

Highlights of 1996

- The 1996 total return for Investor shareholders amounted to 60 percent, compared with an average of 43 percent for the Stockholm Stock Exchange.
- Investor sold 55 percent of its holding in Scania in an initial public offering. At the same time Scania was listed on the Stockholm and New York stock exchanges. Investor received a total of SEK 18,800 m., net, for the Scania shares sold.
- In June, Investor and GM/Opel reached agreement regarding a series of measures designed to ensure expansion plans for Saab Automobile, in which Investor holds a 50-percent interest.
- On December 31, 1996, the value of Investor's main holdings was SEK 61,325 m. The value on February 17 was SEK 68,185 m. As of April 1, Scania is also included among Investor's main holdings. Excluding Scania, the value of the main holdings appreciated by 38 percent during the year.
- Investor's net worth increased during 1996 by SEK 28,806 m. to SEK 78,880 m., equal to SEK 394 per share. The net worth on February 17 was SEK 85,168 m., equal to SEK 426 per share.
- The proposed ordinary dividend to shareholders is SEK 10.00 (9.00) per share.

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To the Shareholders,

The past year was unusual in the history of Investor. The successful public offering of Scania on the Stockholm and New York stock exchanges entailed a major change in Investor. This was the largest private flotation ever of a company on the "Big Board" up to then. From Investor's viewpoint, Scania's IPO resulted in a further strengthening of the balance sheet as well as in cash reserves. At the same time, the successful flotation has led to a partial re-evaluation of the Saab-Scania transaction, which was so severely criticized at the time, when Investor became the sole owner of these operations.

Sweden's economy has improved gradually, and Swedish industry has played a major role in this process. It is important to bear in mind that economic progress is virtually entirely dependent upon our export industry's ability to sell its products. During 1996, the contributions made by the different sec-



tors varied. For example, the forest industry experienced a relatively lean year, characterized by lower prices and reduced volumes.

The recovery of the Swedish krona, has had a negative impact on the earnings performance of certain export companies, particularly the forest products industry. Other segments of the country's industry, especially the automotive sector, have encountered difficulties in the form of stagnating volumes and a low exchange rate for the U.S. dollar.

As a result of continued measures to improve the national finances of the EU countries, it has become increasingly likely that the European Economic and Monetary Union – the EMU – will materialize in 1999. On the whole, this process led to a sharp reduction in Sweden's long-term interest rates. Debates regarding Sweden's participation in the EMU have continued and no decision on this

INVESTOR'S MAIN HOLDINGS

12/31 1996

%	Share capital	Voting rights
Engineering		
Scania	45	45
Saab	100	100
Saab Automobile	50	50
Electrolux	1	45
Incentive	27	36
SKF	12	30
Atlas Copco	14	20
Pharmaceuticals		
Astra	10	12

IT		
Ericsson	3	22
OM Gruppen	20	20
WM-data	14	6
Bank and finance		
S-E-Banken	2	3
Forest products		
STORA	16	20
Media and service		
TV4	22	25
SAS	19	19


matter has been made to date. Now that Sweden's finances have undergone such a radical improvement that the country should be considered as satisfying to meet most of the convergence criteria, there is little doubt that Sweden would qualify for entry from the start. The decisive question is whether Sweden has the necessary political will to do so.

The treatment of the Swedish nuclear power industry is another important domestic political issue. During the latter part of the year, the debate on this issue gained renewed momentum. While I was writing this letter, the Government of Sweden decided that one of the reactors in the Barsebäck plant will be decommissioned before Sweden's next general election in 1998. The reaction of Swedish industry as a whole has been exceptionally negative. Trade union organizations have expressed equally strong opposition.

It appears unavoidable that electric power by this action will be more costly in the future, which could have an extremely adverse impact on many industries in our country. The greatest concern has been expressed by power-intensive industries, for which the price of electricity is a decisive factor for continued operation.

Nonetheless, large parts of Sweden's export industry continue to expand by seeking relatively new and untested markets. In the past, Swedish industry has successfully overcome many other major domestic difficulties. On such occasions, an increased focus on foreign expansion has been of enormous importance to our country. Personally, I am convinced that this will continue to be the case in future.

Within Investor, we have every reason to express our gratitude to all the employees of the industrial groups in which we have investments, who have continued to make efforts to build for the future. This is for the benefit not only of specific companies and individuals, but also of Sweden as a whole. Similarly, I would like to direct a few words to Investor's management and employees. As usual, they served the interest of our shareholders in an exemplary manner during 1996.



Peter Wallenberg
Chairman

One of the best years ever in Investor's 80-year history

For Investor, 1996 was a very good year, one of the best in our 80-year history. We succeeded in providing our shareholders with a total return of a full 60 percent, in the form of increased share price and dividends. During the past ten years, the Investor share has yielded an average total return of 20 percent annually, compared with slightly more than 15 percent for the Stockholm Stock Exchange.

On the stock market, the year closed strongly and judging from the situation at the beginning of 1997 the prospects for the rest of the year are relatively favorable. As a result of a delayed economic upswing in Europe and continuingly low interest rates, investments in shares are more attractive than fixed-income investments.

During recent years, new forms of saving have emerged, and it is obvious that interest in mutual funds and shares is increasing, primarily at the expense of bank savings. To a large extent, companies are also financing their growth through funds provided directly through initial public offerings and new share issues, at the same time as corporate debt is decreasing.

In the U.S., the switch from bank savings to invest-

account for more than 10 percent of our total holdings in the next few years.

In many ways, 1996 was a very active year for Investor. Since interest in our shares has increased considerably, we have found it essential to continuously improve our communications with shareholders. Our investments in new electronic channels of communication, including daily news on the Internet, have enjoyed a very favorable reception, and we will continue to improve and refine them.


Investor's base is in Sweden, where we are one of the country's five largest listed companies. In the interest of the company and our shareholders, we consider it important to participate in debates about current social issues. One of the most important issues for the future involves education policy. If Swedish companies are to continue to successfully assert themselves in the face of international competition, access to the best conceivable expertise is essential, which requires continuous improvements in our educational resources.

At the same time as efforts must be made to ensure a high general level of education, there must also be opportunities for focusing on the development of exceptionally skillful pupils on an individual basis. Our competitiveness depends on the added value we can create with the help of intellectual resources and capacity. Possessing leading-edge expertise is one of the principal assets for the future.

In a knowledge-based society, added value is not generated primarily by means of production; instead it is increasingly created through development activities, software applications, planning and marketing. In this context, I would like to show my support for one way of efficiently marketing Sweden.

During 1996, Investor became a founding associate of the Stockholm 2004 project, whose function is to support Stockholm's candidacy for the Summer Olympic Games in the year 2004. Holding the Olympic Games in Stockholm would help to market Sweden internationally and would stimulate our country's sports, environmental care efforts, cultural activities and national economy. In turn, this would also improve the business climate.

To ensure the continued success of our operations, we must adopt a positive approach to the future and capitalize on our inherent strengths. Investor is a strong company and the ultimate aim of our business concept is to create the best possible value for our shareholders. I hope that 1997 will be another successful year for Investor.



Claes Dahlbäck
President

FINANCIAL HIGHLIGHTS SEK m.	1993 Dec 31	1994 Dec 31	Pro forma 1995 Dec 31	1996 Dec 31	1997 Feb 17
Net worth ¹⁾					
Total	37,493	43,493	50,074	78,880	85,168
Per share after full conversion	206	218	252	394	426
Income					
Operating income after depreciation	2,451	4,060	218	9,566	
Income after net financial items	410	2,972	3,048	9,598	
Net income	474	2,812	2,976	9,479	
Liquidity, equity/assets ratio and net debt					
Short-term and long-term loan liabilities	16,450	13,188	11,481	2,532	
Cash and short-term investments	8,292	6,064	4,816	15,017	
Net Cash/Net debt	-4,850	-3,589	-9,062	9,949	
Equity/assets ratio ²⁾	49%	54%	60%	73%	
Dividend					
Per share, SEK	5.25	8.00	9.00 ³⁾	10.00 ⁴⁾	
Yield	3.3%	4.3%	4.1%	3.3%	

¹⁾ Shareholders' equity, convertible debenture loans and surplus value. (Comments on net worth: page 22).
²⁾ Shareholders' equity, including convertible debenture loans, in relation to total assets.
³⁾ Actual dividend paid excluding the special cash dividend of SEK 20.00 per share.
⁴⁾ Proposed dividend.

Meeting the requirements of long-term shareholders

Satisfying the return requirements of shareholders is the most important target for everybody at Investor.

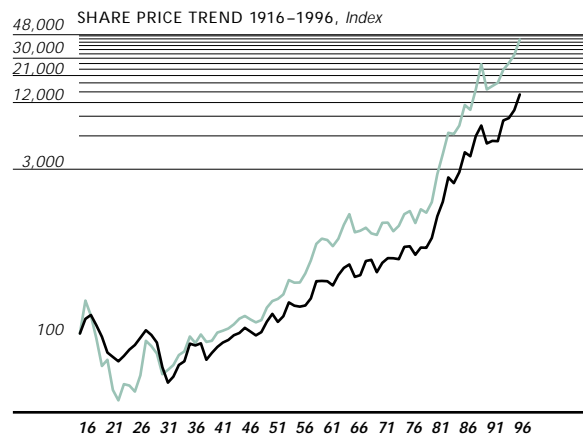
Investor's business concept is to create favorable value appreciation through active long-term ownership and active investment operations. Added value is created by providing a high return based on limited risk exposure. The objective is that an investment in Investor will provide a superior return than comparable investment alternatives for shareholders with a long-term investment horizon.

During the past 25 years, Investor's total annual return has exceeded an average of 20 percent, significantly outperforming the average for the Stockholm Stock Exchange.

In more concrete terms, this means that one krona invested in Investor ten years ago is now worth SEK 6. If this had been invested in an average stock market company, it would have grown to SEK 4. A similar comparison can be made using Investor's net worth, which amounted to nearly SEK 9 billion ten years ago, and had grown to SEK 79 billion by year-end 1996. This trend confirms that, through its role as a long-term and active owner in various industries and companies, Investor has the capacity to create substantial value for its shareholders.

A DRIVING FORCE IN CORPORATE DEVELOPMENT

During the past fifteen to twenty years, Investor has been able to demonstrate the benefits of active ownership, and has played a key role in moving operations and development forward in the companies in which it has had ownership interests. As a result of support from Investor, STORA and Electrolux, for example, have expanded to



Source: SIX AB

— Investor
— The Affärsvärlden
General Index

A telling illustration of Investor's long-term commitment to creating value, in which the value trend for Investor since its foundation in 1916 is compared with the Stockholm Stock Exchange average during the same period.

become global leaders in their areas of operations through corporate acquisitions. Investor also participated in establishing the OM Group and TV4, two companies which now have a combined market capitalization of about SEK 8 billion.

The sale of Alfa-Laval to Tetra Pak is an excellent example of how Investor combined sound industrial solutions with a favorable return for shareholders. Investor has also contributed to long-term investments in Astra and Ericsson, laying the foundation for their strong growth.

Another example is the acquisition of Saab-Scania which was conducted against a background of a stock

HISTORY

Investor was established in 1916.

During the period 1916-1972, Investor was part of a group of financial and holding companies related to Stockholms Enskilda Bank.

The industrial companies in the Wallenberg sphere maintained ties to the bank via Investor. They placed their surplus liquidity in deposit accounts and had the bank formulate funding solutions for new projects. The bank's experts also provided contacts in and outside Sweden that benefited the companies.

From having been an integrated part of the Wallenberg banking organization, Investor developed into a company with independent operations. At Board level, Investor became the center of a well-

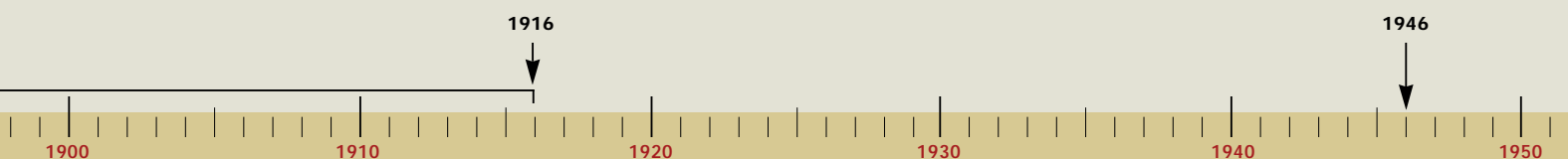
developed network for the communication and exchange of ideas and experiences nationally and internationally.

Following his father's death, Peter Wallenberg succeeded him as president. Under his leadership during the 1980s, Investor was largely distinguished by its involvement in a long line of major transactions that restructured the sphere, as well as entire industries in Sweden. At the same time, Investor's portfolio of main holdings was concentrated to a limited number of companies in which it plays an active ownership role through its work on their boards.

During the 1990s, Investor broadens the scope of its operations through international investments via offices in Hong Kong, London and New York, in addition to Stockholm.

1856 Stockholms Enskilda Bank is founded by André Oscar Wallenberg. The bank plays a part in the industrialization of Sweden by providing capital to entrepreneurs and innovative companies – often at its own risk.

1856-1916 Through investments and as collateral for its loans, the bank becomes a major shareholder in a number of industrial companies.



market slump and deep recession. Subsequently, the original Saab-Scania Group was demerged to give the individual companies superior conditions for continued growth.

PROGRAMS TO INCREASE TRANSPARENCY

Normally, the net worth of an investment company exceeds its market capitalization. In addition to its active and successful investment operations, Investor has taken a number of measures to narrow this differential with a view to increasing the return to shareholders.

The sale of Scania contributed to facilitating a valuation of Investor. Targeted programs designed to improve and increase information about Investor, including the award-winning Investor Dialogen CD-ROM campaign, have been implemented. Moreover, Investor has a permanent objective of creating unique added value for its own shareholders. The special cash dividend of SEK 20 per share and the covered warrants in Scania are examples of such added value.

STRATEGY FOR CONTINUING VALUE GROWTH

Investor's operations are governed by three basic principles:

- Development of the existing holdings
- Active participation in various restructuring programs
- Identification of new value-creating investments and business opportunities

The world is changing at an ever-increasing pace, as are the conditions for business and enterprise. New products and technologies are being developed, and new markets are being captured. A distinct trend is that business operations are becoming increasingly global, and corporate ownership is also transcending national boundaries. Foreign ownership on the Stockholm Stock Exchange has increased and is now some 30 percent. In a company like Astra, which is highly important for Investor, foreign interests exceed 50 percent.

STRENGTHENED, INTERNATIONALIZED INVESTMENT ORGANIZATION

It is important for Investor to have a presence in various financial centers worldwide, since pricing in the Swedish capital market is increasingly affected by international factors and international investors. Through the extension of Investor's investment organization to include Hong Kong, London, New York and Stockholm, developments can be more effectively monitored.

This also increases the organization's potential for finding new investments that represent significant complements to Investor's current holdings in more cyclical and mature companies. These investments are necessary to ensure long-term value growth and return for shareholders. Commitments in this area are also long-term and the objective is to limit the size of these investments initially. Within a period of three to five years, the proportion of new investments may amount to about 10 percent of current major holdings.

Conditions for future value growth are favorable. With access to a global organization and to the networks built up and secured over many decades, Investor will be able to identify suitable investments. Although the company has a longstanding and rich industrial tradition, its success has always been due to its consistent focus on the future. Investor intends to continue this approach.

1916 Investor is established when a law is adopted making it more difficult for banks to own shares. Stockholm Enskilda Bank's shareholdings are transferred to Investor. Several of the companies still in the portfolio have been there since the start: STORA, Atlas Copco, SKF and Scania.

1946 The investment company Providentia is formed by Stockholms Enskilda Bank. Jacob Wallenberg is named chairman of Investor.

1971–1972 Stockholms Enskilda Bank and Skandinaviska Banken merge. In connection with this, the investment company Export-Invest is established.

1978 Marcus Wallenberg is appointed chairman of Investor.

1982 Peter Wallenberg becomes chairman of Investor.

1984–1991 Major structural changes are made within the Wallenberg sphere, including the sale of Kema Nobel and the following mergers: STORA/Billerud, STORA/Papyrus, STORA/Swedish Match, ASEA/Brown Boveri, Saab-Scania/GM, ASEA/Incentive, STORA/Feldmühle Nobel and Tetra Pak/Alfa Laval.

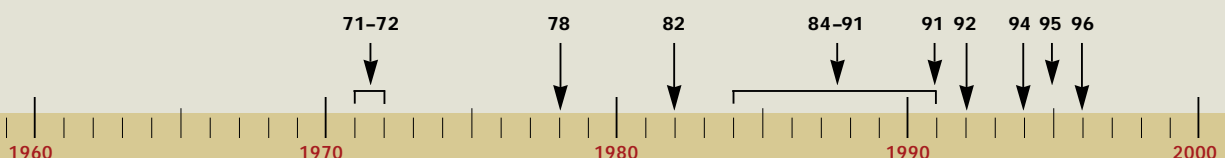
1991 Investor and Providentia make an offer for the outstanding shares in Saab-Scania.

1992 Investor and Providentia merge.

1994 Investor acquires Export-Invest.

1995 In February, the decision is taken to demerge the Saab-Scania group into two independent companies: Scania AB and Saab AB.

1996 Investor sells 55 percent of its Scania holding. At the same time Scania is listed on the Stockholm and New York stock exchanges.



Internationalization of Investor's operations

The pace of development has increased, time is moving faster. Ever-increasing demands are imposed on the actors' analytical expertise and decision-making capacity. Financial markets are being internationalized. Electronic progress permits around-the-clock activity, all year round and all round the world in the quest to improve capital utilization.

"We must think and act in an international perspective," explains Claes Dahlbäck, Investor's President. "Major global regions are committing themselves to the market economy, in which capital flows are the ultimate means of generating growth from the human input in companies and societies.

The flow of capital to finance new projects is increasing incessantly. More companies are becoming multinational, which is resulting in increasingly global competition and information requirements. Just as most products have a world market price, Swedish share prices are increasingly determined by the international market."

BORDERLESS ACTIVITY

This background prompted Investor in 1995 to expand the worldwide monitoring activities of its investment offices, not only in Stockholm, but also in London, New York and Hong Kong. Working close to the major markets and world financial centers – alongside the analysts and consultants who influence strategic changes in key industries – is a precondition for successfully meeting future requirements.

"There is no way back for those who require access to the capital that the entire world is seeking to attract. The national perspective becomes less meaningful in an environment made up of thousand of actors from banks, insurance companies, mutual funds, investment companies and groups with their own extensive financial operations, which have a daily trading volume of billions of dollars. The time is past when regulations could protect Swedish companies," adds Claes Dahlbäck.

For Investor's part, the new investment organization has contributed to widening the perspective, and increasing the Company's specialist skills and improving the division of responsibility for monitoring various industries. This applies equally to working with the main holdings and to identifying new investment opportunities. New communications technology, primarily electronic mail

and video conferencing, increases the inflow of the information throughout the company and links up international units with their home base.

LOOKING TOWARDS ASIA

One of those who have opened the door to new industries and companies is Claes von Post. From his desk in a modern office complex at Two Exchange Square in the business district of Hong Kong, he and his eight colleagues look out over a part of the world where business and industry have taken great leaps forward. Here, many of the companies in the Investor sphere are intensifying their market efforts and many are also developing their production capacity.

The key activity in Hong Kong consists of basic analytical work and the structuring of transactions. The task of Investor's personnel in Asia is to build up a portfolio of both listed and non-listed shareholdings based on a medium and long-term perspective. In addition, Claes von Post's working day, and that of his colleagues, is frequently filled with contacts and meetings with companies, brokers and investors. Claes von Post spends about one-third of his working year traveling around the region to visit companies in which Investor has invested or may invest, and returns to Stockholm to report findings, and participate in discussions and decision-making.

"I want to make a contribution in the form of concrete investment opportunities, as well as providing a more general inflow of international viewpoints. Our work is often performed in teams," says Claes von Post.

A NAME THAT OPENS DOORS

"The business climate in many Asian countries differs completely from that of Europe. You need experience to surmount the invisible barriers. For successful investment operations, it is absolutely necessary for a company to have its own professional resources in place."

As regards future prospects, Claes von Post emphasizes that continuing high growth is the main scenario in Asia, although such countries as Japan and Thailand are encountering problems. Increased economic exchange among markets in the region acts as a buffer for companies wishing to offset declining demand in Europe.

"The Wallenberg name is a major asset in our work," says Claes von Post. "Financial strength, an industrial base



Investor's Asian operations are steered from the Group's Hong Kong office, which is responsible for monitoring all industries in the region. The objective is to build up a portfolio of both listed and non-listed shareholdings based on a medium- and long-term investment perspective.



The Stockholm office is responsible for global monitoring of four industries: defense, forest products, engineering and environmental protection. The task is to monitor Investor's holdings in these areas, while actively seeking new investments.



and a long family tradition are significant confidence boosters in contacts with Asian partners, who also frequently have their base in family enterprises."

INTERNATIONAL PERSPECTIVE FROM A HOME BASE

While the Asian office has geographic responsibility, the assignments conducted by the three other investment offices are distributed by industry. Ulla Litzén, head of the Stockholm office, has four special areas to cover worldwide – aerospace and defense, forest products, engineering and environmental services. Her duties involve monitoring holdings in these sectors – ownership interests that represent about half of the main holdings' value in Investor – as well as actively seeking new investments.

Ulla Litzén was responsible for the Scania flotation, which was implemented in close cooperation with other Investor units. She believes that this is a typical example of how Investor's basic business concept – creating value through active ownership – is applied in practice.

"All of this is aimed at creating added value for shareholders. This approach applies to analysis of existing holdings, of how companies are managed and how they fulfil return requirements. We attempt to achieve this by applying a structured method of identifying operations that offer industrial growth, which means finding companies that have some unique characteristic or future-oriented technology. This means that the search process is highly niche oriented."

MANY KNOCKING ON THE DOOR

For this purpose, Ulla Litzén has organized a group of young analysts and investment managers in an efficient organization in Investor's head office on Arsenalsgatan in central Stockholm. It is not difficult to recruit qualified employees for such exciting work.

"The competition for employees is increasing, including competition from foreign companies wishing to enter the Swedish market. But an organization like ours – small but with major operations – is attractive. One is closer to decision-making and one's skills are fully utilized. Major demands are imposed on industrial expertise, on having the skills required to capitalize on business opportunities whenever they arise, either to enable us to make our own investment decisions within the established guidelines or to provide an optimum decision-making base for Executive Management and the Board of Directors.

We seldom encounter problems in obtaining required information about companies. On the contrary, many companies are knocking on Investor's door in an effort to involve us in a steady stream of new business projects. Our objective is to widen this aspect of our operations," says Ulla Litzén.

SCOPE IN THE U.S.

"In the U.S. market, Investor is also a welcome guest among small companies in an expansionary phase," says Sven Nyman, head of the New York office.

"One might imagine that the world's most efficient capital market is already well covered. But despite the considerable competition here, there is also scope for us. Not in venture capital, but we can play a role for companies that are about to be floated or have recently been listed."

The areas monitored are medical care, medical technology, banking and insurance. In geographic terms, these efforts stretch from coast to coast, from Manhattan's finance world to the centers for research and development in the Boston area and California. In investment operations, biotechnology is one area that is high on the agenda of the search process and involvement in a number of projects has been decided.

"In these cases, it is important to develop one's own initiatives from the flow of information and field visits, rather than waiting for proposals from banks and brokers. We receive a warm welcome and positive reaction, especially when we emphasize Investor's long-term investment approach. In contrast to the quarterly perspective, which predominates in the U.S., our approach creates goodwill which, in turn, indicates major potential for future business in our niches," explains Sven Nyman.

LONDON – EUROPE'S FINANCIAL CENTER

One illustration of the growing globalization of corporate ownership in Sweden is the fact that the giant of the Stockholm Stock Exchange, Ericsson, is now 50 percent owned by foreign investors. This means that the share price is largely set outside Sweden, which is one of the reasons why Investor elected to establish an investment office in London, the financial capital of Europe.

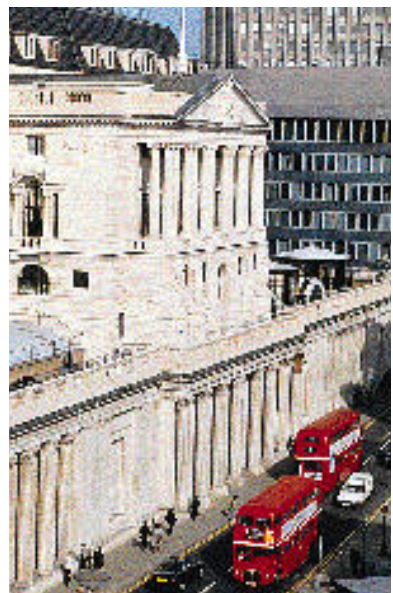
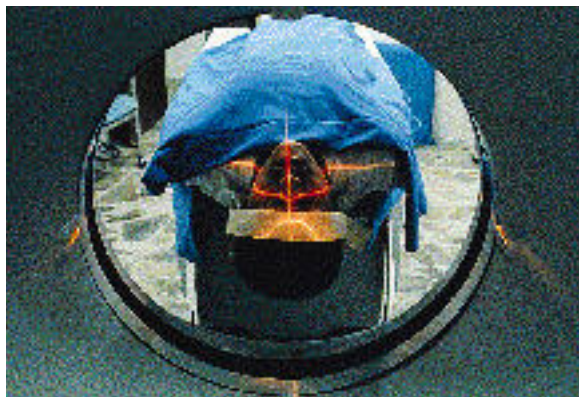
From there, Thomas Nilsson, head of the London office, pursues his task of monitoring the entire, expansive telecommunications sector. The responsibilities of the London office also include monitoring such industries as information technology, aviation, media and the service sector.

"Working in this dynamic environment, in cooperation with the other offices, is one way for us to ensure that Investor's solid corporate culture is supplemented with international expertise," says Thomas Nilsson. To capitalize on all relevant ideas, he forecasts a steady increase in resources in the immediate future through the new recruitment of specialists.

Essentially, this is also the main conclusion arrived at by Investor's management after summing up the results of more than one year of efforts to strengthen the Group's international network.



Medical care, medical technology, banking and insurance are areas that the New York office monitors. Investor is particularly attractive as an owner of companies that are about to be, or have recently been, publicly listed.



Investor's office in London is responsible for monitoring the telecommunications and IT sectors, as well as the aviation, media and service industries. Increased foreign ownership on the Stockholm Stock Exchange also justifies a presence in London, since a significant proportion of share pricing is determined there.



UNIFORM CONTROL OF FINANCES

“Since financial operations are an integral part of business operations, we gain considerable information that provides an overview of developments in the finance and capital markets. Now that we work under a single roof, we are better able to process this information,” explains Pia Rudengren, Deputy CFO at Investor.

The role of the Financial Control Department is to ensure that Investor has a comprehensive picture and a total overview of its financial flows, which was the reason for merging previously separate units. The Department is made up of five units – Corporate Finance, Treasury, Equity Trading, Fixed Income and Currency Trading and Quantitative Research and Analysis.

In Corporate Finance, operations are often conducted in the form of projects, in cooperation with the investment offices, in which team composition varies according to the task. Participation in acquisitions, mergers and Initial Public Offerings is another key aspect of project activities. The overall focus of analytical work is on the factors that determine and affect the performance of the Investor share in terms of price and total return to shareholders.

INFORMATION TO THE ENTIRE ORGANIZATION

“Our own trading in shares, interest-rate instruments and currencies provides a broad network of contacts with analysts, brokers and companies, which are important factors in ensuring optimum pricing. By having specialist expertise in-house, we can secure better prices,” says Pia Rudengren.

Constant market contact also provides a great deal of information that is of benefit to the entire organization. However, in this respect there are very stringent regulations regarding what may be used in business operations, and these regulations impose limits on trading in closely related companies.

Ongoing efforts are devoted to the development of computer models that support analysis and trading activities.

A sailing event is an effective forum for demonstrating Investor's prize-winning electronic information to important target groups.

This work is based on leading-edge expertise in financial model building, including advanced mathematics and risk management.

STRICTLY CONTROLLED FINANCE MANAGEMENT

Financial management is undertaken in accordance with simple and clearly defined rules for the management of the Group's risks.

