Xyrinx Medical AB. Mölnlycke Health Care acquired the electrostimulation business WoundEL GmbH and the burn and wound care business from the U.S. company Brennan Medical for which the purchase price allocation was finalized during the fourth quarter.

## Note 4, cont'd Acquisitions

### Finalized purchase price allocations 2012

#### Brennan Medical

SEK m.	Preliminary Purchase Price Allocation	New valuation	Final Purchase Price Allocation
Intangible assets	119	-7	112
Inventory	3		3
Accounts receivables	3		3
<b>Net identifiable assets and liabilities</b>	<b>125</b>	<b>-7</b>	<b>118</b>
Consolidated goodwill	78	-15	63
<b>Consideration</b>	<b>203</b>	<b>-22</b>	<b>181</b>

According to the preliminary purchase price allocation regarding Brennan Medical, goodwill amounted to SEK 78 m. The purchase price allocation have now been fixed with a goodwill amounting to SEK 63 m. The change in intangible assets and goodwill relates to an adjusted consideration.

### Preliminary purchase price allocations 2012

#### Other

SEK m.	Preliminary Purchase Price Allocation	Total
Property, plant and equipment	11	11
Inventory	2	2
Accounts receivables	8	8
Other current assets	28	28
Cash and cash equivalents	21	21
Non-current liabilities and provisions	-8	-8
Current liabilities	-28	-28
<b>Net identifiable assets and liabilities</b>	<b>34</b>	<b>34</b>
Consolidated goodwill	158	158
<b>Consideration</b>	<b>192</b>	<b>192</b>

The other purchase price allocations are preliminary due to the fact that business is conducted in a number of companies and the valuation of intangible assets is complex. Due to the fact that the acquisitions are relatively small, no further information is presented.

### Finalization of purchase price allocations for 2011

#### Proxima Intressenter AB

SEK m.	Preliminary Purchase Price Allocation	New valuation	Final Purchase Price Allocation
Intangible assets, (primarily customer contracts and trademarks)	356	53	409
Property, plant and equipment	69		69
Deferred tax assets	8		8
Non-current assets	2		2
Accounts receivables	70		70
Other current assets	70		70
Cash and cash equivalents	44		44
Non-current liabilities and provisions	-437		-437
Deferred tax liability	-98	-14	-112
Current liabilities	-154		-154
<b>Net identifiable assets and liabilities</b>	<b>-70</b>	<b>39</b>	<b>-31</b>
Consolidated goodwill	812	-39	773
<b>Consideration</b>	<b>742</b>	<b>0</b>	<b>742</b>

On June 20, 2011, Aleris acquired 100 percent of the votes in the Swedish healthcare provider, Proxima Intressenter AB. The consideration from Aleris amounted to SEK 742 m. and was paid in cash.

According to the preliminary purchase price allocation presented at the end of 2011, goodwill amounted to SEK 812 m. The purchase price allocation relating to the acquisition of Proxima Intressenter AB has now been fixed with a goodwill amounting to SEK 773 m. The decrease in goodwill of SEK 39 m., relates to adjustments of customer contracts and deferred taxes.

#### Hamlet A/S

SEK m.	Preliminary Purchase Price Allocation	New valuation	Final Purchase Price Allocation
Intangible assets (primarily customer contracts and trademarks)	2	97	99
Property, plant and equipment	73		73
Deferred tax assets	31		31
Non-current assets	11		11
Accounts receivables	46		46
Other current assets	22		22
Cash and cash equivalents	9		9
Non-current liabilities and provisions	-194		-194
Deferred tax liability		-25	-25
Current liabilities	-82		-82
<b>Net identifiable assets and liabilities</b>	<b>-82</b>	<b>72</b>	<b>-10</b>
Non-controlling interest		-7	-7
Consolidated goodwill	339	-65	274
<b>Consideration</b>	<b>257</b>	<b>0</b>	<b>257</b>

On July 14, 2011, Aleris acquired 100 percent of the votes in Danish Private-hospitalet Hamlet A/S. The consideration from Aleris amounted to SEK 257 m. and was paid in cash.

According to the preliminary purchase price allocation presented at the end of 2011, goodwill amounted to SEK 339 m. The purchase price allocation relating to the acquisition of Hamlet A/S has now been fixed with a goodwill amounting to SEK 274 m. The decrease in goodwill, of SEK 65 m., relates to adjustments of customer contracts, trademarks and deferred taxes.

#### Other

SEK m.	Preliminary Purchase Price Allocation	New valuation	Final Purchase Price Allocation
Property, plant and equipment	3		3
Deferred tax assets	1		1
Accounts receivables	10		10
Other current assets	4		4
Cash and cash equivalents	43		43
Non-current liabilities and provisions	-3		-3
Current liabilities	-33		-33
<b>Net identifiable assets and liabilities</b>	<b>25</b>	<b>0</b>	<b>25</b>
Consolidated goodwill	227		227
<b>Consideration</b>	<b>252</b>	<b>0</b>	<b>252</b>

Other acquisitions made by Aleris during 2011 are Interaktiv Barnevern AS, Mitt Hjärta Primärvård AB, Husläkarmottagningen i Täby Centrum AB and Bergen Plastikkirurgisk Senter AS. The total considerations amounted to SEK 252 m. and were paid in cash.

According to the preliminary purchase price allocations presented at the end of 2011, goodwill amounted to SEK 227 m. The purchase price allocations relating to the acquisitions have now been fixed with an unchanged goodwill.



## Note 5 Operating Segments

An operating segment is a component of the entity that is reviewed and evaluated by the CEO. Investor's presentation of operating segments corresponds to the internal structure for management and reporting. Investor divides its operations into two segments comprising of its business areas, which have different investment strategies and goals. Segment classification is based on the internal reporting model and consists of Core Investments and Financial Investments.

Core Investments consists of listed holdings and majority-owned operating subsidiaries, see page 10.

Financial Investments consists of the EQT funds, Investor Growth Capital, partner-owned investments and smaller holdings, see page 11.

The reported items in the operating segment profit/loss for the year, assets and liabilities, are presented according to how they are reviewed by the CEO. In the operating segment profit/loss for the year, assets and liabilities, items directly attributable and items that can be reliably and fairly allocated to each respective segment are included. Non-allocated items are related to the investing activities and consist, within profit/loss, of management costs, net financial items and components of tax. None of the Group's net debt has been distributed to segments, neither other assets and liabilities within investing activities, for example deferred taxes and provisions. Market prices are used for any transactions that occur between operating segments. For information about goods, services and geographical areas, see Note 6, Revenues.

### Group

Performance by business area 2012	Core Investments	Financial Investments	Investor groupwide	Elimination	Total
Dividends	4,782	395			5,177
Other operating income	110	509		-110	509
Changes in value	18,464	1,008 <sup>1)</sup>			19,472
Net sales	16,909	0		-60	16,849
Cost of goods and services sold	-11,225	0		59	-11,166
Sales and marketing costs	-2,595	-			-2,595
Administrative, research and development and other operating costs	-1,406	-143			-1,549
Management costs	-139	-69	-169		-377
Share of results of associates	-10	-227			-237
<b>Operating profit/loss</b>	<b>24,890</b>	<b>1,473</b>	<b>-169</b>	<b>-111</b>	<b>26,083</b>
Net financial items	-1,464	-29	-1,144	111	-2,526
Tax	707	0	-89		618
<b>Profit/loss for the period</b>	<b>24,133</b>	<b>1,444</b>	<b>-1,402</b>		<b>24,175</b>
Non controlling interest	51				51
<b>Net profit/loss for the period attributable to the Parent Company</b>	<b>24,184</b>	<b>1,444</b>	<b>-1,402</b>		<b>24,226</b>
Dividend	-	-	-4,563		-4,563
Other effects on equity <sup>2)</sup>	-1,205	-853	1,023		-1,035
<b>Contribution to net asset value</b>	<b>22,979</b>	<b>591</b>	<b>-4,942</b>	<b>-</b>	<b>18,628</b>
<b>Net asset value by business area 12/31 2012</b>					
Shares and participations	141,476	28,410	-		169,886
Other assets	43,444	7,002	669		51,115
Other liabilities	-22,173	-268	-1,097		-23,538
Net debt <sup>3)</sup>	-	-	-22,765		-22,765
<b>Total net asset value</b>	<b>162,747</b>	<b>35,144</b>	<b>-23,193</b>	<b>-</b>	<b>174,698</b>
Shares in associates reported according to the equity method	-	12,482	-		12,482
Cash flow for the year	5,198	764	-2,499		3,463
<i>Non-current assets by geographical area<sup>4)</sup></i>					
Sweden	33,679	-	31		33,710
Europe excl. Sweden	2,719	-	-		2,719
Other countries	439	-	4		443

1) Includes turnover of the trading operation amounting to SEK 2,927 m.

2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.

3) Net debt refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.

4) Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

## Note 5, cont'd Operating Segments

### Group

Performance by business area 2011	Core Investments	Financial Investments	Investor groupwide	Elimination	Total
Dividends	3,998	332			4,330
Other operating income	24	480		-24	480
Changes in value	-21,794	4,191 <sup>1)</sup>		17	-17,586
Net sales	14,708			-34	14,674
Cost of goods and services sold	-9,639			34	-9,605
Sales and marketing costs	-2,558				-2,558
Administrative, research and development and other operating costs	-1,264	-70			-1,334
Management costs <sup>2)</sup>	-137	-190	-179		-506
Restructuring costs	-	-	-150		-150
Share of results of associates	1	5,239			5,240
<b>Operating profit/loss</b>	<b>-16,661</b>	<b>9,982</b>	<b>-329</b>	<b>-7</b>	<b>-7,015</b>
Net financial items	-1,391		-1,182	7	-2,566
Tax	290		3		293
<b>Profit/loss for the period</b>	<b>-17,762</b>	<b>9,982</b>	<b>-1,508</b>		<b>-9,288</b>
Non controlling interest	59				59
<b>Net profit/loss for the period attributable to the Parent Company</b>	<b>-17,703</b>	<b>9,982</b>	<b>-1,508</b>		<b>-9,229</b>
Dividend			-3,802		-3,802
Sales of own shares			2		2
Other effects on equity <sup>3)</sup>	-189	-342	244		-287
<b>Contribution to net asset value</b>	<b>-17,892</b>	<b>9,640</b>	<b>-5,064</b>	<b>-</b>	<b>-13,316</b>
<b>Net asset value by business area 12/31 2011</b>					
Shares and participations	118,045	30,943			148,988
Other assets	43,180	6,470	1,141		50,791
Other liabilities	-24,809	-198	-1,792		-26,799
Net debt <sup>4)</sup>			-16,910		-16,910
<b>Total net asset value</b>	<b>136,416</b>	<b>37,215</b>	<b>-17,561</b>	<b>-</b>	<b>156,070</b>
Shares in associates reported according to the equity method		12,165			12,165
Cash flow for the year	1,162	3,418	-2,951		1,629
<b>Non-current assets by geographical area<sup>5)</sup></b>					
Sweden	35,212	0	38		35,250
Europe excl. Sweden	2,706	1			2,707
Other countries	402	5			407

1) Includes turnover of the Active Portfolio Management and trading operation amounting to SEK 9,860 m.

2) Including costs for Investor Growth Capital up until July 1, 2011 of SEK 86 m.

3) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.

4) Net debt refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.

5) Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

## Note 6 Revenues

### Accounting policies

Revenues included in operating profit are dividends, other operating income and net sales.

Dividends received are recognized when the right to receive payment has been established. Other operating income consists primarily of interest on shareholder loans to associates and it is calculated using the effective interest rate method.

### Net sales

Revenue from the sale of goods is recognized in net income when the significant risks and rewards of ownership have been transferred to the buyer. Services provided as part of healthcare activities are sold via multi-year operating contracts and, in some cases, framework agreements. Revenue from services is recognized in net income based on the stage of completion on balance sheet date. Completion is determined by an assessment of the work done, on the basis of existing studies. Revenue is not recognized if it is probable that economic benefits will not flow to the Group. No revenue is recognized if there is significant uncertainty regarding the payment, associated costs or the risk of returns. Neither is revenue recognized if the seller remains involved in day-to-day management activities that are typically associated with ownership. Revenue is recognized at the fair value of consideration received or expected to be received, less any discounts. Revenue from the sales of goods shall be recognized when the amount of revenue can be measured reliably. A provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation.

### Net sales

By category:	2012	2011
Group		
Sales of products	10,099	9,531
Sales of services	6,594	5,033
Other income	156	110
<b>Total</b>	<b>16,849</b>	<b>14,674</b>

By field of operation:	2012	2011
Health care	6,586	5,123
Surgical	5,028	4,881
Wound	4,691	4,268
Hotel	388	402
Real estate	6	–
Other	150	–
<b>Total</b>	<b>16,849</b>	<b>14,674</b>

By geographical market:	2012	2011
Sweden	5,151	3,793
Europe, excl. Sweden	8,645	8,285
North America	2,301	1,935
Latin America	43	19
Africa	108	86
Australia	326	280
Asia	275	276
<b>Total</b>	<b>16,849</b>	<b>14,674</b>

External revenues are presented on the basis where the customer is resident. Net sales are attributable to operating subsidiaries.

## Note 7 Changes in value

### Accounting policies

Changes in value consist of realized and unrealized result from long-term and short-term holdings in shares and participations, transaction costs, profit-sharing costs and management fees for fund investments.

For shares and participations that were realized during the period, the changes in value consist of the difference between the consideration received and the value at the beginning of the period. Profit or loss from the divestment of a holding is recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

	2012	2011
Group		
Realized and unrealized results from long-term and short-term investments	19,837	–17,169
Other	–365	–417
<b>Total</b>	<b>19,472</b>	<b>–17,586</b>

## Note 8 Operating costs

	2012	2011
Group		
Raw materials and consumables	3,833	3,472
Personnel costs	6,564	5,523
Depreciation and impairment	1,484	1,519
Other operating expenses	3,806	3,639
<b>Total</b>	<b>15,687</b>	<b>14,153</b>
Of which:		
Investing activities		
Management costs	377	656 <sup>1)</sup>

1) Includes restructuring costs of SEK 150 m. and costs relating to Investor Growth Capital (IGC) of SEK 86 m. during the first six months 2011, when IGC was included in investing activities.

## Note 9 Employees and personnel costs

### Accounting policies

Accounting policies on employee benefits such as short-term benefits, termination benefits and share-based payment transactions are presented below. Post-employment benefits are presented in Note 26, Provisions for pensions and similar obligations.

### Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services is provided. A provision is made for the anticipated cost of bonus payments and profit-sharing contracts when the Group has a current obligation to make such payments (because services have been provided by employees) and when the obligation can be reliably estimated.

### Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed (without any realistic possibility of withdrawing the commitment) by a formal plan to prematurely terminate an employee's employment. When benefits are offered to encourage voluntary departure from the company, the cost is recognized if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

### Share-based payment transactions

Investor AB has issued equity-settled stock option and share programs and cash-settled (synthetic) shares.

### Accounting for equity-settled programs

The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price. The value is recognized as a personnel cost allocated over the vesting period, with a corresponding increase in equity. The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share-price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. The delivered shares are treasury shares that were repurchased when the program was implemented. When exercised, the payment of the exercise price that was received from the employee is reported under equity.

Equity-settled programs issued to employees in Group companies In the Parent Company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent Company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

### Accounting for cash-settled programs

Cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

### Accounting for social security attributable to share-based payment transactions

Social security expenses attributable to share-based remuneration are recognized and amortized in accordance with the same policies as the costs for synthetic shares.

Average number of employees	2012		2011	
	Total	of which women	Total	of which women
<i>Group</i>				
Parent Company, Sweden	91	53	96	56
Sweden, excl. Parent Company	4,853	3,813	3,412	2,686
Europe excl. Sweden	4,499	3,201	4,009	2,820
North and South America	405	181	383	178
Asia	3,825	2,716	3,351	2,457
Australia	55	46	52	43
<b>Total Group</b>	<b>13,728</b>	<b>10,010</b>	<b>11,303</b>	<b>8,240</b>
Of which:				
<i>Investing activities</i>	<i>95</i>	<i>54</i>	<i>121</i>	<i>65</i>

### Gender distribution in Boards and senior management

	2012		2011	
	Men	Women	Men	Women
<i>Gender distribution in percent</i>				
Board of the Parent Company	77	23	73	27
Management Group of the Parent Company	60	40	60	40
Boards in the Group	82	18	77	23
Management Groups in the Group	59	41	60	40

### Guidelines for remuneration to members of the Management Group and other employees in investing activities

Investor's Remuneration Committee is appointed each year by the Board. The Committee's main purpose is "to enable an independent and thorough review of all aspects of Investor's total remuneration program and to make decisions about executive remuneration in the company". The Remuneration Committee submits a recommendation to the Board concerning the President and Chief Executives Officer's remuneration and decides on the remuneration for the other members of the Management Group.

Remuneration to the President and other members of the Management Group is based on the Guidelines adopted at the AGM.

"Top management" is defined as:

- the Chairman of the Board
- Board members not employed by the company
- the Management Group including the President and Chief Executive Officer

The Management Group consists of President Börje Ekholm, along with Susanne Ekblom, Johan Forssell, Petra Hedengran and Lennart Johansson.

Investor strives to offer a total remuneration that is competitive and in line with market conditions, thereby enabling it to attract (and retain) the right type of expertise to the company. The total remuneration should be based on factors such as position, performance and individual qualifications.

The total remuneration for the Management Group shall consist of:

- Basic salary
- Variable cash salary
- Long-term share-based remuneration
- Pension
- Other remuneration and benefits

#### Basic salary

Basic salary is reviewed annually for all Investor employees. Basic salary constitutes the basis for calculating variable salary.

#### Variable cash salary

Investor's employees have variable cash salary. The variable portion of salary in 2012 differs between business areas and for the President, it amounts to a maximum of 10 percent of basic salary. For other employees, the maximum variable salary ranges between 10 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. The President may award additional variable salary to company employees who he feels have made an exceptional contribution during the year. However, any such additional variable salary must be approved by Investor's Remuneration Committee.

## Note 9, cont'd Employees and personnel costs

The established goals must also be reached in order to receive the variable salary. Goals are reviewed at the end of the year. The focus of the President's goals for the year is determined through a dialog between the President and the Chairman of the Board. The goals for the President are proposed by the Remuneration Committee and later approved by the Board. Goals for other employees are established by each employee's manager.

### Long-term share-based remuneration

For long-term variable remuneration programs, it is the Board's ambition to create a structure that results in employee commitment and is based on the long-term development of Investor. As a result, part of remuneration to employees is related to the long-term performance of Investor and the Investor share, which exposes the employee to both increases and decreases of the share price. In 2006, a Stock Matching Plan was introduced for all Investor employees, as well as a performance based share program for Senior Management. "Senior Management" is defined as the President, other members of the Management Group and a maximum of 20 other senior executives. The programs for 2007-2012 correspond in all material aspects to the program for 2006. The employee is required to invest his or her own funds in order to participate in the program. For more details regarding the programs, see the section Long-term share-based remuneration – program descriptions, page 69.

### Pension

The pension for the President and Management Group has two components:

- A pension plan based on premiums in accordance with the BTP plan (Swedish pension plan for the banking sector) on parts of salary up to 30 basic income amounts (SEK 1,638 t.) and the option to choose BTP's alternative special pension plan for managers with an annual salary above 10 basic income amounts.
- A pension plan based on special pension regulations ("Särskilt Pensionsreglemente") on parts above 20 basic income amounts. The amount of the pension provision depends on age and is 25 percent until the age of 40, 30 percent between the ages of 41 and 50 and 35 percent for those who are over the age of 50. Only basic salary is used to establish the annual pension premium. The retirement age is 60 years for the President and Management Group.

### Other remuneration and benefits

#### Profit-sharing program for the trading operation

Since 2011, a limited profit-sharing program has been in place that replaced two prior programs, (see the Annual Report 2011 for details). The new program includes participants both from the trading organization and the

investment organization for Core Investments and Financial Investments. The participants in this program receive a variable salary equivalent to 20 percent of the trading function's net result. The program includes a clawback principle by which 50 percent of the variable salary allotment is withheld for one year and will only be paid out in full if the trading result for that year is positive. In order to receive full allotment, two consecutive profitable years are thus required. Approximately 15-20 employees in total participate in the program, including the Management Group Member responsible for Core Investments. During 2012, SEK 791 t. in total has been paid out from this program.

### Severance pay

A mutual six-month term of notice applies between the President and the Company. If the Company terminates employment, the President will receive severance pay corresponding to 12 months of basic salary. If no new employment has been obtained after one year, the President is entitled to a maximum of 12 months' additional severance pay. The terms and conditions regarding notice and severance pay for other members of the Management Group are the same, provided that the employment contract for that person was entered into before the 2010 Annual General Meeting. If the employment contract was entered into subsequent to the 2010 Annual General Meeting, then the fixed cash salary during the notice period plus the severance pay may not exceed two years' fixed cash salary.

### Fees received for Board work

For many years, Investor has allowed employees to keep any fees that they have received for work done on the Boards of the Company's Core Investments. One reason for allowing this practice is that the employee assumes personal responsibility by having a Board position. Fees received for Board work are taken into account by Investor when determining the employee's total remuneration.

### Other benefits

Investor offers Management Group Members and other employees a variety of non-monetary benefits, including corporate health service, health insurance, subsidized lunches, employee fitness programs and the possibility to rent vacation homes. Managers and employees with young children are also offered in-home services in the form of cleaning and babysitting.