Investor's favorable liquidity has reduced the significance of financing risks. As in the past, however, all finance management is subject to a restrictive approach: currency risks are minimized by means of instruments used to hedge against exchange rate movements, such as forward and swap contracts and interest risks are offset by focusing on short-term periods of fixed interest. Credit risks are accepted only in dealings with business partners who have a high credit rating set by a rating institution. The objective is to minimize Investor's costs for such matters as borrowing and currency transactions and thus maximize the return on liquidity management, taking the risk factor into account. “In all areas, small margins can be decisive,” notes Pia Rudengren.

A current example is the refinancing program undertaken last summer, which included the renegotiation of a substantial long-term loan facility in the form of a revolving credit which was increased to USD 1 billion – at a significantly lower cost than previously.

“In addition, the Scania transaction resulted in a substantial strengthening of Investor's balance sheet and we consolidated our position. For example, we have been able to repay old loans cost effectively and we now have net cash rather than net debt,” says Anders Rydin, Executive Vice President and CFO.

AWARD-WINNING INFORMATION BOOSTS INTEREST IN INVESTOR

Two distinctions during 1996 symbolize Investor's expanded information activities, which are now regarded as a key instrument for the Company's entire operations. In an appraisal of financial information by the media analysis company IFIX, Investor's Internet services ranked first among 61 Swedish listed companies. Moreover, the "Investor Dialogen" CD-ROM presentation received the award as "Most Innovative Use in Multimedia" at the Macromedia International Conference in San Francisco.

"As an investment company, we do not have our own products carrying our name," explains Nils Ingvar Lundin, Senior Vice President – Corporate Communications and Marketing. "Consequently, we must supplement the conventional media with other means to reach the target groups for our information. This is part of our efforts to cost-effectively market the Investor share in wider circles."

SELECTIVE STRATEGY FOR MANY MEETINGS

As early as 1995, it was decided that Investor would enter the electronic communications world to improve contact with new and old shareholders, existing and potential business partners, as well as personnel, with maximum quality and using the most advanced technology. Combined with more intensive mass media contacts, this means that in a short time a greater flow of news and comments about and from Investor have been made available to a broader public.

"Our IT efforts were initially designed to improve our analysts' and investors' ability to promptly access information. We then further developed the computer-based internal information network to handle external applications."

In addition to IT and CD tools, the new strategy represents a focus on contact platforms such as shareholder meetings, tennis tournaments and sailing events. Investor is present at these venues and provides computer equipment and personnel to demonstrate in practice how to access financial information via the new media.

"We cannot scatter our resources in all directions, but must instead work more selectively and aim at locations that include our target groups. Our IT efforts continue to attract more attention in line with the increased computerization of households, and each day we receive plenty of viewpoints directly from our shareholders," says Nils Ingvar Lundin.

In addition to the ability to monitor the share price trend and changes in major shareholdings via Websites, a recent innovation has been the transmission of daily news items via the Internet.

OPENNESS ENHANCES INTEREST

Along with activities in the electronic area, Investor has increased its mass media contacts.

"Our messages reach most of the public via conventional news reports. Descriptions of actual conditions in the company determine how it is perceived by the world at large. Consequently, our information policy is based on considerable openness so that the media can illustrate our operations in as accurate a manner as possible," says Nils Ingvar Lundin. "The new media are an exciting complement with unlimited potential, but public accessibility to them remains very limited."

One reason for increasing information activities is to broaden ownership. The number of shareholders in Investor increased from 56,650 to 67,436 during the year.

PROFESSIONAL SUPPORT FOR INVESTMENT ACTIVITIES

"Professional support activities are required for the efficient operation of Investor's investment operations," says Anders Rydin, who is also responsible for support functions such as administration, control, accounts and information technology.

The development and globalization now in progress in Investor's operations impose ever-increasing demands on precision and speed in control, accounting systems and other administrative processes. Consequently, the organization is also being strengthened in these respects, with demands in terms of professionalism and cost-effectiveness. IT, Information Technology, is another area that has become increasingly important in supporting both the administrative and business functions. In recent years, Investor has undergone a dramatic change in this area. "We have business partner cooperation with WM-data and combine our own resources with expertise from WM-data. This permits us to capitalize effectively on the latest developments in information technology and adapt them to Investor's unique requirements," explains Anders Rydin.

DEVELOPMENT OF HUMAN RESOURCES

"Human Resources" – capitalizing on and developing our personnel resources – is the support function that Investor is now giving priority to and will develop in the year ahead. "We must be able to attract the very best employees to our organization and then ensure that we can develop and retain them," says Investor's Claes Dahlbäck, who with the support of the entire senior management, has personally been involved in creating an attractive and effective organizational form in which employees will be able to assume major responsibility and be rewarded in accordance with the results they achieve.

*“One Swedish krona invested
in Investor a decade ago has now grown
to six kronor. If it had been
invested in an average listed company,
it would have grown to four.”*

Total return to shareholders amounted to 60 percent

The Investor share has been traded on the Stockholm Stock Exchange since the company was established in 1916 and on SEAQ International in London since 1992.

SHARE PRICE TREND AND TURNOVER

At year-end 1996, Investor's market capitalization amounted to SEK 57.8 billion, corresponding to a rise of 70 percent during the year. The main reasons were an increase in the number of B shares outstanding due to the large number of conversions made, corresponding to nearly 36 million B shares, combined with a strong share price performance during the year.

Investor was the fifth largest company on the Stockholm Stock Exchange in terms of market capitalization, after Astra, Ericsson, ABB AB and Volvo. Investor's share of the Stockholm Stock Exchange's total market capitalization rose slightly during the year to 3.6 percent. This may be compared with the largest companies, Astra and Ericsson, with shares of approximately 13 percent.

The price of Investor's most heavily traded share, Class B, rose by 38 percent from SEK 219 at the beginning of the year to SEK 301.50 at the end. This corresponded largely to the trend of the OMX Index, the Affärsvärlden General Index and of Stockholm's 16 most actively traded stocks. The price of Investor's Class A share rose from SEK 219 to SEK 305 in 1996. When making comparisons, it should be noted that Investor shareholders received a total return of nearly 60 percent, including the dividend.

Total turnover on the Stockholm Stock Exchange continued to rise in 1996, setting a new annual record of SEK 918 billion, an increase of 38 percent. Turnover was at its highest during the final quarter and October was the busiest individual month. Conditions in the stock market in 1996 resulted in strong share performances, due to such factors as falling interest rates. Trading was again influenced by a high level of activity among foreign investors, who at year-end accounted for slightly more than one-third of turnover on the Stockholm Stock Exchange. However, foreign net purchases of Swedish shares and their proportion of total trading declined during the second half of 1996, as a result of increased activity among Swedish investors. Nonetheless, the value of net exports of Swedish shares to other markets during 1996 was approximately SEK 2.2 billion. The public offering of Scania

shares accounted for the largest single export, an amount of SEK 7.9 billion.

TURNOVER, INVESTOR SHARES

Thousands	Stockholm	Total Stockholm	London	Total London
Jan-March				
Class A	7,384.6		3,116.0	
Class B	34,964.7	42,349.3	19,636.5	22,752.5
April-June				
Class A	7,943.1		5,477.4	
Class B	26,978.4	34,921.5	24,207.6	29,685.0
July-Sept				
Class A	1,690.6		2,823.7	10,895.8
Class B	16,165.7	17,856.3	8,072.1	
Oct-Dec				
Class A	3,557.8		2,102.5	
Class B	22,726.6	26,284.4	6,804.0	8,906.5
Total		121,411.4		72,239.8

The rate of turnover on the Stockholm Stock Exchange as a whole rose from 61 to 66 percent. At the same time, the rate of turnover in Investor's two classes of shares was 64 percent, making it the fourth most heavily traded company on the Stockholm Stock Exchange. On SEAQ International in London, Investor's turnover rate was 38 percent. The corresponding figures for 1995 were 75 percent in Stockholm and 32 percent in London.

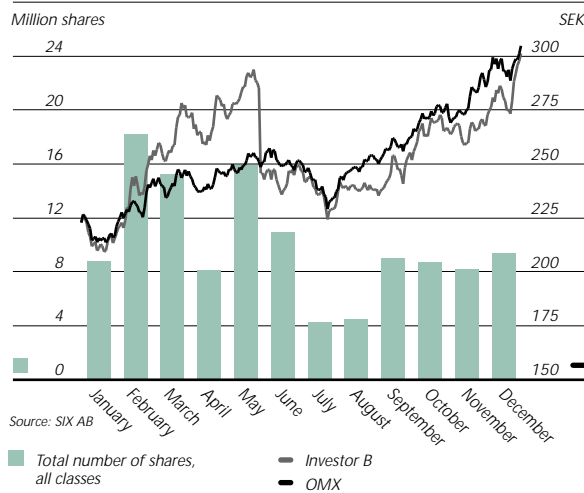
The B share dominated trading, with a turnover rate of 90 percent, compared with 26 percent for the A share. The corresponding figures on SEAQ in London were 52 and 17 percent.

CONVERTIBLE DEBENTURE LOANS

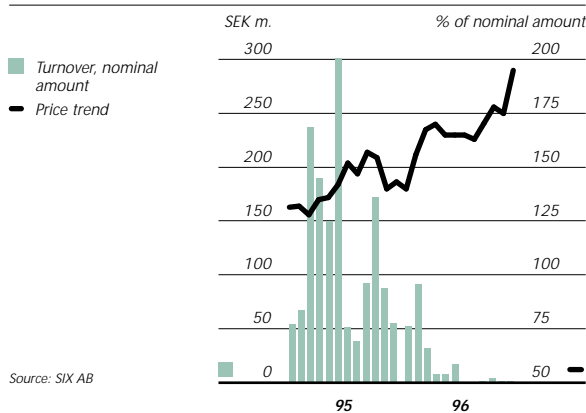
Investor's convertible debenture loan was issued as part of the financing of the acquisition of Saab-Scania in 1991. The loan was subsequently increased in connection with the acquisition of Förvaltnings AB Providentia. The loan carries annual interest of 8 percent. Conversion may be made to new B shares up to May 31, 2001. The loan falls due on June 21 of the same year.

In connection with the sale and initial public offering of Scania in April 1996, a decision was taken regarding a

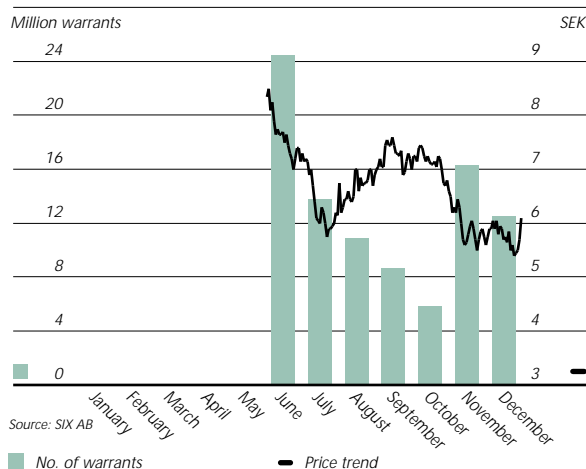
SHARE PRICE AND TURNOVER IN 1996, INVESTOR SHARES



PRICE TREND AND TURNOVER, INVESTOR'S CONVERTIBLE DEBENTURE



PRICE TREND AND TURNOVER, SCANIA WARRANTS



dividend of covered warrants and a special cash dividend for Investor shareholders. At the same time, changes were made in the terms and conditions for the convertible debenture loan. As a result, the number of conversions during 1996 was considerable. The total nominal value of the loan at the beginning of 1996 was SEK 6,847 m., of which SEK 5,494 m. in nominal value. At year-end 1996, the corresponding amounts were SEK 1,337 m. and SEK 1,042 m. Accordingly, conversions corresponding to SEK 5,510 m. were effected during the year. Investor's own holding amounted to SEK 898 m., equal to 86 percent of the loan denominated in Swedish kronor.

The former conversion price was SEK 154. However, in view of the offer made to shareholders in connection with the initial public offering of Scania, the current price is SEK 145.30.

In 1992, a currency exchange was implemented, whereby a portion of Investor's convertible debenture loan was converted to ECU. This related to SEK 1,353 m., in nominal value, which was converted to ECU 183 m. The ECU loan is held by Investor International Placements Ltd, which in turn has issued secured exchangeable bonds with a nominal value of ECU 200 m. and carrying interest at a rate of 7.25 percent.

The secured exchangeable bonds may be exchanged for the Investor B shares that Investor International Placements Ltd would receive if it converts its debentures.

The bonds are listed on the Luxembourg Stock Exchange and are traded OTC in London.

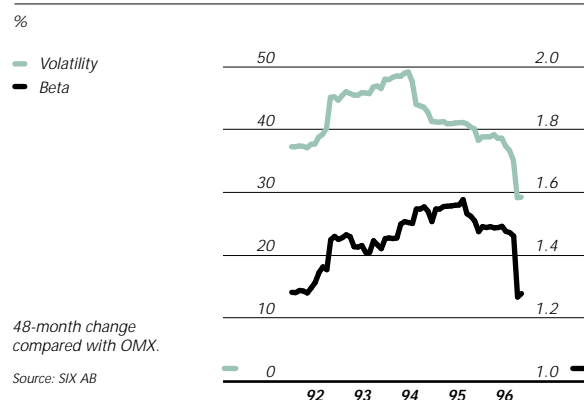
The nominal value of the bonds at the beginning of 1996 was SEK 1,353 m. At year-end, the nominal value was SEK 295 m. Accordingly, 78 percent of the ECU loan was converted during the year. At the same time, Investor's own holding totaled SEK 182 m., equal to 62 percent of the outstanding convertible amount.

The former conversion price was SEK 168.50. However, in view of the offer made to shareholders in connection with the initial public offering of Scania, the conversion price was recalculated and is currently SEK 158.90, which corresponds to ECU 21.47 based on an exchange rate of SEK 7.40.

WARRANTS IN SCANIA

In connection with the initial public offering of Scania, Investor shareholders received three-year covered warrants in Scania corresponding to about 20 percent of the shares in the company or slightly more than 38 million B shares. A total of slightly more than 190 million covered warrants were distributed. One three-year warrant was received for each Investor share held. Five warrants carry entitlement to one Scania share at a price of SEK 180. The term of the warrants is up to and including June 4, 1999, and the war-

BETA AND VOLATILITY



rants may be used to purchase shares or be sold throughout the entire term. The warrants have been listed on the Stockholm Stock Exchange since June 5, 1996.

The price of the warrants decreased from the initial quote SEK 8.00 to SEK 6.10 at year-end, corresponding to a decline of 24 percent. A total of slightly more than 92 million warrants were traded during the year, equal to a turnover rate of 48 percent.

BETA AND VOLATILITY

Beta is a covariance of a share relative to an index, for example, the OMX. If a share has a beta greater than one, it indicates that it is more sensitive to market fluctuations than other shares, and if it has a beta of less than one, it indicates that it is less sensitive.

At year-end 1996, the beta for Investor's A and B shares was 1.3. At the same time, the weighted beta for Investor's main holdings was 0.9. Since Astra accounts for 34 percent of the portfolio's value, the company weighs heavily in a weighted beta. The weighted beta for the portfolio as a whole is reduced by the fact that pharmaceutical shares are relatively unaffected by changes in the business cycle and therefore often have a low beta.*

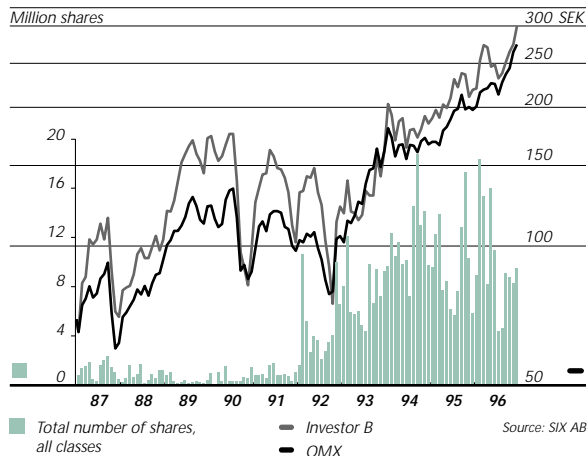
The Investor share formerly had a relatively high beta compared with the portfolio, which was attributable in part to Investor's borrowing and in part to the formerly wholly owned Scania, which was more cyclical than the average for the portfolio of listed holdings.

After the sale of Scania and a reduction in net debt, Investor's beta has fallen from 1.5 at the beginning of 1996 to 1.3 at year-end 1996.

Volatility is a measurement of the fluctuations in a share over a specific period. Volatility is measured as a percentage with the help of standard deviation of changes in a share's price.

*Astra has a beta of 0.8.

SHARE PRICE AND TURNOVER 1987-1996, INVESTOR SHARES



TEN-YEAR TREND IN SHARE PRICE AND TURNOVER

Over the past ten years, the price of Investor's B share has risen by an average of 15.1 percent a year. During the same period, the OMX has risen by an average of 14.0 percent a year.

Growing interest from foreign investors has resulted in a general upswing in trading on the Stockholm Stock Exchange in recent years. An increased number of new issues and of initial public offerings has also affected developments. Over the past ten years, the rate of turnover of Investor shares, all classes, has risen from 26 percent to 64 percent in 1996. Turnover has risen most notably in the past few years, when Investor has been among the ten most actively traded companies on the Stockholm Stock Exchange.

The most tangible increase has been noted for trading in the B share, which has been affected positively by the increase in the number of B shares from 12 percent of the total number of shares outstanding before the acquisition of Saab-Scania, Providentia and Export-Invest to 59 percent today. After full conversion of outstanding convertible debentures, the figure rises to 61 percent.

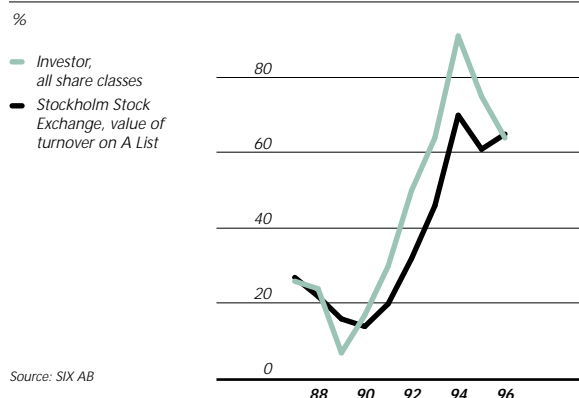
DIVIDEND

Investor's dividend policy is to distribute a large share of the dividends it receives from its main holdings as well as a reasonable proportion of the earnings of its remaining wholly owned subsidiaries. Furthermore, the dividend should grow steadily over time.

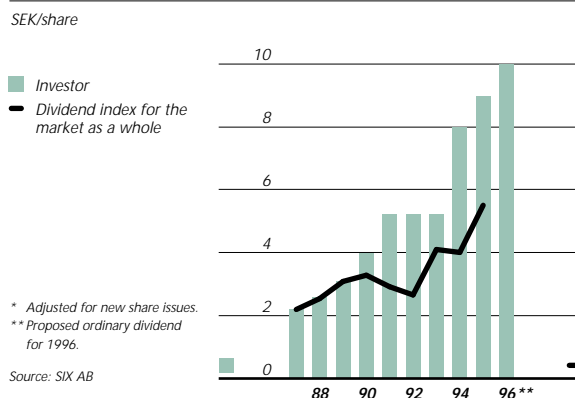
As a result of the offer to shareholders in connection with Scania's public offering, the total dividend per Investor share during 1996 amounted to SEK 37.10. This consisted of the ordinary dividend of SEK 9.00 per share, a special cash dividend of SEK 20.00 and a warrant in Scania that was valued at SEK 8.10 at the dividend date. The total dividend actually paid in 1996 was SEK 29.00 per Investor share.

the Investor share

TURNOVER RATE OVER A TEN-YEAR PERIOD



DIVIDEND PAID PER SHARE*



TOTAL RETURN

Total return takes into account the appreciation in the value of a share and its dividend, assuming it is reinvested. Over the past ten years, Investor's average total return has been 19.7 percent, compared with 15.3 percent for the Stockholm Stock Exchange.

This means that one Swedish krona invested in Investor at year-end 1986 had grown to 6.03 at year-end 1996. For the stock market as a whole, one krona grew to 4.14 during the same period. During 1996, the total return on an investment in Investor was 59.8 percent, compared with 43.3 percent for Findata's yield index.

SHARE AND CONVERTIBLE DEBENTURE STRUCTURE

At year-end 1996, Investor's share capital amounted to SEK 4,769 m., represented by 191 million shares with a par value of SEK 25 each.

The nominal value of Investor's convertible debenture loans at year-end 1996 was SEK 1,337 m. If fully converted, the number of shares would increase to approximately 200 million. The number of B shares would increase to 61 percent of total share capital.

During the year, the number of shareholders increased by 19 percent to 67,436 on December 31, 1996. Investor's

ownership structure is concentrated, with the 15 largest shareholders accounting for 54 percent of the capital and 71 percent of the voting rights. At the same time, 76 percent of the shareholders own only 4.5 percent of the shares.

This ownership structure reflects the overall pattern that has gradually developed on the Stockholm Stock Exchange, characterized by a growing number of institutional investors. In Investor, institutional investors (numbering approximately 6,600) own 83 percent of the shares. Many of the institutions represent individuals, however, who invest in stocks through mutual funds, for example.

The largest single shareholder is the Knut and Alice Wallenberg Foundation, a private trust, with 35.6 percent of the voting rights and 16.7 percent of the share capital. The three Wallenberg foundations that are among Investor's largest shareholders together represent approximately 41 percent of the voting rights and 19 percent of the capital.

Foreign ownership at year-end 1996 accounted for 17.9 percent of the capital and 11.1 percent of the voting rights, which was largely unchanged compared with the preceding year. For the Stockholm Stock Exchange as a whole, slightly more than 30 percent of the shares were owned by

SHARE AND CONVERTIBLE DEBENTURE STRUCTURE

	Class of share	No. of shares	No. of votes	% of capital	% of voting rights
Before conversion	A (1 vote)	77,922,711	77,922,711	40.8	87.3
	B (1/10 vote)	112,851,912	11,285,191	59.2	12.7
	Total	190,774,623	89,207,902	100.0	100.0
Convertible debenture loans*	B (1/10 vote)	9,203,078	920,308		
After full conversion	A (1 vote)	77,922,711	77,922,711	39.0	86.5
	B (1/10 vote)	122,054,990	12,205,499	61.0	13.5
	Total	199,977,701	90,128,210	100.0	100.0

* The nominal value of the loans is SEK 1,337 m. and the debentures carry 8.00% interest until June 21, 2001. The conversion price is SEK 145.30.

the Investor share

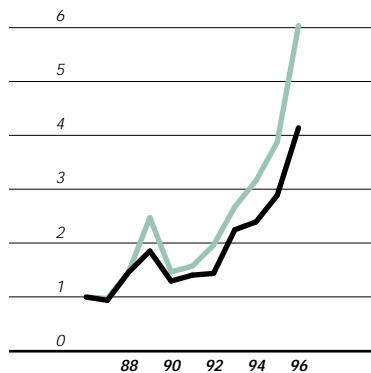
TOTAL ANNUAL RETURN

SEK

— Investor
— Stockholm
Stock Exchange

SEK 1 invested in Investor in 1986 has appreciated to SEK 6.03 in ten years, compared with an average of SEK 4.14 for the Stockholm Stock Exchange as a whole.

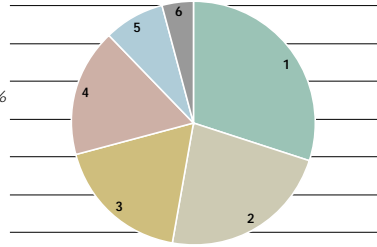
Source: SIX AB



DISTRIBUTION OF INVESTOR'S SHAREHOLDERS

% of capital

- 1 Private trusts and foundations, 30%
- 2 Banks and insurance companies, 23%
- 3 Foreign shareholders, 18%
- 4 Private investors, 17%
- 5 Mutual and stock funds, 8%
- 6 Others, 4%



foreign interests. Investor's foreign shareholders primarily owned B shares, representing 24 percent of the total number before full conversion. The majority of the foreign shareholders were from the U.S., the U.K., Luxembourg, Switzerland, Germany and Belgium.

Mutual Series Fund Inc. became a major foreign Investor shareholder in 1995 by continuously raising its holding during that year. The fund continued to increase its holding during 1996, which now corresponds to 5.6 percent of the voting rights and 7.3 percent of the share capital. It is now the second largest shareholder in the company. During 1996, it was announced that Franklin Resources would acquire Heine Securities and the various funds managed by Mutual Series Fund Inc.

Nordbanken's securities funds started to reduce their holdings at the end of 1995. They then continued to reduce their holdings during 1996 (mainly during the first half of the year). In connection with and due to the sale of Scania, many of the bank's funds reduced their holdings in Investor.

S-E-Banken's securities funds reduced their holdings during the year; their holdings of A shares were reduced during the summer, at the same time as they raised their holdings of B shares. Many of the funds subscribed for Scania shares during the spring, while reducing their holdings in Investor.

Shareholder statistics according to VPC, December 31, 1996*

Size of holding		Number of shareholders	Total number of shares as % of total share capital
1–	500	51,194	4.5
501–	5,000	14,642	10.8
5,001–	10,000	768	2.9
10,001–	20,000	347	2.6
20,001–	50,000	235	3.8
50,001–	100,000	110	4.1
100,001–	500,000	98	12.0
500,001–	1,000,000	20	6.9
1,000,001–	2,000,000	10	7.3
2,000,001–		12	45.1
		67,436	100.0

* Directly registered or registered in the name of nominees.

Investor's fifteen largest shareholders listed by voting rights on December 31, 1996*

	% of voting rights	% of share capital
Knut and Alice Wallenberg Foundation	35.6	16.7
Franklin Resources ¹⁾	5.6	7.3
Nordbanken's securities funds	5.6	3.2
EB Foundation	3.4	1.8
Marianne and Marcus Wallenberg Foundation	3.0	1.4
SPP	2.9	3.9
Fifth AP Fund	2.8	1.3
Marcus and Amalia Wallenberg Foundation	2.6	1.2
Folksam incl. AMF-s	2.0	3.3
S-E-Banken's securities funds	1.7	1.3
Trygg-Hansa	1.5	1.7
AMF-p	1.5	4.4
Skandia	1.4	3.6
Handelsbanken's securities funds	0.6	1.6
Swedish National Judicial Board for Public Lands and Funds	0.6	0.8
Total	70.8	53.5

* Directly registered or registered in the name of nominees.

Before conversion of outstanding convertible debentures.

¹⁾ Formerly Mutual Series Fund Inc.

the Investor share

CHANGES IN AND STRUCTURE OF SHARE CAPITAL 1975–1996

Year	Share capital, SEK m.	Convertible debenture loans, SEK m.	No. of shares	No. of shares after full conversion	Par value, SEK	Issue terms
1975	180		Restr. 2,880,006 Unrestr. 719,994 Total 3,600,000			N 1:4 SEK 50 F 1:4
1979	270		Restr. 4,320,009 Unrestr. 1,079,991 Total 5,400,000			F 1:2
1982	405		Restr. 12,960,026 Unrestr. 3,239,974 Total 16,200,000		25	F 1:2+split 2:1
1984	810		A Restr. 23,004,001 A Unrestr. 5,345,999 B Unrestr. 4,050,000 ¹⁾ Total 32,400,000			F 1:1 (3A+1B Unrestr. on 4 old)
1990	2,025		A Restr. 57,510,003 A Unrestr. 13,364,997 B Unrestr. 10,125,000 Total 81,000,000			F 3:2 (3A:2A, 3B:2B)
1991		3,564 ²⁾	A Restr. 59,886,758 ³⁾ A Unrestr. 10,988,242 B Unrestr. 10,125,000 Total 81,000,000			
1992	3,434 ⁴⁾	6,855 ⁵⁾	A Restr. 59,886,758 A Unrestr. 10,988,242 B Unrestr. 66,478,396 Total 137,353,396	A Restr. 59,886,758 A Unrestr. 10,988,242 B Unrestr. 110,993,390 Total 181,868,390		
1994	3,874 ⁶⁾	6,850	A 77,922,711 B 77,039,669 Total 154,962,380	A 77,922,711 B 121,521,653 Total 199,444,364		
1995	3,875	6,847	A 77,922,711 B 77,058,129 Total 154,980,840	A 77,922,711 B 121,521,653 Total 199,444,364		
1996	4,769	1,337	A 77,922,711 B 112,851,912 ⁷⁾ Total 190,774,623	A 77,922,711 B 122,054,990 Total 199,977,701		

¹⁾ The B share was introduced in 1984.

²⁾ In connection with the acquisition of Saab-Scania.

³⁾ In connection with the acquisition of Saab-Scania, 2,376,755 unrestricted A shares were converted to restricted A shares.

⁴⁾ Increase in the share capital by a par value of SEK 1,409 m. in connection with the acquisition of Förvaltnings AB Providentia through a preferred issue of 56,353,396 unrestricted B shares.

⁵⁾ Increase in the nominal value of the convertible debenture loans by SEK 3,291 m. in connection with the acquisition of Förvaltnings AB Providentia.

⁶⁾ Increase in the share capital by a par value of SEK 439 m. in connection with the acquisition of Export-Invest through a non-cash issue of 7,047,711 A shares and of 10,528,263 B shares and by a par value of SEK 1 m. through conversion of debentures.

⁷⁾ Increase of 35,793,783 B shares through conversions.

N: New issue

B: Bonus issue

ten-year summary*

INVESTOR GROUP

SEK m.	1987	1988	1989	Pro forma		1992	1993	1994	1995	1996	Average annual growth, 5/10 years, %
Dividend income ¹⁾	210	249	285	390	666	546	390	427	656	1,804	
Yield on the portfolio, % ¹⁾	2.5%	2.4%	1.6%	2.5%	3.3%	2.3%	1.4%	1.4%	1.7%	2.6% ²⁾	
Ordinary dividend paid	194	227	275	348	721 ³⁾	721	721	1,240	1,713 ⁴⁾	1,908 ⁵⁾	
Sales ¹⁾	1,420	1,817	394	560	5,898	5,289	4,178	986	0	18,800 ⁶⁾	
Capital gains, net ¹⁾	864	1,068	232	450	2,517	2,271	1,408	608	–	12,400 ⁶⁾	
Turnover, %	17%	16%	3%	3%	19%	21%	16%	3%	0%	0% ⁷⁾	
Purchases and new subscriptions ¹⁾	2,050	400	1,959	3,782	808	482	246	2,223	1,429	9,739 ⁸⁾	
Income after financial items	958	1,210	464	419	2,165	1,482	410	2,972	4,660	9,598	
Market value of portfolio ¹⁾	8,492	10,550	17,397	15,900	20,411 ⁹⁾	23,238	27,964	30,457	37,817	61,325	
Change in value of the portfolio, % ¹⁾	–14%	45%	47%	–25%	14% ⁹⁾	26% ⁹⁾	41%	4%	20%	38% ⁷⁾	
Change in the Affärsvärlden General Index, %	–8%	52%	24%	–31%	5%	–1%	54%	5%	18%	38%	
Change in the OMX, %	–17%	52%	31%	–28%	11%	8%	53%	3%	19%	39%	
Total return on the portfolio, % ¹⁾	–12%	48%	49%	–23%	6%	45%	43%	6%	21%	42% ⁷⁾	
Surplus value of the portfolio ¹⁾	3,972	6,377	11,426	6,259	7,638	10,367	17,617	18,265	24,605	44,886	
Net worth	8,693	12,866	18,872	11,280	26,430	30,122	37,493	43,493	51,225 ¹⁴⁾	78,880	
Equity/assets ratio	74%	88%	90%	61%	34%	41%	49%	54%	55% ¹⁴⁾	73%	
Share of risk-bearing capital	74%	88%	90%	61%	48%	52%	58%	60%	61%	86%	
Condensed balance sheet											
– Cash and short-term investments	21	29	5	2	14,205	10,410	8,292	6,064	5,863	15,017	
– Other assets	6,445	6,146	6,748	10,650	55,695	53,205	51,020	56,912	62,559	43,048	
– Interest-bearing liabilities	1,453	973	952	391	30,784	22,391	16,450	13,188	15,226	2,532	
– Other liabilities incl. minority interest	1,584	785	1,140	6,916	20,324	21,469	22,986	24,493	26,675	26,315	
– Convertible debenture loans					6,356	6,619	6,816	6,829	6,768	1,363	
– Shareholders' equity	3,430	4,417	4,660	3,345	12,436	13,136	13,060	18,466	19,753	27,855	
Total assets, book value	6,466	6,175	6,753	10,652	69,900	63,615	59,312	62,976	68,422	58,065	
Total assets, market value	11,729	14,624	20,965	18,587	77,538	73,982	76,929	81,174	93,126	107,727	
Number of employees	34	40	1 ¹⁰⁾	1 ¹⁰⁾	30,656	29,690	27,372	27,503	29,406	8,941	
Number of shares, millions ^{11) 12)}	87.8	87.8	87.8	87.8	181.9	181.9	181.9	199.4	199.4	200.0	
Shareholders' equity per share, SEK ¹¹⁾	39	50	53	38	68	72	72	93	99	139	
Net worth per share, SEK ¹¹⁾	99	147	215	128	145 ¹²⁾	166 ¹²⁾	206 ¹²⁾	218 ¹²⁾	257 ¹²⁾	394 ¹²⁾	22%/13%
Share price, Dec. 31, SEK ^{11) 13)}	70	104	172	99	102	122	161	185	219	301.50	24%/15%
Dividend per share, SEK ¹¹⁾	2.20	2.60	3.10	4.00	5.25 ³⁾	5.25	5.25	8.00	9.00 ⁴⁾	10.00 ⁵⁾	14%/18%
Yield, %	3.1%	2.5%	1.8%	4.0%	5.1%	4.3%	3.3%	4.3%	4.1%	3.3%	

* For definitions see page 76.

¹⁾ Listed Swedish shares, main holdings.

²⁾ Excluding dividend received for Scania shares covered by warrants.

³⁾ Actual dividend paid.

⁴⁾ In addition, a special dividend of SEK 20/share was paid, or a total of SEK 3,808 m.

⁵⁾ Proposed dividend.

⁶⁾ Pertains to the sale of 55 percent of Scania.

⁷⁾ Excluding Scania.

⁸⁾ Of which the 51.9 million Scania shares added to the main holdings account for SEK 9,342 m.

⁹⁾ Excluding Skandia.

¹⁰⁾ Pertains to the president of the parent company. A company in the Patricia Group provided the necessary administrative services, for which it was compensated.

¹¹⁾ Adjusted for share issues.

¹²⁾ After full conversion.

¹³⁾ Pertains to the unrestricted B share.

¹⁴⁾ In the 1996 Annual Report, the net worth and equity/assets ratio for 1995 have been recalculated on a pro forma basis.

Net worth increased by nearly SEK 29 billion during the year

The net worth of the Investor Group can be calculated by subtracting operating and financial liabilities from assets at market value. Alternatively, it can be calculated from the balance sheet at market value, by adding the surplus value of the assets and the convertible debenture loans to reported shareholders' equity.

Listed market prices are available for shares and participations, thus enabling a simple calculation of the market value of these assets. For portions of the other operations,

and primarily Saab, it is considerably more difficult to objectively determine a market value. For practical purposes, the assets and liabilities of this operation are therefore valued at their book value, disregarding the fact that their market value may be different. On the basis of this method of calculation, the net worth of the entire Investor Group may deviate from a purely objective market valuation.

	12/31 1996		12/31 1995 ¹⁾	
	SEK/share	SEK m.	SEK/share	SEK m.
Astra	104	20,881	82	16,299
Incentive	46	9,166	27	5,370
Scania ²⁾	44	8,826	58	11,531
Ericsson	28	5,682	18	3,597
STORA	25	4,957	21	4,113
Atlas Copco	21	4,282	13	2,647
SKF	12	2,341	9	1,877
WM-data	6	1,187	2	355
SAS	6	1,131	8	1,540
Other main holdings	14	2,872	9	1,946
Other holdings and equity trading ³⁾	34	6,756	23	4,495
Total	340	68,081	270	53,770
Saab AB ⁴⁾	26	5,110	30	5,832
Saab Automobile 50% ⁵⁾	14	2,890	15	2,996
Saab Aircraft Finance ⁶⁾	1	129		
GHH Grand Hôtel Holdings	4	850	4	850
Land and real estate	4	700	4	713
Other assets and liabilities	-2	-319	-3	-530
Total investments	387	77,441	320	63,631
Net cash excluding Saab AB	28	5,528	-50	-9,934
Scania shares restricted by warrants ⁷⁾	27	5,333	-	-
Liabilities, Saab Automobile ⁸⁾	-4	-690	-	-
Internal debts etc ⁹⁾	-44	-8,732	-52	-10,456
Receivable from Scania	-	-	34	6,833
Total net worth	394	78,880	252	50,074

¹⁾ Comparative figures for 1995 have been recalculated, where applicable, to reflect change in accounting principles regarding leasing contracts and provision for pensions.

²⁾ As of December 31, 1996, 51,897,281 shares (26%) valued at market price. As of December 31, 1995, 200,000,000 shares (100%) valued at book-value (including goodwill).

³⁾ Including Investor's holding of its own convertibles, market value SEK 2,093 m. (nom. value SEK 1,080 m.) as of December 31, 1996.

⁴⁾ Shareholders' equity, 1995 including Saab Aircraft Finance operations.

⁵⁾ Subordinated loan.

⁶⁾ Excluding liquid assets, including internal capital contribution.

⁷⁾ As of December 31, 1996, 38,096,090 shares valued at market price less market value of warrants.

⁸⁾ Consists of agreed payment, SEK 690 m., which will be paid in June 1997.

⁹⁾ Including internal eliminations.

Sale of Scania and agreement with GM/Opel regarding Saab Automobile

During 1996, a number of significant events occurred which contributed to the development of Investor's industrial investments. As of 1996, customer financing activities relating to civil aircraft operations within Saab are included in Investor's industrial investments under the name of Saab Aircraft Finance Group.

MAIN HOLDINGS

On December 31, 1996, the market value of Investor's main holdings was SEK 61,325 m. As of April 1, 1996, Scania is also included among Investor's main holdings. Excluding Scania and adjusted for net changes, the value of the main holdings appreciated by 38 percent during the year. During the same period, the OMX index rose 39 percent.

During the year, Astra shares were purchased for SEK 136 m. and WM-data shares for SEK 254 m. Following year-end, S-E-Banken shares were purchased for SEK 1,300 m. In April 1996, Investor completed the sale of shares in Scania corresponding to 55 percent of the voting rights and capital in the company, following which Investor's holding in Scania amounted to 45 percent of both the capital and voting rights. Investor's total proceeds from the

sale amounted to SEK 18,800 m., net. At the same time, Scania's shares were introduced on the Stockholm Stock Exchange and on the New York Stock Exchange, where Scania became the first Swedish company to be listed. Assuming full exercise of the three-year warrants in Scania that were distributed to Investor's shareholders, Investor's holding in Scania will amount to approximately 25 percent of the share capital and 40 percent of the voting rights.

In June, Investor and GM/Opel concluded an agreement on a series of measures designed to secure expansion plans for Saab Automobile, in which Investor holds a 50-percent interest. Saab Automobile is being provided with a total of SEK 3,480 m. in new capital in the form of subordinated loans, of which Investor is contributing SEK 1,740 m. Under the terms of the agreement, GM/Opel also has an option to acquire all or parts of Investor's holding in Saab Automobile during the period July 1999 through January 2000. At the same time, Investor has an option to sell up to half of its holding in Saab Automobile to GM/Opel during the period February 2000 through July 2000.

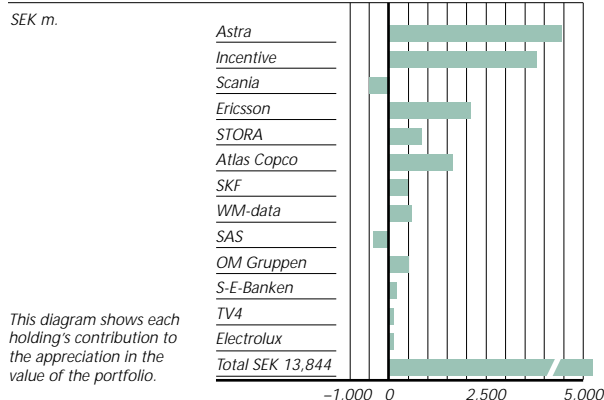
Dividends received from the main holdings rose sharply

INVESTOR'S MAIN HOLDINGS (December 31, 1996)

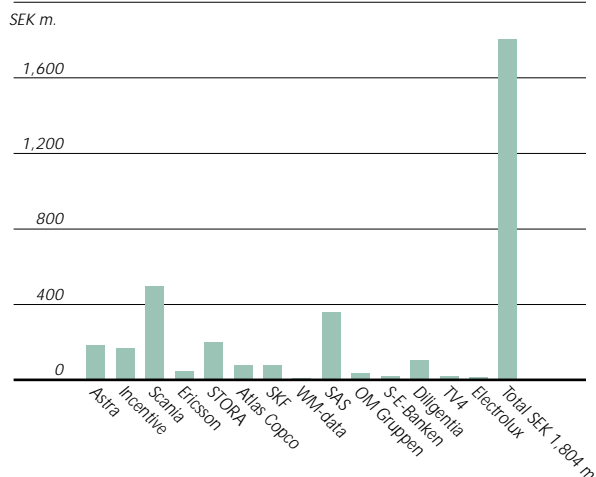
Company	No. of shares, (000s)	Of which, no. on loan (000s)	Market value, SEK m.	Share price trend, 1996, %**	Share of portfolio, %	Share of voting rights, %***	Share of capital, %***
Astra	61,985		20,881	+27	34	12	10
Incentive	18,518	39	9,166	+71	15	36	27
Scania*	51,897	1,046	8,826	-7	14	45	45
Ericsson	26,538	674	5,682	+62	9	22	3
STORA	52,729	763	4,957	+20	8	20	16
Atlas Copco	25,950	12	4,282	+62	7	20	14
SKF	14,955		2,341	+27	4	30	12
WM-data	2,012		1,187	+97	2	6	14
SAS	13,156	151	1,131	-24	2	19	19
OM Gruppen	4,795	16	983	+105	2	20	20
S-E-Banken	13,085	458	916	+27	1	3	2
TV4	4,302	5	602	+22	1	25	22
Electrolux	936		371	+45	1	45	1
Total			61,325		100.0		

* Market value relates to the 51,897,281 shares that are not encumbered by the distributed covered warrants. The figures for voting rights and share capital relate to Investor's total holding. **Most heavily traded share class. *** After full dilution.

APPRECIATION IN THE VALUE OF THE PORTFOLIO 1996



DIVIDENDS RECEIVED 1996



during the year to SEK 1,804 m., compared with SEK 656 m. in 1995.

MEDIUM-TERM INVESTMENTS

The medium-term investments consist of companies deemed to have the potential to be included in Investor's main holdings in the future. The total value of these investments at year-end 1996 was SEK 5,899 m., of which holdings that are not publicly traded accounted for SEK 1,463 m. The turnover rate for the medium-term investments is higher than that for the main holdings. These investments serve as an important link in efforts to find new investments. During the year, new investments were made in such companies as MedImmune, in the biotechnology sector, and Tessera, in the IT sector, while shares in such companies as Securitas and Lindex were sold. The medium-term investments also include holdings of Investor's convertible debentures. On December 31, 1996, the nominal value of the debentures was SEK 1,080 m. and the market value was SEK 2,093 m. Investor's total holding corresponds to 81 percent of the volume of convertible debentures outstanding.

TRADING OPERATIONS

Investor's trading activities comprise short-term trading in shares and share-related derivatives and in currency and interest-rate related instruments. Operations are conducted in accordance with a restricted investment mandate and are subject to strict risk controls. During 1996, the trading activities reported total income of SEK 369 m.

SAAB AIRCRAFT FINANCE GROUP

As of 1996, customer financing activities relating to civil aircraft operations within Saab are included in Investor's industrial investments under the collective name of Saab Aircraft Finance Group (SAFG). The purpose of the

measure, which consists of an intragroup transfer, is to concentrate financing matters and strengthen the focus on the financial opportunities and risks that this operation entails. SAFG intends to continue to participate in the financing of the major portion of the civil aircraft that Saab expects to sell.

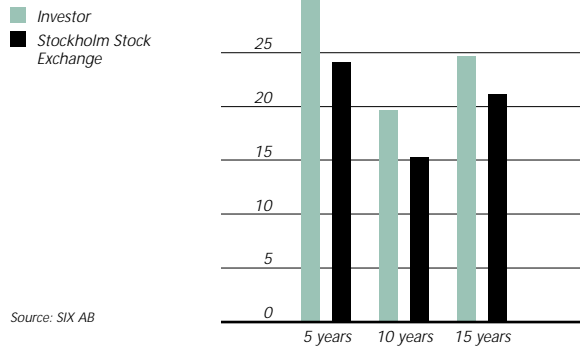
DESCRIPTION OF OPERATIONS

SAFG is a group consisting of leasing companies in Sweden and the U.S. which leases out Saab 340 and Saab 2000 aircraft to 30 (23) airline companies. SAFG's operations are conducted in cooperation with market units within Saab Aircraft. At year-end 1996, the leasing portfolio totaled 275 (244) Saab aircraft, of which 6 (7) were not contracted out with airlines. During the year, 24 (12) leasing contracts were signed for new Saab 340 and 3 (7) for new Saab 2000 aircraft. In addition, 48 leasing contracts were signed for reconditioned Saab 340s. SAFG sold 2 and purchased 6 reconditioned Saab 340 aircraft within its leasing portfolio. Due to breach of contract, 2 (6) Saab aircraft were reclaimed from airlines in 1996. Traditionally, Saab AB has issued guarantees as support for SAFG's aircraft financing. These guarantees totaled USD 874 m. (676) at year-end 1996, of which SEK 334 m. related to guarantees reported as leasing undertakings in the balance sheet. The guarantees amounting to USD 540 m. which are not reported in the balance sheet pertain, in part, to guarantees from Saab AB to the lessor, who leases directly to airlines, amounting to USD 20 m., and guarantees from Saab AB in conjunction with the operational leasing transactions of the U.S. portion of the leasing portfolio, totaling USD 520 m. To reduce future guarantee undertakings, residual value guarantees have been issued through EKN for a total of USD 120 m. in conjunction with 31 U.S. operational leasing transactions. The objective is to gradually phase out guarantees issued by Saab AB.

significant events

AVERAGE TOTAL ANNUAL RETURN

Investor compared with
Stockholm Stock Exchange, %



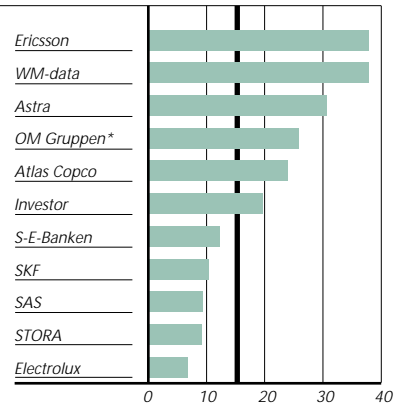
AVERAGE TOTAL ANNUAL RETURN 1987-1996

for the past ten years,
Investor compared with
the Stockholm Stock
Exchange, %

■ Average for Stockholm
Stock Exchange, 15.3%

*As of Feb 23, 1987.

Source: SIX AB



ADJUSTMENT TO NEW ACCOUNTING PRINCIPLES

In conjunction with the transfer of SAFG, Investor is adjusting the accounting for the leasing-related portion of operations to the new accounting regulations for leasing contracts which apply as of 1997. In this adjustment, the accounting standards applied in the U.S. have been used as a guide. Note 2 shows the balance sheet for SAFG and Note 23 shows how the new accounting principles affect the Investor Group's shareholders' equity. In addition, Note 2 shows the contracted U.S. leasing payments not reflected in the balance sheet. This compilation does not take into account the payments expected to arise from the continual renewal of short-term leasing contracts, which explains the deviation between future incoming and outgoing payments. An operating loss of SEK 698 m. was reported for 1996. Income was charged with provisions for aircraft that show deficits in future continuing lease payments. Most of the provisions relate to 32 Saab 340s leased to the U.S. airline operator Business Express, which is threatened by bankruptcy and which conducted operations in 1996 under "Chapter 11" conditions.

OUTLOOK FOR SAFG

The surplus in future continuing leasing payments during the financing period are expected to cover operating costs for the corresponding period. Future earnings in the portfolio after the expiration of the financing period depend on the relationship between the booked residual value of aircraft currently in the possession of the lessors, the expected market leasing revenue that the aircraft can provide and the economic life of the aircraft after the expiration of the financing period.

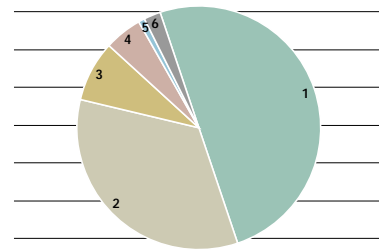
DISTRIBUTION BY SECTOR¹⁾ – MAIN HOLDINGS

%

- 1 Engineering, 50%
- 2 Chemical and pharmaceuticals, 34%
- 3 Forest products, 8%
- 4 Service companies, 5%
- 5 Bank and Insurance, 1%
- 6 Others, 2%

¹⁾ Sectors defined in accordance with division on Stockholm Stock Exchange.

Source: SIX AB



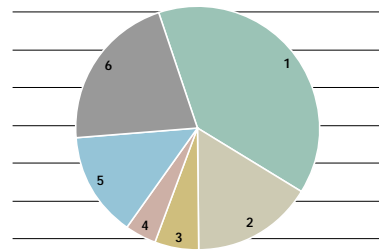
DISTRIBUTION BY SECTOR¹⁾ – THE STOCKHOLM STOCK EXCHANGE

%

- 1 Engineering, 39%
- 2 Chemical and pharmaceuticals, 16%
- 3 Forest products, 6%
- 4 Service companies, 4%
- 5 Bank and Insurance, 14%
- 6 Others, 21%

¹⁾ Sectors defined in accordance with division on Stockholm Stock Exchange.

Source: SIX AB

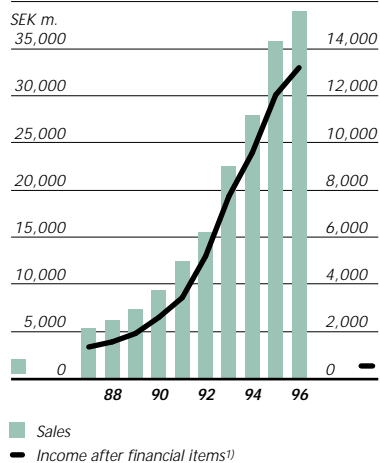


ASTRA

Chairman: **Bo Berggren**

President and Chief Executive Officer: **Håkan Mogren**

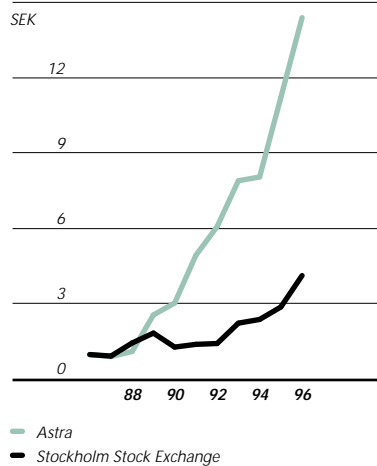
SALES AND EARNINGS



¹⁾ After a deduction for minority interest in income.

Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN



Source: SIX AB

KEY RATIOS

Sales: SEK 38,988 m.

Operating income: SEK 12,222 m.

Income after financial items: SEK 13,220 m.

Earnings per share: SEK 15.33

Return on equity: 31%

Share performance during the year: +27%

Share turnover: SEK 150.2 billion

Market value on December 31, 1996: SEK 207.7 billion

Astra's Annual Report is available on the Internet:

www.astra.com



Research portfolio guarantees Astra's future growth

"We have more projects in progress than ever, with 20 new products in the clinical research stage and almost as many approaching this phase. This means we expect an accelerated pace of product launches in the next five years."

Astra's President and CEO, Håkan Mogren – head of approximately 20,000 employees in one of the world's fastest growing pharmaceuticals companies with subsidiaries in some 50 countries – looks to the future with confidence. The 1990s have offered a number of commercial successes and 1996 was no exception. Before currency adjustment, sales increased 9 percent to SEK 39 billion; and immediately before Christmas, Astra shares set a price record on the Stockholm Stock Exchange – and thus became the company with the largest market capitalization.

Rapid expansion in the group's market and research organizations during recent years has been supplemented by the acquisition of 50 percent of Astra Merck in the U.S., and parts of the Fisons group in the United Kingdom. This was followed by the attainment of total control of Astra Japan and the establishment of Astra's own platforms in previously license-based markets, such as Italy and Spain.

"In addition to normal investments, we have demonstrated the capacity to single-handedly finance an expansion process costing more than SEK 10 billion in the past five years in order to create a worldwide organization. This has been achieved using products generated from in-house research and development. We will continue to increase our R&D investments at about the same pace as sales," says Håkan Mogren.

Since its formation in 1913, Astra's growth has been based primarily on high-quality research. This led to the development of an international research network which currently has 5,000 employees. This is also the background to Håkan Mogren's publicly expressed concern that the Swedish educational system may prove inadequate, and that continued cutbacks in medical care threaten clinical research in Sweden.

Lossec accounts for a major share of sales, 45 percent, and became the world's most widely sold pharmaceutical product in 1996. However, many new preparations will soon reach the world market, including Oxis Turbuhaler, Naropin, Muse, Colazide and Atacand. At the same time, Lossec can look forward to many more years of growth, and other strong trademarks such as Pulmicort, Seloken and Plendil continue to offer considerable potential, notably in the U.S. market where Astra has strengthened its sales force by 500 employees.

A similar venture in Japan is expected to bear fruit in 1998 when several new products are to be introduced and a plant built, as well as in China, where Håkan Mogren expects to double the current number of 350 consultants within a few years.

"Given this scenario, production capacity must be assigned priority over development plans. Compared with many competitors, we are well equipped in this respect thanks to annual investments of almost SEK 1 billion in new, advanced technology and environment-friendly production plants during the 1990s."

As regards continued expansion through acquisitions, Håkan Mogren emphasizes Astra's tradition of growing organically based on its own resources, but does not exclude strategic acquisitions to strengthen product range, research expertise and marketing capacity. SEK 18 billion in liquid assets offers the group considerable freedom of action if and when attractive investment opportunities arise.

HIGHLIGHTS OF 1996

- The Swedish authorities approve Oxis Turbuhaler, marking a breakthrough for a new method of treating asthma. The European launch will follow in 1997 in what is estimated to be a market worth SEK 20 billion.
- In cooperation with the Australian research company, CSL, Astra acquires the rights to develop a vaccine against H pylori – a widespread stomach bacteria – as a complement to Lossec.
- The anesthetic, Naropin, gains U.S. approval. This is the first new, local anesthetic for 20 years in what is a growing market for local and regional anesthesia.
- Decision to invest SEK 650 m. in the expansion of the Astra Charnwood research unit at Loughborough in the U.K.

◀ Oxis Turbuhaler, Astra's new asthma medication, was approved in 1996 and will be launched in Europe in 1997. The market for this drug is expected to exceed SEK 20 billion.

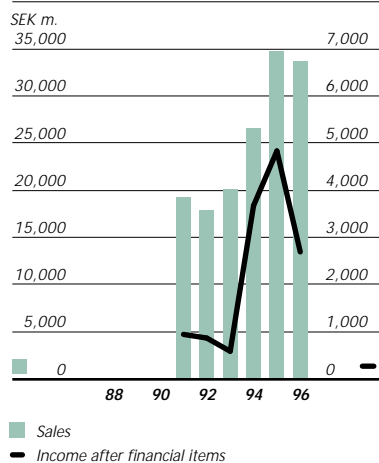


SCANIA

Chairman: **Anders Scharp**

President and Chief Executive Officer: **Leif Östling**

SALES AND EARNINGS



Source: Prospectus: Offer to acquire shares in Scania AB, 1996, year-end report 1996

TOTAL RETURN

Since Scania was publicly listed on April 1, 1996, no full year figures are available.