## Remuneration and benefits 2008-2012 to Börje Ekholm, President and Chief Executive Officer (SEK t.)

Year	Basic salary	Vacation re- muneration	Variable salary for the year	Total salary cash	Change of vacation pay liability	Pension premiums	Benefits <sup>1)</sup>	Long-term share- based remuneration value at grant date <sup>2)</sup>	Total	Own investment in long-term share based remuneration	Own investment, % of basic salary pre-tax
2012	7,250	105	645	<b>8,000</b>	223	2,605	1,319	8,338	<b>20,485</b>	3,319	45.8
2011	7,000	102	630	<b>7,732</b>	140	2,415 <sup>3)</sup>	1,092	8,050	<b>19,429</b>	2,921	41.7
2010	7,000	102	–	<b>7,102</b>	440	2,515	1,105	8,050	<b>19,212</b>	3,033	43.3
2009	7,500	94	1,356	<b>8,950</b>	450	2,671	805	6,000	<b>18,876</b>	2,310	30.8
2008	7,500	94	2,706	<b>10,300</b>	660	2,627	750	4,500	<b>18,837</b>	1,600	21.3

1) During 2012 no options were exercised. The value of benefits of exercised options during 2011, granted in 2005, amounted to SEK 721 t.

2) Theoretical value of share-based payments granted each respective year.

3) The amount presented in the Annual Report 2011 has been corrected.

## Note 9, cont'd Employees and personnel costs

### Expensed remunerations

The amounts in the table below are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

#### Remuneration to the President and other members of the Management Group

Total remuneration for 2012 (SEK t.)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration <sup>1)</sup>	Total	Pension costs <sup>2)</sup>	Other remuneration and benefits	Total expensed remuneration
President and CEO	7,250	105	223	645	9,417	<b>17,640</b>	2,605	1,319	<b>21,564</b>
Management Group, excl. the President	13,200	191	356	6,157	7,052	<b>26,956</b>	6,569	494	<b>34,019</b>
<b>Total<sup>3)</sup></b>	<b>20,450</b>	<b>296</b>	<b>579</b>	<b>6,802</b>	<b>16,469</b>	<b>44,596</b>	<b>9,174</b>	<b>1,813</b>	<b>55,583</b>
Total remuneration for 2011 (SEK t.)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration <sup>1)</sup>	Total	Pension costs <sup>2)</sup>	Other remuneration and benefits	Total expensed remuneration
President and CEO	7,000	102	140	630	8,434	<b>16,306</b>	2,415 <sup>4)</sup>	1,092	<b>19,813</b>
Management Group, excl. the President <sup>5)</sup>	18,511	165	-465	7,529	8,834	<b>34,574</b>	9,946	610	<b>45,130</b>
Former Presidents								663	<b>663</b>
<b>Total<sup>3)</sup></b>	<b>25,511</b>	<b>267</b>	<b>-325</b>	<b>8,159</b>	<b>17,268</b>	<b>50,880</b>	<b>12,361</b>	<b>2,365</b>	<b>65,606</b>

1) There is a deviation from the value at grant date according to the table on page 67 because the cost in the table above is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation of the cost in the table above is adjusted for the actual outcome of allotted performance shares, whereas in the table on page 67 the value is based on an assumed allotment.

2) There are no outstanding pension commitments for the Management Group.

3) Of which expensed in subsidiaries; basic salary SEK 1,009 t. (3,437), variable salary SEK - t. (1,871), pension SEK 37 t. (195), as well as other remuneration and benefits SEK 571 t. (450).

4) The amount presented in the Annual Report 2011 has been corrected.

5) Johan Forsell, Petra Hedengran, Lennart Johansson, Johan Bygge until 5/18 2011, Stephen Campe until 6/30 2011 and Susanne Ekblom since 8/15 2011.

Expensed remuneration from the profit-sharing programs for the trading operation to members of the Management Group totaled SEK 36 t. for the year (46). These remunerations are in addition to the amounts presented in the table above.

#### Total remuneration - expensed wages, salaries, Board of Directors fees and other remuneration, as well as social security contributions

Total remuneration (SEK m.)	2012							2011						
	Basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total	Fixed basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total
<b>Group</b>														
Parent Company	82	20	35	26	15	77	255	89	21	25	30	16	43	224
Subsidiaries	4,401	309	3	363	105	1,014	6,195	3,562	280	2	294	108	811	5,057
<b>Total</b>	<b>4,483</b>	<b>329</b>	<b>38</b>	<b>389</b>	<b>120</b>	<b>1,091<sup>2)</sup></b>	<b>6,450</b>	<b>3,651</b>	<b>301</b>	<b>27</b>	<b>324</b>	<b>124</b>	<b>854<sup>2)</sup></b>	<b>5,281</b>
Of which:														
<i>Investing activities</i>	88	21	36	29	15	79	268	116	39	25	39	17	57	293

1) Includes vacation remuneration and change of vacation pay liability.

2) Of which SEK 39 m. refers to social security contribution for long-term share-based remuneration (1).

#### Expensed wages and remuneration distributed between senior executives, Presidents and Boards in subsidiaries and other employees

Remuneration (SEK m.)	2012				2011					
	Salary senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	of which variable salary <sup>1)</sup>	Other employees	Total	Salary senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	of which variable salary <sup>1)</sup>	Other employees	Total		
<b>Group</b>										
Parent Company		35	7	67	102		44	11	66	110
Subsidiaries		44	12	4,666	4,710		38	10	3,804	3,842
<b>Total</b>		<b>79</b>	<b>19</b>	<b>4,733</b>	<b>4,812</b>		<b>82</b>	<b>21</b>	<b>3,870</b>	<b>3,952</b>
Of which:										
<i>Investing activities</i>		35	7	74	109		55	15	238	293

1) The number of people in the Parent Company is 17 (15) and in subsidiaries 26 (29).

2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 14 m. and are in addition to the amounts presented in the table.

## Note 9, cont'd Employees and personnel costs

### Long-term share-based remuneration – program descriptions

Through the long-term variable remuneration programs, part of the remuneration to employees becomes linked to the long-term performance of the Investor share.

#### 2006–2012

The programs consist of the following two components:

#### 1) Stock Matching Plan in which all employees may participate

Through the Stock Matching Plan, an employee could acquire or commit shares in Investor at the market price during a period (determined by the Board) subsequent to the release of Investor's first quarterly report for each year, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, other members of the Management Group and a maximum of 20 other senior executives ("Senior Management") are obligated to invest at least 5 percent of their basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest, but they are still entitled to invest to the extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum of between 10 and 15 percent of their basic salary. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum between 10 and 38 percent of their respective basic salary. In order to participate fully in the Stock Matching Plan for 2012, the President had to invest or commit approximately 46 percent of his basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 38 percent of the basic salary. For these programs, the President is entitled to exercise Matching Shares and Matching Options during a period of 12 months from the earlier of (i) seven years (10 years for 2006 and 2007 year's programs) from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

#### 2) Performance-Based Share Program, in which Senior management participates in addition to the Stock Matching Plan

Senior management has, in addition to the Stock Matching Plan, the right (and obligation) to participate in a Performance-Based Share Program. Under this program, which presumes participation in the Stock Matching Plan, Senior management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for a price that corresponds to, in 2012 year's program, 50 percent of the price of the shares acquired by the employee ("Acquisition Price"). This right is conditional upon whether certain financial goals related to the total return of the Investor share are met during the vesting period. The Performance-Based Share Program for 2012 is basically the same as it was during 2009-2011.

Total return is measured over a three-year qualification period. The average annual total return (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points in order for Senior management to be entitled to acquire the maximum number of Performance Shares that they were allotted. If the total return does not exceed the 10-year interest on government bonds by at least 2 percentage points, then Senior management is not entitled to acquire any shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, then a proportional (linear) calculation of the number of shares that may be acquired is made. In 2012 year's program, the total return is measured quarterly on running 12-month basis during the qualification period, where the total outcome is estimated as the average total return during the three-year period based on 9 measurement points.

For these programs, the President is entitled to exercise Performance Shares during a period of 12 months from the earlier of (i) seven years (ten years for 2006 and 2007 year's programs) from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

#### Adjustment for dividend

At the time when Matching Shares and Performance Shares are acquired, employees are entitled to remuneration for dividends paid during the vesting period and up until the acquisition date. This is done so that the program will not be affected by dividends and to avoid the risk that a decision on dividends is affected by the long-term variable remuneration program.

#### Hedge contracts for employee stock option and share programs

Investor's policy is to implement measures to minimize the effects on equity from the programs in the event of an increase in Investor's share price. For programs implemented in 2006 and later, Investor has been repurchasing its own shares in order to guarantee delivery.

### Summary of terms for the 2006-2012 long-term variable remuneration programs

#### Matching Shares 2006-2012

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Match-ing Shares forfeited in 2012	Match-ing Shares exercised in 2012	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value <sup>1)</sup>	Fair value <sup>2)</sup>	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2006	95,497	57,405	2,056	1,805	46,435	154.59	11,221	109.19	121.34	10.00	12/31 2012	3
2007	70,194	48,210	2,140	3,096	17,474	153.99	29,780	150.91	168.48	10.00	12/31 2013	3
2008	88,075	68,998	2,840	5,201	26,370	150.54	40,267	116.71	130.40	10.00	12/31 2014	3
2009	134,540	123,104	4,452	5,535	56,183	150.63	65,838	97.64	109.01	10.00	12/31 2015	3
2010	124,543	113,235	5,198	6,092	5,653	148.94	106,688 <sup>4)</sup>	114.91	128.33	10.00	12/31 2016	3
2011	88,959	88,125	4,601	3,333	1,363	155.73	88,030 <sup>4)</sup>	127.15	141.66	10.00	12/31 2017	3
2012	120,160	0	–	1,331	193	164.10	118,636 <sup>4)</sup>	109.60	122.17	10.00	12/31 2018	3
<b>Total</b>	<b>721,968</b>	<b>499,077</b>	<b>21,287</b>	<b>26,393</b>	<b>153,671</b>		<b>460,460</b>					

1) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 70 for specification of the basis of calculation.

3) Under certain circumstances, in conjunction with the end of employment, Matching Shares can be exercised before the end of the vesting period. Matching Shares that have already vested must be exercised within three months from the date employment was terminated if the holder has been employed less than four years. If the holder has been employed more than four years the Matching Shares must be exercised within 12 months.

4) Matching Shares not available for exercise at year-end.

## Note 9, cont'd Employees and personnel costs

### Matching Options 2006-2012

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2012	Number of Matching Options exercised in 2012	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value <sup>1)</sup>	Fair value <sup>2)</sup>	Strike price, SEK	Maturity date	Vesting period (year) <sup>3)</sup>
2006	190,994	144,782	21,996	104,802	163.42	17,984	15.62	12.47	155.90	12/31 2012	3
2007	140,388	112,558	16,678	–	–	95,880	22.80	18.84	212.00	12/31 2013	3
2008	176,150	155,238	25,476	598	169.10	129,164	16.41	18.98	166.20	12/31 2014	3
2009	269,080	240,439	20,603	69,454	154.56	150,382	14.52	16.68	141.50	12/31 2015	3
2010	249,086	223,730	21,883	1,072	167.19	200,775 <sup>4)</sup>	17.44	19.73	164.60	12/31 2016	3
2011	177,918	177,120	7,002	–	–	170,118 <sup>4)</sup>	19.78	22.82	180.30	12/31 2017	3
2012	240,320	–	2,663	–	–	237,657 <sup>4)</sup>	14.70	16.87	157.80	12/31 2018	3
<b>Total</b>	<b>1,443,936</b>	<b>1,053,867</b>	<b>116,301</b>	<b>175,926</b>		<b>1,001,960</b>					

1) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.

3) Under certain circumstances, in conjunction with the end of employment, Matching Option can be exercised before the end of the vesting period. Matching Options that have already vested must be exercised within three months from the date employment was terminated if the holder has been employed less than four years. If the holder has been employed more than four years the Matching Options must be exercised within 12 months.

4) Matching Options not available for exercise at year-end.

### Performance Shares 2006-2012

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend	Performance Shares, forfeited 2012	Performance Shares exercised 2012	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value <sup>1)</sup>	Fair value <sup>2)</sup>	Strike price	Maturity date	Vesting period (years)
2006	63,315	27,396	899	537	19,733	151.77	8,025	52.35	57.03	10.00	12/31 2012	3
2007	48,973	17,747	832	–	3,020	159.89	15,559	77.78	82.55	10.00	12/31 2013	3
2008	94,166	37,970	2,735	157	9,681	148.59	30,867	38.18	42.98	69.29	12/31 2014	3
2009	870,373	904,223	38,903	11,802	265,217	155.17	666,107	15.45	17.26	105.93	12/31 2015	3
2010	799,197	805,431	36,863	454	–	–	841,840 <sup>3)</sup>	18.34	20.34	126.92	12/31 2016	3
2011	663,784	663,784	30,378	–	–	–	694,162 <sup>3)</sup>	20.56	23.14	143.74	12/31 2017	3
2012	457,517	–	–	–	–	–	457,517 <sup>3)</sup>	32.69	36.41	65.79	12/31 2018	3
<b>Total</b>	<b>2,997,325</b>	<b>2,456,551</b>	<b>110,610</b>	<b>12,950</b>	<b>297,651</b>		<b>2,714,077</b>					

1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.

3) Performance Shares not available for exercise at year-end.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	2012			2011		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	131.58	131.58	131.58	150.32	150.32	150.32
Strike price	10.00	157.8	65.79	10.00	180.30	150.32
Assumed volatility <sup>1)</sup>	30%	30%	30%	30%	30%	30%
Assumed average term <sup>2)</sup>	5 year	5 year	5 year	5 year	5 year	5 year
Assumed percentage of dividend <sup>3)</sup>	0%	4.00%	0%	0%	3.84%	0%
Risk-free interest	1.21%	1.21%	1.21%	2.88%	2.88%	2.88%
Expected outcome <sup>4)</sup>			50%			50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.

2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.

3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.

4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in

accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. The adjustment is based on average historical outcome.



## Note 9, cont'd Employees and personnel costs

### Summary of Long-term Restricted Stock Programs 2004–2005

Year issued	Number of granted Shares	Number at the beginning of the year	Fair value <sup>1)</sup>	Number of Shares exercised 2012	Number of Shares at year-end	Maturity date <sup>2)</sup>	Vesting period (years)
2004	74,000	3,200	77.00	–	3,200	1/20 2009	5
2005	58,331	9,612	97.04	–	9,612	1/21 2010	5
<b>Total</b>	<b>132,331</b>	<b>12,812</b>		<b>–</b>	<b>12,812</b>		

1) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

2) The President is entitled to exercise the Shares during a period twelve months from the earlier of (i) ten years from the date of allocation and (ii) two months from the expiry of the year during which the President terminates his employment.

### Summary of the Long-term Employee Stock Option Program 2005

Year issued	Number of Options granted	Number of Options at the beginning of the year	Options exercised 2012	Weighted average share price on exercise	Options expired 2012	Number of Options at year-end	Theoretical value <sup>1)</sup>	Fair value <sup>2)</sup>	Strike price	Maturity date	Vesting period (years)
2005	1,008,469	6,550	6,550	136.57	–	–	19.00	15.20	106.70	1/20 2012	3
<b>Total</b>	<b>1,008,469</b>	<b>6,550</b>	<b>6,550</b>		<b>–</b>	<b>–</b>					

1) The value of options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model. The volatility parameter has been adjusted to take into account the special limitations to disposal rights that are valid for long-term employee stock option programs.

2) The fair value of Options on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.

### Accounting effects of share-based payment transactions

(SEK m.)	2012	2011
<b>Group</b>		
<i>Costs relating to share-based payment transactions</i>		
Costs relating to equity-settled share-based payment transactions	32	30
Costs relating to cash-settled share-based payment transactions	7	2
Social security and other costs relating to share-based payment transactions	39	1
<b>Total</b>	<b>78</b>	<b>33</b>

(SEK m.)	2012	2011
<b>Parent Company</b>		
<i>Costs relating to Share-based payment transactions</i>		
Costs relating to equity-settled share-based payment transactions	28	27
Costs relating to cash-settled share-based payment transactions	7	2
Social security and other costs relating to share-based payment transactions	38	2
<b>Total</b>	<b>73</b>	<b>31</b>

(SEK m.)	2012	2011
<b>Group and Parent Company</b>		
Effect on equity relating to Stock-Options exercised by employees	25	–19
Carrying amount of liability relating to cash-settled instruments	13	9
Effect on net financial items relating to share-based payment transactions	2	–18
Weighted average price in outstanding hedging contracts	–	127.52

### Remuneration to the Board of the Parent Company

At the 2012 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 8,728 t., of which 7,744 t. would be in the form of cash and synthetic shares and SEK 984 t. would be distributed as cash remuneration for committee work done by the Board of Directors. Expensed remuneration paid to former members of the Board during the year amounted to SEK 300 t. (1,200). At year-end, total outstanding pension commitments including payroll tax for former members of the Board amounted to SEK 142,525 t. (147,892), of which SEK 86,011 t. pertained to Peter Wallenberg (90,977). Remuneration to Peter Wallenberg of SEK 15,367 t. was paid out during the year (15,367).

### Synthetic shares 2008-2012

As of 2008, Board members may choose to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2012 is essentially identical to the decision of the AGM 2011. In 2012, Board Members were entitled to elect to receive 50 percent of the proposed remuneration before tax, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash (instead of receiving 100 percent of the remuneration in cash). A synthetic share carries the same economic rights as a class B Investor share, which means that the value of the Board of Director's remuneration in synthetic shares, just like for class B shares, is dependent upon value fluctuations as well as the amount of dividends during the five-year period until 2017, when each synthetic share entitles the Board member to receive an amount corresponding to the share price, at the time, of a class B Investor share.

At the statutory meeting in April 2012, the Board approved establishment of a policy pursuant to which members of the Board (who do not already have such holdings) are expected to, over a five-year period, acquire ownership in Investor shares (or a corresponding exposure to the Investor share, for example in synthetic shares) for a market value that is expected to correspond to at least one year's remuneration for board work, before taxes and excluding remuneration for committee work.

The Director's right to receive payment occurs after the publications of the year-end report and the three interim reports, respectively, during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares, with 25 percent of the allocated Synthetic Shares on each occasion. In case the Director resigns as Board Member prior to a payment date the Director has a right, within three months after the Director's resignation, to request that the time of payment shall be brought forward, and instead shall occur, in relation to 25 percent of the total number of allocated Synthetic Shares, after the publications of each of the year-end report and the three interim reports, respectively, which are made during the year after the year when such request was received by the Company.

## Note 9, cont'd Employees and personnel costs

### Expensed remuneration to the Board

Total remuneration for 2012 (SEK t.)	Cash	Value of Synthetic Shares as at grant date	Commit-tee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2012	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2012 <sup>1)</sup>	Adjust-ment for dividend	Number of Synthetic Shares on December 31, 2012
Jacob Wallenberg	984	984	328	2,296	1,459	273	4,028	29,683	7,412	1,342	38,437
Anders Scharp <sup>2)</sup>	–	–	–	–	101	–	101	2,040	–	92	2,132
Gunnar Brock <sup>3)</sup>	263	262	66	591	290	74	955	5,875	1,977	265	8,117
Sune Carlsson	262	263	197	722	391	74	1,187	7,915	1,977	357	10,249
Börje Ekholm	–	–	–	–	–	–	–	–	–	–	–
Tom Johnstone	263	262	–	525	178	74	777	3,611	1,977	163	5,751
Carola Lemne	262	263	–	525	178	74	777	3,611	1,977	163	5,751
Grace Reksten Skaugen	525	–	131	656	–	–	656	–	–	–	–
O. Griffith Sexton	525	–	66	591	–	–	591	–	–	–	–
Dr. Josef Ackermann <sup>4)</sup>	230	229	–	459	–	64	523	–	1,729	–	1,729
Marcus Wallenberg <sup>5)</sup>	525	–	–	525	–	–	525	–	–	–	–
Lena Treschow Torell	263	263	66	591	391	74	1,056	7,915	1,977	357	10,249
Hans Stråberg	263	263	–	525	85	74	684	1,725	1,977	78	3,780
Peter Wallenberg Jr. <sup>3)</sup>	263	263	131	656	391	74	1,121	7,915	1,977	357	10,249
<b>Total</b>	<b>4,627</b>	<b>3,051</b>	<b>985</b>	<b>8,662</b>	<b>3,464</b>	<b>855</b>	<b>12,981</b>	<b>70,290</b>	<b>22,980</b>	<b>3,174</b>	<b>96,444</b>

1) Based on weighted average stock price for Investor B in the period April 25 to May 5, 2012: SEK 132.81.

2) Member of the board until 3/31 2009.

3) Additional remunerations of SEK 956 t. to Gunnar Brock and SEK 250 t. to Peter Wallenberg Jr. have been expensed in the subsidiaries.

4) Member of the board as of 6/1 2012.

5) Member of the board as of 4/17 2012.