KEY RATIOS

Sales: SEK 33,730 m.

Operating income: SEK 3,057 m.

Income after financial items: SEK 2,706 m.

Earnings per share: SEK 9.90

Return on equity: 23.1%

Share performance during the year: -5%

Share turnover: SEK 21.5 billion

Market value on December 31, 1996: SEK 34,1 billion

Scania's Annual Report is available on the Internet:

www.scania.se



Scania introduces new products in all markets

"In 1997, we are continuing to invest in an increasingly stronger market organization. We will develop our position as the industry leader in terms of profitability. During the past year, we restructured the entire European production operation and increased our market shares," says Leif Östling, Scania's President.

For the workforce of some 22,000 employees, 1996 was one of the most eventful years in Scania's history. Notable events included a reorganization of production, a share flotation, the launch of the new truck generation, the presentation of a new bus generation and a new engine program. The listing of Scania shares on the Stockholm and New York stock exchanges on April 1 was at that time the largest ever flotation of a privately owned group in the capital market. Summer 1996 marked the completion of the 800,000th truck since the company's formation in 1891, and Scania expects to pass the million mark by the end of the century.

During the year, Scania sold almost 43,000 vehicles, as well as 3,000 engines, at a value of about SEK 30 billion, of which markets outside Sweden accounted for 95 percent and the value of Swedish Volkswagen's sales in Sweden was nearly SEK 4 billion. The stronger exchange rate for the Swedish krona had an adverse impact of almost SEK 1 billion on income.

In late autumn, transport strikes in France affected the entire European industry, including Scania. Deliveries of new trucks were delayed. Moreover, the entire European truck market was affected by increased uncertainty among transportation companies, which led to lower order bookings for truck manufacturers.

The reorganization of production for the new truck generation, at a cost of some SEK 650 million, represented a major expense during the year. A restructuring program has commenced which will cut the workforce by some 1,500 employees.

"The transition was not without its problems, but now that manufacturing is progressing as scheduled, the founda-

tion has been laid for higher productivity and more rational production," explains Leif Östling. "All assembly plants in Europe have been modernized."

The various geographic markets for trucks displayed fragmented trends. The European market remained at a high level. In this market, Scania improved its market share from 14.3 to 15.5 percent. Although the South American market declined, Scania increased its market shares in Brazil and Argentina to 38.2 and 42.0 percent, respectively. Invoiced sales in Asian markets declined slightly.

Scania's share of an expanding Western European bus market increased to 9.9 percent. Scania's shares in the Latin American market rose despite a declining overall market. The total number of industrial and marine engine sales decreased, mainly in Latin America.

"The upturn in the German economy is taking time. Several competitors are introducing new models. There is excess capacity, which is leading to increased market pressure in 1997. But we are well prepared," says Leif Östling.

The 50-percent owned Svenska Volkswagen, which markets Volkswagen, Audi, Seat, Skoda and Porsche passenger cars and lightweight trucks in Sweden, increased its market shares to 19 percent (15) in the passenger car segment and 40 percent (28) in the lightweight truck segment. The group markets a wide range of products in the growing medium-class passenger car segment, including a number of recently, or soon-to-be, launched models.

HIGHLIGHTS OF 1996

- Scania is awarded the 1996 "International Truck of the Year" distinction for its long-haul models in the new truck series, the result of a SEK 3.5 billion investment.
- A breakthrough is noted in the Spanish defense market following an order for 700 engines to be delivered over a five-year period.
- A new generation of buses is launched. The first of these is the OmniCity – a completely customized bus for city traffic, with a low floor and environment-friendly aluminum body. Thanks to modularization, up to 85 percent integration with the truck program has been attained.
- Two major orders from the U.K. and Egypt for a total of 290 bus chassis strengthen Scania's position in these countries.

◀ Scania is the only European truck manufacturer that could offer a newly designed hood truck. The truck is designed by Bertone of Italy.

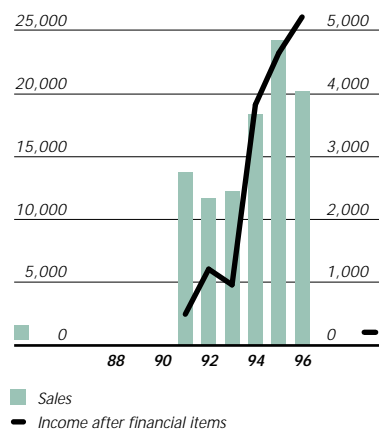
INCENTIVE

Chairman: **Anders Scharp**

President and Chief Executive Officer: **Mikael Lilius**

SALES AND EARNINGS

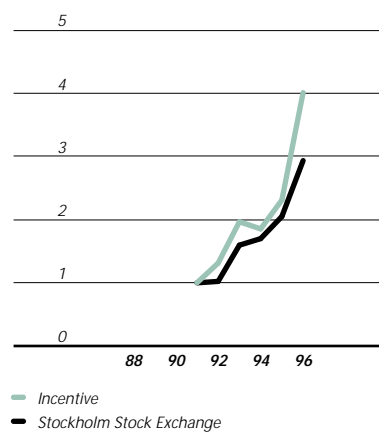
SEK m.



Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN

SEK



Source: SIX AB

KEY RATIOS

Sales: SEK 20,220 m.

Operating income: SEK 4,050 m.

Income after financial items: SEK 5,228 m.

Earnings per share: SEK 42.18

Return on equity: 22.6%

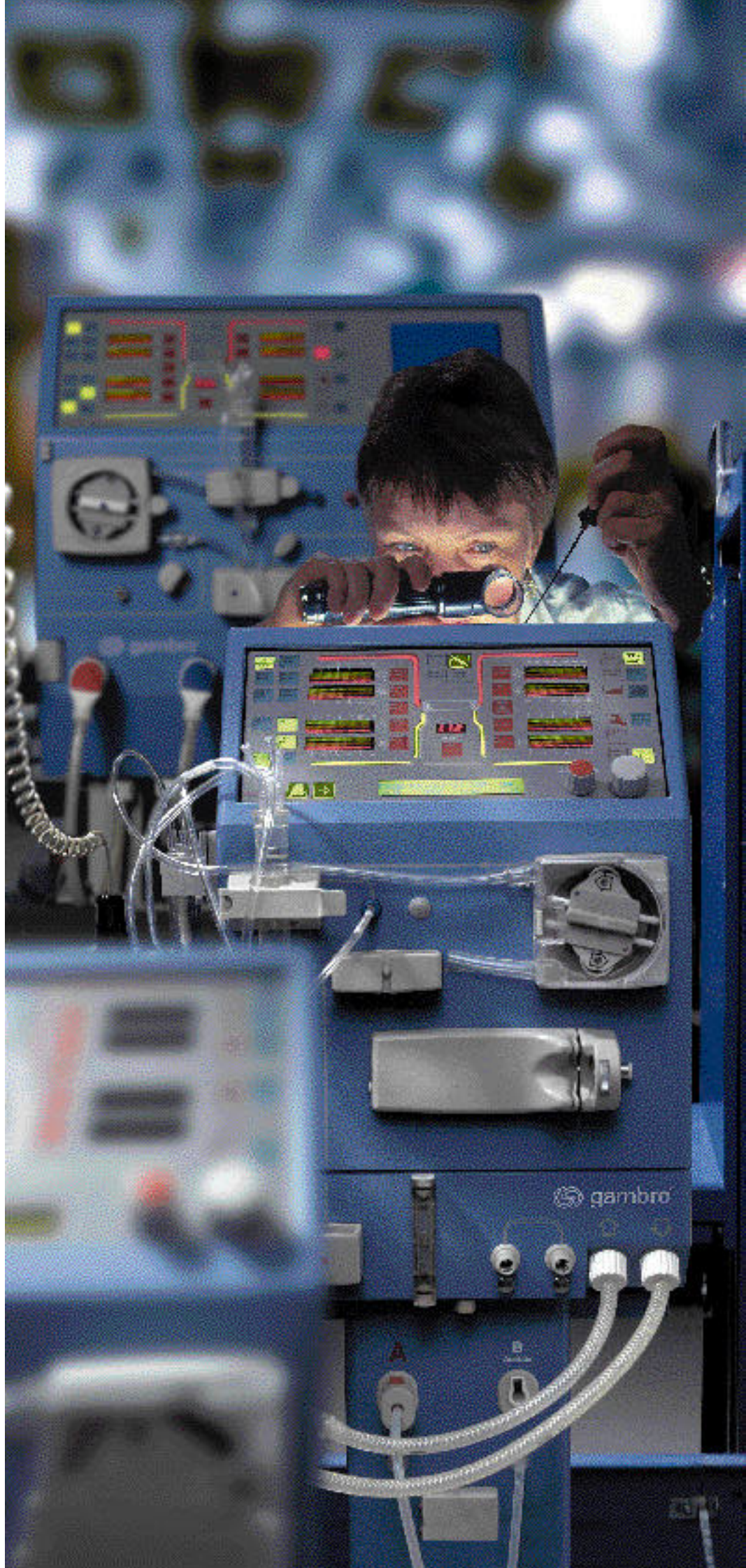
Share performance during the year: +71%

Share turnover: SEK 6.3 billion

Market value on December 31, 1996: SEK 33.8 billion

Incentive's Annual Report is available on the Internet:

www.incentive.se



Concentration empowers development of Incentive

"Following five years of restructuring work, operations are now focused on core businesses characterized by a high degree of advanced technology and expertise, and favorable growth potential. Financial strength has been restored. Increased profitability and market leadership are our guiding principles for the future," says Incentive's President, Mikael Lilius.

Since the "new beginning" in 1991, when Incentive was relisted on the Stockholm Stock Exchange, almost 50 companies have been divested and acquired. During 1996, about 30 percent of the group was divested. This created a more distinct structure and more transparent shareholder value. Since 1991, the total return has been slightly more than 32 percent annually, or about 8 percentage points above the market average.

"It is a strength to have a principal owner who sets distinct requirements, adopts a long-term industrial approach and focuses on our paramount task – of creating value for shareholders," explains Mikael Lilius.

The acquisition of all of Gambro at the beginning of 1996 means that Incentive's shareholders are now full participants in a rapid and long-term growth process. The objective is to double revenues by the end of the century. Rationalization in research, development, production and administration will provide considerable savings.

In a short period, Incentive has moved from some 50 areas of operations to three dominant business areas: medical technology, environment and materials handling. The strategy is well-established – to focus on wholly owned, internationally active subsidiaries with leading market positions.

"We have shifted resources to operations that are strategically important. Along with capital gains of almost SEK 2 billion, corporate divestments reduced our net debt by more than SEK 7 billion. We can devote our resources completely to developing the group. Our largest business, medical technology, is characterized by favorable growth generated by global and general increasing demand for health and medical care."

Due to the divestment of companies, the number of employees decreased during the year by 1,500 to slightly more than 17,000 in 40 countries. Based on the current group structure and adjusted for currency effects, sales, of which markets outside Sweden account for more than 90 percent, increased by 18 percent to SEK 20.2 billion, providing income after financial items of SEK 3.4 billion (excluding associated companies). Income was adversely affected by currency effects in a net amount of about SEK 150 m.

The market situation for the medical technology area shows weak growth in Europe due to pressure on prices caused by savings programs in the medical sector. However, a positive trend was noted in North America and, in particular, in Asia. In the environmental sector, demand in the dehumidification area was favorable. In the control and regulation area, the introduction of a new product generation continued to be successful. In the materials handling area, sales increased strongly, thanks primarily to a positive trend in the marine sector.

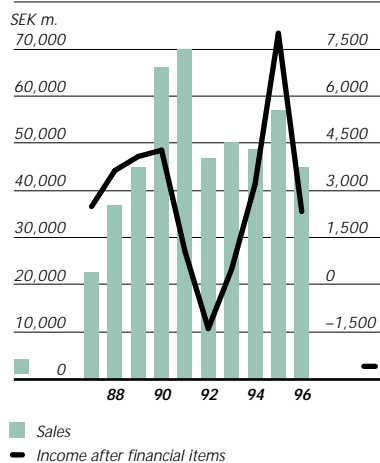
Shareholdings in the associated companies ABB AB and Electrolux continue to represent a substantial asset in operations. At year-end, the total market value of the shareholdings amounted to SEK 18.7 billion.

HIGHLIGHTS OF 1996

- Hasselblad, one of the world's most well-known trademarks, is sold to a newly established Swedish company, owned by the company's management and foreign investors. A capital gain of slightly more than SEK 100 m. is generated.
- The shareholding in Garphyttan Industrier is sold to institutional investors, providing a capital gain of about SEK 470 m. AKA Industriprodukter is sold to Hexagon, yielding a capital gain of slightly more than SEK 100 m. Skandinaviska Elverk is acquired by Gullspångs Kraft, generating a capital gain of about SEK 1.9 billion.
- Munters' new plant in Peking is opened, marking strong growth in the Asian market (+40 percent). Since spring 1995, a subsidiary has supplied dehumidification equipment to China's pharmaceutical, aerospace and automotive industries, among others.
- Gambro Healthcare, one of the leading renal care companies in the U.S., adds another nine clinics to its network of more than 130 clinics with over 10,000 patients.

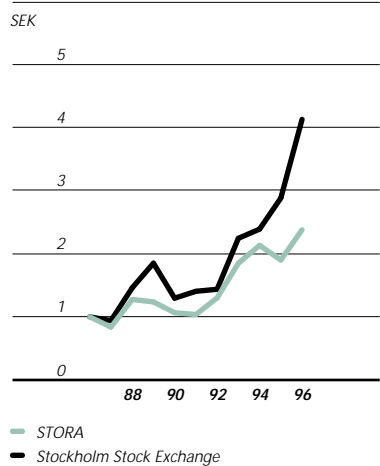
◀ Gambro, which was acquired by Incentive in early 1996, aims to double its sales by the year 2000 through organic growth and acquisitions. Three new dialysis machines were launched during the year.

SALES AND EARNINGS



Source: Annual Report 1996

TOTAL RETURN



Source: SIX AB

KEY RATIOS

Sales: SEK 45,161 m.

Operating income: SEK 2,859 m.

Income after financial items: SEK 2,349 m.

Earnings per share: SEK 4.85

Return on equity: 5%

Share performance during the year: +20%

Share turnover: SEK 18.1 billion

Market value on December 31, 1996: SEK 30.2 billion

More information about STORA is available on the Internet: www.stora.se



STORA equips itself for growth and increased profitability

"Following the consolidation phase of recent years, we have regained a strong financial position. We are completing our product strategy of concentrating on graphic papers, particularly magazine paper, and high-quality packaging board."

These are the words of STORA's President and CEO, Lars-Åke Helgesson. With 22,716 employees in some 20 countries, STORA is one of Sweden's leading export companies. Sales in 1996 of SEK 45.2 billion (57.1) also make STORA one of the world's largest forest products groups.

"In accordance with our product strategy, production and investments are being focused on certain prioritized core areas, at the same time as we are broadening our sales geographically and intensifying our efforts to penetrate new markets, particularly in North America and Asia," says Lars-Åke Helgesson.

As one of the largest investors in the Nordic region, STORA is currently in the middle of an investment program which focuses on packaging board in Sweden and magazine paper in Canada. The level of capital expenditure will be reduced following 1997.

Invoiced sales declined by 21 percent during the year, due to a decrease in delivery volumes and lower prices for virtually all products. Moreover, the appreciation of the Swedish krona had a negative impact on sales in an amount of slightly more than SEK 2.8 billion and a correspondingly negative impact on earnings. The divestment of units during the year accounted for an additional SEK 2.8 billion of the downturn. The remainder was attributable to costs for production adjustments in connection with investments, the revaluation of inventories and a lower level of nonrecurring revenues.

Combined, this resulted in net income after tax of SEK 1.6 billion (5.4). A weak economic trend in Europe had a negative effect on the market for paper and board. This was aggravated by inventory rundowns and cost-saving measures among customers.

The reorganization conducted during the year, which led to product divisions being established to replace the former business areas, is intended to add clarity to the organization. In addition, two new divisions were created, a wholesale division and a North American division. The objectives are to achieve a flatter organization, through more decentralized work methods, efficient troubleshooting through temporary project-based organizations and strengthened roles for the group's mills and sales companies.

At the end of the year, the energy company, Koparkraft, was refinanced by a consortium. STORA is contributing approximately SEK 2 billion. At current levels of interest rates, and the current distribution between fixed and floating interest rates, the new agreement will result in an improvement of approximately SEK 150 m. per year in Stora Kraft's operating income, beginning in 1997, in the form of lower costs for the purchase of electricity.

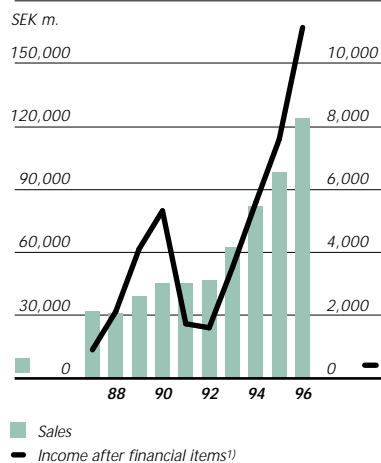
Within the framework of its environmental undertakings, and as one of Europe's largest purchasers of transport services, STORA, through its own researchers and engineers and in collaboration with three institutes of technology, has developed a unique transport environmental program, which in future could become the industry standard. Known as Transport Chain Assessment (TCA), the program is based on a completely new method of calculating and handling emissions and energy consumption throughout the entire transport chain, from production to final delivery to the customer.

HIGHLIGHTS OF 1996

- Project engineering is started on a new magazine paper machine in Nova Scotia, Canada. The plant, expected to be one of the most efficient of its kind in the world, will be placed in operation during 1998.
- STORA's wholesale operations strengthen their presence in Eastern Europe through the acquisition of a wholesaler in Poland and the establishment of the group's own wholesale operations in Latvia.
- A new packaging board machine is completed in Skoghall, Sweden.
- Stora Building Products is sold to Industri Kapital and a large holding in SAS is divested.

◀ Directing a 40-ton paper roll at STORA's plant in Skoghall. A new paper-board machine, KM8, was put into operation in 1996 for the manufacturing of high-processed packaging board.

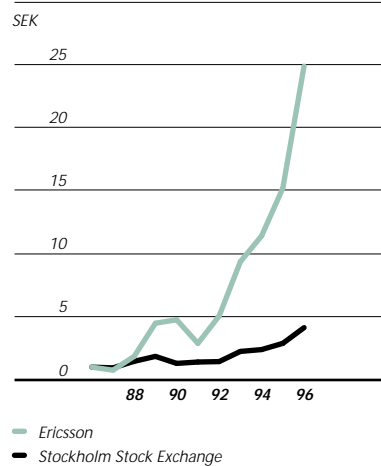
SALES AND EARNINGS



¹⁾ After a deduction for minority interest in income.

Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN



Source: SIX AB

KEY RATIOS

Sales: SEK 124,266 m.
Operating income: SEK 10,758 m.
Income after financial items: SEK 11,170 m.
Earnings per share: SEK 7.27
Return on equity: 19.0%
Share performance during the year: +62%
Share turnover: SEK 118.1 billion
Market value on December 31, 1996: SEK 202.8 billion
Ericsson's Annual Report is available on the Internet:
www.ericsson.se



Ericsson – world leader in telecommunications equipment

It is 120 years since Lars Magnus Ericsson established a telegraph workshop in Stockholm. The past five years have entailed uninterrupted expansion, with increased sales, order bookings and profit. Today, the group is among the top suppliers to an industry that is currently the most dynamic worldwide, and is a world leader in the most rapidly growing telecommunications sector – mobile telecommunication systems.

Ericsson has nearly 40 percent of the world market (53 percent in Europe) for mobile telecommunication systems, at the same time as it is one of the three dominant market actors in digital mobile phones. There is scope for additional expansion in mobile telephony – the current total of 160 million subscribers is expected to exceed 500 million by the year 2000.

Income for 1996 reflects a strong sales increase of 26 percent to SEK 124 billion. Pretax profit increased 33 percent, despite an adverse impact of about SEK 900 m. on income due to the appreciation of the Swedish krona.

President and CEO Lars Ramqvist, points to two important factors underlying his company's favorable development in recent years.

"We can thank Lars Magnus Ericsson for the first of these. By the end of the 19th century, he had made Ericsson an internationally oriented company. Today, with representation in 130 countries, we command an unparalleled global market machine. None of our competitors has the same global presence.

The other factor is that we are investing more in R&D than any other company in the industry. During 1996, investments amounted to SEK 17 billion, corresponding to 14 percent of consolidated sales. Some 18,000 employees work in about 40 development centers worldwide. This is necessary in a dynamic industry like ours. Products that did not exist a little more than two years ago account for half of our consolidated sales. We must spearhead technological development to retain and strengthen our position."

Ericsson's largest single market is the U.S., followed by China. Sweden, with 6 percent of group sales, lies only fourth. Although Sweden has never really been a "home" market, it is the base for most production and technologi-

cal development. Sweden has also accounted for a significant amount of the expansion of recent years, with the number of employees in this country increasing by 5,000 in 1996 to almost 44,000.

Most of the group's expansion has been in mobile telephony. In addition to new recruitment, expansion has been facilitated through a remarkable internal redeployment of manpower. In recent years, more than 20,000 employees have been moved from other operations in an effort to strengthen the development and production of radio operations.

To improve the potential in a market that is now changing considerably, Ericsson has implemented a future study, named "2005 – Ericsson's path to the next century." The study forms the basis of a future strategy that is ultimately aimed at establishing the company as a world leader in a number of key telecommunications areas.

"Our AXE system is already the world's most popular digital telephone system, with more than 118 million lines installed in 117 countries," explains Lars Ramqvist. "Along with Consono, our product family of system solutions for corporate communications, AXE forms the basis for our future investment in what we call Infocom Systems – system solutions for multimedia communication."

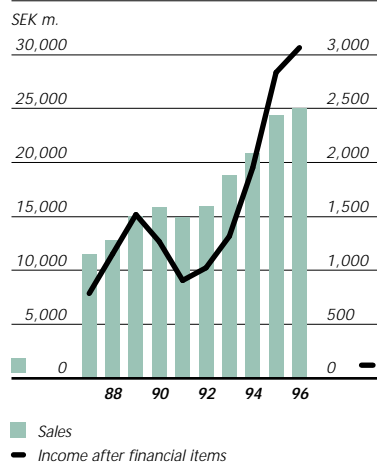
This focus is clearly reflected in the new organization that Ericsson introduced on January 1, 1997. The five former business areas were reduced to three: Mobile Systems, Infocom Systems and Mobile Telephones & Terminals.

HIGHLIGHTS OF 1996

- Tariffs on such products as computers, software and telephones are abolished between the EU and the U.S. This reduces Ericsson's purchasing costs for components by some SEK 100 m. annually.
- A number of key AXE system customers in Italy, China, Spain, the U.K., Thailand and other countries show renewed confidence in Ericsson by signing new multi-year general agreements.
- AT&T Wireless Systems in the U.S. places an order worth SEK 2 billion for mobile telephones.
- Ericsson's DECT-based radio access system successfully penetrates a number of markets in Latin America and Asia.
- Strategically important agreements covering broadband communications are concluded in Sweden and China.

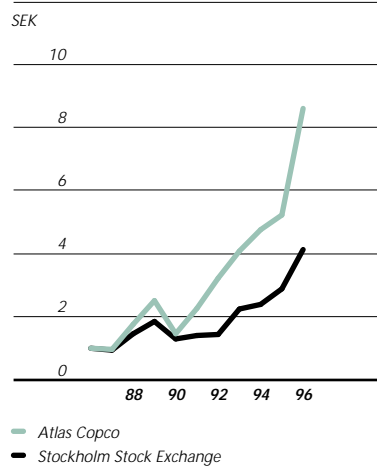
◀ Ericsson received two large orders in the U.K. during the year. British Telecom placed an order worth SEK 1 billion for continued modernization of the British telephone network, and Vodafone purchased equipment for more than SEK 2 billion.

SALES AND EARNINGS



Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN



Source: SIX AB

KEY RATIOS

Sales: SEK 25,121 m.

Operating income: SEK 2,931 m.

Income after financial items: SEK 3,070 m.

Earnings per share: SEK 10.56

Return on equity: 17.5%

Share performance during the year: +62%

Share turnover: SEK 13.5 billion

Market value on December 31, 1996: SEK 30.3 billion

Atlas Copco's Annual Report is available on the

Internet: www.fti.se/ir/atlascopco

* On January 27, 1997, Michael Treschow was appointed President and Chief Executive Officer of Electrolux, as of the 1997 Annual General Meeting. He will be succeeded by Giulio Mazzalupi, currently president of the Compressor Technique business area.



Atlas Copco breaks new records and focuses on expansion in Asia

Improved earnings in 1996, despite the record level achieved in the preceding year, and unchanged demand in the immediate future – this is the legacy left by Atlas Copco's President and CEO Michael Treschow, before taking over as president of Electrolux. Yet he still does not exclude the possibility of achieving further improvements in the company's profitability.

"We are continuing to work with two long-term ambitions: to create a faster flow of materials and products in order to rationalize production, increase savings and reduce tied-up capital, and to increase our involvement in Asia in particular in order to improve the balance of our geographical distribution of sales. Both joint ventures and acquisitions could be considered in efforts to strengthen our presence in growth markets in this region."

During the past year, invoiced sales increased to SEK 25.1 billion (24.4), while income after financial items, including nonrecurring items in a net amount of SEK 117 m., rose 8 percent to SEK 3.1 billion (2.8). The stronger Swedish krona had a negative translation effect of approximately SEK 200 m. on earnings. The strong liquidity of recent years has enabled the company to reduce its net debt from SEK 3.2 billion to SEK 1.9 billion.

Organized in 16 divisions, the group's three business areas, Compressor Technique, Construction and Mining Technique and Industrial Technique, provide work for 20,841 employees at 56 manufacturing plants in 15 countries and an Atlas Copco organization in about 70 countries. Operations outside Sweden account for 96 percent of total sales.

During 1996, order bookings declined in most of the large Western European countries, where major infrastructure projects have been postponed, while a positive trend of sales was noted in Eastern Europe, East Asia, Australia and South America. In the U.S., the acquisition of Milwaukee Electric Tool, the largest made in the company's more than 120-year history, has developed into a foothold in the expanding electric tools market.

During the year, the group again demonstrated its innovative capability with the introduction of a number of new compressors, drilling rigs and tools, among other

products. These, in combination with an extensive materials flow program, which is estimated to have the potential to significantly reduce tied-up capital, increase opportunities for adding new successful years to the others during the 1990s, which included annual value appreciation – that is, increase in share price plus dividends – of 31 percent during the period 1992–1996. Other elements in the renewal process include a determined management development program, via increased rotation of executive positions, among other measures, and a strengthening of the group's R&D operations.

According to CEO Michael Treschow, having Investor as principal owner, with 20 percent of the voting rights and 14 percent of the share capital, mainly means two things: a high return requirement, but also stability during the group's long-term growth efforts.

"We have only positive experiences of Investor, particularly the knowledge and commitment with which it follows our operations. This is a fundamental prerequisite for our success in maintaining a position of global leadership and being able to expand within mature sectors."

HIGHLIGHTS OF 1996

- A new electric tools plant is opened in China. The total market has an estimated value in excess of SEK 1 billion and is expected to show higher growth than the markets in Europe and the U.S. Three other joint ventures are already established in China, for the manufacture of compressors, drilling rigs and drill bits.
- A large number of organizational changes are under implementation. In the U.S., Chicago Pneumatic's operations are being relocated from New York to South Carolina, closer to major customers. The Desoutter Division is relocating its head office and production to a more modern facility outside London. The Rock Drilling Equipment Division is transferring its product development and marketing operations from Stockholm to Örebro, Sweden, where former units in Germany and Canada have already been grouped. The production of rock drilling tools at Uniroc's Brazilian plant are being relocated to Sweden and South Africa.
- Atlas Copco acquires the portable compressor and pneumatic breaker operations of the German company, Irmer+Elze.
- Voac Hydraulics, jointly owned with Volvo, is sold, which contributes SEK 342 m. to earnings.

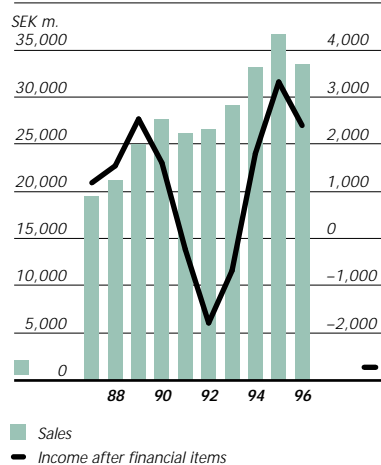
◀ Asia is becoming an increasingly important market for Atlas Copco. A new electric tool plant was opened in China, where Atlas Copco already has three joint ventures.

SKF

Chairman: **Anders Scharp**

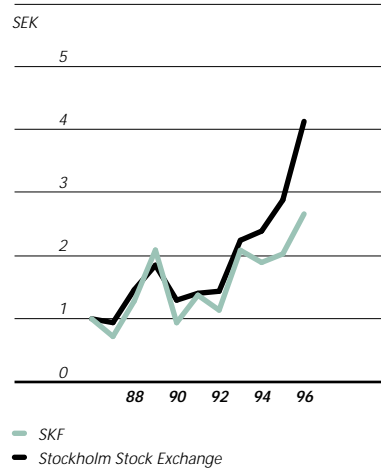
President and Chief Executive Officer: **Peter Augustsson**

SALES AND EARNINGS



Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN



Source: SIX AB

KEY RATIOS

Sales: SEK 33,589 m.

Operating income: SEK 2,874 m.

Income after financial items: SEK 2,412 m.

Earnings per share: SEK 14.95

Return on equity: 15.9%

Share performance during the year: +27%

Share turnover: SEK 11.3 billion

Market value on December 31, 1996: SEK 18.2 billion

SKF's Annual Report is available on the Internet:

www.skf.se



SKF expands in growing U.S. and Asian markets

"The American and Asian markets are continuing to grow. There is still a lot of potential in these markets, particularly in our work with the American automotive industry. We have doubled our sales during the past five years and we intend to do so again."

Peter Augustsson, President and CEO of SKF, expresses continued optimism regarding the group's strengthened position in the United States. The decision in February 1996 to invest in a new plant for the production of hub bearing units (HBUs) for passenger cars and trucks emphasizes SKF's faith in the future of this dynamic, multi-million dollar market. The new facility in South Carolina, which will be commissioned during summer 1997, is SKF's twenty-second U.S. plant. A new technology center is being developed in the Detroit area.

Simultaneously, SKF is expanding in Asia through the establishment of new joint-venture companies in China and South Korea. The strong growth in this part of the world is forming the basis for a higher and more sustainable level of earnings.

Following 90 years of expansion, SKF's position as the world's largest manufacturer of rolling bearings is based on an organization with 43,123 employees, active in 130 countries with more than 80 plants and 20,000 distributors and dealers. Compared with the record earnings of more than SEK 3 billion posted for the preceding year, 1996 was a weaker year for SKF. Sales amounted to SEK 33.6 billion, which yielded income, after net financial income and expenses, of SEK 2,412 m. (3,389). The downturn was due primarily to currency effects. Weaker demand for components in Western Europe required an adaptation of production capacity, by means of workforce reductions at certain units.

Within the framework of its quality program, SKF attaches special importance to environmental work. Over a three-year period, the number of complaints has been halved, while the use of substances harmful to the ozone and of lead-containing lubricants has been phased out.

"It is gratifying to note that our environmental policy

and our separate environmental report have attracted attention. We have developed our own solutions and urge our suppliers to live up to our requirements. SKF's goal is to lead developments in this area, and not solely fulfill prevailing laws and regulations," says Peter Augustsson.

"It is also part of our investment program to upgrade the level of technology in the group's plants around the world. This involves projects with a short payback time, which makes it possible to increase flexibility, reduce lead times and produce more with fewer machines at lower fixed costs."

In the company's analysis of the future, SKF's goal is based upon remaining the world leader in the markets for bearings, seals and closely related products. The company's strongest assets include its trademark, a broad customer base, an efficient distribution network and applications expertise. The support provided by its owners completes the picture:

"Through its long-term ownership and deep commitment, Investor has helped us to reach our leading position. But we must improve the focus of our business, our cyclical stability and global presence on the manufacturing side. We are making progress through our investments in segments characterized by rapid growth, and with new products. There is still unutilized market potential that SKF now intends to exploit," concludes Peter Augustsson.

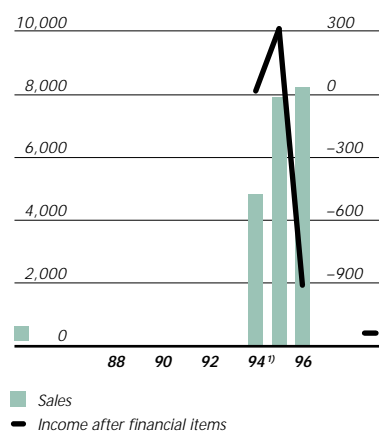
HIGHLIGHTS OF 1996

- A joint-venture bearings production company is opened in China to supply the country's large and growing railway industry.
- An historic breakthrough is noted in Japan when SKF secures its first order to supply an automotive company with bearings after entering into a five-year agreement with Suzuki.
- A major order for rolling bearings from one of the world's largest steelworks, Ilyich, in Ukraine, signifies an opening of the formerly modest markets of Eastern Europe, which in recent years have begun to modernize their heavy industries.
- Volkswagen/Audi selects a newly developed HBU for a number of new car models, one of the largest single orders ever obtained by SKF from this German automaker.
- A new stage in the restructuring of Ovako's special steels production is initiated through the decision to build a new plant in Hofors, Sweden, for nearly SEK 500 m., with start-up scheduled during 1998.

◀ SKF's trademark, wide customer base, distribution channels and application skills are strong assets. The company's larger bearings are manufactured against customer order to ensure that increasingly specialized customer demands can be met.

**SAAB**Chairman: **Anders Scharp**President and Chief Executive Officer: **Bengt Halse****SALES AND EARNINGS**

SEK m.



¹⁾ The figures for 1994 are pro forma. Prior to that year, parts of Saab AB were incorporated in the Saab-Scania Group.

Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN

Since Saab AB shares are not listed separately on the stock market, no diagram for total return is presented.

KEY RATIOS

Sales: SEK 8,249 m.

Operating loss: SEK 1,402 m.

Loss after financial items: SEK 908 m.

Earnings per share: negative

Return on equity: -12.9%

Saab AB has a Website on the Internet: www.saab.se



The Saab Group continues to focus on leading edge technology

A comprehensive reorganization of aircraft operations marked developments during the past year for the Saab aircraft and defense group, and its Saab Combitech subgroup. The objective is to gain improved customer orientation, higher cost-effectiveness and greater preparedness for international cooperation.

As part of the structural rationalization of the Swedish defense industry, Saab and Ericsson agreed in September to establish a joint company – Ericsson Saab Avionics. The company will operate in the military avionics sector. As part of the reorganization and streamlining of Saab, customer financing activities relating to civil aircraft operations were transferred to Investor, effective 1996. This division and streamlining is adjudged to have improved Saab's potential for expansion, both independently and through possible cooperation with others.

"We are pleased by operations in the JAS 39 Gripen project, favorable order bookings in the aerospace electronics area and major orders for laser simulators. In civil aviation, the market for regional aircraft remains under pressure and earnings continue to be highly unsatisfactory," says Bengt Halse, President of Saab AB, Investor's wholly owned parent company in the Saab group.

During the year, more than 8,000 employees manufactured high-tech products with a sales value of SEK 8.2 billion, an increase of 4 percent compared with 1995. After net financial items, the Saab Group reported a loss of SEK 908 m. (income: 316). The decrease from the preceding year is attributable primarily to a revaluation of the SAAB 2000 program by a total amount of SEK 1,219 m. and a decline of SEK 176 m. in financial income, due to lower interest rates.

However, this has not negatively affected the sustained focus on research and the development of niches for leading-edge technology, an operation that accounts for about 25 percent of the employees. Expenses for R&D activities amounted to SEK 1.8 billion during 1996.

The order backlog will be dominated by military orders for Gripen in future, accounting for 62 percent of a total order value of SEK 20 billion. By year-end, Saab Military

Aircraft had delivered the first part series of the JAS 39 Gripen, consisting of 30 aircraft, to the Swedish Air Force. The second subseries consists of 110 aircraft. The defense bill passed by the Swedish Parliament in December involves a third subseries.

In civil aviation, Saab Aircraft, with its 340 model, is the market leader in its size class. The 400th aircraft was delivered in 1996. Marketing efforts from sales offices in London, Washington, Peking, Hong Kong and Sydney have intensified. Orders for a total of 32 new 340s were secured during the year, in addition to 7 orders for the larger 2000 model.

Since total demand for regional aircraft remains too low in relation to the industry's total production capacity, structural adjustments are required among manufacturers before profitability can be attained.

Saab Combitech's business concept is to create an innovative and productive environment for small and medium-sized high-tech companies. Success has led to growth and stable profitability in well-established operations such as aerospace electronics and level gauging, while a number of the acquired IT-related companies are showing very weak profitability.

Saab Dynamics is extending its cooperation with other European manufacturers of military missiles. Among other projects, the company is participating in the project definition phase for the heat-seeking Iris-T attack missile, and in a consortium with companies from Germany, the U.K., France and Italy, which will supply the radar-guided Meteor missile to the British defense forces.

Saab Training Systems has received substantial orders for laser simulators from the U.S., the U.K. and Germany, as well as other countries.

HIGHLIGHTS OF 1996

- During 1996, development work on the one-seater JAS 39 Gripen is completed and the first subseries of 30 aircraft is delivered.
- Saab Dynamics receives its first export order from the Swiss army for Strix, a target-seeking shell for combat against tanks equipped with active armor.
- Saab Ericsson Space achieves a breakthrough in the U.S. in the form of an order from Hughes, the world's leading manufacturer of telecommunications satellites. The order, for antenna components and microwave equipment for twelve satellites, is worth almost SEK 140 million.

◀ The first serial version of the two-seated JAS 39B Gripen aircraft made its maiden flight in autumn 1996.



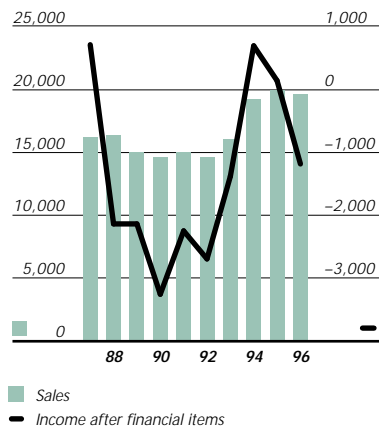
SAAB

Chairman: **Louis R. Hughes Jr**

President and Chief Executive Officer: **Robert W. Hendry**

SALES AND EARNINGS

SEK m.



Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN

Since Saab Automobile shares are not listed separately on the stock market, no diagram for total return is presented.

KEY RATIOS

Sales: SEK 19,681 m.

Operating loss: SEK 658 m.

Loss after financial items: SEK 1,177 m.

Earnings per share: negative

Return on equity: % negative

Saab Automobile has a Website on the Internet:

www.saabusa.com



Anniversary for Saab's cars, new models and turnaround in sight

In 1997, Saab Automobile will celebrate the 50th anniversary of the Saab marque. During the year, a broader model range will be launched, in addition to a new model, Saab 9-5, in the prestige car segment. With even more product innovations to come before the end of the century, the company expects to increase sales by 50 percent and return to profitability.

Investor and General Motors have been equal joint owners since 1990, when operations became an independent limited liability company, having previously been part of the Saab-Scania group. The owners have made major investments to boost the company's competitiveness in an increasingly competitive world market. During 1996-1997, the company's capital base was strengthened further to facilitate the refinancing of loans, market expansion and a regeneration of the product program.

"Additional models are required to enable us to exceed sales of 150,000 cars per year by the beginning of the year 2000 and to expand in such key markets as North America, Europe and Japan," says the new President, Robert W. Hendry from GM, who took up his appointment in summer 1996.

The past year showed a definite upturn in volume in major international markets: the U.S. by more than 28,000 cars (+11 percent) and the United Kingdom, by nearly 15,000 (+29 percent). Demand also increased in Germany and France. However, these successes were offset mainly by a sales decrease in Sweden, the second largest market, by about 15,000 cars (-15 percent). The decline can be attributed largely to almost a year of political uncertainty regarding new regulations for company cars, which have now been settled and may improve the situation in 1997.

Overall sales volume remained unchanged for 1996 at 98,000 cars, of which 33,700 were of the Saab 9000 model and 64,300 of the Saab 900 model. Slightly more than 14,000 cars were convertible versions of the Saab 900. This led to invoiced sales of SEK 19.7 billion (20.0). After taxes, but before extraordinary items, a loss of SEK 1.2 billion was reported, compared with break-even earnings in 1995. The result for 1997 is expected to be in line with the 1996 level.

As one of the first major engineering companies in Sweden, Saab Automobile has introduced a system of flexible production hours. At the Trollhättan plant in Sweden, about 3,000 employees will in future work on the basis of schedules that are better adapted to demand. This will take the form of two shifts with a variation in the normal working hours of 68 to 84 hours per two-week periods. Production costs will be cut as a result of less overtime and a reduction in tied-up capital.

In recent years, engine development has focused on combining performance with environmental compatibility. This has resulted in a new type of engine, Ecopower, which combines high performance with low exhaust emissions, low noise levels and fuel consumption. As a future project, Saab technicians have demonstrated a system in which exhaust fumes from cold starts are collected in a plastic sack in the boot, before being led back after about one minute to the engine where they are cleaned in the now heated catalytic converter. This results in exhaust levels below the stringent requirements scheduled to apply in California after the turn of the century.

Another technological innovation that has already gained a number of distinctions is a neck protection system for the next generation of cars. In the event of collisions from the rear, a spinal plate in the seat pushes the neck rest upward and forwards, thereby reducing movement of the head and thus the risk of whiplash injuries.

HIGHLIGHTS OF 1996

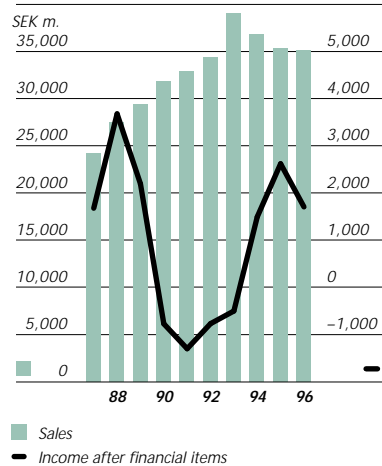
- Quality programs lead to a number of distinctions for the new Saab 900, including a top-ten ranking in J. D. Power's influential report in the U.S. Also in the U.S., the highly respected consumer magazine Consumer Digest named the model the best purchase in the luxury car class for the fourth consecutive year.
- The expansion of the sales organization continued with the establishment of a company office in Japan, which will increase the number of dealers to more than 100. Distribution agreements have been concluded in the Baltic States, in addition to recent years' entry into markets in Russia and central Europe.
- The new paintshop, at an investment of more than SEK 1 billion, which halves the emission of solvents per car, will be integrated into production in an initial phase during spring 1997.

◀ Saab performed a reliability test of six brand-new Saab 900s on the world's fastest race track in Talladega, U.S.A. Forty international records were broken and 120 journalists were invited as test drivers.

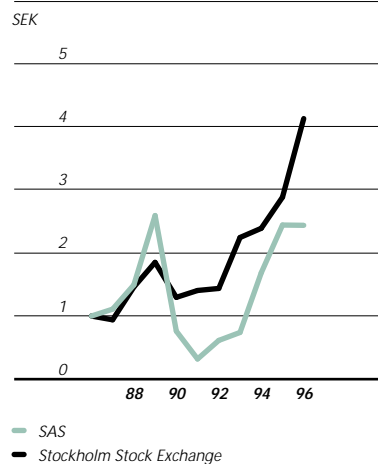
SAS SAS SVERIGE AB

Chairman: **Bo Berggren**
President*: **Christer Nilsson**

SALES AND EARNINGS¹⁾



TOTAL RETURN¹⁾



KEY RATIOS

Sales: SEK 35,189 m.¹⁾
Operating income: SEK 3,368 m.¹⁾
Income after financial items: SEK 1,717 m.¹⁾
Earnings per share: SEK 9.42
Return on equity: 11%¹⁾
Share performance during the year: -24%
Share turnover: SEK 0.8 billion
Market value on December 31, 1996: SEK 6.1 billion
SAS's Annual Report is available on the Internet:
www.sas.se

¹⁾ Relates to the SAS Group.

* Effective April 1997, Jan Stenberg

SAS streamlines its ownership structure and pays an extra dividend of SEK 1,713 m.

SAS is operated as a consortium, of which SAS Sverige (formerly SILA) owns a $\frac{3}{7}$ interest, with SAS Danmark and SAS Norge each holding a $\frac{2}{7}$ interest. The parent company is listed in each country, in which the particular government is a joint and equal owner. During the year, the parent companies were harmonized in an effort to make SAS more transparent in the capital market and make the shares more comparable.

Following an increase in the holding in recent years, Investor is now the largest private shareholder in SAS Sverige.

The SAS Group (SAS air operations, SAS Trading and SAS International Hotels) reported revenues of SEK 35,189 m. in 1996, which represents an increase of 6.8 percent for comparable units, after changes in exchange rates are taken into account. Income before taxes fell to 1,815 m. (2,632), as a result of stagnating traffic revenue and increased operating expenses. The equity/assets ratio rose to 37 (32) percent.

During the year, SAS carried almost 20 million paying passengers, an increase of 5.3 percent, to 104 destinations. Integration with SAS's partners Lufthansa, United Airlines and THAI was further intensified in 1996 and is being continually enhanced.

Airline operations conducted jointly by SAS and Lufthansa between Scandinavia and Germany developed very successfully and cooperation between the two companies boosted SAS's income by some SEK 100 m.

Competition stiffened considerably during the year. New players began to fly the so-called capital triangle of Stockholm–Oslo–Copenhagen. To meet competition SAS introduced a new concept – SAS Express – on the Oslo–Stockholm route, which was a major success.

Hotel operations expanded sharply in 1996 under the Radisson SAS trademark, which is now the most expansive first-class hotel chain in Europe and the Middle East. The number of hotels increased by 16 to total 80 in 23 countries.

HIGHLIGHTS OF 1996

- The wholly owned subsidiary ABA merges with SILA, which changes its name to SAS Sverige.
- To make SAS's Swedish, Danish and Norwegian parent companies as similar as possible, all involvements other than the management of participations in the SAS Konsortiet and SAS Commuter Konsortiet are discontinued. SAS Sverige's real estate was sold to SAS for 1,140 m. The company is to make a nonrecurring dividend to its shareholders totaling SEK 1,713 m. corresponding to SEK 24.30 per share, in addition to the ordinary dividend of SEK 212 m.
- In-depth strategic cooperation with Lufthansa, United Airlines and Thai Airways International is initiated with the integration of traffic and bonus programs. Together with its partners, SAS offers 535 destinations.
- An extensive modernization of the SAS aircraft fleet commences with the delivery of six new McDonnell Douglas MD-90s. This aircraft offers highly favorable environmental performance, in line with SAS's ambitious environmental program.

WM-data expands rapidly in the market and in Investor's portfolio



Chairman: **Hans Mellström**
President and Chief Executive Officer*: **Thord Wilkne**

Since 1969, when the company's founders Thord Wilkne and Hans Mellström opened their first office in Stockholm, WM-data has grown into one of the leading Nordic companies in its industry. It is now a full-range computer services company with about 4,500 employees in more than 50 locations, which specializes in total solutions in information technology. Customers consist mainly of major companies, public authorities and organizations.

Concurrent with a target that its profit margin and financial stability should exceed the average for computer services companies in the Nordic region, WM-data has played an active role in restructuring the computer industry, through the acquisition of a number of companies following its flotation in 1985. During 1996, the company continued to refine its strategy by incorporating acquisitions in other Nordic countries. The objective in the years ahead is to attain a position in another Nordic country that is equal to its position in the Swedish market.

Sales almost doubled in 1996, surging from SEK 3.3 billion to SEK 5.7 billion. Income after net financial terms increased 37 percent to SEK 403 m. (316). However, following sharp growth in 1995, the Swedish PC market has moved into a quieter phase, leading to a reduction in product margins. Accordingly, an action program was launched in Owell, Sweden's leading dealer in the PC market, which was acquired in 1995.

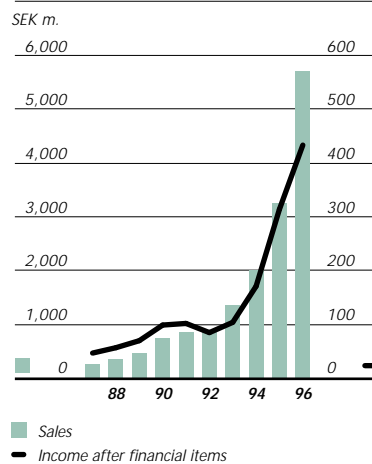
Another factor underlying the change in WM-data's future strategy is the breakthrough for business systems based on components and objects. Customers assemble a more flexible "package" than the previously fully integrated standard systems, thereby reducing their dependence on a single supplier. Internet technology is also encouraging more open systems, or multiweb solutions.

The number of employees at year-end amounted to 4,200, up 38 percent from the preceding year-end. After Investor's entry in 1994 as one of the major shareholders, WM-data is now the fastest growing shareholding in the Investor portfolio.

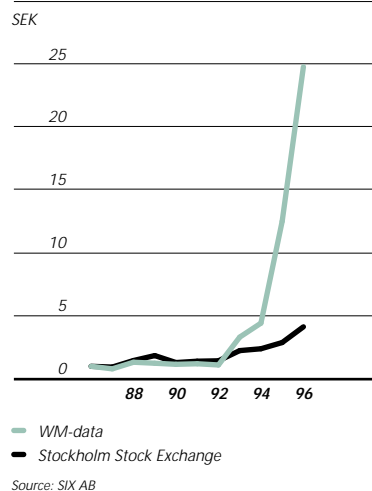
HIGHLIGHTS OF 1996

- WM-data acquires a 50-percent interest in the Scania Group's computer company. In Finland, Facidata is acquired, while BFC and CRI-Mentor are taken over in Denmark.
- New IT business partners include the Swedish insurer SPP, the property company SABO and the Skaraborg county council. In cooperation with the City of Helsingborg, a pioneering project for the introduction of electronic trading commences. The Swedish Office for Administrative Rationalization and Economy selects WM-data as one of three main suppliers for an electronic trading project for the public sector.
- Gröna Konsum – a major Swedish retail group – acquires a WM-system for category control, which will be introduced into 300 stores during the second quarter of 1997. A new stores system is being developed for Statoil to serve all the company's petrol stations in the Nordic region. AssiDomän invests SEK 15 m. in a new order – materials-warehouse system from WM-data.

SALES AND EARNINGS



TOTAL RETURN



KEY RATIOS

Sales: SEK 5,700 m.
Operating income: SEK 407 m.
Income after financial items: SEK 434 m.
Earnings per share: SEK 21.18
Return on equity: 28.9%
Share performance during the year: +97%
Share turnover: SEK 1.8 billion
Market value on December 31, 1996: SEK 8.7 billion
WM-data's Annual Report is available on the Internet: www.wmdata.com

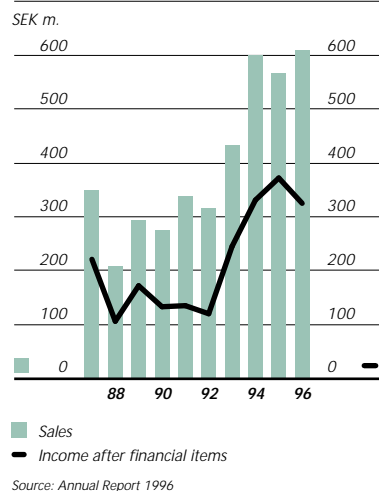
* In connection with the Annual General Meeting on May 14, 1997, Lars Harrysson will become new President and Chief Executive Officer.



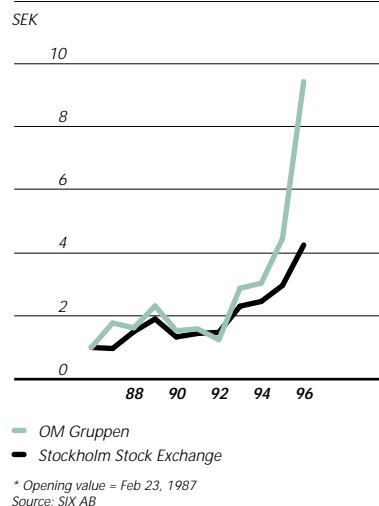
Chairman: **Olof Stenhammar**
President and Chief Executive Officer: **Per E. Larsson**

Increased dividend from high-tech OM

SALES AND EARNINGS



TOTAL RETURN*



KEY RATIOS

Sales: SEK 610 m.
Operating income: SEK 176 m.
Income after financial items: SEK 326 m.
Earnings per share: SEK 12.15
Return on equity: 20%
Share performance during the year: +105%
Share turnover: SEK 2.2 billion
Market value on December 31, 1996: SEK 4.8 billion
OM's Annual Report is available on the Internet:
www.omgroup.com

"At OM, we realized at an early stage that the world's finance and commodities markets were facing a comprehensive structural transformation," says Per E. Larsson, President and CEO of OM Gruppen. "We formulated a strategy that matched the new structure. Today, we have reached such a position that we can exploit the opportunities that are emerging from the new market structure."

OM was founded in 1985 as the world's first profit-making exchange. From initially having been solely a derivatives market, OM is now active in the field of transaction technology. Transaction technological expertise can be divided into three areas: transaction, technology and facility management. OM provides transaction-related services through its OM Stockholm and OMLX exchanges, and technology-related services through OM Technology and OM Systems International and other units. Facility management services, meaning services and products in which OM acts in the name of others, are supplied through OM Stockholm and VPA Värdepappersadministration.

OM conducts its operations in a global financial market in which structures are continually changing. The rapid development of transaction technology in recent years has led to a restructuring in which the importance of national boundaries has been radically reduced – trade is currently conducted completely freely between countries and markets. At the same time, the fragmented Nordic market has moved towards concentration. OM is now linked to both the Norwegian and Finnish derivatives exchange and talks are in progress between OM and the Stockholm Stock Exchange.

In line with structural change in Europe and the rest of the world, it will be necessary for actors in the financial industry to focus increasingly on such concepts as cost-effectiveness, service quality and innovative thinking. During the past year, OM initiated and conducted a number of extensive expansion projects – projects that position OM for the future.

HIGHLIGHTS OF 1996

- An agreement is signed with the Australian Stock Exchange concerning the delivery of OM's electronic trading system OM CLICK Exchange System. Final testing of the system is expected to commence during the second quarter of 1997.
- The American Stock Exchange in New York commissions an electronic order book system, based on OM CLICK Exchange System, supplied by OM.
- Electronic trading is introduced on the world's two first electronic electricity exchanges in Helsinki and Oslo, both of which use OM's electronic trading systems in their trading operations.
- S-E-Banken and OM's subsidiary VPA conclude an outsourcing contract regarding the clearing of securities transactions for S-E-Banken's Custody Service department.
- OM Stockholm concludes an agreement with the Finnish derivative market SOM regarding an interlinking of the Swedish and Finnish derivative markets.

S-E-Banken consolidates its leading position

The bank's positive performance continued in 1996, primarily as a result of reduced loan losses and falling market interest rates, which raised the return on S-E-Banken's securities portfolio and reduced the costs of financing its non-performing loans. Buoyant stock exchange activity and many corporate transactions, for which the bank acted as consultant, also contributed to the income trend.

The property company, Diligentia, with a book value of about SEK 23 billion, was spun off to shareholders as part of the bank's increased concentration on its core business.

Operating income for 1996 amounted to SEK 5.9 billion (3.5). Household deposits rose in line with the average for the industry, rising by slightly more than 6 percent. Fund management increased by 23 percent to more than SEK 70 billion. The sale of foreign endowment policies increased almost eight-fold. Total premium income in insurance operations rose to more than SEK 3 billion, with a market share of 14.1 percent (12.7) for newly written life policies.

Demand for household credit remained weak, with the exception of mortgage loans. Lending declined by nearly 3 percent, compared with the average industry decrease of 8 percent. S-E-Banken BoLån (mortgage loan unit) strengthened its market position.