Total remuneration for 2011 (SEK t.)	Cash	Value of Synthetic Shares as at grant date	Commit-tee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2011	Effect from exercised 2011	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2011 <sup>1)</sup>	Adjust-ment for dividend	Exercised Synthetic Shares, 2011	Number of Synthetic Shares on December 31, 2011
Jacob Wallenberg	937	938	312	2,187	–249	–104	–	1,834	22,441	6,468	774	–	29,683
Anders Scharp <sup>2)</sup>	–	–	–	–	–23	–	–	–23	1,972	–	68	–	2,040
Gunnar Brock <sup>3)</sup>	250	250	63	563	–44	–29	–	490	4,012	1,725	138	–	5,875
Sune Carlsson	250	250	187	687	–66	–29	–	592	5,984	1,725	206	–	7,915
Börje Ekholm	–	–	–	–	–	–	–	–	–	–	–	–	–
Sirkka Hämäläinen <sup>4)</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–
Tom Johnstone	250	250	–	500	–20	–29	–	451	1,823	1,725	63	–	3,611
Carola Lemne	250	250	–	500	–20	–29	–	451	1,823	1,725	63	–	3,611
Håkan Mogren <sup>5)</sup>	–	–	–	–	–34	–	–10	–44	3,066	–	106	–3,172	–
Grace Reksten Skaugen	500	–	125	625	–	–	–	625	–	–	–	–	–
O. Griffith Sexton	500	–	63	563	–	–	–	563	–	–	–	–	–
Lena Treschow Torell	250	250	63	563	–66	–29	–	468	5,984	1,725	206	–	7,915
Hans Stråberg <sup>6)</sup>	250	250	–	500	–	–29	–	471	–	1,725	–	–	1,725
Peter Wallenberg Jr. <sup>3)</sup>	250	250	125	625	–66	–29	–	530	5,984	1,725	206	–	7,915
<b>Total</b>	<b>3,687</b>	<b>2,688</b>	<b>938</b>	<b>7,313</b>	<b>–588</b>	<b>–307</b>	<b>–10</b>	<b>6,408</b>	<b>53,089</b>	<b>18,543</b>	<b>1,830</b>	<b>–3,172</b>	<b>70,290</b>

1) Based on a weighted average stock price for Investor B in the period April 14 to April 20, 2011: SEK 144.95.

2) Member of the board until 3/31 2009.

3) Additional remunerations of SEK 994 t. to Gunnar Brock and SEK 250 t. to Peter Wallenberg Jr. have been expensed in the subsidiaries.

4) Member of the board until 4/12 2011.

5) Member of the board until 4/14 2010.

6) Member of the board as of 4/12 2011.

### Other

#### Participation program in Investor Growth Capital

Within Investor Growth Capital (IGC), selected senior staff and other senior executives are, to a certain extent, allowed to make parallel investments with Investor, or else receive profit-sharing. The programs are linked to realized growth in the value of the holdings, after having deducted costs and any unrealized decline in value, which are viewed as a portfolio. The maximum share that can be credited to program participants is 16 percent, which is in line with practice in the venture capital market.

During the year, a total of SEK 94 m. was paid out from these programs (35). The provision (not paid out) on unrealized gains amounted to SEK 445 m. at year-end (340). Expensed amounts were reported in the item "Changes in Value" in the Income Statement.

Due to the restructuring of IGC during 2011, a handful of employees have

exchanged their participation in IGC's main program for parallel investments/ profit-sharing for participation in a profit sharing program that is better adapted to reflect the decision to restructure IGC. The new program is linked to the realized proceeds of holdings in excess of a pre-defined threshold that was established in relation to the holding's market value. The total maximum share that can be credited to program participants is 10 percent of the proceeds above the threshold.

#### Participation program in Core Investments - subsidiaries

Board members and senior executives in Mölnlycke Health Care and Aleris, are offered the opportunity to invest in the companies through management participation programs. The terms of the programs are based on market valuations and are designed to yield lower returns to the participants than what owners receive if the investment plan is not achieved. Conversely, the participants obtain a higher return than the owners if the plan's targets are exceeded. Board members employed by Investor AB may not invest in these programs.

## Note 10 Auditor's fees and expenses

	2012	2011
<i>Group</i>		
<i>KPMG</i>		
Auditing assignment	12	12
Other audit activities	1	3
Tax advice	1	1
Other assignments	5 <sup>1)</sup>	6 <sup>1)</sup>
<i>Deloitte</i>		
Auditing assignment	8	9
<b>Total</b>	<b>27</b>	<b>31</b>
	2012	2011
<i>Parent Company</i>		
<i>KPMG</i>		
Auditing assignment	4	4
Other audit activities	1	2
<b>Total</b>	<b>5</b>	<b>6</b>

1) Including costs related to the acquisition of subsidiaries.

## Note 11 Operating leases

### Accounting policies

Costs related to operating leases are recognized in the Income Statement on a straight-line basis over the lease term.

Operating leases mainly consist of rent of premises, leasing of company cars and office furniture.

### Non-cancellable future lease payments

	2012	2011
<i>Group</i>		
Less than 1 year from balance sheet date	420	392
1-5 years from balance sheet date	678	794
More than 5 years from balance sheet date	144	407
<b>Total</b>	<b>1,242</b>	<b>1,593</b>

### Costs for the year

Minimum lease payments	-553	-446
Contingent rent	-1	-1
<b>Total</b>	<b>-554</b>	<b>-447</b>

	2012	2011
<i>Parent Company</i>		
Less than 1 year from balance sheet date	20	20
1-5 years from balance sheet date	1	3
<b>Total</b>	<b>21</b>	<b>23</b>

### Costs for the year

Minimum lease payments	-20	-22
<b>Total</b>	<b>-20</b>	<b>-22</b>

## Note 12 Shares and participation in associates

### Accounting policies

Associates are companies in which Investor, directly or indirectly, has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in those cases where Investor has a large ownership stake in the underlying investment and is significantly involved in the associate's operations.

Unlisted associates of Investor Growth Capital and all listed associates are controlled and monitored based on fair value and are accounted for as financial instruments at fair value through profit or loss.

### Reporting of associates in accordance with the equity method

Associates are reported in the consolidated financial statements as of the date when significant influence was obtained. When applying the equity method, the carrying amount of the investments in associates that is reported in the consolidated financial statements, corresponds to the Group's share of the associates' equity, consolidated goodwill, and any consolidated surpluses/deficits.

In the consolidated Income Statement, the Group's share of the associates' profit loss that is attributable to the owners of the Parent Company (adjusted for any depreciation, impairment losses or reversals of acquired surpluses/deficits) is recognized as "share of results of associates". These shares of profit loss (less any dividends received from associates) are the primary component of the change in reported value of participations in associates. The Group's share of other comprehensive income in associates is reported as a separate component of other comprehensive income.

Upon acquisition of an associate, any difference between the cost of the holding including transaction costs and the investor's share of the net fair value of the associate's identifiable assets and liabilities is reported as goodwill corresponding to principles for acquisition of subsidiaries.

When the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also offset against long-term financial receivables without collateral, the economic substance of which is comprised of part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has an obligation to cover the losses incurred by the associate. The equity method is applied until such time when the Group no longer has significant influence.

### Assets held for sale

Shares and participations in associates that are classified as held for sale are measured at the lower of the asset's previous carrying amount or the fair value less cost to sell.

### Specification of carrying amount using the equity method

	12/31 2012	12/31 2011
<i>Group</i>		
At the beginning of the year	7,268	2,015
Acquisitions	560	231
Divestments	-1	-1
Reclassifications	-5,455	-
Share of results of associates <sup>1)</sup>	-237	5,240
Exchange rate differences, etc.	-61	-217
<b>Carrying amount at year-end</b>	<b>2,074</b>	<b>7,268</b>
Assets held for sale	5,455 <sup>2)</sup>	-
<b>Total carrying amount at year-end</b>	<b>7,529</b>	<b>7,268</b>

1) Profit/loss for the year refers to the participating interest in the company's result after tax for the year and after adjustments in accordance with Investor's accounting policies and evaluation principles.

2) Attributable to Gambro, for more information please see page 74.

## Note 12, cont'd Shares and participations in associates

### Specification of investments in associates 12/31 2012

Company, Registered office, Registration number	Number of shares	Share of voting power%	Proportion of equity%	Investor's share of				
				Assets <sup>1)</sup>	Liabilities <sup>1)</sup>	Equity <sup>2)</sup>	Revenue <sup>3)</sup>	Profit/loss for the year <sup>4)</sup>
<b>Group</b>								
Lindorff First Holding AB, Stockholm, 556714-9413 <sup>5)</sup>	109,493,255	50	51	7,568	7,323	245	2,205	-198
Hi3G Holdings AB, Stockholm, 556619-6647 <sup>5)</sup>	40,000	40	40	7,278	5,841	1,437	3,736	296
Hi3G Enterprise AB, Stockholm, 556782-9329 <sup>5)</sup>	40,000	40	40	4,239	4,200	39	-	-170
Kunskapsskolan Education Sweden AB, Stockholm, 556691-3066 <sup>5)</sup>	17,117	32	40	204	154	50	324	-6
Other				187	103	84	382	27
<b>Investments in associates</b>				<b>19,476</b>	<b>17,621</b>	<b>1,855</b>	<b>6,647</b>	<b>-51</b>
<b>Assets held for sale</b>								
Indap Sweden AB, Stockholm, 556678-4111 <sup>5, 6)</sup>	490,000	49	48	11,435	6,054	5,381	5,230	-186
<b>Total investments in associates</b>				<b>30,911</b>	<b>23,675</b>	<b>7,236</b>	<b>11,877</b>	<b>-237</b>

### Specification of investments in associates 12/31 2011

Company, Registered office, Registration number	Number of shares	Share of voting power%	Proportion of equity%	Investor's share of				
				Assets <sup>1)</sup>	Liabilities <sup>1)</sup>	Equity <sup>2)</sup>	Revenue <sup>3)</sup>	Profit/loss for the year <sup>4)</sup>
<b>Group</b>								
Indap Sweden AB, Stockholm, 556678-4111 <sup>5, 6)</sup>	490,000	49	49	11,847	6,682	5,165	6,009	3,657
Lindorff First Holding AB, Stockholm, 556714-9413 <sup>5)</sup>	109,493,255	50	51	7,230	6,849	381	2,020	-83
Hi3G Holdings AB, Stockholm, 556619-6647 <sup>5)</sup>	40,000	40	40	7,112	5,842	1,270	3,564	1,805
Hi3G Enterprise AB, Stockholm, 556782-9329 <sup>5)</sup>	40,000	40	40	4,229	4,203	26	-	-167
Kunskapsskolan Education Sweden AB, Stockholm, 556691-3066 <sup>5)</sup>	17,099	32	40	228	172	56	262	-5
Other				170	105	65	352	33
<b>Total investments in associates</b>				<b>30,816</b>	<b>23,853</b>	<b>6,963</b>	<b>12,207</b>	<b>5,240</b>

1) Refers to the ownership interest in the assets and liabilities of the company after adjustments in accordance with Investor's accounting policies and evaluation principles.

2) Refers to the ownership interest in the equity of the company including the equity component in untaxed reserves and after adjustments in accordance with Investor's accounting and evaluation principles.

3) Refers to the ownership interest of the company's net sales.

4) Profit/loss for the year refers to the participating interest in the company's results after tax including the equity component in the change in untaxed reserves for the year and after adjustments in accordance with Investor's accounting policies and evaluation principles.

5) Reported with one month's delay.

6) The investment in Gambro is included in Indap Sweden AB. For more information regarding the divestment of Gambro, see below and page 11.

### Assets held for sale

In December 2012, Investor and EQT signed an agreement to divest the associate, Gambro, to Baxter. The transaction is expected to close, subject to customary regulatory approval, towards the end of the second quarter 2013. Until closing, the investment in Gambro, included in the operating segment Financial Investments, will be classified as Assets held for sale. Cumulative income or expense that has been recognized in other comprehensive income relating to Gambro, amounts to SEK -70 m. as of December 31, 2012 and refers to changes in fair value for cash flow hedges and foreign currency translation adjustments which has been included in share of other comprehensive income of associates.

## Note 13 Net financial items

### Accounting policies

Financial income and financial expenses consist mainly of interest, exchange rate differences and changes in the value of financial investments, liabilities and derivatives used to finance operations.

Interest is calculated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed at the same point in time that receivables or payables are measured at fair value through profit/loss. When valued at amortized cost, amortization takes place over the remaining life using the effective interest rate. Borrowing costs are recognized in profit/loss using the effective interest rate method except to the extent that they are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. In such cases, they are included in the acquisition cost of the asset. Costs related to credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Other financial items are mainly changes in the value of derivatives and loans that are subject to fair value hedging, and currency result.

Group	2012		2011	
	Income	Expense	Income	Expense
<b>Interest</b>				
<i>Items measured at fair value:</i>				
Assets recognized at fair value – fair value option	190		263	
Derivatives used in hedge accounting		-242		-104
Assets/liabilities held for trading		-90		-125
	<b>190</b>	<b>-332</b>	<b>263</b>	<b>-229</b>
<i>Items not measured at fair value:</i>				
Other financial liabilities		-1,987		-2,126
Other items		-2		-45
		<b>-1,989</b>		<b>-2,171</b>
<b>Total interest</b>	<b>190</b>	<b>-2,321</b>	<b>263</b>	<b>-2,400</b>
<b>Other financial items</b>				
Assets recognized at fair value – fair value option		-35	50	
Derivatives used in hedge accounting	584			1,237
Assets/liabilities held for trading		-121		-573
Other financial liabilities	-494			-1,268
Sale of subsidiaries		-9		-4
Exchange rate changes effecting items valued at fair value		-904	259	
Other exchange rate effects	639			-121
Other items		-55		-9
<b>Total other financial items</b>	<b>729</b>	<b>-1,124</b>	<b>309</b>	<b>-738</b>
<b>Total financial income and expenses</b>	<b>919</b>	<b>-3,445</b>	<b>572</b>	<b>-3,138</b>
<b>Net financial items</b>		<b>-2,526</b>		<b>-2,566</b>

Other financial items consist of unrealized market value changes and realized results of financial items excluding interest. Net financial items include the changes in value of derivatives relating to economic hedges of employee stock options by SEK 2 m. (-18) and revaluations established with valuation techniques totaling 15 m. (-442). Liabilities accounted for as hedges have been revalued by SEK -494 m. (-1,268) and the associated hedging instruments have been revalued by SEK 584 m. (1,237). Derivatives included in cash flow hedges are not recognized in the Income Statement but have affected other comprehensive income by SEK 460 m. (-275).

Of which:

	2012		2011	
	Income	Expense	Income	Expense
<i>Investing activities</i>				
<b>Interest</b>				
<i>Items measured at fair value:</i>				
Assets recognized at fair value – fair value option	177		251	
Derivatives used in hedge accounting		125		176
Assets/liabilities held for trading		-66		-110
	<b>177</b>	<b>59</b>	<b>251</b>	<b>66</b>
<i>Items not measured at fair value:</i>				
Other financial liabilities		-1,243		-1,150
Other items		-4	1	
		<b>-1,247</b>	<b>1</b>	<b>-1,150</b>
<b>Total interest</b>	<b>177</b>	<b>-1,188</b>	<b>252</b>	<b>-1,084</b>

### Other financial items

Assets recognized at fair value – fair value option		-35	50	
Derivatives used in hedge accounting	584			1,237
Assets/liabilities held for trading		-120		-515
Other financial liabilities	-494			-1,268
Sale of subsidiaries	114			-5
Exchange rate changes effecting items valued at fair value		-855	254	
Other exchange rate effects	665			-121
Other items	5		2	
<b>Total other financial items</b>	<b>874</b>	<b>-1,010</b>	<b>306</b>	<b>-672</b>
<b>Total financial income and expenses</b>	<b>1,051</b>	<b>-2,198</b>	<b>558</b>	<b>-1,756</b>
<b>Net financial items, investing activities</b>		<b>-1,147</b>		<b>-1,198</b>

### Basis swaps

Due to a new view, which originates from changes in the derivatives markets over the past few years, as of the fourth quarter 2012, Investor values "currency interest rate swaps" based on a yield curve taking into consideration the market cost for swapping different currencies (the so-called basis spread). Since Investor applies hedge accounting for such derivatives, the hedge accounting has also been affected by the change in valuation methodology. This includes a positive one-time effect related to the change in valuation methodology for currency interest rate swaps, and a negative one-time effect in the hedge accounting. The change has affected the financial net positively by SEK 303 m. during the fourth quarter. The new valuation method could also result in a larger impact than previously from future unrealized market value changes of these currency interest rate swaps on the financial net.

## Note 14 Income tax

### Accounting policies

The amount reported as the Group's total income tax for the year consists of current tax and deferred tax. Current tax is tax that must be paid or refunds that will be received for the current year and adjustments to current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences attributable to goodwill are not recognized. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized unless they are expected to reverse within the foreseeable future. The valuation of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax regulations that have been decided or announced at year-end. If the calculations result in a deferred tax asset, it will only be reported as such if it is probable that it will be realized.

Income taxes are reported in the Income Statement unless the underlying transaction is reported as part of other comprehensive income or as a component of equity. In such cases, the associated tax effect is also reported as part of other comprehensive income or as a component of equity.

Part of the difference between the effective tax rate and the Parent Company's tax rate that occurs upon reconciliation is due to the fact that the Parent Company is taxed in accordance with the rules that apply to industrial holding companies.

### Parent Company

The regulations for industrial holding companies imply that capital gains on shares are not taxable and corresponding capital losses are non-deductible. Dividends received and interest income are both taxable items, while administrative costs, interest expenses and dividend paid are all deductible. Moreover, the Parent Company declares a standard income of 1.5 percent on the market value of listed shares when the voting rights at the beginning of the year are less than 10 percent, or when they exceed 10 percent but, at the beginning of the year, had been owned for less than one year. As a consequence of these tax regulations, the Parent Company typically does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences. The regulations for industrial holding companies also imply that the Parent Company may neither give nor receive Group contributions.

### Change in corporate tax

In November, the Swedish Parliament decided to cut the corporate tax rate from 26.3 percent to 22.0 percent, effective as of January 1, 2013. In consequence of the reduction Investor's deferred tax liabilities and assets relating to Swedish entities have decreased as of December 31, 2012. The change has affected the net value of consolidated deferred taxes positively by SEK 407 m.

### Income tax for the year

	2012	2011
<i>Group</i>		
Current tax expense	-260	-156
Deferred tax expense relating to changes in temporary differences and losses carry-forward	878	449
<b>Total</b>	<b>618</b>	<b>293</b>

### Information about the connection between tax expense for the period and reported income before tax

	2012 (%)	2012	2011 (%)	2011
<i>Group</i>				
Reported loss/profit before taxes		23,557		-9,581
Tax according to applicable tax rate, 26.3%	26.3	-6,195	26.3	2,520
Effect of changed tax rate, 22.0%	-1.7	407	0.0	-
Effect of other tax rates for foreign subsidiaries	-0.3	58	2.0	189
Tax from previous years	0.3	-61	0.0	1
Tax effect of non-taxable income and status as an industrial holding company <sup>1)</sup>	-47.0	11,076	51.3	4,919
Non-deductible expenses	15.2	-3,577	-75.7	-7,257
Standard interest on tax allocation reserves	0.0	-2	0.0	-4
Current year loss, not recognized as deferred tax asset	0.1	-32	-1.8	-172
Recognition and utilization of prior years not recognized losses carry-forward	-0.3	68	1.1	102
Controlled Foreign Company taxation	4.8	-1,125	0.0	-
Other	0.0	1	-0.1	-5
<b>Reported tax expense</b>	<b>-2.6</b>	<b>618</b>	<b>3.1</b>	<b>293</b>

1) For tax purposes, industrial holding companies may deduct the dividend approved at the subsequent Annual General Meeting.

## Note 14, cont'd Income tax

### Deferred taxes

Deferred taxes refer to the following assets and liabilities

	Deferred tax asset		Deferred tax liability		Net	
	12/31 2012	12/31 2011	12/31 2012	12/31 2011	12/31 2012	12/31 2011
<i>Group</i>						
Property, plant and equipment	12	29	-321	-372	-309	-343
Intangible assets	40	24	-2,208	-2,871	-2,168	-2,847
Financial assets	77	2	-137	-62	-60	-60
Inventory	88	92	0	0	88	92
Interest-bearing liabilities	16	14	-	-	16	14
Pension provisions	10	74	79	5	89	79
Provisions	11	14	-4	-4	7	10
Losses carry-forward	396	244	-	-	396	244
Tax allocation reserves	-	-	-158	-211	-158	-211
Other	242	288	-34	-79	208	209
<b>Total deferred tax assets and liabilities</b>	<b>892</b>	<b>781</b>	<b>-2,783</b>	<b>-3,594</b>	<b>-1,891</b>	<b>-2,813</b>
Net of deferred tax assets and liabilities <sup>1)</sup>	-69	-94	69	94	-	-
<b>Net deferred tax</b>	<b>823</b>	<b>687</b>	<b>-2,714</b>	<b>-3,500</b>	<b>-1,891</b>	<b>-2,813</b>

1) Deferred tax assets and liabilities are offset if a legal right exists for this.

### Unrecognized deferred tax assets

Taxes relating to deductible, temporary differences for which deferred tax assets have not been recognized amounted to SEK 632 m. on December 31, 2012 (1,034). The amount refers to unrecognized losses carry-forward and pension provisions.

Part of the losses carry forwards relating to Mölnlycke Health Care are subject to litigation due to a decision from the Swedish Tax Agency.

The amount does not include the Parent Company due to its status as an industrial holding company for tax purposes.