In corporate operations, deposits amounted to SEK 109 billion, about 25 percent of the Swedish banking system's total corporate deposits, and lending amounted to SEK 145 billion, making the bank the market leader with a share of almost 27 percent.

In foreign operations, the bank occupies a dominant position accounting for approximately 50 percent of the value of all payments to and from Sweden. The bank's percentage of currency trading increased and its position as the largest Nordic exchange bank remained stable. S-E-Banken is the only Swedish bank participating in the development of a cross-border payments system within the EMU system.

With a share about one third, the bank, which is the market leader, also continued to report favorable profitability in the market for money and bond trading. S-E-Banken's position as the leading Nordic investment bank was strengthened by its participation in the flotation of such companies as Scania and Diligentia.

Branch office operations are undergoing major changes. As a result of the automation of routine matters and the relocation of administrative work, resources are being released for more sophisticated customer service.

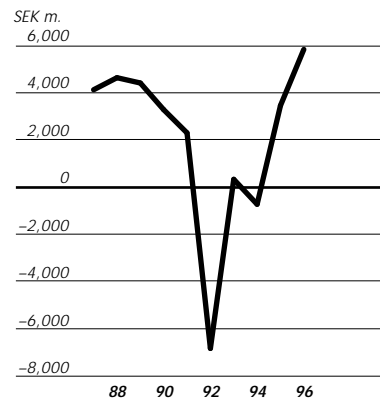
HIGHLIGHTS OF 1996

- S-E-Banken launches a bank service on the Internet. By year-end, almost 12,000 linked computer users had access to virtually a complete range of services. In February 1997 the number had risen to 35,000 and interest among the group's approximately 1.8 million private customers continues to grow rapidly.
- S-E-Banken's small cap fund provides the best return of all Sweden's public share savings funds. The Financial Times ranks the bank's pharmaceuticals fund as the best global offshore fund.

Skandinaviska Enskilda Banken

Chairman: **Karl-Erik Sahlberg**
President and Chief Executive Officer*: **Björn Svedberg**

OPERATING INCOME

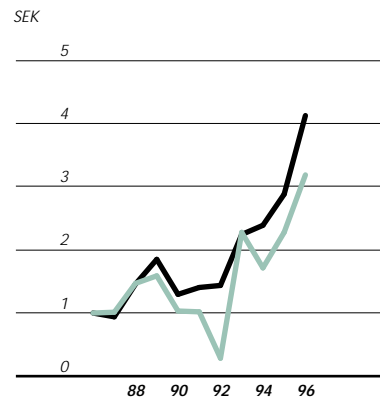


— Operating income

Figures up to 1994 have not been adjusted to take the changed accounting principles into account.

Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN



— S-E-Banken

— Stockholm Stock Exchange

Source: SIX AB

KEY RATIOS

Sales: SEK 5,870 m.

Earnings per share: SEK 8.91

Return on equity: 22.7%

Share performance during the year: +27%

Share turnover: SEK 29.3 billion

Market value on December 31, 1996: SEK 36.9 billion

S-E-Banken's Annual Report is available on the Internet: www.sebank.se

* On March 18, 1997, it was announced that Björn Svedberg would be resigning his position at the bank following the 1997 Annual General Meeting. The Board of Directors has proposed Jacob Wallenberg as the new President.

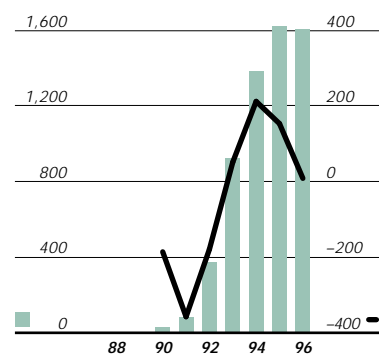


Chairman: **Erik Belfrage**
President and Chief Executive Officer: **Christer Forsström**

TV4 – Sweden's most popular channel, with a new transmission license and new premises

SALES AND EARNINGS

SEK m.

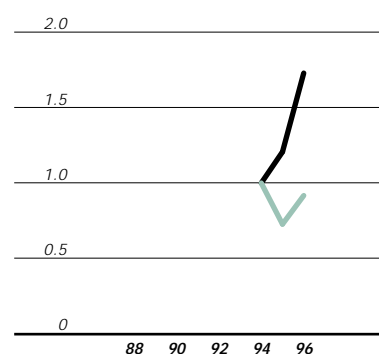


■ Sales
— Income after financial items

Source: Annual Report 1995 and year-end report 1996

TOTAL RETURN

SEK



■ TV4
— Stockholm Stock Exchange

Source: SIX AB

KEY RATIOS

Sales: SEK 1,612 m.
Operating income: SEK -2.4 m.
Income after financial items: SEK 10 m.
Earnings per share: SEK 0.76
Return on equity: 2.1%
Share performance during the year: +22%
Share turnover: SEK 0.4 billion
Market value on December 31, 1996: SEK 2.8 billion
TV4's Annual Report is available on the Internet:
www.tv4.se

Six years after its initial transmission, TV4 is Sweden's most popular TV channel, and has moved into the world's most modern facilities. A new transmission agreement was signed with the government. In terms of programs and viewers ratings, 1996 was a successful year, although financial results deteriorated.

The new agreement covers a terrestrial network license for the period 1997–2001, and entails a significant reduction in detailed requirements. Following receipt of the new license, there are no barriers to the establishment of supplementary operations by TV4.

During the year, the channel succeeded in retaining its share of the viewing public. For the population as a whole, TV4's viewer rating is now about 28 percent. In the commercially attractive age-group of 12–59 years, the channel's position has been strengthened, with a share of about 30 percent.

In autumn 1996, TV4 initiated its largest-ever venture in the field of new entertainment programs. The focus on news, current affairs and documentary programs continues. The breakfast news program "Nyhetsmorgon" experienced its best year ever, capturing 45 percent of the viewing audience.

Total revenue amounted to SEK 1,612 m. (1,628). Income after net financial items totaled SEK 10 m. (15). The primary factors underlying the decrease in income are the compensation of almost SEK 92 m. paid to the AirTime advertising sales company, as well as increased costs in conjunction with the relocation to the new station premises. Income was charged with SEK 70 m. for the costs of local TV transmissions. Advertising revenue amounted to SEK 1,531 m. (1,541) during the period, a decrease of 0.6 percent. This corresponds to a market share of 62 percent (63). During 1997, efforts to increase cost-effectiveness and boost revenues will continue through the development of new market segments with more sophisticated products.

The new TV station premises, representing an investment of more than SEK 200 m., was commissioned in May and is based entirely on digital technology, permitting efficient handling of programs and advertising. The new facility also includes a larger studio based on a state-of-the-art technical standard. The facility was built using an environmentally controlled building program and is ecosystem-adapted, with features including the sorting of waste at source and recycling systems.

HIGHLIGHTS OF 1996

- The five-day series "Skilda världar" is launched and attracts an audience of 1.2 million viewers.
- TV4's text-TV becomes one of Sweden's major media with more than 1 million viewers daily.
- The dispute between TV4 and Kinnevik-owned AirTime is settled. The arbitration tribunal dismissed more than 75 percent of the claim.
- In addition to its focusing on increasing the cultural content of its general program schedule, TV4 is working to ensure the survival of Sweden's Orion Theater, in exchange for TV performances.

Electrolux distributes Gränges to shareholders



Chairman: **Anders Scharp**
President and Chief Executive Officer: **Leif Johansson**

The departure of Leif Johansson and his replacement as President by Michael Treschow*, in addition to the distribution of Gränges to shareholders, were the dominant developments noted in the 1996 year-end report presented in early 1997.

The Latin America market was the target of the major investment during the year. Among other developments, the recently acquired subsidiary Refripar is to invest USD 150 m. over a three-year period in the construction of Brazil's most modern plant for the manufacture of refrigerators and freezers. The project will be completed at the end of the century and will provide employment for 1,200 people.

Group sales during the year totaled SEK 110 billion (115.8), with the decrease attributable primarily to changes in exchange rates and reduced demand. Income after financial items fell 19 percent to about SEK 3.3 billion (4.0)

The world's leading manufacturer of household appliances was gratified by the strong improvement in the U.S. white-goods market, while the European market decreased in volume. Frigidaire's income improved noticeably as a result of cost reductions in production and a more favorable product mix. Combined with positive contributions from non-European markets, this meant that income from white goods was slightly better than in the preceding year.

The performance in the Household Appliances Division was not quite as good, due primarily to restructuring costs and the start-up of new operations for vacuum cleaners, compressors and other products. Lower public sector investments in Europe had a substantial negative impact on the sale of commercial kitchens, as well as washing and cleaning equipment. Other business areas also reported reductions in income.

The streamlining of group operations continued with the sale of operations in the materials handling area.

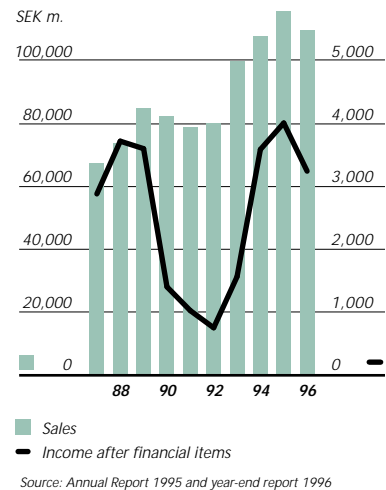
Prior to the distribution of the shares in the wholly owned subsidiary Gränges, this company's Recycling operations were demerged. Gränges is Europe's second largest company in the manufacture of extruded profiles and thin aluminum foil. The company's sales amounted to about SEK 10 billion in 1996, with some 7,400 employees. Electrolux has a total workforce of 100,000 employees in more than 50 countries.

* This was announced on January 27, 1997. The move will become effective in connection with the Annual General Meeting on April 29, 1997.

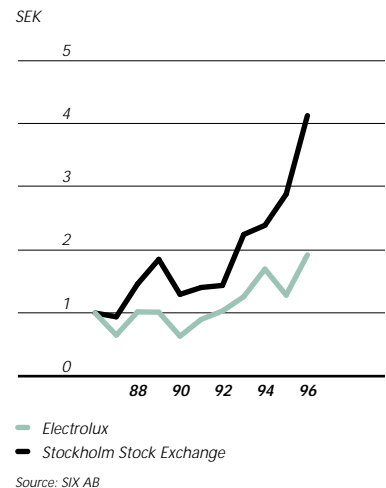
HIGHLIGHTS OF 1996

- Three North American subsidiaries are merged, namely the outdoor appliance companies American Yard Products and Poulan/Weed Eater, and Frigidaire Company. The objective is to capitalize on synergism in such areas as customer service and marketing.
- The first plant in China, for the manufacture of refrigerators for commercial applications, is opened. This is a joint venture between Electrolux and a Chinese partner. The premiere product is a drink cooler.

SALES AND EARNINGS



TOTAL RETURN



KEY RATIOS

Sales: SEK 110,000 m.
Operating income: SEK 4,448 m.
Income after financial items: SEK 3,250 m.
Earnings per share: SEK 25.30
Return on equity: 8.7%
Share performance during the year: +45%
Share turnover: SEK 16.2 billion
Market value on December 31, 1996: SEK 29.0 billion
Electrolux's Annual Report is available on the Internet:
www.electrolux.se

A successful year

Investor also conducts operations in a small number of wholly and partly owned companies. These consist of two specially oriented investment operations conducted by Scandinavian EQT Partners and Novare Kapital, hotel operations in Grand Hôtel Holdings and real estate management in Newsec, Näckström and Stockholm-Saltsjön.

SCANDINAVIAN EQT PARTNERS

Scandinavian EQT Partners, a private risk capital fund, was established in 1994 by Investor, S-E-Banken and the U.S. company AEA Investors Inc. for investments in medium-sized companies in the Nordic countries. Investment capital at the disposal of the fund amounts to about SEK 3 billion, of which about SEK 1.4 billion is currently invested. A group of business executives with an extensive international network of contacts is linked to the fund. This network is used in appraising potential investments and, after any purchases, serves as an experience and know-how bank, which is made available to the management of the acquired company.

Typical investment targets for Scandinavian EQT Partners are established companies that form part of a larger group, but are not compatible with the group's core business; companies that need resources for growth or companies in which a change in ownership is desirable for various reasons. The investment horizon is three to eight years and the fund's objective is to work closely with management in an effort to create added value in the companies in which an investment is made.

During 1996, Scandinavian EQT Partners acquired 50 percent of Sabroe Refrigeration A/S, 42.5 percent of Orrefors Kosta Boda AB (controlling interest) and 50 percent of Perlos Oy. In addition, a letter of intent regarding the acquisition of 50 percent of Duni AB was signed; this transaction was completed in January 1997. Brukens Nordic AB was divested during the year. The investment in Brukens Nordic AB resulted in an almost threefold increase in value in less than 18 months. During the relatively short period of Scandinavian EQT Partners' holding of Brukens Nordic AB, the company's sales rose by approximately 60 percent and its operating income by about 90 percent, mainly as a result of acquisitions in continental Europe. Brukens Nordic AB's new owner represents a logical choice from an industrial viewpoint, thus creating the conditions for the company's continued successful development.

NOVARE KAPITAL

Novare Kapital is a venture capital company which focuses on minority investments in technology-based Swedish companies with distinct growth potential. Novare Kapital becomes a shareholder at an early stage of the company's development.

The objective of the investments is to strengthen the company's balance sheet, contribute expertise and broaden its network of contacts. The investment capital at the disposal of Novare Kapital amounts to SEK 100 m., of which Investor AB has guaranteed SEK 75 m. and S-E-Banken SEK 25 m. At year-end 1996, Novare Kapital had investments in Medicarb AB, Neos Robotics AB, IndHex AB and CarCon Train AB.

GRAND HÔTEL HOLDINGS AB

Grand Hôtel Holdings AB, which was established in 1994, conducts hotel, conference, restaurant and banquet activities at Grand Hôtel Stockholm, Grand Hôtel Saltsjöbaden and Hotell Skansen in Båstad, Sweden.

Operations progressed favorably in 1996. However, an extensive investment program at Grand Hôtel Stockholm had a short-term negative impact on the Group's revenues and income in 1996. GHH's revenues amounted to SEK 241 m. (258), of which Grand Hôtel Stockholm accounted for SEK 191 m. (212), Grand Hôtel Saltsjöbaden for SEK 38 m. (35) and Hotell Skansen for SEK 11 m. (10). Income after net financial items amounted to SEK 49 m. (61).

The refurbishment of Grand Hôtel Stockholm involved the renovation and modernization of floors five and six. In addition, two new suites were added to the upper floor, currently floor seven.

During the year, Grand Hôtel Stockholm was ranked as the third best hotel worldwide and the best in Europe by the Euromoney magazine, while its Franska Matsalen restaurant was again ranked as "Sweden's Best Restaurant" by the Swedish magazine, Gourmet. To create an even better and a more comprehensive hotel product, a major workout and leisure facility will be completed in 1997.

GHH owns the hotel property in Stockholm and acquired the property in Saltsjöbaden during the year. Both properties are included in the net worth for Grand Hôtel Holdings.



▲ The Grand Hôtel in Stockholm was ranked as the best hotel in Europe by the magazine Euromoney in 1996. Its Franska Matsalen restaurant was once again ranked as Sweden's best restaurant by the Swedish magazine Gourmet.



▲ Investor's head office on Arsenalsgatan in Stockholm is in a building owned by the Group real estate company Näckström.

◀ Newsec has comprehensive management and consulting know-how that covers the entire real estate arena. The picture is taken at Newsec Tenants' marketplace for commercial properties.

LAND AND REAL ESTATE

Investor's land and real estate holdings in the companies Näckström and Stockholm-Saltsjön had a total book value of SEK 700 m. at year-end.

Näckström owns two office properties in central Stockholm, including Arsenalsgatan 8c, which contains Investor's head office. Stockholm-Saltsjön owns land on the island of Värmdö and at Sickla Udde, Hammarby, southern Stockholm. At the beginning of 1997, separate agreements were concluded with the municipality of Stockholm and a building consortium regarding the sale of land.

NEWSEC

Newsec was established in 1994 through a merger of FastighetsRenting's and Stockholm-Saltsjön's real estate management operations. At year-end 1996, Investor owned 75 percent of Newsec. In March 1997, an agreement was

signed with FFNS regarding the sale of part of the company. Following this sale, Investor's ownership interest amounts to 30 percent.

Newsec has comprehensive management and consulting know-how that covers the entire real estate area. Through a number of specialist units, Newsec has built up broad-based and specialist expertise, along with an extensive network of market contacts in the real estate industry.

In cooperation with Jones Lang Wootton, Newsec and Serco also offers consulting and other services in an international context.

*“The successful public listing of Scania
strengthened the balance sheet
and provided a considerable amount of
funds for new investments.”*

Administration Report

The Board of Directors and the President hereby present their report on the operations of Investor AB in 1996, the Company's eightieth year of business. The following income statements, balance sheets, statements of changes in financial position, accounting principles and notes to the financial statements constitute an integral part of the Annual Report.

On February 15, 1996, the Board of Directors decided to seek an initial public offering (IPO) of Scania AB on the Stockholm and New York stock exchanges. In April, Investor completed the sale of shares in Scania corresponding to 55 percent of the voting rights and capital in the company. Investor's total proceeds from the sale amounted to SEK 18,800 m., net. At the same time, Scania's shares were introduced on the Stockholm Stock Exchange and on the New York Stock Exchange, where Scania became the first Swedish company to be listed. After the sale, Investor's holding in Scania amounts to 45 percent of both the voting and capital rights. Assuming full exercise of the three-year warrants in Scania that were distributed to Investor's shareholders, Investor's holding in Scania will amount to approximately 25 percent of the share capital and 40 percent of the voting rights.

In July 1996, Investor's subsidiary, AB Investor Group Finance, raised a Multi Currency Revolving Credit Facility in an amount of USD 1 billion, which is guaranteed by Investor AB. The purpose of the credit facility was partly to refinance an existing facility of USD 650 m. and partly for use in continuing business operations.

In 1996, the Investor Group's business areas were the industrial investments, comprising Investor's main holdings, medium-term investment operations, trading activities, and the operations of the wholly owned subsidiary Saab AB.

Where applicable, the comparative figures provided for 1995 have been recalculated to take into account the sale of Scania shares and changed accounting principles relating to leasing contracts and pension liabilities.

CONSOLIDATED INCOME

The Group's consolidated income after depreciation amounted to SEK 9,566 m. (218). This includes an estimated capital gain of SEK 12,400 m. from the sale of Scania shares. Income after financial items amounted to SEK 9,598 m. (3,048). Net income was SEK 9,479 m. (2,976).

THE GROUP'S LIQUIDITY, EQUITY/ASSETS RATIO AND NET CASH

The Group's cash and short-term investments amounted to SEK 15,017 m. (4,816). Short- and long-term loan liabilities amounted to SEK 2,532 m. (11,481). The equity/assets ratio (shareholders' equity including surplus values and

convertible debenture loans in relation to total assets) was 73 (60) percent.

On December 31, 1996, the Group had net cash assets of SEK 9,949 m., compared with net debt of SEK 9,062 m. at year-end 1995.

INDUSTRIAL INVESTMENTS

Investor's industrial investments performed favorably in 1996, bolstered by strong conditions on the Stockholm Stock Exchange. The favorable climate on the stock-market was mainly attributable to a sharp fall in interest rates and large flows of capital to the stock-market during the year.

In June 1996, Investor and GM/Opel concluded an agreement regarding a series of measures designed to secure expansion plans for Saab Automobile, in which Investor holds a 50-percent interest (Note 15).

Dividends received by Investor during the year rose sharply to SEK 1,804 m. (656). In addition to cash dividends amounting to SEK 1,701 m., this amount includes the value of the 1.3 million Diligentia shares that Investor received through its holding in S-E-Banken. During the year, Astra shares were purchased for SEK 136 m. and WM-data shares for SEK 254 m. Following year-end, Investor purchased S-E-Banken shares for SEK 1,300 m.

The value of the main holdings on December 31, 1996, was SEK 61,325 m. (49,275). Excluding Scania and adjusted for net changes, the value of the holdings increased by 38 percent during the year. During the same period, the OMX index rose by 39 percent.

During the year, Investor engaged in a limited amount of stock lending for the purpose of increasing the return on the parent company's portfolio. The Group's policy is to lend a maximum of 2 percent of the voting rights of any individual stock. Any shares on loan can be recalled at Investor's request. Stock lending is conducted only with major actors with a strong financial position.

Investor's medium-term investment operations made new investments in such companies as MedImmune in the biotechnology sector and Tessera in the IT sector, while shares in such companies as Securitas and Lindex were sold. Investor's jointly owned operations, Novare Kapital and Scandinavian Equity Partners, implemented several investments during 1996.

The operations of GHH Grand Hôtel Holdings, Newsec and the real estate management operations conducted by Stockholm-Saltsjön, Näckström and Sickla Udde developed favorably during the year.

In addition to the main holdings and other investments, Investor also engages in trading activities in shares and share-related derivatives and in currencies and interest-related instruments. These operations are conducted

in accordance with a limited investment mandate and are subject to strict risk control.

On December 31, 1996, the market value of Investor's total holding of its own convertibles amounted to SEK 2,093 m. (nominal: 1,080).

As of 1996, customer financing activities relating to civil aircraft operations within Saab are included in Investor's industrial investments. The purpose of the measure, which consists of an intragroup transfer, is to concentrate financing matters and strengthen the focus on the financial opportunities and risks that this operation entails. Customer financing activities will be undertaken under the collective name of Saab Aircraft Finance Group. This measure also provides Saab AB with a more streamlined industrial structure. In addition, Investor is adapting its accounting of the leasing-related sections of finance operations to the new accounting regulations for leasing contracts that apply as of 1997. A pro forma adjustment has been made in the closing balance for 1995. An operating loss of SEK 698 m. was reported for 1996. In addition to the consequences of the adjustment to the new accounting regulations, results were charged with provisions related to ongoing leasing agreements, mainly those pertaining to the American airline operator, Business Express, whose operations were conducted in accordance with the so-called "Chapter 11" clause during 1996.

SAAB AB

Investor's wholly owned subsidiary Saab AB is the parent company of the Saab Group, which comprises Saab Military Aircraft, Saab Aircraft, Saab Dynamics, Saab Training Systems and Saab Combitech and whose operations comprise advanced high-technology products used in aviation and defense, as well as commercial applications.

INVOICED SALES AND EARNINGS

The Saab Group's order bookings during the year amounted to SEK 7,736 m. (6,053) and the order backlog at year-end was SEK 20,042 m. (20,500). Group sales amounted to SEK 8,249 m. (7,925), an increase of 4 percent.

The operating loss, after depreciation, deteriorated substantially to SEK 1,402 m. (loss: 354). The deterioration was attributable to a revaluation of the Saab 2000 program, which included a writedown of capitalized development costs by SEK 584 m. and a writedown of plant and type-specific tools by SEK 243 m. The value of commitments and guarantees related to the Saab 2000 program have also been revised, resulting in a charge of SEK 392 m. against income. The results of civil operations remained negative, while military aircraft operations reported an improvement.

The Saab Group's loss after net financial income

increased to SEK 908 m. (316), of which the revaluation of the Saab 2000 program accounted for SEK 1,219 m. A net loss of SEK 702 m. (income: 184) was reported.

SAAB AUTOMOBILE AB

Saab Automobile AB, in which Investor and GM/Opel each has a 50-percent interest, reported a loss of SEK 1,177 m. for 1996, before extraordinary revenues, compared with earnings of SEK 148 m. in 1995. Sales during the year amounted to SEK 19,681 m. (19,965). The deterioration in earnings was mainly attributable to increased investments in measures to strengthen the Saab trademark and the company's dealer network, the negative impact of the appreciation of the Swedish krona and increased product development costs. A total of 98,000 (98,700) cars were sold during the year, a 0.7-percent decrease compared with 1995.

Saab Automobile is treated as a main holding in Investor's accounts.

PARENT COMPANY, INVESTOR AB

The subsidiary Patricia AB was merged with the parent company Investor AB during the year.

Income after net financial items amounted to SEK 10,027 m. (374), including the capital gain of SEK 8,430 m. from the sale of the Scania shares. Net profit for the year amounted to SEK 9,153 m. (7,698).

The proceeds from the sale of Scania shares amounted to SEK 18,800 m., while other sales amounted to SEK 96 m., net. Purchases of shares during the year amounted to SEK 143 m.

Cash, short-term investments and current receivables amounted to SEK 2 m. (89). Current liabilities amounted to SEK 744 m. (2,081).

In view of the special extra dividend paid by Investor in connection with the sale of 55 percent of Scania, the conversion price for Investor's convertible debenture loan was recalculated in July 1996, from SEK 154 to SEK 145.30. Of the company's debenture loans, a nominal amount of SEK 5,510 m. was converted into 35.8 million shares during the year.

BOARD OF DIRECTORS AND PERSONNEL

Details on the number of employees and their wages, salaries and other remuneration are shown in Note 27.

PROPOSED DISPOSITION OF EARNINGS

The Board of Directors and the President propose the following unappropriated earnings at the disposal of the Annual General Meeting:

Retained earnings from 1995	SEK 10,851,844,899
Net income for the year	SEK 9,152,635,448
Total	SEK 20,004,480,347

be allocated in the following manner:

dividend to shareholders, SEK 10.00 per share, or a total of	SEK 1,907,910,000
funds to be carried forward	SEK 18,096,570,347
Total	SEK 20,004,480,347

The Group's unrestricted reserves on December 31, 1996, amounted to SEK 9,143 m.
No allocations to restricted reserves are required.

Stockholm, February 20, 1997



Peter Wallenberg
Chairman


Percy Barnevik


Erik Belfrage


Bo Berggren



Håkan Mogren

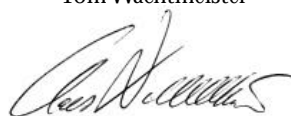

Mauritz Sahlin


Anders Scharp


Peter D. Sutherland

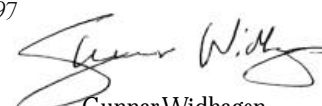

Tom Wachtmeister


Marcus Wallenberg


Claes Dahlbäck
President


Caj Nackstad
Authorized Public Accountant

Our auditors' report was submitted on March 7, 1997


Gunnar Widhagen
Authorized Public Accountant

Consolidated Income Statement

SEK m.	Note	1996	Pro forma ¹⁾ 1995	1995
Dividend income, main holdings		1,804	656	656
Capital gain, Scania		12,400	–	–
Capital contribution to Saab Automobile, etc. ²⁾		–2,481	–	–
Other operating revenues	1	13,961	14,121	47,501
Other operating expenses	2	–13,846	–13,112	–40,618
Administrative expenses		–444	–322	–322
Depreciation according to plan ³⁾	3	–1,830	–1,127	–1,947
Share in income of associated companies	4	2	2	345
Operating income after depreciation		9,566	218	5,615
Net financial income/expenses	5	32	–450	–955
Consolidated net income, Scania 1995			3,280	
Income after financial items		9,598	3,048	4,660
Taxes	6	–105	–64	–1,643
Minority interest	7	–14	–8	–9
Consolidated net income		9,479	2,976	3,008

¹⁾ Where applicable, the comparative figures for 1995 have been recalculated to take into account the sale of Scania shares and changed accounting principles relating to leasing contracts and provisions for pension.

²⁾ Including the payment to GM/Opel.

³⁾ Including write-downs in 1996 of capitalized development costs and of plant and type-specific tools by a combined amount of SEK 827 m.