### Change in deferred taxes related to temporary differences and losses carry-forward

	Amount at the beginning of the year	Business combinations	Recognized in the income statement	Recognized in other comprehensive income	Amount at year-end
12/31 2012					
<i>Group</i>					
Property, plant and equipment	-343	8	27	-1	-309
Intangible assets	-2,847	-21	644	56	-2,168
Financial assets	-60	0	-2	2	-60
Inventory	92	-	-2	-2	88
Interest-bearing liabilities	14	-	2	-	16
Pension provisions	79	-	-9	19	89
Provisions	10	0	-3	0	7
Losses carry-forward	244	2	154	-4	396
Tax allocation reserves	-211	-1	36	18	-158
Other	209	19	31	-51	208
<b>Total</b>	<b>-2,813</b>	<b>7</b>	<b>878</b>	<b>37</b>	<b>-1,891</b>
12/31 2011					
<i>Group</i>					
Property, plant and equipment	-260	-1	-14	-68	-343
Intangible assets	-3,122	-43	295	23	-2,847
Financial assets	-106	1	45	0	-60
Inventory	-50	-7	147	2	92
Interest-bearing liabilities	-7	-	21	-	14
Pension provisions	60	-44	-6	69	79
Provisions	8	12	-10	0	10
Losses carry-forward	116	35	95	-2	244
Tax allocation reserves	-245	-4	38	-	-211
Other	343	-3	-162	31	209
<b>Total</b>	<b>-3,263</b>	<b>-54</b>	<b>449</b>	<b>55</b>	<b>-2,813</b>

## Note 15 Earnings per share

### Accounting policies

The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares, originating during the reported periods from stock option and share programs that have been offered to employees. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price. The potential ordinary shares are not viewed as dilutive if they would result in better earnings per share after dilution, which occurs when net income is negative.

### Basic earnings per share

	2012	2011
<i>Group</i>		
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	24,226	-9,229
Weighted average number of ordinary shares outstanding during the year, millions	760.5	760.5
<b>Basic earnings per share, SEK</b>	<b>31.85</b>	<b>-12.14</b>
Change in the number of outstanding shares, before dilution	2012	2011
Total number of outstanding shares at beginning of the year, millions	760.5	760.5
Sales of own shares during the year, millions	0.0	0.0
<b>Total number of outstanding shares at year-end, millions</b>	<b>760.5</b>	<b>760.5</b>

### Diluted earnings per share

	2012	2011
<i>Group</i>		
Profit for the year attributable to the holders of ordinary shares in the Parent Company, diluted, SEK m.	24,226	-9,229
Weighted average number of outstanding ordinary shares, millions	760.5	760.5
Effect of issued: employee share and stock option programs, millions	0.6	-
Number of shares used for the calculation of diluted earnings per share, millions	761.1	760.5
<b>Diluted earnings per share, SEK</b>	<b>31.83</b>	<b>-12.14</b>

### Instruments that are potentially dilutive in the future and changes after the balance sheet date

Outstanding options and shares in long-term share-based programs are to be considered dilutive only if earnings per share were less after than before dilution. Some options are out of the money due to a lower average share price (SEK 141.39) compared to the exercise price and potential value per option to be expensed in accordance to IFRS 2. Finally, there are Performance Shares for which performance terms and conditions are to be met before they can be dilutive. There have been no changes in the number of outstanding shares after the balance sheet date. See Note 9, Employees and personnel costs, for exercise price and a description of performance terms and conditions.

## Note 16 Intangible assets

### Accounting policies

Intangible assets, except for goodwill and trademarks with indefinite life, are reported at cost after a deduction for accumulated amortization or any impairment losses. Goodwill and brands have an indefinite life and are reported at cost after any impairment losses.

### Goodwill

Goodwill arises when the acquisition cost in a business combination exceeds the fair value of acquired assets and liabilities according to the purchase price allocation.

### Trademarks

Trademarks are valued as part of the fair value of businesses acquired from a third party. The trademark must have long-term value and it must be possible to sell it separately. Otherwise, the trademark may arise through a contract or legal rights.

### Capitalized development expenditure

Costs attributable to the development of qualifying assets are capitalized as a component of the asset's acquisition cost. An internally generated intangible asset is reported by the Group only if all of the following apply: it is possible to identify the asset that was created, it is both technically and financially feasible to complete the asset, there is both intent and ability to use the asset, it is likely that the asset will generate future economic benefits and it is possible to calculate the expenses in a reliable way. Amortization of the asset begins as soon as it is put into use. All other expenditure is immediately recognized in the Income Statement.

### Proprietary technology

Proprietary technology consists of assets such as patents and licenses and is valued as part of the fair value of acquired businesses.

### Customer contracts

Customer contracts are valued as part of the fair value of acquired businesses (less any amortization or impairment losses). The useful life of a customer contract is based on the period of time over which net payments are expected to be received from the contract, as well as legal and financial factors.

### Software

Costs for software intended for own administrative use are recognized as an asset in the Balance Sheet when the costs are expected to generate future economic benefits in the form of more efficient processes. Capitalized expenditure for software is amortized from the date it became available for use.

### Amortizations

Amortizations are made linearly over the asset's estimated useful life, goodwill and trademarks have an indefinite useful life and are not amortized.

### Estimated useful lives:

Capitalized development expenditure	3-8 years
Proprietary technology	10-20 years
Customer contracts	4-10 years
Software	3-10 years

### Impairment

The recoverable amount of an asset is calculated whenever there is an indication of impairment. The recoverable amount is calculated once per year or more often if there are any indications of impairment for the following items: goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet available for use. The recoverable amount is the higher of the fair value less selling expenses and the value-in-use. When determining the value-in-use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount and the loss is reported in the Income Statement.



Note 16, cont'd Intangible assets

12/31 2012	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts	Software and other	Total
<i>Group</i>							
<i>Accumulated costs</i>							
At the beginning of the year	24,619	4,844	241	1,803	3,947	209	35,663
Business combinations	236	16		61	37		350
Internally generated intangible assets			79				79
Additions				0		43	43
Disposals	-6		-4	-16	-139	-10	-175
Reclassifications	-109	19	0		125	29	64
Exchange rate differences	-744	-178	0	-70	-79	3	-1,068
<b>At year-end</b>	<b>23,996</b>	<b>4,701</b>	<b>316</b>	<b>1,778</b>	<b>3,891</b>	<b>274</b>	<b>34,956</b>
<i>Accumulated amortization and impairment losses</i>							
At the beginning of the year		0	-30	-105	-1,088	-71	-1,294
Disposals					127	6	133
Reclassifications						-26	-26
Amortizations		-1	-29	-101	-882	-59	-1,072
Exchange rate differences			0	11	10	-4	17
<b>At year-end</b>	<b>-</b>	<b>-1</b>	<b>-59</b>	<b>-195</b>	<b>-1,833</b>	<b>-154</b>	<b>-2,242</b>
<b>Carrying amount at year-end</b>	<b>23,996</b>	<b>4,700</b>	<b>257</b>	<b>1,583</b>	<b>2,058</b>	<b>120</b>	<b>32,714</b>
<i>Allocation of amortization in Income Statement</i>							
Cost of goods and services sold				0	-159	-7	-166
Sales and marketing costs		-1		-63	-714	-2	-780
Administrative, research and development and other operating costs			-29	-38	-9	-45	-121
Management costs						-5	-5
<b>Total</b>	<b>-</b>	<b>-1</b>	<b>-29</b>	<b>-101</b>	<b>-882</b>	<b>-59</b>	<b>-1,072</b>
12/31 2011	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts	Software and other	Total
<i>Group</i>							
<i>Accumulated costs</i>							
At the beginning of the year	23,194	4,870	180	1,859	3,777	166	34,046
Business combinations	1,564			-42	196	7	1,725
Internally generated intangible assets			61			1	62
Additions		1		4		39	44
Disposals		-1				-6	-7
Reclassifications						2	2
Exchange rate differences	-139	-26	0	-18	-26	0	-209
<b>At year-end</b>	<b>24,619</b>	<b>4,844</b>	<b>241</b>	<b>1,803</b>	<b>3,947</b>	<b>209</b>	<b>35,663</b>
<i>Accumulated amortization and impairment losses</i>							
At the beginning of the year			-2	-11	-127	-16	-156
Disposals						6	6
Reclassifications						2	2
Amortizations			-28	-96	-979	-63	-1,166
Exchange rate differences				2	18		20
<b>At year-end</b>	<b>-</b>	<b>-</b>	<b>-30</b>	<b>-105</b>	<b>-1,088</b>	<b>-71</b>	<b>-1,294</b>
<b>Carrying amount at year-end</b>	<b>24,619</b>	<b>4,844</b>	<b>211</b>	<b>1,698</b>	<b>2,859</b>	<b>138</b>	<b>34,369</b>
<i>Allocation of amortization in Income Statement</i>							
Cost of goods and services sold				0	-142	-5	-147
Sales and marketing costs				-57	-829	-2	-888
Administrative, research and development and other operating costs			-28	-39	-8	-51	-126
Management costs						-5	-5
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-28</b>	<b>-96</b>	<b>-979</b>	<b>-63</b>	<b>-1,166</b>

## Note 16, cont'd Intangible assets

Software	12/31 2012	12/31 2011
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	27	26
Additions	–	1
<b>At year-end</b>	<b>27</b>	<b>27</b>
<i>Accumulated amortization and impairment losses</i>		
Opening balance	–11	–6
Amortizations	–5	–5
<b>At year-end</b>	<b>–16</b>	<b>–11</b>
<b>Carrying amount at year-end</b>	<b>11</b>	<b>16</b>
<i>Allocation of amortization in Income Statement</i>		
Operating costs	–5	–5
<b>Total</b>	<b>–5</b>	<b>–5</b>

### Impairment test

Goodwill and other intangible assets with an indefinite useful life originating from acquisitions are allocated by two cash-generating units, Mölnlycke Health Care and Aleris. Investor makes continuous tests to determine that the carrying values of these assets do not exceed the value in use. The method for impairment testing is based on a discounted cash flow forecast to determine the value in use. Various assumptions are used to suit the different companies and its business. The calculated value in use is then compared to the carrying amount.

### Value in use

Value in use is calculated as Investors share of present value of future estimated cash flow generated from the subsidiaries. The estimate of future cash flows is based upon reasonable assumptions and best knowledge of the company and future economic conditions. The base for the estimate is an assumption of the future growth rate, budgets and forecasts. The chosen discount factor reflects specific risks that are assignable to the asset and marketable assessments of the time value of money. The base for calculation of the discount rate is the company's weighted average cost of capital, where the assumption of the risk free interest rate, market risk premium, leverage, cost of debt and relevant tax rate are important components. The ambition is to use a weighted average cost of capital which is not dependent on short term market sentiment, but instead reflects a long-term cost of capital corresponding to Investor's long term investment horizon.

### Mölnlycke Health Care

Impairment testing of goodwill and trade names for Mölnlycke Health Care is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on budget up until 2013 and financial forecasts up until 2022. The forecast period is based on the fact that Mölnlycke Health Care has long-term customer relationships. A growth rate of 4.0 percent (4.0) has been used to extrapolate the cash flows for the years beyond budgets and forecasts, which is considered reasonable given the company's historical growth, geographical positioning and industry fundamentals. Estimated cash flows have been discounted using a discount rate of 9.9 percent pre tax (10.2). No impairment requirement has been identified since the carrying value is lower than calculated value in use. No reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount.

Trade names of SEK 4,681 m. is included in intangible assets assignable to Mölnlycke Health Care (4,843). Mölnlycke Health Care's trade names, which have a long history, have an indefinite useful life as Mölnlycke Health Care has a strong position on all its core markets and will continue to actively use them, expecting continued growth with increased net profit margins. Consolidated goodwill attributable to Mölnlycke Health Care amounts to SEK 18,867 m. (19,444).

### Aleris

Impairment testing of goodwill for Aleris is based on the calculation of value in use in which assumptions of future growth and EBITDA margins are important components. The estimated value is based on the budget up until 2013 and financial forecasts up until 2022. The forecast period is based on the fact that Aleris' business is based on long-term contracts which often have extension options. A growth rate of 3.0 percent has been used to extrapolate the cash flows for the years beyond budgets and forecasts (3.0), which is considered reasonable given the company's historical growth and industrial long term growth drivers, such as demographics and lifestyle aspects. Assumptions of future growth and profitability are based on a turnaround and improved performance within the divisions Healthcare and Denmark where initiated action plans are assumed to improve profitability. The other divisions are expected to continue their steady development. Estimated cash flows have been discounted using a discount rate of 9.6 percent pre tax (10.0). No impairment requirement has been identified since the carrying value is SEK 608 m. lower than calculated value in use. However, a reasonably possible change in the EBITDA margin from 7.4 to 6.9 percent indicate a calculated recoverable amount which is in line with the carrying amount. Consolidated goodwill attributable to Aleris amounts to SEK 5,129 m. (5,175).

## Note 17 Buildings and land

### Accounting policies

The majority of owner occupied property within the Group is reported according to the revaluation model less accumulated depreciation and revaluation adjustments. Industrial property is reported at cost less accumulated depreciation and any impairment losses.

Owner-occupied property has been categorized based on their characteristics:	
Hotel property	Revaluation model
Care property	Revaluation model
Office property	Revaluation model
Industrial property	Cost model

Cost includes the original purchase price and directly attributable costs required to bring the asset to working condition for its intended use. Property consist of parts with different useful lives (such as the framework, roof and basic installations), the parts are treated as separate components of property. Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the asset will flow to the company and if the cost can be measured reliably. All other subsequent costs are expensed in the period they arise. A subsequent expenditure is capitalized if the expense relates to replacement of identified components or parts thereof. Even in cases where new components are created, the expenditure is capitalized. Any undepreciated carrying amount of replaced components, or parts of components, are retired and expensed in connection with the exchange. Repairs are expensed as incurred.

Owner-occupied property is recognized according to the revaluation model less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from the amount established as fair value on the balance sheet date. When an asset's carrying amount is increased as a result of a revaluation, the increase is reported in other comprehensive income and accumulated in a separate component of equity, called the Revaluation Reserve. When an asset's carrying amount is decreased as a result of a revaluation and there is a balance in the revaluation reserve attributable to the asset, the decrease in value is recognized in other comprehensive income and the amount in the revaluation reserve is also decreased. The difference between depreciation based on the revalued amount, and depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

At the time of a revaluation the accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so that the carrying amount of the asset (the net of the adjusted cost and adjusted depreciation)

after revaluation corresponds to the revalued amount. When an asset is divested, the value attributable to the asset in the revaluation reserve is transferred to retained earnings, without having any effect on profit/loss or other comprehensive income

### Depreciation

Depreciation is made linearly over the asset's estimated useful life. Land is not depreciated.

### Estimated useful lives:

Frameworks	50-100 years
Land improvements	20-40 years
Building components	5-40 years

### Impairment

The recoverable amount of an asset is calculated whenever there is an indication of impairment. An impairment loss is recognized in the income statement if the carrying amount exceeds the recoverable amount and there is no value relating to the asset to release from the revaluation reserve.

### Valuation of owner-occupied property recognized with the revaluation model

Fair value has been determined based on current market prices for comparable property and by using a return model based on a calculation of the present value of future cash flows. The fair value of owner occupied property is determined by valuations performed by independent external assessors.

The discount rate has been estimated at 6.8 to 7.0 percent and consists of an estimated long-term inflation rate of 2.0 percent, a risk-free long-term real rate of interest of 4.0 percent and a risk premium of about 0.8 percent. Payments relating to operations and maintenance have been assessed using the rate of inflation during the calculation period.

The residual value has been calculated as the long-term, normalized net operating income for the year after the calculation period divided by an estimated long-term yield. The long-term yield requirement has been assessed to be in a span of 4.75 to 4.85 percent. Value determined on an earnings basis nominal development during the calculation period will then be around 2 percent.

The hotel property was revalued as of June 30, 2011 and the office property was revalued as of December 31, 2011.

	12/31 2012					12/31 2011				
	Revaluation model		Cost model		Total	Revaluation model		Cost model		Total
	Buildings	Land	Buildings	Land		Buildings	Land	Buildings	Land	
<i>Group</i>										
<i>Revalued cost</i>										
Opening balance	2,073	491	459	27	3,050	1,697	499	454	27	2,677
Other acquisitions	48	0	15	0	63	8		7		15
Sales and disposals	0		-1		-1	-31	-8	0		-39
Reclassifications	35	4	37	0	76	80		4		84
Effect of revaluations on revaluation reserve						318				318
Exchange rate differences			-11	0	-11	1		-6	0	-5
<b>At year-end</b>	<b>2,156</b>	<b>495</b>	<b>499</b>	<b>27</b>	<b>3,177</b>	<b>2,073</b>	<b>491</b>	<b>459</b>	<b>27</b>	<b>3,050</b>
<i>Accumulated depreciation</i>										
Opening balance	-469		-87	0	-556	-380		-69	0	-449
Sales and disposals	0				0	5		0		5
Depreciation for the year	-41		-21		-62	-33		-19		-52
Reclassifications	0				0					
Effect of revaluations on revaluation reserve						-60				-60
Exchange rate differences			4	0	4	-1		1	0	0
<b>At year-end</b>	<b>-510</b>	<b>-</b>	<b>-104</b>	<b>0</b>	<b>-614</b>	<b>-469</b>	<b>-</b>	<b>-87</b>	<b>0</b>	<b>-556</b>
<b>Carrying amount at year-end</b>	<b>1,646</b>	<b>495</b>	<b>395</b>	<b>27</b>	<b>2,563</b>	<b>1,604</b>	<b>491</b>	<b>372</b>	<b>27</b>	<b>2,494</b>
<b>Carrying amount if cost model had been used</b>	<b>904</b>	<b>495</b>	<b>395</b>	<b>27</b>	<b>1,821</b>	<b>847</b>	<b>494</b>	<b>372</b>	<b>27</b>	<b>1,740</b>

## Note 18 Machinery and equipment

### Accounting policies

Items of machinery and equipment are reported at cost after a deduction for accumulated depreciation and any impairment losses.

Depreciation is made linearly over the asset's estimated useful life:

Machinery	3-15 years
Furniture, fixtures and fittings	3-10 years
Expenditure on leased property	7-20 years

	12/31 2012				12/31 2011			
	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total
<i>Group</i>								
<i>Accumulated costs</i>								
Opening balance	563	1,500	91	2,154	502	1,216	53	1,771
Business combinations	–	12	0	12	–	121	23	144
Other acquisitions	70	424	58	552	170	279	18	467
Sales and disposals	–7	–251	–8	–266	–37	–64	–2	–103
Reclassifications	78	–188	–	–110	–67	–48	0	–115
Exchange rate differences	–13	–2	1	–14	–5	–4	–1	–10
<b>At year-end</b>	<b>691</b>	<b>1,495</b>	<b>142</b>	<b>2,328</b>	<b>563</b>	<b>1,500</b>	<b>91</b>	<b>2,154</b>
<i>Accumulated depreciation and impairment</i>								
Opening balance	–122	–512	–19	–653	–32	–411	–3	–446
Sales and disposals	7	243	4	254	33	53	2	88
Reclassifications	29	–7	–	22	–3	4	–	1
Impairments for the year	–	–8	–	–8	–	–	–	0
Depreciation for the year	–84	–233	–25	–342	–123	–158	–20	–301
Exchange rate differences	–2	–3	–1	–6	3	0	2	5
<b>At year-end</b>	<b>–172</b>	<b>–520</b>	<b>–41</b>	<b>–733</b>	<b>–122</b>	<b>–512</b>	<b>–19</b>	<b>–653</b>
<b>Carrying amount at year-end</b>	<b>519</b>	<b>975</b>	<b>101</b>	<b>1,595</b>	<b>441</b>	<b>988</b>	<b>72</b>	<b>1,501</b>

	Furniture, fixtures and fittings	
	12/31 2012	12/31 2011
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	50	44
Other acquisitions	2	8
Sales and disposals	–10	–2
<b>At year-end</b>	<b>42</b>	<b>50</b>
<i>Accumulated depreciation and impairment</i>		
Opening balance	–28	–25
Sales and disposals	10	2
Depreciation for the year	–5	–5
<b>At year-end</b>	<b>–23</b>	<b>–28</b>
<b>Carrying amount at year-end</b>	<b>19</b>	<b>22</b>

## Note 19 Shares and participations recognized at fair value

For accounting and valuation policies see Note 30, Financial instruments.

### Group

12/31 2012	Core Investments	Financial Investments	Total
Listed holdings	141,456	2,465	143,921
Unlisted holdings	10	18,313	18,323
<b>Total</b>	<b>141,466</b>	<b>20,778</b>	<b>162,244</b>

12/31 2011	Core Investments	Financial Investments	Total
Listed holdings	118,019	1,223	119,242
Unlisted holdings	10	21,377	21,387
<b>Total</b>	<b>118,029</b>	<b>22,600</b>	<b>140,629</b>

12/31 2012	Core Investments	Financial Investments	Total
Opening balance	118,029	22,600	140,629
Acquisitions	2,763	2,599	5,362
Divestments	–	–4,963	–4,963
Reclassifications	2,151	–	2,151
Exchange rate differences	–	–486	–486
Revaluations	18,523	1,028	19,551
<b>Carrying amount at year-end</b>	<b>141,466</b>	<b>20,778</b>	<b>162,244</b>

12/31 2011	Core Investments	Financial Investments	Total
Opening balance	134,324	19,845	154,169
Acquisitions	7,586	3,676	11,262
Divestments	–1,967	–5,420	–7,387
Exchange rate differences	–	35	35
Revaluations	–21,914	4,464	–17,450
<b>Carrying amount at year-end</b>	<b>118,029</b>	<b>22,600</b>	<b>140,629</b>

In addition to the above holdings of securities, there are commitments for add-on investments amounting to SEK 5,543 m. (4,763). The tables above include interests in associates recognized at fair value in accordance with IAS 39.

## Note 20 Long-term receivables and other receivables

	12/31 2012	12/31 2011
<i>Group</i>		
<i>Long-term receivables</i>		
Receivables from associates <sup>1)</sup>	5,026	4,943
Derivatives	947	796
Other	308	306
<b>Total long-term receivables</b>	<b>6,281</b>	<b>6,045</b>

	12/31 2012	12/31 2011
<i>Group</i>		
<i>Other receivables</i>		
Derivatives	76	108
Incoming payments	20	23
Other	188	133
<b>Total other receivables</b>	<b>284</b>	<b>264</b>

1) Refers to shareholder loans including capitalized interest.

## Note 21 Inventories

### Accounting policies

Inventory is valued at the lower of net realizable value (NRV) and cost. The cost of finished goods and work-in-progress includes a reasonable portion of the indirect costs based on normal capacity utilization. The cost of inventories is calculated using the FIFO (first in, first out) method.

Net realizable value is based on the estimated sales price in the ordinary course of business less the estimated costs to bring about a sale.

	12/31 2012	12/31 2011
<i>Group</i>		
Raw materials and consumables	309	300
Work in progress	48	48
Finished goods	881	793
Supplies	26	–
<b>Total</b>	<b>1,264</b>	<b>1,141</b>

The Group's inventories are valued at cost.

## Note 22 Prepaid expenses and accrued income

	12/31 2012	12/31 2011
<i>Group</i>		
Interest	463	564
Other financial receivables	17	27
Other	236	285
<b>Total</b>	<b>716</b>	<b>876</b>

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Interest	60	23
Other	9	11
<b>Total</b>	<b>69</b>	<b>34</b>

## Note 23 Other financial investments, short-term investments and cash equivalents

### Accounting policies

Other financial investments and short-term investments, consist of interest-bearing securities which are recognized at fair value through profit/loss.

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents provided that:

- there is an insignificant risk of changes in value
- they are readily convertible to cash

For more information regarding accounting policies, please see Note 30, Financial instruments.

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks, see Note 3, Risks.

12/31 2012	0-3 months	4-6 months	7-12 months	13-24 months	Total carrying amount
<i>Group</i>					
Short-term investments	3,050	1,109	1,563		5,722
Cash and bank	4,646				4,646
Other financial investments				1,072	1,072
<b>Total</b>	<b>7,696</b>	<b>1,109</b>	<b>1,563</b>	<b>1,072</b>	<b>11,440</b>

12/31 2011	0-3 months	4-6 months	7-12 months	13-24 months	Total carrying amount
<i>Group</i>					
Short-term investments	1,247	6,071	2,689		10,007
Cash and bank	3,065				3,065
Other financial investments				1,967	1,967
<b>Total</b>	<b>4,312</b>	<b>6,071</b>	<b>2,689</b>	<b>1,967</b>	<b>15,039</b>

Of the total carrying amount, SEK 7,697 m. is attributable to investing activities and available for investments (13,102).

## Note 24 Equity

### Specification of reserves in equity

	12/31 2012	12/31 2011
<i>Group</i>		
<i>Translation reserve</i>		
Opening balance	-349	-168
Translation differences for the year, subsidiaries	-687	-36
Less: hedging of exchange risk in foreign operations	-	41
Change for the year, associates	64	-186
	<b>-972</b>	<b>-349</b>
<i>Revaluation reserve</i>		
Opening balance	558	377
Revaluation of non-current assets for the year	-	258
Tax relating to revaluations for the year	-	-68
Effect of changed tax rate for the year	32	-
Release of revaluation reserve due to depreciation of revalued amount	-12	-9
	<b>578</b>	<b>558</b>
<i>Hedging reserve</i>		
Opening balance	-492	-273
<i>Cash flow hedges:</i>		
Change in fair value of cash flow hedges for the year	360	-476
Change in Income Statement	67	231
Tax relating to changes in fair value of cash flow hedges for the year	-57	29
Change for the year, associates	-20	-3
	<b>-142</b>	<b>-492</b>
<i>Total reserves</i>		
Opening balance	-283	-64
<i>Change in reserves for the year:</i>		
Translation reserve	-623	-181
Revaluation reserve	20	181
Hedging reserve	350	-219
<b>Carrying amount at year-end</b>	<b>-536</b>	<b>-283</b>

### Share capital

Share capital in the Parent Company.

### Other contributed equity

Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

### Translation reserve

The translation reserve includes all foreign exchange differences arising on the translation of financial statements from foreign operations reported in a currency different from the reporting currency of the Group. The translation reserve also comprises exchange rate differences arising in conjunction with the translation of swap contracts reported as hedging instruments of a net investment in a foreign operation. Changes in translation reserve had no impact on reported tax.

### Revaluation reserve

The revaluation reserve includes changes in value relating to owner-occupied property and related taxes.

### Hedging reserve

The hedging reserve includes the effective component of the accumulated net change of fair value and related taxes, of an instrument used for a cash flow hedge, relating to hedging transactions not yet accounted for in the Profit/loss. Changes in the hedging reserve for the Parent Company had no impact on reported tax.

## Note 24, cont'd Equity

### Repurchased shares

Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2012, the Group held 6,248,054 of its own shares (6,669,158). Repurchases of own shares are reported as a deduction from equity. Cash proceeds from the sale of such equity instruments are reported as an increase in unrestricted equity. Any transaction costs are recognized directly under equity.

Repurchased shares included in retained earnings under equity, including profit/loss for the year

	Number of shares		Amounts affecting equity, SEK m.	
	2012	2011	2012	2011
Opening balance, repurchased own shares	6,669,158	6,683,800	-889	-891
Sales/purchases for the year	-421,104	-14,642	25 <sup>1)</sup>	2
<b>Balance at year-end, repurchased own shares</b>	<b>6,248,054</b>	<b>6,669,158</b>	<b>-864</b>	<b>-889</b>

1) In connection to transfer of shares and options within Investors' long-term variable remuneration program, the strike price has had a positive effect on equity.

### Dividend

After the balance sheet date, the Board of Directors proposed a dividend for 2012 amounting to SEK 5,370 m. (SEK 7.00 per share). The dividend is subject to the approval of the Annual General Meeting on April 15, 2013. The dividend for 2011 amounted to SEK 4,603 m. (SEK 6.00 per share) and the dividend for 2010 amounted to 3,802 m. (SEK 5.00 per share). Dividends paid out per share for 2011 and 2010 correspond to the proposed dividend per share. Dividends are recognized as a liability as soon as the Annual General Meeting has approved the dividend for the year.

### Capital management

In order to be able to act upon business opportunities at any point in time, it is vital for Investor to maintain financial flexibility. The Group's goal is to have leverage (net debt as a percentage of total assets) of 5-10 percent over an economic cycle. The ceiling for Investor's leverage has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis. Investors' leverage at the the beginning of the year was 9.8 percent and at the end of the year 11.5 percent. The change is mainly due to additional investments in ABB, Aleris, Ericsson, Mölnlycke Health Care, NASDAQ OMX, and Wärtsilä as well as dividends paid to shareholders. For more information, see the Administration Report page 23.

The Group's total shareholder return objective (sum of the share price change and dividend) is to exceed the risk-free interest rate plus a risk premium, i.e. 8-9 percent. The total shareholder return for 2012 was 38.2 percent. Capital is defined as total recognized equity.

Equity	12/31 2012	12/31 2011
Attributable to shareholders of the Parent Company	174,698	156,070
Attributable to non-controlling interest	408	649
<b>Total</b>	<b>175,106</b>	<b>156,719</b>

### Acquisition of non-controlling interests

In April 2012, Investor acquired an additional 4 percent interest in Mölnlycke Health Care for SEK 872 m. in cash, increasing ownership from 90 to 94 percent, excluding shareholder loans.

SEK m.

Parent Company's ownership interest at the beginning of the year	4,675
Effect of increase in parent's ownership interest	184
Share of comprehensive income	8
<b>Parent Company's ownership interest at year-end</b>	<b>4,867</b>

## Note 25 Interest-bearing liabilities

### Accounting policies

More information relating to accounting policies for financial liabilities can be found in Note 30, Financial instruments.

### Leasing

In the consolidated financial statements, leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Assets that are classified as financial leases are reported as assets in the Group's Balance Sheet. Obligations to pay future lease payments are reported as a liability. Leased assets are depreciated according to plan, whereas the leasing payments are apportioned between the finance charge and a reduction of the outstanding liability.

	12/31 2012	12/31 2011
<b>Group</b>		
<i>Long-term interest-bearing liabilities</i>		
Bond loans	30,037	27,369
Related interest rate derivatives with negative value	1,233	1,181
Bank loans	13,961	16,087
Finance lease liabilities	45	54
Other long-term interest-bearing liabilities	2	2
	<b>45,278</b>	<b>44,693</b>
<i>Short-term interest-bearing liabilities</i>		
Bond loans	-	2,069
Related interest rate derivatives with negative value	830	950
Bank loans	325	412
Finance lease liabilities	25	23
Other long-term interest-bearing liabilities	30	25
	<b>1,210</b>	<b>3,479</b>
<b>Total interest-bearing liabilities and derivatives</b>	<b>46,488</b>	<b>48,172</b>
Related long-term interest rate derivatives positive value	-947	-795
Related short-term interest rate derivatives positive value	-6	-9
	<b>-953</b>	<b>-804</b>
<b>Total interest-bearing liabilities and derivatives</b>	<b>45,535</b>	<b>47,368</b>
Of which:		
<i>Investing activities</i>	12/31 2012	12/31 2011
<i>Long-term interest-bearing liabilities</i>		
Bond loans	30,037	27,369
Related interest rate derivatives with negative value	1,163	1,130
	<b>31,200</b>	<b>28,499</b>
<i>Short-term interest-bearing liabilities</i>		
Bond loans	-	2,069
Related interest rate derivatives with negative value	-	24
	<b>-</b>	<b>2,093</b>
<b>Total</b>	<b>31,200</b>	<b>30,592</b>
Related long-term interest rate derivatives positive value	-947	-795
Related short-term interest rate derivatives positive value	-	-
	<b>-947</b>	<b>-795</b>
<b>Total interest-bearing liabilities and derivatives, investing activities</b>	<b>30,253</b>	<b>29,797</b>

## Note 25, cont'd Interest-bearing liabilities

	12/31 2012	12/31 2011
<i>Parent Company</i>		
<i>Interest-bearing liabilities</i>		
Long-term interest-bearing liabilities	27,678	25,375
Related interest rate derivatives with negative value	6	–
Current interest-bearing liabilities	–	2,056
<b>Total</b>	<b>27,684</b>	<b>27,431</b>
	12/31 2012	12/31 2011
<i>Parent Company, carrying amounts</i>		
Maturity, less than 1 year from balance sheet date	–	2,056
Maturity, 1-5 years from balance sheet date	5,787	4,449
Maturity, more than 5 years from balance sheet date	21,891	20,926
<b>Total</b>	<b>27,678</b>	<b>27,431</b>

### Group, Finance lease liabilities

Maturity	12/31 2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	27	–2	25
1-5 years from balance sheet date	51	–6	45
<b>Total</b>	<b>78</b>	<b>–8</b>	<b>70</b>
	12/31 2011		
Maturity	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	25	–2	23
1-5 years from balance sheet date	57	–3	54
<b>Total</b>	<b>82</b>	<b>–5</b>	<b>77</b>

## Note 26 Provisions for pensions and similar obligations

### Accounting policies

#### Defined contribution plans

Defined contribution plans are plans under which the company's obligations are limited to the premium of fixed contributions. In such cases, the size of the employee's pension depends on the contributions that the company makes to the plan, or to an insurance company, along with the return that the capital contributions generate. Consequently, the employee carries both the actuarial risk (i.e. the risk that benefits will be lower than expected) and the investment risk (i.e. the risk that invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an expense in the Income Statement at the rate that employees provide services to the company during a period.

#### Defined benefit plans

In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The Group's net obligation under defined benefit plans is measured separately for each plan, by estimating the future benefits earned by the employees, both in current and prior periods. This benefit is discounted to a present value with a discount rate representing the closing day rate on high quality corporate bonds or government bonds with a life corresponding to the duration of the pension obligations. The measurement is made by a qualified actuary using the projected unit credit method. Furthermore, the fair value of any plan assets is calculated on the closing date. When determining the present value of the obligation and the fair value of plan assets, actuarial gains and losses may arise. This is either because the actual outcome differs from the previous assumption that was made, or because the assumptions have changed. Actuarial gains and losses are recognized as income or expenses in other comprehensive income. The value presented in the Balance Sheet for pensions and similar commitments corresponds to the obligation's present value on the reporting date, less the fair value of plan assets. When the calculation results in a Group asset, the carrying amount of the asset is limited to the present value of future repayments from the plan or decreased future payments to the plan. When there is a difference between how pension costs are determined for a legal entity and for the Group, a provision or receivable for a special employer's contribution is recognized, based on this difference. The present value of the provision or receivable is not calculated. The net of the interest on pension liabilities and the expected yield on adherent management assets is recognized in net financial items. Other components are recognized in operating profit/loss.

Employees in Group companies have various kinds of pension benefits. These benefits are either defined contribution plans or defined benefit plans. The Group operates defined contribution plans in Sweden, Australia, Canada, the Czech Republic, Denmark, Finland, Malaysia and the UK. The plans imply that the Group obtains pension insurances policies or makes cash payments to retirement benefit plans.

The statutory employee pension scheme (TEL) in Finland provides employees with earnings-related retirement benefits as part of the social security system. The benefits provided are insured by payment of premiums to an authorized insurance company and the insurance company is responsible for providing the benefits. The benefits are accounted for as a defined contribution plan.

In Sweden, the total retirement benefit package is a mixed solution, with some parts being defined contribution pension plans and others defined benefit pension plans. Salaried employees' plans comprise the defined benefit plans BTP and ITP and the defined contribution plans BTPK and ITPK. The BTP plan is secured with the insurance company SPP and the ITP plan is secured with the insurance company Alecta. Since the information provided by Alecta is not sufficient to be able to account for the Alecta plan as a defined benefit plan, the Alecta plan has been reported as a defined contribution plan.

The majority of the Group's defined benefit plans exist in Sweden, but defined benefit plans also exist in the U.S., Belgium, Germany, the Netherlands, Thailand, Italy, Norway, France and Austria. The plans in Belgium, the U.S. and the Netherlands are funded. In Sweden and Norway there are funded and unfunded plans and the plans in other countries are unfunded.



## Note 26, cont'd Provisions for pensions and similar obligations

<i>Provisions for pensions and similar obligations</i>			<i>Expense recognized in the Income Statement</i>					
	12/31 2012	12/31 2011		2012	2011			
<i>Group</i>			<i>Group</i>					
Present value of funded or partly funded obligations	730	758	Expense for service within the current period	44	49			
Present value of unfunded obligations	480	324	Expense for service within previous periods	2	-7			
<b>Total present value of defined benefit plans</b>	<b>1,210</b>	<b>1,082</b>	Interest expense on obligations	40	40			
Fair value plan assets	-536	-475	Expected returns on plan assets	-22	-22			
Restriction in accounting of surplus in the benefit plan regarding asset selling	4	3	Additional pension obligations	-7	43			
<b>Net of present value of obligation and fair value of plan assets</b>	<b>678</b>	<b>610</b>	Reduction of costs due to changes in the defined benefit plans	-13	-			
Provision for payroll tax on pension obligation	50	63	Restriction in accounting of surplus in the benefit plan regarding asset ceiling	0	1			
			Exchange rate differences	-3	2			
			Change of provision payroll tax	2	5			
			<b>Total net expense in the Income Statement</b>	<b>43</b>	<b>111</b>			
<i>Net obligations for defined benefit plans recognized in the Balance Sheet.</i>			<i>The expense is recognized in the following lines in the Income Statement</i>					
Pensions and similar obligations	728	673		2012	2011			
<b>Net amount in the Balance Sheet</b>	<b>728</b>	<b>673</b>	<i>Group</i>					
			Operating costs	28	78			
<i>Changes in the obligations for defined benefit plans recognized in the Balance Sheet</i>	12/31 2012	12/31 2011	Financial income	-22	-18			
			Financial expenses	37	51			
<i>Group</i>			<b>Total net expense in the Income Statement</b>	<b>43</b>	<b>111</b>			
Defined benefit plan obligations per January 1	1,082	879	<i>Actuarial gains and losses recognized in other comprehensive income statement<sup>1)</sup></i>					
Benefits paid	-36	-35		2012	2011			
Expense for service within the current period	46	49	<i>Group</i>					
Interest expense on obligations	40	40	Accumulated per January 1	174	139			
Adjustment amount	-6	-14	Recognized during the period	90	35			
Additional pension obligations	6	142	<b>Accumulated per December 31</b>	<b>264</b>	<b>174</b>			
Reduction of obligations for defined benefit plans	-20	-	1) The amount includes payroll tax.					
Actuarial gains and losses	92	26	<i>Historic information</i>					
Exchange rate differences	6	-5		2012	2011	2010	2009	2008
<b>Obligations for defined benefit plans per December 31</b>	<b>1,210</b>	<b>1,082</b>	Present value of defined benefit plans	1,210	1,082	879	404	423
			Fair value of plan assets	-532	-472	-335	-168	-162
<i>Changes in fair value of plan assets</i>	12/31 2012	12/31 2011	<b>Deficit/surplus (+/-) in plan</b>	<b>678</b>	<b>610</b>	<b>544</b>	<b>236</b>	<b>261</b>
			Experience adjustments arising on plan liabilities					
<i>Group</i>				73	20	29	10	15
Fair value of plan assets per January 1	475	338	Experience adjustments arising on plan assets					
Fees from employer	44	48		-7	9	-6	-2	-2
Paid compensations	-10	-9	The group estimates that SEK 35 m. will be paid to defined benefit plans during 2013.					
Expected returns on plan assets	22	22						
Adjustment amount	0	-7						
Additional pension obligations	5	99						
Reduction of plan assets for defined benefit plans	-7	-						
Difference in expected and real return (actuarial gain or loss)	7	-9						
Exchange rate differences	0	-7						
<b>Fair value of plan assets per December 31<sup>1)</sup></b>	<b>536</b>	<b>475</b>						

1) In total, the majority of the group's plan assets consists of interest-bearing assets. In Sweden and Norway, interest-bearing assets constitute more than 50 percent of total assets. In Belgium and in the Netherlands, the plan assets are mainly guaranteed through insurance contracts. In the U.S., more than 50 percent of the plan assets constitute of equity investments.

## Note 26, cont'd Provisions for pensions and similar obligations

### Assumptions for defined benefit obligations

12/31 2012	Sweden	Other countries
<i>Group (range in the group), %</i>		
Discount rate	3.35-3.50	2.20-3.32
Future increase on plan assets	3.35-5.00	3.60-4.40
Future salary increase	3.00-3.50	2.71-3.25
Future increase in pensions	2.00-3.50	2.03-2.23

The discount rate has been set separately for each country by reference to market rates on high quality corporate bonds with a duration and currency that is consistent with the duration and currency of the defined benefit obligation. This may involve interpolation of bond yield curves where there is no direct match for duration or the market is not deep for matching bond durations. The market for high quality Swedish mortgage backed bonds is considered to be deep and thereby fulfill the requirements of high quality corporate bonds according to IAS 19. Swedish mortgage backed bonds have therefore served as reference when determining the discount rate used for the calculation of the defined benefit obligations in Sweden. In countries where there is no deep market for high quality corporate bonds, government bonds are used as a reference when determining the discount rate.

### Provisions for pensions and similar obligations

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Present value of funded or partly funded obligations	209	197
Present value of unfunded obligations	137	136
<b>Total present value of defined benefit plans</b>	<b>346</b>	<b>333</b>
Fair value plan assets	-203	-183
Restriction in accounting of surplus in the benefit plan regarding asset ceiling	4	3
<b>Net of present value of obligation and fair value of plan assets</b>	<b>147</b>	<b>153</b>
Provision for payroll tax on pension obligation	47	50
<i>Net obligations for defined benefit plans recognized in the Balance Sheet.</i>		
Provisions for pensions and similar obligations	194	203
<b>Net amount in the Balance Sheet</b>	<b>194</b>	<b>203</b>

### Changes in the obligations for defined benefit plans recognized in the Balance Sheet

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Defined benefit plan obligations per January 1	333	325
Benefits paid	-25	-25
Expense for service within the current period	6	6
Interest expense on obligations	12	12
Adjustment amount	2	2
Additional pension obligations	6	0
Actuarial gains and losses	14	12
Exchange rate differences	-2	1
<b>Obligations for defined benefit plans per December 31</b>	<b>346</b>	<b>333</b>

### Changes in fair value of plan assets

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Fair value of plan assets per January 1	183	167
Fees from employer	10	11
Paid compensations	-6	-6
Future returns on plan assets	9	8
Additional pension obligations	7	0
Difference in expected and real return (actuarial gain or loss)	0	3
<b>Fair value of plan assets December 31<sup>1)</sup></b>	<b>203</b>	<b>183</b>

1) Plan assets comprise 80 percent government bonds and 20 percent properties and equity securities.