Consolidated Balance Sheet

SEK m.	Note	12/31 1996	Pro forma ¹⁾ 12/31 1995	12/31 1995
ASSETS				
Current assets				
Cash and short-term investments	8	15,017	4,816	5,863
Receivable from Scania		–	6,833	
Shares and participations	9	2,245	2,560	2,560
Current receivables	10	1,880	1,452	9,358
Inventories	11	4,838	3,897	9,553
		23,980	19,558	27,334
Fixed assets				
Shares and participations	13	21,562	26,877	16,330
Long-term receivables	15	3,293	3,043	4,154
Goodwill	16	76	141	3,587
Machinery, equipment and real estate, etc.	17	9,154	9,761	17,017
		34,085	39,822	41,088
Total assets		58,065	59,380	68,422
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Current loan liabilities	18	845	6,217	9,336
Other current liabilities	19	9,775	7,084	13,704
		10,620	13,301	23,040
Advance payments from customers		8,027	6,864	7,109
		18,647	20,165	30,149
Long-term liabilities				
Long-term loan liabilities	18	1,687	5,264	5,890
Provision for pensions	20	2,536	2,397	3,468
Other long-term liabilities	21	5,906	6,126	2,319
		10,129	13,787	11,677
Convertible debenture loans	22	1,363	6,768	6,768
Minority interest in subsidiaries		71	58	75
Shareholders' equity	23			
Restricted shareholders' equity				
Share capital		4,769	3,875	3,875
Restricted reserves		13,943	9,327	9,327
		18,712	13,202	13,202
Unrestricted shareholders' equity				
Unrestricted reserves		–336	2,424	3,543
Net income for the year		9,479	2,976	3,008
		9,143	5,400	6,551
Total shareholders' equity		27,855	18,602	19,753
Total liabilities and shareholders' equity		58,065	59,380	68,422
Assets pledged				
	24	12,046	8,002	5,281
Contingent liabilities	25	4,618	3,483	7,104

¹⁾ Where applicable, the comparative figures for 1995 have been recalculated to take into account the sale of Scania shares and changed accounting principles relating to leasing contracts and provisions for pension.

Consolidated Balance Sheet at Market Value

Not included in the audited Annual Report.

SEK m.	Note	12/31 1996	Pro forma 12/31 1995
ASSETS			
Current assets			
Cash and short-term investments	8	15,017	4,816
Receivable from Scania		–	6,833
Shares and participations	9	3,262	2,560
Current receivables	10	1,880	1,452
Inventories	11	4,838	3,897
		24,997	19,558
Fixed assets			
Shares and participations	13	70,207	51,581
Long-term receivables	15	3,293	3,043
Goodwill	16	76	141
Machinery, equipment and real estate, etc.	17	9,154	9,761
		82,730	64,526
Total assets		107,727	84,084
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current loan liabilities	18	845	6,217
Other current liabilities	19	9,775	7,084
		10,620	13,301
Advance payments from customers		8,027	6,864
		18,647	20,165
Long-term liabilities			
Long-term loan liabilities	18	1,687	5,264
Provision for pensions	20	2,536	2,397
Other long-term liabilities	21	5,906	6,126
		10,129	13,787
Convertible debenture loans	22	1,363	6,768
Minority interest in subsidiaries		71	58
Surplus values arising from market valuation		49,662	24,704
Shareholders' equity	23		
Restricted shareholders' equity			
Share capital and restricted reserves		18,712	13,202
Unrestricted reserves and net income		9,143	5,400
		27,855	18,602
Total liabilities and shareholders' equity		107,727	84,084
Equity/assets ratio		73%	60%
Net cash/net debt			
Cash and short-term investments		15,017	4,816
Short- and long-term loans		–2,532	–11,481
Provision for pensions		–2,536	–2,397
Total net cash/net debt		9,949	–9,062

Income Statement by Company

Not included in the audited Annual Report.

SEK m.	Industrial investments and other operations	Saab	Investor Group 1996
Dividend income, main holdings	1,804	–	1,804
Capital gain, Scania	12,400	–	12,400
Capital contribution to Saab Automobile	–2,481	–	–2,481
Other operating revenues	5,589	8,374	13,963
Other operating expenses	–5,534	–8,312	–13,846
Administrative expenses	–444	–	–444
Depreciation according to plan	–366	–1,464	–1,830
Operating income after depreciation	10,968	–1,402	9,566
Net financial income/expenses	–462	494	32
Income after financial items	10,506	–908	9,598
Taxes	–324	219	–105
Minority interest	–1	–13	–14
Consolidated net income	10,181	–702	9,479

Balance Sheet at Market Value by Company

Not included in the audited Annual Report.

SEK m.	Industrial investments and other operations	Saab	Eliminations	Investor Group 12/31 1996
ASSETS				
Cash and short-term investments	8,095	6,922		15,017
Internal receivables		6,699	–6,699	
Receivables	3,709	1,464		5,173
Inventories	5	4,833		4,838
Shares and participations	73,451	18		73,469
Shareholders' equity, Saab AB	5,110		–5,110	
Machinery, equipment and real estate, etc.	7,294	1,936		9,230
Total assets	97,664	21,872	–11,809	107,727
LIABILITIES AND SHAREHOLDERS' EQUITY				
Loans	2,192	340		2,532
Internal loans from Group companies	6,699		–6,699	
Provision for pensions	375	2,161		2,536
Advance payments from customers	10	8,017		8,027
Other liabilities	9,508	6,244		15,752
Convertible debenture loans	1,363			1,363
Surplus values arising from market valuation	49,662			49,662
Shareholders' equity	27,855	5,110	–5,110	27,855
Total liabilities and shareholders' equity	97,664	21,872	–11,809	107,727

Consolidated Statement of Changes in Financial Position

SEK m.	Note	Pro forma ¹⁾		
		1996	1995	1995
Source of funds				
Dividend income ²⁾		1,701	656	656
Dividend, shares in subsidiaries ³⁾		–	800	–
Sales, main holdings		18,800	389	389
Payment of contribution to Saab Automobile ⁴⁾		–1,895	–	–
Operating income before depreciation ⁵⁾	26	–995	–1	6,502
Net financial income/expense	26	232	–508	–1,013
Taxes paid	26	–446	10	–896
Total funds provided		17,397	1,346	5,638
Application of funds				
Ordinary dividends paid		–1,713	–1,239	–1,239
Extraordinary dividends paid		–3,808	–	–
Purchases of shares, main holdings		–397	–1,429	–1,429
Net change in other holdings and equity trading		–472	–759	–759
Decrease/Increase in working capital (+,–)	26	1,568	316	–1,404
Net capital expenditures	26	–561	–366	–2,972
Receivable from Scania		6,833	3,466	
Other items ⁶⁾		164	–65	–413
Total funds applied ⁷⁾		1,614	–76	–8,216
Financial surplus/deficit		19,011	1,270	–2,578
Financing				
Increase/Decrease in liquid assets (–, +)		–10,201	–1,939	201
Decrease/Increase in short-term loans (–, +)		–5,372	2,330	3,835
Decrease in long-term loans (–)		–3,577	–1,708	–1,797
Increase in provision for pensions (+)		139	47	339
Total financing		–19,011	–1,270	2,578

¹⁾ Where applicable, the statement of changes in financial position has been recalculated to take into account the sale of Scania shares.

²⁾ Relates to cash dividends received. The received dividend of Diligentia shares has been reported net in accordance with the cost accounting principle.

³⁾ Relates to the dividend from Scania.

⁴⁾ Payments during 1996 of transactions relating to the agreement with GM/Opel regarding Saab Automobile. The remaining payment, SEK 690 m., will be effected in June 1997.

⁵⁾ Excluding dividends, capital gains and equity trading.

⁶⁾ Long-term receivables and liabilities, etc.

⁷⁾ The changed accounting principles relating to leasing contracts do not affect cash flow and have been reported net in the above statement of changes in financial position.

Parent Company Income Statement

SEK m.	Note	1996	1995
Industrial investments			
Dividends		1,703	532
Capital gains, net		8,453	131
Management expenses, etc.	2	-208	-37
Income before financial income and expenses		9,948	626
Net of financial income and expenses	5	79	-252
Income after financial income and expenses		10,027	374
Income/loss from merger		-593	714
Capital contribution repaid		-	7,610
Write-down of shares in subsidiary		-	-1,000
Income before tax		9,434	7,698
Tax		-281	-
Net income for the year		9,153	7,698

Parent Company Balance Sheet

SEK m.	Note	12/31 1996	12/31 1995
ASSETS			
Current assets			
Cash and short-term investments		–	74
Other receivables		2	15
		2	89
Fixed assets			
Shares in subsidiaries	12	13,634	21,976
Shares and participations	14	27,065	16,237
Receivables, Group companies		–	3,339
Capital discount	22	19	288
		40,718	41,840
Total assets		40,720	41,929
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accrued expenses and prepaid income		57	368
Due to Group companies		237	1,660
Tax liability		280	–
Other current liabilities		170	53
		744	2,081
Long-term liabilities			
Due to subsidiaries		3	3
Long-term loan liabilities		2	3,342
		5	3,345
Convertible debenture loans	22	1,382	7,056
Shareholders' equity			
Restricted shareholders' equity			
Share capital	23	4,769	3,875
Legal reserve		13,815	9,199
		18,584	13,074
Unrestricted shareholders' equity			
Retained earnings		10,852	8,675
Net income for the year		9,153	7,698
		20,005	16,373
Total shareholders' equity		38,589	29,447
Total liabilities and shareholders' equity		40,720	41,929
Assets pledged			
	24	–	54
Contingent liabilities	25	2,375	8,198

Parent Company Statement of Changes in Financial Position

SEK m.	1996	1995
Source of funds		
Dividend income, etc.	1,602	534
Sales, Scania shares	18,800	–
Sales, stock portfolio	96	1,058
Management expenses, etc.	–107	–39
Net financial income/expense	185	–311
Taxes paid	–281	–
Total funds provided	20,295	1,242
Application of funds		
Dividends paid	–5,521	–1,239
Purchases, stock portfolio	–143	–1,237
Change in current receivables and liabilities	99	–103
Purchases/Sales of shares in Group subsidiaries ¹⁾	–	223
Capital contribution granted to/received from subsidiaries	–12,002	4,610
Other items ²⁾	–1,378	842
Total funds applied	–18,945	3,096
Financial surplus	1,350	4,338
Financing		
Decrease/Increase in liquid assets (+,–)	74	–13
Decrease/Increase in long-term loans (–, +)	–3,340	3,339
Change in intra-Group transactions	1,916	–7,664
Total financing	–1,350	–4,338

¹⁾ Excluding changes in subsidiary holdings in view of the implemented merger.

²⁾ Income/Loss from merger, including changes in subsidiary holdings, etc.

Accounting Principles

GENERAL

The consolidated accounts for Investor AB and its subsidiaries have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations pertaining to consolidated accounting.

CHANGES IN ACCOUNTING PRINCIPLES

Retroactively as of 1996, the accounting principles have been amended in accordance with the Swedish Financial Accounting Standards Council's new recommendations, which apply as of 1997.

Accounting of the leasing-related sections of finance operations has been adapted to the new accounting regulations for leasing contracts, whereby standard U.S. accounting practices have been used for guidance.

Obligations related to accessible pension undertakings are reported as a liability corresponding to their estimated economic value. Formerly, these costs were expensed on a current basis.

CONSOLIDATED ACCOUNTS

The consolidated accounts comprise the parent company and all subsidiaries and associated companies in Sweden and abroad. Subsidiaries are companies in which the parent company directly or indirectly owns more than 50 per cent of the voting rights of the shares or in which the Group otherwise has a decisive influence. Associated companies are companies, in which the Group has a long-term ownership interest and voting rights of between 20 and 50 per cent.

The consolidated accounts are prepared in accordance with the purchase accounting method. This means that a subsidiary's assets and liabilities are accounted for at market value according to an analysis of the acquisition. If the acquisition value of the shares in the subsidiary exceeds the estimated market value of the company's net assets, according to the analysis, the difference is regarded as Group goodwill, which is depreciated over the estimated economic life of the assets. In this way, only income that arises after the date of acquisition is included in consolidated shareholders' equity.

Associated companies within operating subsidiaries are accounted for in accordance with the equity accounting method. This means that the book value of the shares

and participations in associated companies is reported in the consolidated balance sheet as the Group's share in their equity. Thus, only the Group's share in the income of associated companies is included in consolidated income, provided that this does not result in a negative book value for the equity interest.

Associated companies within the industrial investments are reported at cost.

Minority interest refers to the minority share in net income and shareholders' equity.

Companies acquired during the year are included in consolidated income for the period following the acquisition. The income of companies sold during the year is not included in consolidated income.

Intragroup profits and transactions are eliminated.

FOREIGN SUBSIDIARIES

AND ASSOCIATED COMPANIES

The financial statements of foreign subsidiaries and associated companies are translated to Swedish kronor (SEK) in conformity with International Accounting Standard no. 21 (IAS 21). This means that the income statements and balance sheets of these companies are translated to SEK according to the current rate method.

In accordance with the current method, assets and liabilities are translated at the year-end exchange rate, while income and expenses are translated at the average exchange rate for the year. The translation difference that arises in part when translating the net assets of foreign companies at a different rate at year-end than at the beginning of the year and in part when net income is translated at other than the year-end rate is accounted for directly in shareholders' equity in the balance sheet.

CASH AND SHORT-TERM INVESTMENTS

Financial investments in the form of listed securities are reported at the lower of cost and market value.

RECEIVABLES AND LIABILITIES

Receivables and liabilities in foreign currency of individual companies are valued at the year-end exchange rate. Receivables and liabilities hedged by forward contracts are valued at the current forward rate.

SHARES HELD FOR TRADING

Holdings of shares, participations and other securities classified as assets held for trading purposes are reported according to the "portfolio method" at the lower of cost and listed value (or estimated market value in the case of non-listed securities).

INVENTORIES

Inventories are valued at the lower of cost according to the first in, first out principle (FIFO) and market value. Included is a share of indirect expenses attributable to inventories.

SHARES, FIXED ASSETS

Equity investments and other shares and participations classified as fixed assets (excluding holdings in associated companies within operating subsidiaries) are reported at cost.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at cost, with the exception of write-up permitted under certain circumstances in accordance with Swedish accounting principles. For information regarding leasing equipment, refer to the changes in accounting principles.

OPERATING INCOME INDUSTRIAL OPERATIONS

For orders where the manufacturing cost is financed to a significant extent by advances from customers, the effect of advanced-payment financing on interest is reported under operating income.

DEPRECIATION ACCORDING TO PLAN

Property, plant and equipment are reported after the deduction of accumulated depreciation according to plan. Depreciation is based on the assets' cost and estimated economic life. For machinery and equipment, the rate of depreciation is between 6.7 and 33 percent; for industrial buildings it is 4 percent and for other buildings 2 percent.

Aircraft reported as leasing equipment are depreciated straight-line during the leasing period based on calculated residual value.

BOOK DEPRECIATION

Book depreciation is calculated in accordance with the existing laws and practices in each country.

Book depreciation in excess of plan is treated as accelerated depreciation, which is an untaxed reserve. This reserve is divided in the consolidated financial statements between deferred tax and shareholders' equity.

GOODWILL

Goodwill is reported as a fixed asset and is depreciated according to plan at rates individually determined for each goodwill item.

RESEARCH AND DEVELOPMENT EXPENDITURES

The Group's definition of expenditures for research and development conforms with that used by Statistics Sweden.

Only development costs directly attributable to a few completely new and important products for the Group are carried forward. Such expenditures are depreciated annually by a minimum of 20 percent.

For the development and manufacture of the Saab 2000 regional aircraft, Saab AB and the Swedish Government have an agreement whereby the Government participates in the project on commercial terms. In accordance with the agreement, Saab has received a total of SEK 1,126 m. during the period 1989–1994. The amounts received are reported as income at the same rate as expenditures are incurred for the project.

Compensation paid to the Government for risk financing will be paid by Saab in the form of a royalty based on the project's revenues. Future royalties will depend on the project's profitability. Royalties will not be paid on the first 30 aircraft sold.

EXCHANGE RATE DIFFERENCES

Exchange rate differences related to short- and long-term borrowing are reported in the income statement as a financial income or expense, while other exchange rate differences are reported under operating income.

TAX

The Group's total tax charge consists of tax paid and deferred tax. Deferred tax consists mainly of the estimated tax on the year's change in untaxed reserves and the tax related to any unutilized loss carryforward to the extent that it can be met by utilizing untaxed reserves or in all probability is expected to be utilized in the next few years.

Deferred tax is estimated in accordance with the upcoming year's tax rate in each country.

From a tax standpoint, Investor AB is considered a diversified industrial holding company. Most importantly in this respect, gains on the sale of shares are tax exempt. At the same time, however, the company must declare two percent of the market value of its shares as of January 1 of each year as taxable, so-called standard income. Dividend income is taxable, while dividends paid are deductible. Interest income is taxable. Management expenses and interest expenses are deductible.

The other Swedish companies in the Investor Group,

including Saab, constitute a group and are taxed, with few exceptions, as operating companies. The group arrangement permits the payment and receipt of group contributions.

APPROPRIATIONS AND UNTAXED RESERVES

Tax regulations in Sweden and certain other countries permit allocations to special reserves and funds. In this manner, companies, within certain limits, can apportion and retain earnings in their business without subjecting them to immediate taxation.

Untaxed reserves are not subject to taxation until they are utilized. However, in the event the business should incur a loss, the reserves may be utilized to cover such a loss

without the payment of tax. The total value of the untaxed reserves, therefore, can be considered risk capital, because any losses can be covered through use of the reserves.

In the consolidated balance sheet, untaxed reserves are divided among shareholders' equity and the deferred tax liability. In the income statement, deferred tax is the tax that is attributable to the year's change in untaxed reserves,

OECD's GUIDELINES

In all significant respects, the Group follows the OECD's recommendations on the disclosure of information in accordance with its declaration on "International Investments and Multinational Enterprises."

EXCHANGE RATES USED IN THE FINANCIAL STATEMENTS

Country	Currency		Year-end rate		Change %	Average rate		Change %
			1996	1995		1996	1995	
Australia	AUD	1	5.48	4.97	10.3	5.25	5.29	-0.8
Austria	ATS	100	62.82	66.00	-4.8	63.40	70.85	-10.5
Belgium	BEF	100	21.46	22.62	-5.1	21.67	24.23	-10.6
Denmark	DKK	100	115.55	120.00	-3.7	115.71	127.44	-9.2
France	FRF	100	131.15	136.05	-3.6	131.02	143.09	-8.4
Germany	DEM	100	442.05	464.45	-4.8	446.00	498.47	-10.5
Hong Kong	HKD	1	0.89	0.86	+3.5	0.87	0.93	-6.6
Netherlands	NLG	100	393.85	414.95	-5.1	398.04	445.02	-10.6
Spain	ESP	100	5.24	5.48	-4.4	5.30	5.73	-7.5
UK	GBP	1	11.60	10.33	12.3	10.47	11.27	-7.1
USA	USD	1	6.87	6.67	3.0	6.71	7.14	-6.0
	ECU	1	8.53	8.54	-0.1	8.40	9.23	-9.1

Notes to the Financial Statements

SEK m.

NOTE 1 Other operating revenues			
Group	Pro forma		
	1996	1995	1995
Scania	-	-	34,840
Saab:			
Saab Military Aircraft	3,135	2,547	2,547
Saab Dynamics	829	632	632
Saab Training Systems	559	727	727
Saab Aircraft	2,903	3,391	3,391
Saab Combitech	1,399	1,175	1,175
Other	123	-	-
Intragroup sales	-576	-547	-547
	8,372	7,925	7,925
Equity trading	3,760	4,219	4,219
Customer financing operations	1,475	1,460	-
GHH Grand Hôtel Holdings	241	258	258
Other	113	259	259
Total	13,961	14,121	47,501

NOTE 2 Other operating expenses, etc.			
Group	Pro forma		
	1996	1995	1995
Scania	-	-	-28,793
Saab	-8,312	-7,622	-7,622
Equity trading	-3,391	-3,757	-3,755
Customer financing operations	-1,849	-1,299	-14 ¹⁾
GHH Grand Hôtel Holdings	-174	-181	-181
Other	-120	-253	-253
Total	-13,846	-13,112	-40,618

¹⁾ Reported net in 1995.

Parent Company	1996	1995
Cost of issued index options ¹⁾ :		
Cost of index options repurchased during the year	-5	-5
Unrealized gain/loss on outstanding options on December 31 ²⁾	-39	10
	-44 ³⁾	5
Management costs	-63	-44
Compensation for stock lending	2	2
Write-down of shares ⁴⁾	-103	-
Total	-208	-37

¹⁾ In 1992 Investor issued index options to certain executives of the company. The price was SEK 20. The strike price is SEK 157. The options expire in the year 2000.

²⁾ On Dec. 31, 1996, the total liability for the index options issued amounted to SEK 78 m. (41).

³⁾ For 1996 the Group reported a gain of SEK 3 m. (10) since the commitment is protected through the holding of Investor's own convertibles.

⁴⁾ Write-down of the book value of the shareholding in Skandinaviska Enskilda Banken corresponding to the received dividend of shares in Dilligenta.

continued

Note 2, continued

Income, customer financing operations

	Pro forma	
	1996	1995
Interest income	121	127
Leasing income	1,354	1,333
Interest expenses	-558	-537
Leasing expenses	-547	-518
Depreciation	-324	-316
Other expenses	-744	-244
Total, customer financing operations	-698	-155

The scope of the customer finance operations is indicated in the balance sheet below.

Balance sheet, customer financing operations

	Pro forma	
	1996	1995
Assets		
Receivables within the Group	1,575	358
Long-term receivables	336	288
Leasing equipment	5,604	5,417
Other assets	121	316
Total	7,636	6,379

Liabilities and shareholders' equity

Current liabilities	1,797	841
Long-term liabilities	5,694	5,523
Minority interest	16	15
Shareholders' equity	129	-
Total	7,636	6,379

Contracted payments of the American operational leasing transactions, which are not reflected in the above balance sheet, amount to (USD m.):

Outcome	Payments from airline companies	Payments to lessor
1994	62	60
1995	67	66
1996	66	66

Contracted

1997	77	90
1998	74	90
1999	66	82
2000	62	77
2001	62	77
2002 and later	480	548

notes to the financial statements

NOTE 3 Depreciation according to plan

Group	Pro forma		
	1996	1995	1995
Product development	-790	-206	-206
Leasing equipment	-324	-316	
Machinery and equipment	-586	-298	-1,179
Buildings	-68	-74	-320
Land and other real estate	-2	-2	-11
	-1,770	-896	-1,716
Goodwill	-60	-231	-231
Total	-1,830	-1,127	-1,947
Distribution of depreciation according to the above			
Scania	-	-	-1,136
Saab	-1,464	-547	-547
Customer financing operations	-324	-316	-
Other operations	-42	-264	-264
Total	-1,830	-1,127	-1,947

NOTE 4 Share in income of associated companies

Group	Pro forma		
	1996	1995	1995
Share in income of associated companies			
Within Scania			
V.A.G products	-	-	179
Scania products	-	-	164
Within Saab	2	2	2
Total	2	2	345

NOTE 5 Net financial income and expenses

Group	Pro forma		
	1996	1995	1995
Convertible debenture loans:			
Interest expense	121	-575	-575
Depreciation of capital discount	-20 ¹⁾	-53	-53
Foreign exchange reserve	163	112	112
Write-down to nominal amount of holdings of own convertibles	-343	-	-
	-79	-516	-516
Interest income on forward exchange contracts to hedge assets	-	-	97
Interest income, other	1,063	1,218	953
Interest expenses for borrowing	-836	-1,034	-1,309
Interest on pension liability (PRI)	-119	-118	-185
Exchange rate differences, short- and long-term borrowing	-	-4	1
Other financial income and expenses	3	4	4
	111	66	-439
Total	32	-450	-955

¹⁾ In the consolidated accounts, an amount of SEK 249 m. related to the undepreciated portions of the capital discount, expensed in the parent company accounts, has been added directly to shareholders' equity (Note 23).

continued

Note 5, continued

Parent Company	1996	1995
Convertible debenture loans:		
Interest expense	121	-575
Depreciation of capital discount	-269	-53
Exchange rate reserve	163	112
	15	-516
Interest income		
from Group companies	538	314
from others	7	12
Interest expenses		
to Group companies	-	-3
to others	-403	-95
Currency translation	-6	28
Other financial income and expenses	-	8
	64	264
Total	79	-252

The portion of the loan denominated in foreign currency, ECU 40 m., has been translated to SEK at the rate effective on December 31, 1996, in accordance with generally accepted auditing standards. The reserve amounted to SEK 45 m. on December 31, 1996. As share conversions are made, the reserve will be dissolved and reported as income.

NOTE 6 Taxes

Group	Pro forma		
	1996	1995	1995
Income tax	-446	10	-733
Withholding tax on dividends and interest	-	-	-164
Share in tax of associated companies	-	-	-108
Change in deferred tax on			
Untaxed reserves	71	-87	-483
Group surplus values	-	-	28
Deferred tax related to			
Timing differences, etc.	270	13	-183
Total	-105	-64	-1,643

NOTE 7 Minority interest in subsidiaries

The minority interest in subsidiary income and capital refers primarily to Saab Ericsson Space AB.

NOTE 8 Cash and short-term investments

Group	Pro forma		
	1996	1995	1995
Cash and bank balances	501	1,370	1,656
Financial investments	14,516	3,446	4,207
Total	15,017	4,816	5,863

**NOTE 9 Shares and participations
(current assets)**

Group	Number (000)	Book value	Market value
Listed Swedish holdings			
Astra	180	41	60
Cardo	512	37	97
Swedish Match	900	18	23
Other holdings		95	103
Total listed Swedish holdings		191	283
Investor conv. loan 7,25% 91/2001, ECU	nom. 26,850	182	366
Investor, conv. loan 8% 91/2001	nom. 898,155	892	1,727
Total holdings of own convertibles		1,074	2,093
Non-listed Swedish holdings			
EQT Partners	3	1	1
FR FastighetsRenting	261	49	49
Stille	56	18	21
Svenska Dagbladet Holding	101	22	22
Other holdings		40	46
Total non-listed Swedish holdings		130	139
Listed foreign holdings			
BBN Corp	226	38	35
Fiskars	633	162	327
Millenium P	180	19	21
Molex	200	48	49
Other holdings		372	356
Total listed foreign holdings		639	788
Non-listed foreign holdings			
Ane Gyllenberg	93	19	18
Euro Synergies Inv.			
S.C.A	units 5	21	18
OnTrack Innovation	4	19	17
Other holdings		152	165
Total non-listed foreign holdings		211	218
Total holdings, shares held for trading		2,245	3,521

A complete list has been included in the Annual Report filed with the Swedish Patent and Registration Office and may be obtained from the Company's office in Stockholm.

NOTE 10 Current receivables

Group	Pro forma		
	1996	1995	1995
Accounts receivable	1,072	666	4,994
Receivables in customer finance operations	15	173	2,446
Prepaid expenses and accrued income	216	252	462
Prepaid tax		24	131
Other receivables	446	188	1,146
Advance payments to suppliers	131	149	179
Total	1,880	1,452	9,358

NOTE 11 Inventories

Group	Pro forma		
	1996	1995	1995
Inventories Scania	-	-	5,656
Saab			
Raw materials, semi-finished goods and work in progress	4,383	3,352	3,352
Finished goods	450	539	539
Inventories Saab	4,833	3,891	3,891
Inventories of other subsidiaries	5	6	6
Total	4,838	3,897	9,553

NOTE 12 Shares in subsidiaries

Parent Company	Stake	Number (000)		
		1996	1995	1995
AB Borgas	100%	1	-	-
AB Exportfinans	100%	1	-	-
AB Kölen	100%	25	2	2
AB Investor Group				
Finance	100%	100	12	-
Patrica Holdings AB	100%	1	12,950	-
Patricia Trading AB	100%	100	120	-
Sickla Udde				
Development AB	100%	1	550	-
Patricia AB			-	4,884
Scania AB			-	17,090
Total			13,634	21,976

NOTE 13 Shares and participations
(long-term holdings)

Main Group holdings	Number (000)	Book value total	Market value SEK/share	Market value SEK m.
Astra A	61,051	2,098	337	20,574
Astra B	934	137	329	307
Scania A ¹⁾	45,000	2,606	170	7,650
Scania B ²⁾	6,897	399	171	1,176
Scania B	38,096	2,206	171	6,495
Scania B				
– call options	190,480	–	6	–1,162
Incentive A ³⁾	18,518	2,783	495	9,166
STORA A ⁴⁾	52,729	2,474	94	4,957
Ericsson A	18,436	501	216	3,973
Ericsson B ⁵⁾	8,102	954	211	1,709
Atlas Copco A ⁶⁾	25,950	1,102	165	4,282
SKF A	14,955	1,341	157	2,341
SAS ⁷⁾	13,156	557	86	1,131
S-E-Banken A ⁸⁾	13,085	371	70	916
TV4 A ⁹⁾	4,302	273	140	602
OM Gruppen ¹⁰⁾	4,795	203	205	983
WM-data B	2,012	455	590	1,187
Electrolux A	936	185	396	371
Total		18,645		66,658

Of which used in stock lending: ¹⁾ 672,925, ²⁾ 372,715, ³⁾ 38,900,

⁴⁾ 763,201, ⁵⁾ 673,809, ⁶⁾ 12,000, ⁷⁾ 151,200, ⁸⁾ 458,402,

⁹⁾ 4,600, ¹⁰⁾ 15,600.