### Expense recognized in the income statement

	2012	2011
<i>Parent company</i>		
Expense for service within the current period	6	6
Expense for service within previous periods	2	1
Interest expense on obligations	12	12
Future returns on plan assets	-9	-9
Additional pension obligations	-1	0
Restriction in accounting of surplus in the benefit plan regarding asset ceiling	0	0
Exchange rate differences	-2	1
Change of provision, payroll tax	1	4
<b>Total net expense in the Income Statement</b>	<b>9</b>	<b>15</b>

### The expense is recognized in the following lines in the Income Statement

	2012	2011
<i>Parent company</i>		
Operating costs	9	5
Interest income and similar items	-9	-8
Interest expenses and similar items	9	18
<b>Total net expense in the income statement</b>	<b>9</b>	<b>15</b>

### Actuarial gains and losses recognized in other comprehensive income statement<sup>1)</sup>

	2012	2011
<i>Parent company</i>		
Accumulated loss per January 1	12	-
Recognized loss during the period	17	12
<b>Accumulated December 31</b>	<b>29</b>	<b>12</b>

1) Comparative figures relating to 2011 have been restated since the Parent Company, as of 2012, reports actuarial gains and losses in other comprehensive income. These items have previously been reported in the income statement, see Note 1, Significant accounting policies.

### Assumptions for defined benefit obligations

	12/31 2012	12/31 2011
<i>Parent Company, %</i>		
Discount rate	3.35	3.75
Future increase on plan assets	5.00	5.00
Future salary increase	3.00	3.00
Future increase in pensions	2.00	2.00

### Defined contribution plans

	Group		Parent Company	
	2012	2011	2012	2011
<b>Expenses for defined contribution plans</b>	<b>357</b>	<b>278</b>	<b>28</b>	<b>19</b>

## Note 27 Other provisions

### Accounting policies

The Group reports a provision in the Balance Sheet when there is a formal or informal obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made. A restructuring provision is recognized when the Group has a detailed, formal plan for the restructuring, and the restructuring plan has commenced or has been publicly announced. For medical care and health care operations, a provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation. Provisions are reviewed at each balance sheet date.

	12/31 2012	12/31 2011
<i>Group</i>		
<i>Provisions expected to be paid after more than 12 months</i>		
Reserve related to business combinations	–	128
Restructuring reserve	57	75
Provision for social security contributions for LTVR	48	26
Other	3	19
<b>Total non-current other provisions</b>	<b>108</b>	<b>248</b>
<i>Provisions expected to be paid within 12 months</i>		
Reserve related to business combinations	86	–
Restructuring reserve	57	80
Provision for social security contributions for LTVR	4	–
Other	24	9
<b>Total current other provisions</b>	<b>171</b>	<b>89</b>
<b>Total other provisions</b>	<b>279</b>	<b>337</b>

### Reserves related to business combinations

In connection to acquisitions of subsidiaries in group companies, provisions has been made for acquisition related costs. The reserves related to business combinations are expected to fully be stated and paid during 2013.

### Provision for social security contributions for long-term share-based remuneration (LTVR)

Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2013-2018.

### Other

Provisions that have been considered immaterial to specify are included in other and intend to be settled with SEK 24 m. in 2013 and SEK 3 m. in 2014.

	Reserve related to business combinations	Restructuring reserve	Social security LTVR	Other	Total other provisions
12/31 2012					
<i>Group</i>					
Opening balance	128	155	26	28	337
Provisions for the year	1	47	37	11	96
Reversals for the year	–43	–88	–11	–12	–154
<b>Carrying amount at year-end</b>	<b>86</b>	<b>114</b>	<b>52</b>	<b>27</b>	<b>279</b>
12/31 2011					
Opening balance	11	20	29	32	92
Provisions for the year	128	215	2	25	370
Reversals for the year	–11	–80	–5	–29	–125
<b>Carrying amount at year-end</b>	<b>128</b>	<b>155</b>	<b>26</b>	<b>28</b>	<b>337</b>

## Note 27, cont'd Other provisions

<i>Parent Company</i>	12/31 2012	12/31 2011		
<i>Provisions expected to be paid after more than 12 months</i>				
Restructuring reserve	6	19		
Provision for social security contributions for LTVR	47	25		
Other	3	3		
<b>Total non-current other provisions</b>	<b>56</b>	<b>47</b>		
<i>Provisions expected to be paid within 12 months</i>				
Restructuring reserve	28	33		
Provision for social security contributions for LTVR	3	0		
Other	10	10		
<b>Total current provisions</b>	<b>41</b>	<b>43</b>		
<b>Total other provisions</b>	<b>97</b>	<b>90</b>		
	Restructuring reserve	Social security LTVR	Other	Total other provisions
12/31 2012				
<i>Parent Company</i>				
Opening balance	52	25	13	90
Provisions for the year	–	36	1	37
Reversals for the year	–18	–11	–1	–30
<b>Carrying amount at year-end</b>	<b>34</b>	<b>50</b>	<b>13</b>	<b>97</b>
12/31 2011				
Opening balance	–	26	24	50
Provisions for the year	62	2	4	68
Reversals for the year	–10	–3	–15	–28
<b>Carrying amount at year-end</b>	<b>52</b>	<b>25</b>	<b>13</b>	<b>90</b>

## Note 28 Other long-term and short-term liabilities

<i>Group</i>	12/31 2012	12/31 2011
<i>Group</i>		
Acquisition related liabilities	41	–
Other	10	–
<b>Total other long-term liabilities</b>	<b>51</b>	<b>–</b>
Derivatives	41	60
Shares on loan	23	24
Incoming payments	69	26
VAT	142	143
Personnel-related	227	237
Other	106	94
<b>Total other short-term liabilities</b>	<b>608</b>	<b>584</b>

## Note 29 Accrued expenses and deferred income

<i>Group</i>	12/31 2012	12/31 2011
<i>Group</i>		
Interest	875	1,042
Personnel-related expenses	958	882
Other	468	341
<b>Total</b>	<b>2,301</b>	<b>2,265</b>
<i>Parent Company</i>		
Interest	611	660
Personnel-related expenses	90	72
Other	17	8
<b>Total</b>	<b>718</b>	<b>740</b>

## Note 30 Financial instruments

### Accounting policies

Financial instruments recognized in Investor's Balance Sheet include assets such as the following: shares and participations recognized at fair value, other financial investments, loan receivables, trade receivables, short-term investments, cash and cash equivalents, and derivatives. Liabilities recognized in the Balance Sheet include the following: loans, shares on loan, trade payables and derivatives.

A financial asset or financial liability is recognized in the Balance Sheet when the Group becomes party to the instrument's contractual terms. Trade receivables and trade payables are recognized in the Balance Sheet when an invoice is sent or received.

A financial asset or part thereof is derecognized in the Balance Sheet when the rights in the agreement have been realized, upon maturity, or when the Group loses control over them. A financial liability or part thereof is derecognized in the Balance Sheet when the obligations in the contract have been fulfilled or no longer exist for some other reason.

A financial asset and liability are offset against one another and the net amount is reported in the Balance Sheet only when there is a legally enforceable right and an intention to set off the recognized amounts.

A regular way purchase or sale of financial assets is recognized on the trade date, which is the date that an entity commits itself to purchase or sell an asset.

### Classification and measurement

Financial instruments are allocated to different categories. The category defines the measurement of a financial asset. Financial instruments belonging to the category, "Financial assets recognized at fair value through profit or loss", are initially recognized at fair value (excluding transaction costs). Other financial instruments are initially recognized at cost, which corresponds to the instrument's fair value (including transaction costs). A financial instrument is classified upon initial recognition based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Cash and cash equivalents consist of cash and demand deposits in banks and similar institutions, and short-term investments with a maturity of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

### Financial assets

#### *Financial assets at fair value through profit or loss*

This category consists of two subcategories: financial assets that are initially placed in this category (via the fair value option) and held-for-trading financial assets. Financial assets in this category are continuously measured at fair value and value changes are reported in the Income Statement.

#### *Financial assets recognized in accordance with the fair value option*

This category primarily includes short-term investments, other financial assets and shares/participations recognized at fair value. In this category, the Group has chosen, on initial recognition, to designate financial assets that are managed and measured on the basis of fair values, in accordance with the risk management and investment strategies.

#### *Financial assets held for trading*

Shares and participations belonging to the trading operation are recognized as held-for-trading financial assets. The same applies to derivatives with a positive fair value (except for derivatives identified as effective hedging instruments).

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized at amortized cost. Trade receivables are recognized at net realizable value less any deductions for bad debts, which are assessed on an individual basis. Trade receivables are short term in nature, which is why they are reported at nominal amounts without any discounting.

#### *Available-for-sale financial assets*

To the available-for-sale financial assets category, Investor has allocated a few financial assets that do not belong to any of the other categories.

### Financial liabilities

#### *Financial liabilities at fair value through profit or loss*

This category includes financial liabilities held for trading. For example, this includes shares on loan in the trading operation. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. The category also include any derivatives with a negative fair value (except for identified derivatives that are effective hedge instruments).

#### *Other financial liabilities*

This category includes loans and other financial liabilities. Loans are recognized at amortized cost, except when they are used for fair value hedging. For more information, see the heading below, "Hedging of the Group's interest rate exposures - fair value hedges". Amortized cost is calculated based on the effective interest that was determined when the loan was obtained. This means that surpluses/deficits, as well as direct issuing costs, are amortized over the life of the liability. Trade payables are short-term in nature, which is why they are recognized at nominal amounts without any discounting.

### Derivatives

Derivatives, such as forwards, options and swaps, are used to offset the risks associated with fluctuations in exchange rates and share prices, as well as the exposure to interest rate risks. Derivatives are initially recognized at fair value through profit/loss, which means that transaction costs are charged to profit/loss for the period. In the following periods, the derivative instrument is recognized at fair value and changes in the value are recognized in the Income Statement as income or expense (part of operating profit) or as part of net financial items. Where they are reported is based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The interest rate coupon from an interest rate swap is recognized as interest and value changes are recognized as other financial items as a component of financial net, provided that the interest rate swap is not part of a cash flow hedge, which is accounted for according to the description below.

### Hedge accounting

Investor applies hedge accounting in order to reduce fluctuations in profit/loss related to hedging of interest rate risks and currency risks. When hedge accounting is applied, value changes related to the hedging instrument is presented in profit/loss at the same time as the result from the hedged item. The effective part of the hedge is presented in the same component of the income statement as the hedged item.

#### *Receivables and liabilities in foreign currency*

Currency derivatives are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge has already been reflected in the financial statements. This occurs by recognizing the underlying receivable or liability at the closing rate and the hedge instrument at fair value in the Income Statement.

#### *Forecast transactions in foreign currency – cash flow hedges*

In order to hedge currency risks from forecast transactions, derivatives are used. These derivatives are often subject to hedge accounting. The derivatives are recognized at fair value in the Balance Sheet. Changes in value for the period are recognized in other comprehensive income and the accumulated changes in value are recognized in the Hedging Reserve until the hedged cash flow affects profit for the period, whereas the accumulated value changes of the hedging instrument are recycled to profit/loss for the period.

#### *Hedging the Group's interest rate risk – cash flow hedges*

The Group uses interest rate swaps to control the uncertainty of future interest rate fluctuations for loans with a variable interest rate. In the Balance Sheet, interest rate swaps are valued at fair value. The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense. Unrealized changes to the fair value of interest rate swaps are recognized in other comprehensive income and are included as a component of the hedging reserve until the hedged item has an effect on the Income Statement and as long as the criteria for hedge accounting and effectiveness are met. The gain/loss attributable to the ineffective component of the unrealized value changes on interest rate swaps is recognized in the Income Statement.

## Note 30, cont'd Financial instruments

### *Hedging of the Group's interest rate exposure— fair value hedges*

The Group uses interest rate swaps to hedge the risk of changes in the fair value of its own borrowings that have a fixed rate of interest. The interest rate swaps are recognized at fair value in the Balance Sheet and the hedged item is recalculated at the fair value of the hedged risk (the risk-free interest rate). Changes in the fair value of the derivative and hedged item are recognized in the Income Statement.

The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense.

### *Hedging of currency risk in foreign net investments*

In the consolidated Balance Sheet, investments in foreign operations are reported as net assets in subsidiaries. To a certain extent, currency risks associated with such investments are reduced by entering into forward contracts in the same currency as the net investments. In order to match the translation differences relating to the net investments in the hedged foreign operations, the effective component of the period's exchange rate fluctuations for hedging instruments is reported under other comprehensive income, and the cumulative changes are reported under Translation Reserve. The amount in the Translation Reserve, which is related to currency changes in both the net investment and the hedging instrument is reversed and recognized in the Income Statement when a foreign operation is divested. When hedging has not been effective, the ineffective component is recognized in the Income Statement.

### *Impairment testing of financial assets*

On each reporting date, an assessment of the need for impairment of a financial asset or group of assets is performed. Since the majority of the Group's assets are included in the category "Financial assets at fair value through profit/loss", most negative changes in value affect the Income Statement on an on-going basis. If any event has occurred that might have a negative impact on the collectability of assets belonging to the category "Loans and Receivables", the recoverable amount is calculated. The recoverable amount is calculated as the present value of future cash flows discounted at the effective interest rate upon initial recognition of the asset. Assets with short maturities are not discounted. Impairment losses are reported in the Income Statement.

Impairment losses on loans and trade receivables (which are recognized at amortized cost) are reversed if the prior reasons for the impairment no longer exist and full payment is expected.

### *Financial guarantees*

Financial guarantee contracts commit the Group to reimburse the holder of a debt instrument for the losses incurred when a specified debtor fails to make payment when due, in accordance with the contract terms. Financial guarantee contracts are initially recognized at fair value less the fair value of contracted guarantee fees. However, an asset will not be reported in the Balance Sheet if the difference is positive.

Subsequent to initial recognition, financial guarantee contracts are continuously recognized at the higher of:

- the best estimate of the present value of anticipated net fees to settle the guarantee commitment less the present value of future guarantee fees, and
- the original amount booked as a liability less reversed cumulative straightline amortization over the contracted guarantee period.

### *Financial guarantees in Parent Company*

The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries or associates.

The Parent Company applies RFR 2 IAS 39 item 2, to account for financial guarantee contracts issued on behalf of subsidiaries and associates, which is somewhat more lenient than the rules in IAS 39, due to the relationship between accounting and taxation. The Parent Company recognizes financial guarantee contracts as a provision in the Balance Sheet when the company has a commitment for which payment will most likely be required.

The following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in this Annual Report.

### **Shares and participations recognized at fair value**

#### *Listed holdings*

Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

#### *Unlisted holdings and fund holdings*

Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines".

For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arms length transaction" has been made, after which a valuation is made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used. Method of how the credit risk is calculated is presented in Note 3, Risks.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted holdings in the fund and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted. Listed holdings in funds are measured in the same way as listed holdings, as described above.

### **Shares and participations in trading operation**

All holdings are listed and are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

### **Short-term investments**

The fair value of short-term investments is determined on the basis of their quoted bid price on the balance sheet date. The fair value of other short-term investments is determined by discounting the estimated future cash flows in accordance with the terms and expiration of the contract, based on the market interest rates for the similar instruments on the balance sheet date.

### **Derivative instruments**

The fair value of foreign exchange contracts is determined on the basis of quoted rates, if such rates are available. If the rates are not available, the fair value is determined by discounting the difference between the contracted forward rate and the forward rate that can be contracted on the balance sheet date for the remaining contract period. The discount is made at a risk-free interest rate based on the rate for government bonds.

The fair value of interest rate swaps is based on a discount of the estimated future cash flows in accordance with the terms and expiration date of the contract, based on the market interest rates for similar instruments on the balance sheet date.

### **Options**

The fair value of options is determined on the basis of quoted rates, if such rates are available. The value of unlisted options is calculated in accordance with the Black & Scholes valuation model.

### **Loans**

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate for the remaining life.

### **Interest-bearing liabilities**

The fair value is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

### **Trade receivables and trade payables**

The carrying amounts of trade receivables and trade payables are considered to reflect their fair value.

### **Interest rates used to determine fair value**

When discounting financial instruments on the balance sheet date, Investor used the market rate and relevant interest spread for each instrument.

Note 30, cont'd Financial instruments

Financial assets and liabilities by valuation category

	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading						
<i>Group 12/31 2012</i>								
<i>Financial assets</i>								
Shares and participations recognized at fair value	162,239				5		162,244	162,244
Other financial investments	1,072						1,072	1,072
Long-term receivables			947	5,334			6,281	6,281
Accrued interest income				463			463	463
Trade receivables				1,942			1,942	1,942
Other receivables		29	47	208			284	284
Shares and participations in trading operation		113					113	113
Short-term investments	2,672						2,672	2,672
Cash and cash equivalents	7,696						7,696	7,696
<b>Total</b>	<b>173,679</b>	<b>142</b>	<b>994</b>	<b>7,947</b>	<b>5</b>	<b>–</b>	<b>182,767</b>	<b>182,767</b>
<i>Financial liabilities</i>								
Long-term interest-bearing liabilities		561	672			44,045	45,278	46,954
Current interest-bearing liabilities			830			380	1,210	1,210
Trade payables						1,178	1,178	1,178
Accrued interest expenses						873	873	873
Other liabilities		54	11			594	659	659
<b>Total</b>	<b>–</b>	<b>615</b>	<b>1,513</b>	<b>–</b>	<b>–</b>	<b>47,070</b>	<b>49,198</b>	<b>50,874</b>

Financial assets and liabilities by valuation category

	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading						
<i>Group 12/31 2011</i>								
<i>Financial assets</i>								
Shares and participations recognized at fair value	140,624				5		140,629	140,629
Other financial investments	1,943			24			1,967	1,967
Long-term receivables			796	5,249			6,045	6,045
Accrued interest income				564			564	564
Trade receivables				1,848			1,848	1,848
Other receivables		99	9	156			264	264
Shares and participations in trading operation		1,094					1,094	1,094
Short-term investments	8,760						8,760	8,760
Cash and cash equivalents	4,312						4,312	4,312
<b>Total</b>	<b>155,639</b>	<b>1,193</b>	<b>805</b>	<b>7,841</b>	<b>5</b>	<b>–</b>	<b>165,483</b>	<b>165,483</b>
<i>Financial liabilities</i>								
Long-term interest-bearing liabilities		472	709			43,512	44,693	44,556
Current interest-bearing liabilities		9	940			2,530	3,479	3,463
Trade payables						1,067	1,067	1,067
Accrued interest expenses						1,043	1,043	1,043
Other liabilities		53	31			500	584	584
<b>Total</b>	<b>–</b>	<b>534</b>	<b>1,680</b>	<b>–</b>	<b>–</b>	<b>48,652</b>	<b>50,866</b>	<b>50,713</b>

Note 30, cont'd Financial instruments

Financial assets and liabilities by valuation category

Parent Company 12/31 2012	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading					
<i>Financial assets</i>							
Other long-term holdings of securities	40,178					40,178	40,178
Participations in associates	93,251					93,251	93,251
Receivables from Group companies (non-current)				29,066		29,066	29,066
Accrued interest income				37		37	37
Trade receivables				1		1	1
Receivables from Group companies (current)				1,107		1,107	1,107
Receivables from associates				0		0	0
Other receivables				17		17	17
<b>Total</b>	<b>133,429</b>	<b>–</b>	<b>–</b>	<b>30,228</b>	<b>–</b>	<b>163,657</b>	<b>163,657</b>
<i>Financial liabilities</i>							
Loans (non-current)		6			27,678	27,684	31,719
Liabilities to Group companies (non-current)			879		0	879	879
Trade payables					9	9	9
Liabilities to Group companies (current)					18,662	18,662	18,662
Accrued interest expenses					611	611	611
<b>Total</b>	<b>–</b>	<b>6</b>	<b>879</b>	<b>–</b>	<b>46,960</b>	<b>47,845</b>	<b>51,880</b>

Financial assets and liabilities by valuation category

Parent Company 12/31 2011	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total carrying amount	Fair value
	Fair value option	Held for trading					
<i>Financial assets</i>							
Other long-term holdings of securities		39,492				39,492	39,492
Participations in associates		75,311				75,311	75,311
Receivables from Group companies (non-current)			178	25,065		25,243	25,243
Trade receivables				3		3	3
Receivables from Group companies (current)				3,196		3,196	3,196
Receivables from associates				0		0	0
Other receivables				1		1	1
<b>Total</b>	<b>114,803</b>	<b>–</b>	<b>178</b>	<b>28,265</b>	<b>–</b>	<b>143,246</b>	<b>143,246</b>
<i>Financial liabilities</i>							
Loans (non-current)					25,375	25,375	28,018
Liabilities to Group companies (non-current)			1,169		0	1,169	1,169
Loans (current)					2,056	2,056	2,074
Trade payables					20	20	20
Liabilities to Group companies (current)					13,503	13,503	13,503
Accrued interest expenses					660	660	660
Other liabilities		3			–	3	3
<b>Total</b>	<b>3</b>	<b>–</b>	<b>1,169</b>	<b>–</b>	<b>41,614</b>	<b>42,786</b>	<b>45,447</b>

## Note 30, cont'd Financial instruments

### Result from financial assets and liabilities by valuation category

Group 2012	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	5,173	4				5,177
Other operating income	509					509
Changes in value, including currency	19,530	9		-1		19,538
Cost of sales, distribution expenses		54		-83		-29
<i>Net financial items</i>						
Interest	190	-90	-242		-1,978	-2,120
Changes in value	-35	-121	584		-508	-80
Exchange rate differences		-185	-737	-348	1,005	-265
<b>Total</b>	<b>25,367</b>	<b>-329</b>	<b>-395</b>	<b>-432</b>	<b>-1,481</b>	<b>22,730</b>

Group 2011	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	4,316	14				4,330
Other operating income	480					480
Changes in value, including currency	-17,791	95		131		-17,565
Cost of sales, distribution expenses		68		-88		-20
<i>Net financial items</i>						
Interest	263	-125	-104		-2,171	-2,137
Changes in value	50	-573	1,237		-1,268	-554
Exchange rate differences		108	145	-77	-38	138
<b>Total</b>	<b>-12,682</b>	<b>-413</b>	<b>1,278</b>	<b>-34</b>	<b>-3,477</b>	<b>-15,328</b>

### Result from financial assets and liabilities by valuation category

Parent Company 2012	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends	4,738					4,738
Changes in value, including currency	18,244					18,244
<i>Net financial items</i>						
Interest		11	-43	1,933	-1,718	183
Changes in value		-26	-71	507	-168	242
Exchange rate differences		21	0	-1,166	1,144	-1
<b>Total</b>	<b>22,982</b>	<b>6</b>	<b>-114</b>	<b>1,274</b>	<b>-742</b>	<b>23,406</b>

Parent Company 2011	Financial assets and liabilities measured at fair value through profit/loss		Derivatives used in hedge accounting	Loans and receivables	Other liabilities	Total
	Fair value option	Held for trading				
<i>Operating profit/loss</i>						
Dividends		3,998				3,998
Changes in value, including currency		-22,063				-22,063
<i>Net financial items</i>						
Interest			-44	1,969	-1,814	111
Changes in value			-46	153	-105	2
Exchange rate differences			0	81	59	140
<b>Total</b>		<b>-18,065</b>	<b>-90</b>	<b>2,203</b>	<b>-1,860</b>	<b>-17,812</b>



## Note 30, cont'd Financial instruments

### Assets and liabilities measured at fair value

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments

Level 2: According to directly or indirectly observable inputs that are not included in level 1

Level 3: According to inputs that are unobservable in the market

#### Financial assets and liabilities by level

Group 12/31 2012	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Shares and participations recognized at fair value	142,399	1,522	18,323	162,244
Other financial instruments	1,072			1,072
Long-term receivables		575	372	947
Other receivables		76		76
Shares and participations in trading operation	113			113
Short-term investments	2,672			2,672
Cash and cash equivalents	6,213	1,483		7,696
<b>Total</b>	<b>152,469</b>	<b>3,656</b>	<b>18,695</b>	<b>174,820</b>

#### Financial liabilities

Long-term interest-bearing liabilities		1,140	93	1,233
Short-term interest-bearing liabilities		830		830
Other liabilities	23	42		65
<b>Total</b>	<b>23</b>	<b>2,012</b>	<b>93</b>	<b>2,128</b>

Group 12/31 2011	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Shares and participations recognized at fair value	118,160	1,082	21,387	140,629
Other financial instruments	1,943			1,943
Long-term receivables	1	434	361	796
Other receivables		108		108
Shares and participations in trading operation	1,094			1,094
Short-term investments	7,390	1,370		8,760
Cash and cash equivalents	3,364	948		4,312
<b>Total</b>	<b>131,952</b>	<b>3,942</b>	<b>21,748</b>	<b>157,642</b>

#### Financial liabilities

Long-term interest-bearing liabilities		1,135	46	1,181
Short-term interest-bearing liabilities		950		950
Other liabilities	77	7		84
<b>Total</b>	<b>77</b>	<b>2,092</b>	<b>46</b>	<b>2,215</b>

## Note 30, cont'd Financial instruments

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3).

### Change of financial assets and liabilities in level 3

Group 12/31 2012	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Opening balance	21,387	361	21,748	46	46
Total gains or losses					
in profit/loss	442	-259	183	47	47
in other comprehensive income	-416	270	-146		
Acquisitions	2,224		2,224		
Divestments	-4,626		-4,626		
Transfers to level 1	-688		-688		
<b>Carrying amount at year-end</b>	<b>18,323</b>	<b>372</b>	<b>18,695</b>	<b>93</b>	<b>93</b>
Total gains or losses for the period included in profit/loss for assets held at the end of the period					
Changes in value	1,074	11	1,085	47	47
<b>Total</b>	<b>1,074</b>	<b>11</b>	<b>1,085</b>	<b>47</b>	<b>47</b>

Group 12/31 2011	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Opening balance	18,455		18,455	551	551
Total gains or losses					
in profit/loss	4,733	631	5,364	-263	-263
in other comprehensive income	-36	-270	-306	-242	-242
Acquisitions	3,447		3,447		
Divestments	-5,035		-5,035		
Transfers to level 1	-177		-177		
<b>Carrying amount at year-end</b>	<b>21,387</b>	<b>361</b>	<b>21,748</b>	<b>46</b>	<b>46</b>
Total gains or losses for the period included in profit/loss for assets held at the end of the period					
Changes in value	4,605	361	4,966	-505	-505
<b>Total</b>	<b>4,605</b>	<b>361</b>	<b>4,966</b>	<b>-505</b>	<b>-505</b>

### Financial assets and liabilities by level

Parent Company 12/31 2012	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Participations associates	93,251			93,251
Receivables from Group companies (non-current)				
Other long-term holdings of securities	40,178			40,178
<b>Total</b>	<b>133,429</b>	<b>-</b>	<b>-</b>	<b>133,429</b>

Parent Company 12/31 2012	Level 1	Level 2	Level 3	Total
<i>Financial liabilities</i>				
Liabilities to Group companies (non-current)			879	879
Other liabilities		6		6
<b>Total</b>	<b>-</b>	<b>6</b>	<b>879</b>	<b>885</b>

Parent Company 12/31 2011	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Participations associates	75,311			75,311
Receivables from Group companies (non-current)			178	178
Other long-term holdings of securities	39,492			39,492
<b>Total</b>	<b>114,803</b>	<b>-</b>	<b>178</b>	<b>114,981</b>

Parent Company 12/31 2011	Level 1	Level 2	Level 3	Total
<i>Financial liabilities</i>				
Liabilities to Group companies (non-current)			1,169	1,169
Other liabilities		3		3
<b>Total</b>	<b>-</b>	<b>3</b>	<b>1,169</b>	<b>1,172</b>

## Note 30, cont'd Financial instruments

### Change of financial assets and liabilities in level 3

Parent Company 12/31 2012	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
<i>Financial assets</i>				
Opening balance	178	178	1,169	1,169
Total gains or losses				
in profit/loss	-322	-322	-251	-251
in other comprehensive income	144	144	-39	-39
<b>Carrying amount at year-end</b>	<b>0</b>	<b>0</b>	<b>879</b>	<b>879</b>
<i>Total gains or losses for the period included in profit/loss for assets held at the end of the period</i>				
Changes in value	-178	-178	-290	-290
<b>Total</b>	<b>-178</b>	<b>-178</b>	<b>-290</b>	<b>-290</b>

Parent Company 12/31 2011	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
<i>Financial assets</i>				
Opening balance			929	929
Total gains or losses				
in profit/loss	322	322	368	368
in other comprehensive income	-144	-144	-128	-128
<b>Carrying amount at year-end</b>	<b>178</b>	<b>178</b>	<b>1,169</b>	<b>1,169</b>
<i>Total gains or losses for the period included in profit/loss for assets held at the end of the period</i>				
Changes in value	178	178	240	240
<b>Total</b>	<b>178</b>	<b>178</b>	<b>240</b>	<b>240</b>

## Note 31 Pledged assets and contingent liabilities

### Accounting policies

A contingent liability exists when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or when there is a present obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

	12/31 2012	12/31 2011		12/31 2012	12/31 2011
<i>Group</i>			<i>Parent Company</i>		
<i>Pledged assets</i>			<i>Pledged assets</i>		
<i>In the form of pledged securities for liabilities and provisions</i>			<i>In the form of pledged securities for liabilities and provisions</i>		
Real estate mortgages	140	82	Shares	95	23
Shares etc.	15,450	14,202	<b>Total pledged assets</b>	<b>95</b>	<b>23</b>
<i>Other pledged and equivalent collateral</i>			<i>Contingent liabilities</i>		
Real estate mortgages	149	155	Guarantees on behalf of Group companies	6,000	6,000
<b>Total pledged assets</b>	<b>15,739</b>	<b>14,439</b>	Guarantees on behalf of associates	4,200	4,208
<i>Contingent liabilities</i>			<b>Total contingent liabilities</b>	<b>10,200</b>	<b>10,208</b>
Guarantee commitments, FPG/PRI	1	1			
Guarantees on behalf of associates	4,200	4,208			
Other contingent liabilities	143	144			
<b>Total contingent liabilities</b>	<b>4,344</b>	<b>4,353</b>			

The credit facilities, relating to operating subsidiaries, are subject to financial covenants.

In addition to pledged assets above there is a floating charge in Mölnlycke Health Care Oy. Net asset value related to this company is included in "Shares etc." above.

## Note 32 Related party transactions

The following additional information about related parties is being provided in addition to what has been reported in other sections of the Annual Report.

### Relations with related parties with significant influence

The Wallenberg foundations have significant influence over Investor (in accordance with the definition in IAS 24 Related Party Disclosures). The largest of these foundations are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

Investor's support functions provide a limited scope of services for Foundation Asset Management Sweden AB and Foundation Administration Management Sweden AB, which are owned by the Wallenberg foundations. Transactions with these companies are priced according to market terms.

### Companies with common board members

In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to non material amounts.

### Related party transactions

The Parent Company is related with its subsidiaries and associated companies, see Note 38, Participations in Group companies and Note 39, Participations in associates. In addition to the above stated information, guarantees on behalf on the associate 3 Scandinavia amounts to SEK 4,200 m. (4,208).

### With key persons

See Note 9, Employees and personnel costs for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the Board, President and other senior executives.

### Investment programs

#### Carried interest plans

Within Financial Investments, selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with

market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the U.S. and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments. The plans allow a maximum share of 16 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

Due to the restructuring of Investor Growth Capital during 2011, a handful of employees have exchanged their participation in Investor Growth Capital's main program for parallel investments/profit-sharing for participation in a profit sharing program that is better adapted to reflect the decision to restructure Investor Growth Capital. The new program is linked to the realized proceeds of holdings in excess of a pre-defined threshold that was established in relation to the holding's market value. The total maximum share that can be credited to program participants is 10 percent of the proceeds above the threshold.

#### Management Participation Programs

Board members and senior executives in Mölnlycke Health Care and Aleris, are offered the opportunity to invest in the companies through management participation programs. The terms of the programs are based on market valuations and are designed to yield lower return to the participants than that of the owners if the investment plan is not reached but higher return to the participants than that of the owners if the plan is exceeded. In connection with the position as Chairman of the Board of Mölnlycke Health Care in 2007, prior to election to the Board of Directors of Investor in 2009, Gunnar Brock acquired shares for an amount of approximately SEK 6.4 m. under the Mölnlycke Health Care's Management Participation Program. In April 2012, when the participants had an agreed possibility to sell shares under the program, Gunnar Brock sold a part of his holding of shares to Investor for approximately SEK 10.6 m.

No other members of the Board of Directors of Investor AB participate in these programs.

### Related party transactions

Group	Year	Sales of products/services	Purchase of products/services	Financial expenses	Financial income	Dividend/redemption	Capital contribution	Receivables	Liability
Associates	2012	7	12	182	471	3,383	182	6,752	2,425
Associates	2011	11	9	133	445	3,949	416	6,414	2,078
Other related party <sup>1)</sup>	2012	1							
Other related party <sup>1)</sup>	2011	2							

1) Wallenberg foundations

Parent Company	Year	Sales of products/services	Purchase of products/services	Financial expenses	Financial income	Dividend/redemption	Capital contribution	Receivables	Liability
Group companies	2012	28	9					30,114	47
Group companies	2011	14	8					28,193	53
Associates	2012	4	11	17		2,873	182		3
Associates	2011	11	8	9		3,438	416		3
Other related party <sup>1)</sup>	2012	1							
Other related party <sup>1)</sup>	2011	2							

1) Wallenberg foundations

### Note 33 Subsequent events

On March 6, 2013, Investor announced that it has entered an agreement to subscribe for SEK 270 m. in a directed new issue in Active Biotech, paying SEK 45 per share for 6.0 m. shares. Investor's ownership will amount to 8.0 percent. The holding will be reported within Financial Investments.

### Note 34 Results from participations in Group companies

	2012	2011
<i>Parent Company</i>		
Reversal of impairment losses, participations in Group companies	–	520
<b>Total</b>	<b>–</b>	<b>520</b>

The reversal of previous impairment losses in participations in Group companies was due to the fact that the value of shares and participations held by these companies developed positively during 2011. The recoverable amount has been determined at the net realizable value.

### Note 35 Results from other receivables that are non-current assets

	2012	2011
<i>Parent Company</i>		
Interest income from Group companies	2,050	1,977
Changes in value	710	–58
Other interest income	37	–
Exchange rate differences	–1,703	615
<b>Total</b>	<b>1,094</b>	<b>2,534</b>

### Note 36 Interest income and similar items

	2012	2011
<i>Parent Company</i>		
Interest income from Group companies	13	126
Changes in value	8	–
Changes in value, hedges of long-term share-based remuneration	–	2
Other interest income	6	2
Exchange rate differences	3	–1
<b>Total</b>	<b>30</b>	<b>129</b>

### Note 37 Interest expenses and similar items

#### Accounting policies

In the Parent Company, borrowing costs are charged to profit/loss during the period they pertain to. Borrowing costs are not capitalized.

	2012	2011
<i>Parent Company</i>		
Interest expenses to Group companies	–466	–486
Changes in value	–446	58
Changes in value attributable to long-term share-based remuneration	–30	–
Net financial items, internal bank <sup>1)</sup>	–184	–353
Interest expenses, other borrowings	–1,247	–1,132
Exchange rate differences	1,699	–475
Other	–26	–22
<b>Total</b>	<b>–700</b>	<b>–2,410</b>

1) Settlement of net financial items between the Parent Company and the internal bank company, AB Investor Group Finance.

## Note 38 Participations in Group companies

### Accounting policies

Subsidiaries are companies in which Investor AB is able to exert a controlling influence. Controlling influence is the power to, either directly or indirectly, govern the financial and operating policies of an entity in order to obtain economic benefits from its activities.

In the Parent Company, participations in Group companies are recognized in accordance with the cost method and in legal entities, transaction costs attributable to business combinations will be included in the acquisition cost.

Contingent consideration is valued according to the likelihood that the consideration will be paid. Any changes to the provision/receivable result in an increase/decrease in the cost of acquisition. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment. Dividends from subsidiaries are included in the Parent Company's operating profit/loss.

### Shareholders' contributions

Shareholders' contributions are recognized directly in equity by the receiver and are capitalized in shares and participations by the giver to the extent that no impairment loss is required.

	12/31 2012	12/31 2011
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	41,174	37,138
Acquisitions and capital contributions	3,597	4,036
Divestments and repaid capital contributions	-372	-
	<b>44,399</b>	<b>41,174</b>
<i>Accumulated impairment losses</i>		
Opening balance	-	-520
Reversed impairment losses for the year	-	520
	-	-
<b>Carrying amount at year-end</b>	<b>44,399</b>	<b>41,174</b>

### Specification of the Parent Company's direct holdings of participations in Group companies

Subsidiary, Registered office, Registration number	Number of participations	Ownership interest in % <sup>1)</sup>		Carrying amount	
		12/31 2012	12/31 2011	12/31 2012	12/31 2011
Investor Holding AB, Stockholm, 556554-1538	1,000	100.0	100.0	21,533	20,783
Invifed 2 AB, Stockholm, 556752-6057	100,000	100.0	100.0	8,773	6,563
Rotca AB, Stockholm, 556693-6661	1,000	100.0	100.0	4,826	4,825
Indap Invest AB, Stockholm, 556690-7084	1,000	100.0	100.0	4,621	4,246
Patricia Holding AB, Stockholm, 556619-6753	1,000	100.0	100.0	2,669	2,669
Indif AB, Stockholm, 556733-9915	11,000	100.0	100.0	1,056	1,056
AB Vectura, Stockholm, 556012-1575	50,000	100.0	100.0	393	393
Vectura Fastigheter AB, Stockholm, 556903-0587	50,000	100.0	-	262	-
The Grand Group AB, Stockholm, 556302-9650	10,000	100.0	100.0	204	577
AB Investor Group Finance, Stockholm, 556371-9987 <sup>2)</sup>	100,000	100.0	100.0	54	54
AB Cator, Stockholm, 556619-6811	1,000	100.0	100.0	6	6
Duba AB, Stockholm, 556593-5508	1,000	100.0	100.0	2	2
Invaw Holding AB, Stockholm, 556904-1212	50,000	100.0	-	0	-
<b>Carrying amount in the Parent Company</b>				<b>44,399</b>	<b>41,174</b>

- 1) Refers to share of equity, which also corresponds to the share of voting power.  
2) The Group's internal bank.

### Other material indirect holdings in subsidiaries

Subsidiary, Registered office	Ownership interest in % <sup>1)</sup>	
	12/31 2012	12/31 2011
Investor Growth Capital AB, Stockholm <sup>2)</sup>	100.0	100.0
Investor Investment Northern Europe Ltd, Guernsey <sup>3)</sup>	100.0	100.0
Mölnlycke AB, Gothenburg	94.3	90.2
Aleris Group AB, Stockholm	93.6	93.0

- 1) Refers to share of equity.  
2) Holding company of Investor Growth Capital.  
3) The business of the company is share portfolio management.

## Note 39 Participations in associates

### Accounting policies

Participations in associates are recognized at cost or fair value in accordance with IAS 39. The method is dependent on how Investor controls and monitors the companies' operations. For further information see Note 12, Shares and participations in associates. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment.

#### Specification of carrying amount for participations in associates valued at cost method

	12/31 2012	12/31 2011
<i>Parent Company</i>		
<i>Accumulated costs</i>		
Opening balance	5,880	5,723
Acquisitions and capital contributions	182	157
	<b>6,062</b>	<b>5,880</b>
<i>Accumulated impairment losses</i>		
Opening balance	-4,580	-5,634
Reversed impairment losses for the year	-	1,054
	<b>-4,580</b>	<b>-4,580</b>
Carrying amount at year-end	<b>1,482</b>	<b>1,300</b>

#### Specification of carrying amount for participations in associates valued at fair value

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Opening balance	75,311	93,276
Acquisitions	34	2,058
Divestments	-	-1,027
Revaluations disclosed in Income Statement	17,906	-18,996
Carrying amount at year-end	<b>93,251</b>	<b>75,311</b>

#### Specification of participations in associates 12/31 2012

Company, Registered office, Registration number	Number of shares	Share of voting power %	Proportion of equity %	Investor's share of			
				Equity <sup>1)</sup>	Profit/loss for the year <sup>2)</sup>	Carrying amount <sup>3)</sup>	Fair value
<i>Parent Company</i>							
<b>Financial Investments:</b>							
Hi3G Holdings AB, Stockholm, 556619-6647 <sup>4)</sup>	40 000	40	40	1,437	296	1,351	1,351
Hi3G Enterprise AB, Stockholm, 556782-9329 <sup>4)</sup>	40 000	40	40	39	-170	131	131
<b>Total participations in associates valued at cost</b>						<b>1,482</b>	<b>1,482</b>
<b>Core Investments:</b>							
Atlas Copco, Stockholm, 556014-2720	206,895,611	22	17	5,911	2,341	36,645	36,645
SEB, Stockholm, 552032-9081	456,089,264	21	21	22,763	2,422	25,194	25,194
Ericsson, Stockholm, 556016-0680	174,303,252	21	5	7,304	313	11,120	11,120
Electrolux, Stockholm, 556009-4178	47,866,133	30	15	3,072	403	8,156	8,156
Saab, Linköping, 556036-0793	32,778,098	40	30	4,233	462	4,428	4,428
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	107,594,165	41	40	1,931	-40	3,906	3,906
Husqvarna, Jönköping, 556000-5331	97,052,157	30	17	1,951	172	3,802	3,802
<b>Total participations in associates valued at fair value</b>						<b>93,251</b>	<b>93,251</b>
<b>Total participations in associates</b>						<b>94,733</b>	<b>94,733</b>

1) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting policies and evaluation principles.

2) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting policies and evaluation principles.

3) Carrying amount includes acquisition cost, additional investments and divestments for the period and value changes due to write-downs to correspond with the fair value of the investments valued at cost and fair value for participations in associates valued at fair value, respectively.

4) Reporting from Hi3G Holdings AB and Hi3G Enterprise AB is received with one month's delay.