Other holdings

Associated companies	Stake	Number (000)	Book value	Market value
Saab Auto-mobile AB	50%	5,000	0	
Saab AB				
Industrigruppen JAS	20%	10	1	1
Other			5	5
Shares in associated companies			6	6

Other companies

Listed Swedish holdings	Number (000)	Book value	Market value
Diligentia ¹⁾	1,308	103	141
Securitas B	1,722	141	342
Total		244	483

¹⁾ Of which used in stock lending: 67,450.

Non-listed Swedish holdings

Listed foreign holdings	Number (000)	Book value	Market value
Asia Health Care Trust	3,125	34	34
Benpres GDR	2,216	110	140
Bimantara Citra	9,689	52	89
Comp. Immobilière de Belgique	304	172	141
Hutchinson Whampoa	596	22	32
MedImmune	862	82	101
National Mutual	5,842	37	38
Neuromedical Syst Inc.	1,114	76	101
PT Telkom	6,841	97	145
Roche	7	244	356
TT Tieto Oy	450	91	259
Other listed holdings		294	267
Total listed foreign holdings		1,311	1,703

continued

Note 13 continued

Stake	Number (000)	Book value	Market value
Non-listed foreign holdings			
Diamond Cable	3,910	140	146
European Acquisition Cap.	7,862	74	67
Scandinavian EQT Partners	912	140	141
Tessera Inc	7,200	227	227
PGI		79	89
AEA		99	108
Other non-listed holdings		414	415
Total non-listed foreign holdings		1,173	1,193

Total long-term shares and participations 21,562 70,207

A complete list has been included in the Annual Report filed with the Swedish Patent and Registration Office and may be obtained from the Company's office in Stockholm.

NOTE 14 Shares and participations,
Parent Company

Main holdings	Number (000)	Book value total	Market value SEK/share	Market value SEK m.
Astra A	61,051	7,499	337	20,574
Astra B	934	137	329	307
Scania A ¹⁾	26,200	2,487	170	4,454
Scania B ²⁾	6,897	654	171	1,176
Scania B	38,096	3,616	171	6,495
Scania – call options	190,480		6	–1,162
Incentive A ³⁾	18,518	2,980	495	9,166
STORA A ⁴⁾	52,729	2,749	94	4,957
Ericsson A	18,436	716	216	3,973
Ericsson B ⁵⁾	8,102	966	211	1,709
Atlas Copco A ⁶⁾	25,950	1,297	165	4,282
SKF A	14,955	1,421	157	2,341
SAS ⁷⁾	13,156	557	86	1,131
S-E-Banken A ⁸⁾	13,085	396	70	916
TV4 A ⁹⁾	4,302	674	140	602
OM Gruppen ¹⁰⁾	4,795	220	205	983
Electrolux A	936	208	396	371
Main holdings		26,577		62,275

The Astra holding was written up by SEK 4,000 m. against a corresponding write-down of shares in subsidiaries.

Other listed holdings	Number (000)	Book value total	Market value SEK/share	Market value SEK m.
Swedish				
Diligentia ¹⁾	1,308	103	108	141
Securitas B	1,722	141	199	342
Foreign				
Roche	7	244	53,090	356
Other holdings		488		839

Total 27,065 63,114

Of which used in stock lending: ¹⁾ 672,925, ²⁾ 372,715, ³⁾ 38,900,

⁴⁾ 763,201, ⁵⁾ 673,809, ⁶⁾ 12,000, ⁷⁾ 151,200, ⁸⁾ 458,402, ⁹⁾ 4,600,

¹⁰⁾ 15,600, ¹¹⁾ 67,450.

NOTE 15 Long-term receivables

Group	Pro forma		
	1996	1995	1995
Receivables in customer finance operations	336	294	1,076
Due from associated companies	4,240	2,710	2,710
Write-down, 1996	-1,350	-	-
Other receivables	67	39	368
Total	3,293	3,043	4,154

In June, Investor and GM/Opel concluded an agreement on a series of measures designed to secure expansion plans for Saab Automobile, in which Investor holds a 50-percent interest. Saab Automobile is being provided with a total of SEK 3,480 m. in new capital in the form of subordinated loans, of which Investor is contributing SEK 1,740 m. A total of SEK 1,050 m. was paid out during 1996 and the remaining SEK 690 m. will be paid in June 1997. As part of the overall agreement, Investor paid GM/Opel an amount of SEK 845 m., which has been charged against income for 1996.

Investor previously granted a subordinated loan of SEK 2,500 m. to Saab Automobile.

The subordinated loans have been written down by SEK 1,350 m., corresponding to that portion of the receivable which, under certain circumstances, may be converted to shareholders' equity.

The receivable from Saab Automobile carries 8% interest, which is being capitalized and reserved until Saab Automobile's performance in relation to the conditions, as stipulated in the syndicated credit facility of USD 1 billion that Saab Automobile received in 1996 permits payment of interest and enables amortization to commence, although not earlier than January 1, 1999.

Under the terms of the agreement, GM/Opel also has an option to acquire all or parts of Investor's holding in Saab Automobile during the period July 1999 through January 2000. At the same time, Investor has an option to sell up to half of its holding in Saab Automobile to GM/Opel during the period February 2000 through July 2000. The value of the shares should the option be exercised depends on Saab Automobile's performance.

NOTE 16 Goodwill

Group	Pro forma		
	1996	1995	1995
Acquisition value	141	152	4,593
Less: accumulated depreciation according to plan	-65	-11	-1,006
Book value	76	141	3,587

NOTE 17 Machinery and equipment

Group	Pro forma		
	1996	1995	1995
Advance payments to suppliers	-	-	292
Construction in progress	40	42	123
Product development	12	819	819
Machinery and equipment	966	1,138	8,237
Leasing equipment	5,604	5,417	-
Buildings	1,638	1,664	5,957
Land and other real estate	894	681	1,589
Total	9,154	9,761	17,017

Net capital expenditures for property, plant and equipment

Scania	-	-	2,606
Saab	314	340	340
Other	247	26	26
Total	561	366	2,972

Machinery and equipment

Acquisition value	3,278	2,967	16,254
Less: accumulated depreciation according to plan	-2,312	-1,829	-8,017
Book value	966	1,138	8,237

Leasing equipment

Acquisition value	7,186	6,652	
Less: accumulated depreciation according to plan	-1,582	-1,235	
Book value	5,604	5,417	

Buildings

Acquisition value	2,194	2,177	7,912
Less: accumulated depreciation according to plan	-567	-526	-1,968
	1,627	1,651	5,944

Undepreciated amount related to write-up

	11	13	13
Book value	1,638	1,664	5,957

Tax assessment value ¹⁾

	1,334	1,389	2,974
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Land and other real estate

Acquisition value	913	697	1,668
Less: accumulated depreciation according to plan	-25	-23	-86
	888	674	1,582

Undepreciated amount related to write-up

	6	7	7
Book value	894	681	1,589

Tax assessment value ¹⁾

	460	491	881
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¹⁾ Includes only the Group's Swedish companies.

notes to the financial statements

NOTE 18 Loan liabilities

Group	Pro forma		
	1996	1995	1995
Short-term borrowing	835	6,211	9,186
Short-term portion of long-term loans	10	6	150
Total	845	6,217	9,336
Long-term borrowing			
Loans in SEK	1,678	5,022	5,277
Loans in foreign currency	9	242	613
Total	1,687	5,264	5,890

NOTE 19 Other current liabilities

Group	Pro forma		
	1996	1995	1995
Accounts payable	728	845	2,794
Tax liabilities	559	121	691
Accrued expenses and prepaid income	6,945	5,422	8,036
Other current liabilities	1,543	696	2,183
Total	9,775	7,084	13,704

NOTE 20 Provisions for pensions

Group	Pro forma		
	1996	1995	1995
FPG/PRI pensions	1,928	1,838	2,826
Other pensions	608	559	642
Total	2,536	2,397	3,468

The Pension Registration Institute (PRI) is a public organization that administers employee pensions, which are safeguarded through insurance written by the insurance company FPG.

NOTE 21 Other long-term liabilities

Group	Pro forma		
	1996	1995	1995
Leasing commitments	2,890	2,604	–
Non-recourse loan	2,471	2,578	–
Deferred tax liability	62	408	2,319
Other liabilities	483	536	–
Total	5,906	6,126	2,319

The deferred tax liability includes:

Deferred tax liability related to			
Untaxed reserves	594	665	1,978
Acquired surplus values	–	–	438
Deferred tax claim related to			
Timing differences, etc.	–532	–257	–97
Total	62	408	2,319

NOTE 22 Convertible debenture loans

Group/Parent Company	1996	1995
1991 loan, 8% interest, nom.	–	2,203
1991 loan, 7.933% interest, nom.	295	1,353
1992 loan, 8% interest, nom.	1,042	3,291
	1,337	6,847
Foreign exchange reserve	45	209
	1,382	7,056
Capital discount	–19	–288
Total	1,363	6,768

1991 loan, 8% interest:

The loan was issued in June 1991 as part of the financing of the acquisition of Saab-Scania at an issue rate corresponding to approximately 85%. The difference between the nominal value of the loan and the proceeds of the issue, SEK 526 m., is reported as a capital discount after depreciation divided over the maturity of the loan, in respect of those portions not redeemed by December 31, 1996. A portion of the loan amount corresponding in nominal value to SEK 1,353 m. was converted in 1992 into ECU 183 m. in nominal value (see below). The debenture loan was converted to shares during 1996.

1991 loan, 7.933% interest:

The loan, which has a nominal value of ECU 40 m., is held by Investor International Placements Ltd., which in turn has issued secured exchangeable bonds with a nominal value of ECU 44 m. at an interest rate of 7.25%. The secured exchangeable bonds are convertible (at a conversion rate of ECU 21.47 to SEK 7.40, corresponding to SEK 158.90) to the shares Investor International Placements Ltd receives if it converts its convertible debentures in Investor.

Should Investor International Placements Ltd's lenders request the repayment of their loan and decide not to exercise the right to obtain the shares in Investor, Investor has provided a guarantee to compensate the lenders for the difference between the nominal value of ECU 44 m. and the ECU 40 m. related to Investor's convertible. The maximum guarantee amounts to SEK 32 m. as of December 31, 1996. Moreover, Investor has issued a guarantee corresponding to one year's interest payments. The debenture loan may be converted to 2,031,523 B shares through May 2001. Investor has the opportunity to repurchase the ECU convertible as of June 27, 1997.

1992 loan, 8% interest:

The loan was issued in February 1992 at an issue rate corresponding to 100% in connection with the acquisition of Providentia in order to replace the convertible debenture loan issued by Providentia in 1991. Its terms are identical with those of the 1991 loan and both are listed together on the Stockholm Stock Exchange. The conversion price is SEK 145.30. The debenture loan may be converted to 7,171,555 B shares through May 2001.

In view of the special extra dividend and warrants in Scania distributed by Investor in 1996, the conversion price for the loans was recalculated during the year from SEK 154 to SEK 145.30 and for the ECU convertible debentures from ECU 21.77 to ECU 21.47.

NOTE 23 Shareholders' equity

Distribution of share capital

On December 31, 1996, the share capital of the parent company consisted of the following number of shares, with a par value of SEK 25 per share.

Class of share	No. of shares	No. of votes	share capital	% of voting rights
Before conversion				
A 1 vote	77,922,711	77,922,711	40.8	87.3
B 1/10 vote	112,851,912	11,285,191	59.2	12.7
Total	190,774,623	89,207,902	100.0	100.0

After full conversion

A 1 vote	77,922,711	77,922,711	39.0	86.5
B 1/10 vote	122,054,990	12,205,499	61.0	13.5
Total	199,977,701	90,128,210	100.0	100.0

Shareholders' equity in the Group changed during the year as follows:

	Share capital	Restricted reserves	Un-restricted equity	Total
In accordance with balance sheet for preceding year approved at the beginning of the year	3,875	9,327	6,551	19,753
Effect of changed accounting principles				
–Pensions			–278	–278
–Leasing contracts			–873	–873
As of January 1, adjusted in accordance with the new accounting principles	3,875	9,327	5,400	18,602
Dividend to shareholders			–5,521	–5,521
Conversion, convertible loan	894	4,616	–249 ¹⁾	5,261
The year's translation differences, etc.			34	34
Net income for 1996			9,479	9,479
As of December 31	4,769	13,943	9,143	27,855

No allocations to restricted reserves are required. A portion of unrestricted shareholders' equity in foreign subsidiaries is subject to taxation in the event it is transferred to Sweden.

¹⁾ The undepreciated portion, expensed in the parent company, of the capital discount attributable to the debentures converted during the year.

Shareholders' equity in the parent company changed during the year as follows:

	Share capital	Restricted reserves	Un-restricted equity	Total
As of January 1	3,875	9,199	16,373	29,447
Dividend to shareholders			–5,521	–5,521
Conversion, convertible loan	894	4,616		5,510
Net income for 1996			9,153	9,153
As of December 31	4,769	13,815	20,005	38,589

NOTE 24 Assets pledged

	Group Pro forma		Parent Company		
	1996	1995	1995	1996	1995
Real estate mortgages	–	–	261	–	–
Chattel mortgages	2,147	2,051	2,051	–	–
Leasing equipment ¹⁾	2,889	3,016	191	–	–
Shares	151	–	–	–	–
Bank accounts	363	418	262	–	54
Receivables	61	61	60	–	–
Bonds and securities	6,435	2,456	2,456	–	–
Total	12,046	8,002	5,281	–	54

¹⁾ In addition to the pledged leasing equipment stated above, the balance sheet includes equipment entered in accordance with financial leasing agreements.

NOTE 25 Contingent liabilities

	Group Pro forma		Parent Company		
	1996	1995	1995	1996	1995
Discounted bills and contracts	–	–	232	–	–
Sureties for subsidiaries	–	–	–	1,659	7,356
Sureties with other companies ¹⁾	4,351	2,971	5,628	535	535
Guarantees	202	447	863	92	259
Capital value of pension liabilities	–	–	316	89	48
Other contingent liabilities	65	65	65	–	–
Total ^{1) 2)}	4,618	3,483	7,104	2,375	8,198

¹⁾ Of this amount, USD 540 m. (352) consists of guarantees in connection with aircraft sales. The guarantees cover Saab 340 and Saab 2000 aircraft.

²⁾ In addition to the above contingent liabilities, there are commitments for future investments of SEK 918 m. (534).

NOTE 26 Statement of changes in financial position

	Saab	Other operations	Total
Distribution			
Operating income	59	–1,054	–995
Net financial income and expenses	494	–262	232
Taxes	–42	–404	–446
Change in working capital			
Inventories	–1,099	158	–941
Current receivables	–253	–177	–430
Current liabilities	718	1,057	1,775
Advance payments from customers	1,157	7	1,164
	523	1,045	1,568
Net capital expenditures	–314	–247	–561

NOTE 27 Average number of employees and salaries, wages and other remuneration

Average number of employees	Pro forma		
Group	1996	1995	1995
Operations in Sweden			
Number of municipalities	20	16	52
Average number of employees	8,598	8,249	19,064
Operations outside Sweden			
Number of countries	11	10	37
Average number of employees	343	227	10,342
Average total number			
of employees	8,941	8,476	29,406
of whom men	7,206	6,894	25,253
of whom women	1,735	1,582	4,153

Parent Company

The only employee of the parent company during the year was the president. The subsidiary Patricia Trading AB provided the necessary administrative services.

A complete statutory specification is included in the Annual Report filed with the Swedish Patent and Registration Office.

Wages, salaries and other remuneration	Pro forma		
Group	1996	1995	1995
Operations in Sweden			
Boards of Directors, Presidents and Executive Vice Presidents ¹⁾	66	55	81
Other employees	2,214	2,037	4,467
Operations outside Sweden			
Boards of Directors, Presidents and Executive Vice Presidents	17	18	85
Other employees	136	89	2,208
Total wages, salaries and other remuneration	2,433	2,199	6,841

¹⁾ Of which reported in

Parent Company	19	17	17
Group companies	47	38	64

In 1996, the members of the Board of Directors received a total of SEK 11,000,000²⁾ (11,833,342), including benefits as specified below.

The chairman, Peter Wallenberg, received general Board fees of SEK 1,000,000 and a special fee of SEK 6,500,000 (7,650,000).

The two vice chairmen, Bo Berggren and Anders Scharp, each received compensation of SEK 875,000 (1,323,334). Anders Scharp also received director's fees of SEK 500,000 (875,000) from Group companies.

Director Erik Belfrage received compensation of SEK 500,000 (703,334), in addition to director's fees of SEK 200,000 (150,000) from Group companies.

Directors Percy Barnevik, Håkan Mogren, Mauritz Sahlin, Peter D. Sutherland and Tom Wachtmeister each received compensation of SEK 250,000 (166,668). (Mauritz Sahlin and Tom Wachtmeister also received director's fees of SEK 200,000 each from Group companies.)

Director Marcus Wallenberg is employed full-time by the Group and therefore received a salary. In addition, as a director of Group companies, he received fees of SEK 200,000 (350,000).

President Claes Dahlbäck received a salary of SEK 8,050,375 (5,040,633), including a bonus of SEK 4,000,000 (1,750,000) and housing and car allowances totaling SEK 279,690 (274,240).

Pension obligations for the president and other executives are settled in a pension plan based on the so-called BTP plan. This means that pension benefits are payable from the age of 65 and the plan includes additional survivor benefits. Pensions are based on 50–70% of pension-based salaries. In addition, the president has the right to retire with pension benefits no earlier than at the age of 55. Other executives have the right to retire with pension benefits no earlier than at the age of 60. Pension benefits until the ordinary retirement age of 65 are paid out at 70% of pension-based salaries at the time of retirement. The president does not have a special severance agreement or term of notice.

²⁾ In May 1996 the Annual Meeting decided on total compensation to the members of the Board of Directors of SEK 11,000,000 (11,000,000) for the period up to the following Annual Meeting, of which SEK 6,500,000 related to a special fee to Peter Wallenberg and SEK 4,500,000 related to fees to be distributed as determined by the Board.

Of this amount, SEK 7,333,342 was paid in 1996, while the remaining SEK 3,666,658 will be paid in 1997.

Auditors' Report

We have examined the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President for 1996. Our examination was carried out in accordance with generally accepted standards.

PARENT COMPANY

The Annual Report has been prepared in accordance with the Swedish Companies Act.

We recommend

that the income statement and balance sheet be adopted,
that the unappropriated earnings be dealt with as proposed in the
Administration report, and
that the Board of Directors and the President be discharged from liability
for 1996.

GROUP

The consolidated financial accounts have been prepared in accordance with the Swedish Companies Act.

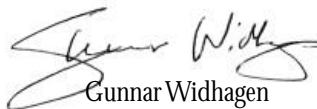
We recommend

that the consolidated income statement and the consolidated balance
sheet be adopted.

Stockholm, March 7, 1997



Caj Nackstad
Authorized Public Accountant



Gunnar Widhagen
Authorized Public Accountant

Definitions for ten-year summary

Portfolio yield, %	Dividend income as a ratio of the market value of the portfolio at year-end.
Turnover, %	Percentage of shares (listed Swedish) at the beginning of the year that did not remain at year-end calculated at market value at the beginning of the year.
Change in value of the portfolio, %	Increase in market value adjusted for net changes as a ratio of market value at the beginning of the year adjusted for net changes.
Total annual return on the portfolio, %	Increase in market value adjusted for net changes plus dividend income as a ratio of market value at the beginning of the year adjusted for net changes.
Surplus value of the portfolio	Difference between the portfolio's market value and book value.
Net worth	Shareholders' equity, convertible debenture loans and surplus values. (Comments regarding net worth are provided on page 22.)
Equity/assets ratio, %	Shareholders' equity including surplus values and convertible debenture loans as a ratio of total assets including surplus values.
Share of risk-bearing capital, %	Shareholders' equity including surplus values, the deferred tax liability, minority interests and convertible debenture loans as a ratio of total assets including surplus values less cash and short-term investments.
Yield, %	Ordinary dividend paid as a ratio of the share price at year-end.

board of directors



Peter Wallenberg

*Chairman
Elected 1969, born 1926.
Chairman of the Knut and Alice Wallenberg Foundation.
Honorary Chairman of Atlas Copco and STORA.
Director of the Board of the International Advisors of Swiss Bank Corporation and the GM European Advisory Council among others.
Shares in Investor: 544,318*



Håkan Mogren

*Elected 1990, born 1944.
President and CEO of Astra.
Chairman of the Industrial Institute for Economic and Social Research.
Vice Chairman of the Social and Economic Council. Director of Astra, Incentive, STORA, the Federation of Swedish Industries, the Swedish National Committee of the International Chamber of Commerce and the Carl Trygger Foundation among others.
Shares in Investor: 0*



Bo Berggren

*Vice Chairman
Elected 1987, born 1936.
Chairman of STORA, Astra, SAS (Swedish Chairman) and SAS Sverige.
Vice Chairman of S-E-Banken and the Federation of Swedish Industries.
Director of Danisco A/S, S-E-Banken, Ericsson, the Royal Institute of Technology, the J P Morgan International Advisory Council and the Robert Bosch Advisory Committee.
Shares in Investor: 3,500*



Mauritz Sahlin

*Elected 1990, born 1935.
Chairman of Novare Kapital, Ovako Steel and Elga.
Director of Scania, Sandvik, SKF, Statoil, the Federation of Swedish Industries and the Swedish Employers' Confederation.
Shares in Investor: 0*



Anders Scharp

*Vice Chairman
Elected 1988, born 1934.
Chairman of Atlas Copco, Electrolux, Incentive, Scania, Saab, SKF and the Swedish Employers' Confederation.
Director of Email Ltd (Australia) and the Federation of Swedish Industries, among others.
Shares in Investor: 3,896*



Peter D. Sutherland

*Elected 1995, born 1946.
Chairman and President of Goldman Sachs International.
Director of ABB AB, ABB Asea Brown Boveri Ltd, Allied Irish Banks plc., Delta Air Lines Inc., LM Ericsson Holdings and British Petroleum Company plc. among others.
Shares in Investor: 0*



Percy Barnevik

*Elected 1986, born 1941.
President and CEO of ABB.
Chairman of ABB Asea Brown Boveri Ltd, Sandvik and Skanska.
Director of E.I. Du Pont de Nemours (USA) and General Motors.
Shares in Investor: 0*



Tom Wachtmeister

*Elected 1991, born 1931.
Vice Chairman of Atlas Copco and the General Export Association of Sweden.
Director of Norsk Hydro (Norway), Scania, SAS Sverige and STORA among others. Chairman of the Swedish Taxpayers' Association.
Shares in Investor: 24,700*



Erik Belfrage

*Elected 1991, born 1946.
Chairman of TV4, the Swedish Institute of Management and the Center for European Policy Studies (Brussels).
Director of Atlas Copco, Newsec, Saab, SAS, SAS Sverige and the International Council of Swedish Industry among others.
Shares in Investor: 970*



Marcus Wallenberg

*Executive Vice President
Elected 1990, born 1956.
Vice Chairman of Astra and Saab.
Director of Ericsson, Incentive, Scania, S-E-Banken, SAS Sverige and the Knut and Alice Wallenberg Foundation.
Shares in Investor: 253,903*



Claes Dahlbäck

*President
Elected 1983, born 1947.
Chairman of Vin & Sprit.
Director and President of ABB AB.
Director of ABB Asea Brown Boveri Ltd, Astra, Electrolux, Incentive and STORA.
Shares in Investor: 62,500
Stock options in Investor: 25,000*

Claes Dahlbäck

President since 1978, born 1947.
Shares in Investor: 62,500
Stock options in Investor: 25,000

Anders Rydin

Executive Vice President
Administration, Control and
Corporate Finance
since 1992, born 1945.
Shares in Investor: 32,467
Stock options in Investor: 25,000

Marcus Wallenberg

Executive Vice President
Business Development
since 1993, born 1956.
Shares in Investor: 253,903
Stock options in Investor: 0

Ulla Litzén

Senior Vice President
President, Investor Scandinavia AB,
since 1995, born 1956.
Shares in Investor: 3,450
Stock options in Investor: 7,000

Nils Ingvar Lundin

Senior Vice President
Corporate Communications and Marketing
since 1996, born 1945.
Shares in Investor: 2,000
Stock options in Investor: 0

Thomas Nilsson

Senior Vice President
President Investor UK Ltd,
since 1994, born 1948.
Shares in Investor: 1,800
Stock options in Investor: 0

Sven Nyman

Senior Vice President
President Investor International (U.S.), Inc.,
since 1995, born 1959.
Shares in Investor: 3,200
Stock options in Investor: 0

Claes von Post

Senior Vice President
President Investor Asia Ltd,
since 1994, born 1941.
Shares in Investor: 1,623
Stock options in Investor: 0



Thomas Nilsson, Ulla Litzén and Claes von Post



Marcus Wallenberg and Claes Dahlbäck



Sven Nyman, Anders Rydin and Nils Ingvar Lundin

AUDITORS

Caj Nackstad

Auditor since 1985, born 1945.
Authorized Public Accountant,
KPMG Bohlins AB.

Gunnar Widhagen

Auditor since 1993, born 1938.
Authorized Public Accountant,
Ernst & Young AB.

DEPUTIES

Thomas Thiel

Auditor since 1993, born 1947.
Authorized Public Accountant,
KPMG Bohlins AB.

Björn Fernström

Auditor since 1993, born 1950.
Authorized Public Accountant,
Ernst & Young AB.

ANNUAL MEETING

The Annual Meeting will be held at 6:00 p.m. on Monday, April 14, 1997 at Kungliga Tennishallen (the Royal Tennis Hall), Lidingövägen 75, Stockholm.

PARTICIPATION

To be entitled to participate in the business of the Meeting, shareholders must

be recorded in the register of shareholders maintained by Värdepapperscentralen VPC AB (the Swedish Securities Register Center) no later than Friday, April 4, 1997, and

notify the Company of their intention to attend in writing to Investor AB, S-103 32 Stockholm, Sweden, or phoning +46-8-611 29 10 no later than 1:00 p.m. on Wednesday, April, 9, 1997.

NOMINEE-REGISTERED SHARES

To exercise the right to vote at the Annual Meeting, shareholders whose shares are registered in the name of a nominee through the trust department of a bank or a private stockbroker must have their shares temporarily re-registered in their own names with VPC. Shareholders who wish to re-register their shares must notify their nominees well in advance of April 4, 1997.

DIVIDEND

April 17, 1997 has been proposed as the record date. If the proposal is approved by the Annual Meeting, the dividend is expected to be distributed by VPC Thursday, April 24, 1997.

INFORMATION DATES

Annual Meeting	April 14, 1997
First quarter interim report	April 29, 1997
Second quarter interim report	August 7, 1997
Third quarter interim report	October 30, 1997
Year-end report 1997	February 19, 1998

INFORMATION CHANNELS

Publications

In addition to the Annual Report the following information material can be ordered from Investor:

- Annual Review 1996
- Quarterly interim reports
- Investor on CD-ROM
(available in May/June 1997)

These publications can be ordered by writing Investor AB, S-103 32 Stockholm, Sweden, or by phoning +46-8-449 88 29, faxing +46-8-449 88 10 or by E-mail at info@investor.se.

Shareholder Service

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Investor Relations

Per Spångberg: +46-8-614 20 00.

Internet

Our home page, on the Internet can be accessed at <http://www.investor.se>. In 1995 Investor also established an interactive media program for shareholder information called Investor Dialogen.

ANALYSES OF INVESTOR DURING 1996

Alfred Berg, AROS, Banque Paribas, Carnegie, Creditanstalt Investment Bank, Den Danske Bank, Goldman Sachs, Swedbank, Öhman.

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