## Note 39, cont'd Participations in associates

### Specification of participations in associates 12/31 2011

Company, Registered office, Registration number	Number of shares	Share of voting power %	Proportion of equity %	Investor's share of			
				Equity <sup>1)</sup>	Profit/loss for the year <sup>2)</sup>	Carrying amount <sup>3)</sup>	Fair value
<i>Parent Company</i>							
<b>Financial Investments:</b>							
Hi3G Holdings AB, Stockholm, 556619-6647 <sup>4)</sup>	40,000	40	40	1,270	1,805	1,221	1,221
Hi3G Enterprise AB, Stockholm, 556782-9329 <sup>4)</sup>	40,000	40	40	26	-167	79	79
<b>Total participations in associates valued at cost</b>						<b>1,300</b>	<b>1,300</b>
<b>Core Investments:</b>							
Atlas Copco, Stockholm, 556014-2720	206,895,611	22	17	4,852	2,185	30,366	30,366
SEB, Stockholm, 552032-9081	456,089,264	21	21	22,690	2,316	18,282	18,282
Ericsson, Stockholm, 556016-0680	173,728,702	21	5	7,709	667	12,112	12,112
Electrolux, Stockholm, 556009-4178	47,866,133	30	15	3,182	320	5,237	5,237
Saab, Linköping, 556036-0793	32,778,098	40	30	3,925	666	4,638	4,638
Husqvarna, Jönköping, 556000-5331	97,052,157	30	17	2,086	168	3,062	3,062
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	107,594,165	41	40	1,998	7	1,614	1,614
<b>Total participations in associates valued at fair value</b>						<b>75,311</b>	<b>75,311</b>
<b>Total participations in associates</b>						<b>76,611</b>	<b>76,611</b>

- 1) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting policies and evaluation principles.
- 2) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting policies and evaluation principles.
- 3) Carrying amount includes acquisition cost, additional investments and divestments for the period and value changes due to write-downs to correspond with the fair value of the investments valued at cost and fair value for participations in associates valued at fair value, respectively.
- 4) Reporting from Hi3G Holdings AB and Hi3G Enterprise AB is received with one month's delay.

## Note 40 Other long-term holdings of securities

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Opening balance	39,492	41,038
Acquisitions	436	1,547
Divestments	-79	-
Revaluations disclosed in Income Statement	329	-3,093
<b>Carrying amount at year-end</b>	<b>40,178</b>	<b>39,492</b>

## Note 41 Receivables from Group companies

	12/31 2012	12/31 2011
<i>Parent Company</i>		
Opening balance	25,243	26,024
New lending	5,498	1,006
Divestments/due/redeemed	-864	-168
Reclassifications	-	-2,078
Unrealized changes in value	-811	459
<b>Carrying amount at year-end</b>	<b>29,066</b>	<b>25,243</b>



# Auditor's Report

## To the annual meeting of the shareholders of Investor AB (publ.)

CORP ID 556013-8298

### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Investor AB (publ) for the year 2012. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 10 - 11 and 22 - 102.

### **Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts**

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual

Accounts Act. A Corporate Governance statement has been prepared. The Statutory administration report and the Corporate Governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the Income Statement and Balance Sheet for the Parent Company and the group.

### **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Investor AB (publ) for the year 2012.

### **Responsibilities of the Board of Directors and the President**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

### **Auditor's responsibility**

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinions**

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President are discharged from liability for the financial year.

Stockholm, March 13, 2013

KPMG AB

*Signed on the original document*

Helene Willberg

*Authorized Public Accountant*

*This Auditor's report is a translation of the original Auditor's report in Swedish.*

# Definitions

## Basic earnings per share

Profit/loss for the year attributable to the Parent Company's shareholders in relation to the weighted average number of shares outstanding.

## Basic net asset value per share

Net asset value per share in relation to the total number of shares on the Balance Sheet date.

## Cash conversion

Proportion of profits converted to cash flow.

## Change in value, Core Investments

Change in value as a percentage of opening value.

## Diluted earnings per share

Profit/loss for the year attributable to the Parent Company's shareholders, plus interest expenses after tax related to convertible debenture loans, in relation to the weighted average number of shares outstanding after full conversion and adjusted for the effect of share-based payments.

## Discount to net asset value

The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

## Dividend payout ratio

Dividends paid in relation to dividends received from Core Investments.

## Dividend yield

Dividend per share in relation to share price on the Balance Sheet date.

## EBITDA

Earnings before interest, taxes, depreciation and amortization.

## EBITdA

EBITDA after portfolio depreciation.

## Equity/assets ratio

Shareholders' equity and convertible debenture loans as a percentage of the Balance Sheet total.

## Equity per share

Equity including convertible debenture loans in relation to the number of shares on the Balance Sheet date after full conversion.

## Investing activities

Investing activities include parent company operations, Investor's internal bank, Trading operations and Investor Growth Capital. Investor Growth Capital is only included in investing activities up until June 30, 2011.

## Industrial holding company

A company that offers shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities. Its shares are typically owned by a large number of individuals.

## Leverage

Net debt/Net cash as a percentage of total assets.

## Management costs

General expenses for running investment operations.

## Market cost of capital

Risk-free interest rate plus the market's risk premium.

## Multiple valuation

A method for determining the current value of a company by examining and comparing the financial ratios of relevant peer groups.

## Net asset value

The market value of total assets less net debt (corresponds to equity).

## Net debt/Net cash

Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

## Normalized EBITDA

EBITDA adjusted for extraordinary items, such as restructuring costs, certain amortization and impairment items, and specific investments.

## OMX Stockholm 30, OMXS30

A share index that is calculated for the 30 most actively traded shares on the Stockholm Stock Exchange (Stockholmsbörsen).

## Return on equity

Profit/loss for the year as a percentage of average shareholders' equity.

## Risk-free interest rate

The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

## Risk premium

The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

## SIX's Return Index, SIXRX

A Swedish all shares total return index calculated on share price change and reinvested dividends.

## Third-party valuation

External valuation from the most recent financing round.

## Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the Balance Sheet total less asset items included in net debt or net cash and less non-interest-bearing liabilities.

## Total comprehensive income for the year

Change in equity during the period resulting from transactions and other events, other than those changes resulting from transactions with the owners in their capacity as owners.

## Total return

Sum of share price changes including reinvested dividends.

## Turnover rate

Number of shares traded during the year as a percentage of the total number of shares outstanding.

# Ten-year summary

## Investor Group<sup>1)</sup>

SEK m.	2003	2004	2005 <sup>1)</sup>	2006	2007	2008	2009	2010	2011	2012	Annual average growth 5/10 years, %
<b>Net asset value<sup>2)</sup></b>											
<i>Core Investments</i>											
Listed	85,841	87,408	115,419	135,274	127,293	73,272	106,231	134,314	118,016	141,456	
Subsidiaries	1,075	1,425	1,505	1,477	7,066	7,335	7,436	17,111	18,400	21,291	
<i>Financial Investments</i>	16,155	16,070	17,875	22,693	25,041	25,321	30,111	30,036	37,215	35,144	
<i>Other assets and liabilities</i>	585	3,265	-631	-540	-613	-432	-517	-603	-651	-428	
<b>Total assets</b>	103,656	108,168	134,168	158,904	158,787	105,496	143,261	180,858	172,980	197,463	
Net debt (-)/Net cash (+)	-20,593	-16,082	-223	416	-3,583	9,737	-588	-11,472	-16,910	-22,765	
<b>Net asset value</b>	83,063	92,086	133,945	159,320	155,204	115,233	142,673	169,386	156,070	174,698	
Change in net asset value with dividend added back, %	36	13	47	21	0	-23	26	21	-6	15	5/14
<b>Condensed Balance Sheet</b>											
Shares and participations <sup>3)</sup>	102,981	104,008	133,521	157,481	153,781	97,628	134,728	160,210	148,991	164,431	
Other	14,411	21,366	28,612	23,459	23,450	43,031	35,496	60,557	64,616	65,214	
Balance Sheet total <sup>3)</sup>	117,392	125,374	162,133	180,940	177,231	140,659	170,224	220,767	213,607	229,645	
<b>Profit and loss</b>											
Profit/loss for the year attributable to											
Parent Company shareholders	-169	8,736	43,842	28,468	-365	-36,708	31,379	30,631	-9,229	24,226	
Comprehensive income <sup>4)</sup>	-	-	-	-	-	-36,093	30,858	30,510	-9,553	23,857	
<b>Dividends</b>											
Dividends received	1,846	1,710	2,415	3,171	3,474	4,147	2,866	3,622	4,330	5,177	
of which from Core Investments Listed	1,665	1,574	2,163	2,852	3,161	3,803	2,358	3,203	3,998	4,782	9/11
<b>Contribution to NAV<sup>2)</sup></b>											
Contribution to NAV, Core Investments Listed <sup>5)</sup>	24,131	9,416	39,587	30,112	-4,376	-31,466	31,942	27,098	-17,889	23,312	
Total return, Core Investments, %	38	11	45	26	-3	-25	44	26	-13	20	
Contribution to NAV, Core Investments Subsidiaries	-81	-48	-43	-31	-17	329	204	2,346	87	-194	
Contribution to NAV, Financial Investments, Partner-owned	0	-574	-1,516	-2,063	-1,013	-375	-1,607	-304	5,475	57	
Contribution to NAV, IGC and EQT	202	1,204	6,053	583	5,907	-3,582	396	1,201	4,201	305	
<b>Transactions<sup>2)</sup></b>											
Investments, Core Investments Listed	1,962	1,509	1,157	3,125	5,571	2,150	3,825	1,693	5,104	2,762	
Divestments & redemptions, Core Investments Listed	1,891	7,733	10,570	10,530	6,015	20,902	450	-	1,057	-	
Investments, Core Investments Subsidiaries	-	-	-	-	5,702	166	17	7,198	1,019	3,386	
Divestments, Core Investments Subsidiaries	-	-	-	-	-	-	-	-	-	-	
Investments, Partner-owned Investments	1,830	2,090	1,340	5,585	1,286	4,507	247	568	55	376	
Divestments, Partner-owned Investments	-	-	4,202	11	-	-	5	16	-	80	
Investments, IGC and EQT	1,914	1,818	4,580	4,490	3,627	3,729	2,921	3,308	3,652 <sup>6)</sup>	2,034 <sup>6)</sup>	
Divestments, IGC and EQT	2,364	4,448	9,268	5,630	7,401	2,937	563	3,811	4,193 <sup>6)</sup>	4,067 <sup>6)</sup>	
<b>Key figures per share</b>											
Net asset value per share, SEK	108	120	175	208	203	150	187	223	205	230	
Basic earnings per share, SEK	-0.22	11.39	57.15	37.13	-0.48	-47.98	41.12	40.24	-12.14	31.85	
Diluted earnings per share, SEK	-0.22	11.37	57.02	37.03	-0.48	-47.98	41.08	40.20	-12.14	31.83	
Equity per share, SEK	64	120	175	208	203	150	187	224	206	230	
<b>Key ratios</b>											
Leverage, %	20	15	0	0	2	-9	0	6	10	12	
Equity/assets ratio, %	71	73	83	88	88	82	84	77	73	76	
Return on equity, %	0	10	39	19	0	-27	24	20	-6	15	
Discount to net asset value, %	36	30	21	20	28	24	29	37	39	-27	
Management costs, % of net asset value	0.7	0.5	0.4	0.4	0.4	0.5	0.4	0.3	0.3	0.2	
<b>Share data</b>											
Total number of shares, m.	767.2	767.2	767.2	767.2	767.2	767.2	767.2	767.2	767.2	767.2	
Holding of own shares, m.	-	-	-	0.7	1.4	2.5	4.7	6.7	6.7	6.2	
Share price on December 31, SEK <sup>7)</sup>	69.50	84.50	139.00	168.00	147.00	117.00	132.90	143.9	128.4	170.0	3/13
Market capitalization on December 31	53,007	64,826	106,326	127,950	111,244	88,066	100,992	107,907	96,028	128,048	
Dividend paid to Parent Company shareholders	1,726	1,726	2,685	3,449	3,637	3,059	3,050	3,802	4,603	5,370 <sup>8,9)</sup>	
Dividend per share, SEK	2.25	2.25	3.50	4.50	4.75	4.00	4.00	5.00	6.00	7.00 <sup>8)</sup>	8/12
Dividend payout ratio, %	104	110	124	121	115	80	130	119	115	112 <sup>8)</sup>	
Dividend yield, %	3.2	2.7	2.5	2.7	3.2	3.4	3.0	3.5	4.7	4.1	
Total annual turnover rate, Investor shares, % <sup>6)</sup>	168	121	130	146	165	135	117	100	112	78	
Total return, Investor shares, % <sup>6)</sup>	43	25	68	24	-10	-18	18	11	-8	38	7/17
SIXRX (return index), %	34	21	36	28	-3	-39	53	27	-14	16	3/13
OMXS30 index, %	29	17	29	20	-6	-39	44	21	-15	12	0/8
Foreign ownership, capital, %	19	19	20	28	28	31	29	31	33	33	

1) As a result of reclassifications and changes in accounting policies, comparative figures have been restated for the year preceding the year when the change was implemented, if not stated otherwise. In accordance comparative figures for 2004 have been restated in connection with the transition to IFRS in 2005. Detailed information about the transition to IFRS is available in the 2005 Annual Report.

2) The present business area reporting was implemented in 2011. For the years 2003-2010 a reallocation of values has been made in order to, as far as possible, resemble the present business area reporting.

3) Year 2003 (before the transition to IFRS) include surplus value items.

4) New statement from 2009, comparative from 2008 have been restated.

5) For the year 2003 changes in value have been calculated based on carrying amounts and surplus values.

6) From July 1, 2011, invested includes a capital contribution from Investor to IGC of SEK 1 137 m. (2011) and SEK 750 m. (2012). Divested includes dividends from IGC to Investor of SEK 674 m. (2011) and SEK 607 m. (2012).

7) Pertains to class B shares.

8) Proposed dividend of SEK 7.00/share.

9) Based on the total number of registered shares.

# History

Investor has operated with the same business philosophy since the company was founded in 1916 – to invest in companies and actively contribute as a leading shareholder to their long-term success. Over the years, we have steadily evolved in step with boom times, depressions and recessions, with globalization trends and with constantly changing capital markets, all to capture new opportunities and create value. We have invested in new, exciting companies and industries, and left others along the way. Over the years, we have built expertise, a unique international network and a strong reputation, which together form our competitive edge as we enter the future with an eye for long-term ownership.

## 1900s

**1916** Investor is established. The equity shareholdings of Stockholms Enskilda Bank are transferred to the industrial holding company Investor. Atlas Copco, SEB and Scania are part of the original portfolio.

**1917-25** Investor is listed on the Stockholm Stock Exchange (1917). Shares are acquired in Astra and ASEA.

**1937-46** Investor acquires shares in the newly founded military aircraft company Saab. Stockholms Enskilda Bank forms the industrial holding company Providentia. Jacob Wallenberg (1892-1980) is elected Chairman of Investor (1946).

**1950-56** Investor acquires shares in Ericsson and Electrolux.

**1971-72** Stockholms Enskilda Bank and Skandinaviska Banken merge to Skandinaviska Enskilda Banken (SEB). The industrial holding company Export-Invest is established in connection with the merger.

**1978** Marcus Wallenberg (1899-1982) is elected Chairman of Investor and Claes Dahlbäck is appointed President and CEO.

**1982** Peter Wallenberg is elected Chairman of Investor.

**1984-91** Kema Nobel is sold and the following companies are merged: STORA/Billerud, STORA/Papyrus, STORA/ Swedish Match, ASEA/Brown Boveri, STORA/Feldmühle Nobel and Tetra Pak/Alfa Laval. Saab-Scania and GM form the jointly owned company Saab Automobile, and OM Gruppen is formed.

**1991-92** Investor and Providentia privatize Saab-Scania. Incentive is listed on the Stockholm Stock Exchange following its demerger from ASEA/ABB. Investor and Providentia merge (1992).

**1994-95** Investor acquires Export-Invest. Investor forms EQT together with SEB and AEA. Saab-Scania is divided into two independent companies, Scania AB and Saab AB. Venture capital-arm Novare Kapital is formed, later renamed Investor Growth Capital (IGC).

**1996-99** Investor sells 55 percent of its holding in Scania and the company becomes listed. An option agreement is reached between Investor and GM to regulate long-term ownership of Saab Automobile. Investor's holding in TV4 is sold. OM Gruppen and the Stockholm Stock Exchange merge as well as S-E-Banken and Trygg-Hansa. Percy Barnevik is elected Investor's Chairman (1997). Stora Enso is formed through a merger between STORA and Enso. Investor reaches an agreement to sell its entire holding in Scania to Volvo, but the planned merger is rejected by the EU. Astra and Zeneca merge. Marcus Wallenberg is appointed President and CEO of Investor (1999).

## 2000s

**2000-04** Investor sells shares in Scania to Volkswagen, which becomes a leading shareholder. 3 Scandinavia, co-owned with Hutchison Whampoa, is founded. Investor increases its ownership in ABB, Electrolux, Ericsson and SEB and divests its holdings in Stora Enso, SKF och SAS. Investor sells its entire holding in Volvo and relinquishes its remaining interest in Saab Automobile and divests part of its holding in AstraZeneca. Claes Dahlbäck is elected Chairman of Investor (2002). Investor participates in Ericsson's and ABB's new rights issues.

**2005** Jacob Wallenberg is elected Chairman of Investor and Börje Ekholm is appointed President and CEO. Investor sells part of its holding in ABB, AstraZeneca, Scania and SEB, to restore strong financial flexibility. The Private Equity business area finalizes a number of successful transactions, such as the divestments of Bredbandsbolaget and Tessera.

**2006-09** Investor and EQT take Gambro private. Husqvarna is spun out of Electrolux. WM-data is sold to LogicaCMG (U.K.). MAN makes a hostile bid for Scania that Investor, and later Volkswagen, rejects. Mölnlycke Health Care and Lindorff are acquired and positions are increased in a number of Core Investments. Gambro Healthcare is divested and Investor sells OMX to NASDAQ/Borse Dubai and Scania to Volkswagen. Investor invests in Biovitrum and supports the merger between Biovitrum and Swedish Orphan International. Investor participates in SEB's and Husqvarna's new issues.

**2010** Investor adds two subsidiaries through the acquisition of Aleris and by acquiring additional shares in Mölnlycke Health Care. Investor acquires additional shares in Saab from BAE Systems and makes add-ons in Atlas Copco, Electrolux and Husqvarna. Shares are acquired in NASDAQ OMX. Throughout 2009-2010, Investor makes investments totaling approximately SEK 23 bn.

**2011** Investor updates its strategy, presenting a new business structure, strongly focused on Core Investments. In addition, Investor Growth Capital is launched as a stand-alone entity of Investor. A platform for healthy future cash flow generation is created and substantial cost savings are initiated. Investor further strengthens its position in ABB, Atlas Copco, Electrolux, Ericsson, Husqvarna and NASDAQ OMX. CaridianBCT is divested.

**2012** Investor acquires shares in Wärtsilä, in consensus with the main owner Fiskars, which becomes a new core investment. Investor further strengthens its positions in ABB and NASDAQ OMX. The cost reduction program, initiated in 2011, continued and Investor reached a more sustainable cost level of SEK 90-95 m. on a quarterly basis. Investor and EQT entered into an agreement to divest Gambro.

# Shareholder information

## Annual General Meeting

Investor AB invites shareholders to participate in the Annual General Meeting on Monday, April 15, 2013, at 4:00 p.m. at the City Conference Centre, Barnhusgatan 12-14, in Stockholm. Registration for the Meeting commences at 2.30 p.m. Light refreshments will be served before the Meeting.

### PARTICIPATION

Shareholders who would like to attend the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB on Tuesday, April 9, 2013, and must notify the Company of their intention to attend the Meeting no later than Tuesday, April 9, 2013.

### NOTICE OF PARTICIPATION IN THE ANNUAL GENERAL MEETING

Shareholders can give their notice of participation by:

- registering on Investor AB's website, [www.investorab.com](http://www.investorab.com) or
- calling +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET.

### NOMINEE-REGISTERED SHARES

In order to be entitled to participate in the Meeting, shareholders whose shares are registered in the name of a nominee through the trust department of a bank or similar institution must request that their shares are temporarily re-registered in their own names in the register of shareholders maintained by Euroclear Sweden AB. Such registration must be completed no later than Tuesday, April 9, 2013. Shareholders are requested to inform their nominees well in advance of this date.

### PROXIES, ETC.

Shareholders who are represented by proxy must authorize such proxy by issuing a power of attorney. If such power of attorney is issued by a legal entity, an attested copy of the certificate of registration evidencing the authority to issue the power of attorney must be attached. The original power of attorney and the certificate of registration, where applicable, are to be sent to Investor AB, Annual General Meeting, SE-103 32 Stockholm, Sweden, well in advance of the Meeting. The form to use for a power of attorney is available on Investor AB's website: [www.investorab.com](http://www.investorab.com).

### REPRESENTATIVES

Shareholders or proxies for shareholders at the Annual General Meeting may take a maximum of two representatives with them to the Meeting. Representatives may be brought to the Meeting only if the shareholder of Investor AB gives notice of their attendance as described above for notification of participation of shareholders. If you have any questions about the Annual General Meeting, call +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET.

### Dividend

The Board and President propose a dividend to the shareholders of SEK 7.00 per share for fiscal year 2012. Thursday, April 18, 2013, has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on Tuesday, April 23, 2013.

## Calendar of events 2013

- Annual General Meeting: April 15
- Interim Report, January-March: April 23
- Interim Report, January-June: July 18
- Interim Report, January-September: October 17
- Interim Report, January-December: February 4, 2014

## Information channels

Financial information about Investor can be accessed and ordered (information by sms, e-mail or printed annual report) on Investor AB's website: [www.investorab.com](http://www.investorab.com), or by calling +46 8 614 2800.

## Information materials

Printed annual reports are distributed to shareholders that have requested it. All new shareholders will receive a letter asking how they would like to receive information.

## Investor relations

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## Corporate website

[www.investorab.com](http://www.investorab.com)

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Our vision is to be recognized as a premier investor, supporting the development of our portfolio companies to become best-in-class.

