



INTERIM REPORT

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

2003

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Net sales were SEK 960.2 million (988.5).

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The loss after financial items was SEK –27.0 million (–35.6).

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Earnings per share after full income tax totaled SEK –2.09 (–2.57).

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The cash flow after investments was SEK –22.9 million (58.4).

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Third quarter operating earnings amounted to SEK –0.4 million (1.4).

Gradual improvement during the year

Market trends

While demand was stable in the third quarter of 2003, economic trends remained instable. After declining in the first quarter, demand was flat in the second and third quarters. The opinion is that the production volumes of customers are no longer decreasing.

The generally main source of uncertainty from now on will be the weak U.S. dollar and the decline in Swedish production volumes that may ensue.

Following a slow first quarter, the telecom infrastructure business unit faced somewhat improved prospects. Demand remained at a low, but relatively uniform, level during both the second and third quarter. Somewhat increased activity was noted in the segment. However, telecom infrastructure was still subject to significant price pressure.

In a generally cautious market, the IT/Mechatronics business unit was characterized by large differences among various areas and businesses. Some areas exhibited an altered and somewhat more forward-looking climate. The trend appeared to stem from the fact that companies were no longer cutting back on their production volumes.

Following an across-the-board decline, the market for the medical equipment business unit was cautious. In addition, a number of PartnerTech's customers were affected by the limited access to venture capital.

Net sales, earnings and profitability

Net sales were SEK 960.2 million (988.5) for the first nine months of 2003. That represents a decrease of 3% from the same period of 2002. Net sales rose by 3% to SEK 307.6 million (299.7) from the third quarter of 2002 to the third quarter of 2003.

Net sales by business unit

(SEK million)	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec	2003/02 Jul-Sep	2003/02 Jan-Sep
Telecom infrastructure	42.8	60.1	120.7	227.7	280.6	71.2%	53.0%
IT/mechatronics	232.1	178.3	708.5	586.6	820.6	130.2%	120.8%
Medical equipment	32.7	61.3	131.0	174.0	238.0	53.3%	75.3%
Total	307.6	299.7	960.2	988.5	1 339.2	102.6%	97.1%

Net sales for comparable units declined by SEK 124.3 million, or 13%, from the first nine months of 2002 to the first nine months of 2003.

The decrease from the third quarter of 2002 to the third quarter of 2003 was SEK 20.1 million, or 7%.

Group's performance per quarter

(SEK million)	Q3 2001	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003
Net sales	211.6	315.6	334.2	354.6	299.7	350.7	320.2	332.4	307.6
Operating profit/loss*	-11.3	0.5	-21.1	-7.7	1.4	-4.3	-12.9	-6.2	-0.4
Operating margin*	-5.3%	0.2%	-6.3%	-2.2%	0.5%	-1.2%	-4.0%	-1.9%	-0.1%

* Excluding items affecting comparability (SEK 6.8 million for Q4 2001 and SEK -50.4 million for Q4 2002)

Operating earnings for the first nine months of 2003 were SEK -19.5 million (-27.4), up SEK 7.9 million from the same period of 2002. The loss, most of which was attributable to the first quarter, was chiefly due to organic volume reductions early in the year.

Third quarter operating earnings were SEK -0.4 million (1.4). That represents an ongoing improvement from the first two quarters. The increase was due to the fact that volumes were no longer being reduced, along with impact of the action programs that the group had carried out or that are currently under way.

Net interest income for the first nine months of 2003 was SEK -7.6 million (-8.2).

The loss after financial items for the same period was SEK -27.0 million (-35.6).

Financial position and liquidity

Excluding PartnerTech's acquisition of the mechanics unit in Karlskoga, operating capital declined by SEK 103.8 million. Including the acquisition, the decrease from the same period of 2002 was SEK 91.4 million. Operating capital improved late in the second quarter and during the third quarter as a result of work having begun on previous orders and the third quarter's normal seasonal increase.

Operating capital at the end of September totaled SEK 485.3 million (576.7), SEK 12.4 million of which stemmed from the acquisition of the Karlskoga mechanics unit.

Working capital amounted to SEK 264.9 million (277.4) on September 30. That represents an increase of SEK 18.4 million since the beginning of the year.

Net investment for the period was SEK 30.4 million (4.3), SEK 3.3 million (1.7) of which was attributable to the third quarter. The acquisition of the mechanics unit in Karlskoga contributed SEK 20.7 million to the figure.

Cash flow after investments was SEK –22.9 million (58.4) for the first nine months. Excluding the acquisition, cash flow after investments amounted to SEK –10.5 million.

The negative cash flow after investments of SEK –7.2 million (–3.0) in the third quarter resulted primarily from an increase in new orders and the seasonal accumulation of working capital.

Net borrowing, i.e. interest-bearing liabilities less cash and equivalents, was SEK 192.8 million (196.1) at the end of September. That constitutes an increase of SEK 28.6 million since the beginning of the year.

Shareholders' equity came to SEK 292.5 million (380.6) on September 30.

The equity/assets ratio was 36.2% (41.9) at the end of the period.

Personnel.

The number of full-time employees averaged 1,135 (1,091) for the first nine months. The acquisition of the mechanics unit in Karlskoga increased the figure by 127.

The group had 1,152 (1,102) full-time employees at the end of the period.

Accounting principles

The same accounting policies have been applied as in the most recent annual report, with the exception of Swedish Financial Accounting Standards Council Recommendation 22, for which the portion of overdraft facilities previously posted to long-term liabilities is now included under short-term liabilities.

Important developments during the period

PartnerTech took over the Saab Bofors Dynamics machining center in Karlskoga on January 1. With some 125 employees, the acquired unit generated annual sales of approximately SEK 150 million. The takeover coincided with the consolidation of PartnerTech's Karlskoga and Storfors units at the one Karlskoga location. As a result, PartnerTech's mechanics center in Karlskoga now employs more than 200 people and is one of Sweden's largest, most advanced operations in its field.

A number of key contracts and collaboration agreements strengthened PartnerTech's market position during the period. In February, Axis Communications chose PartnerTech as its exclusive contract manufacturer in Sweden. The collaborative arrangement will add approximately SEK 40 million to PartnerTech's annual sales.

Telecom supplier LGP/Allgon Microwave decided in June to outsource the manufacture of electronic components for six of its radio link system products to



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PartnerTech. The assignment is expected to bolster PartnerTech's annual sales by approximately SEK 40 million.

In September Hypercom Financial AB decided to work with PartnerTech on its biggest global product development project yet. The assignment involves a terminal for secure electronic payment. The Hypercom group will market the product worldwide. The deal, which covers both development and production, will increase PartnerTech's annual sales by an estimated SEK 80-100 million.

In October, PartnerTech signed an agreement with EssNet, a manufacturer of gaming systems. The agreement involves the production and distribution of PC-based gaming terminals. Three orders with an approximate total value of SEK 65 million make up the agreement. Initial delivery will begin in 2003.

Upcoming financial reports

The Preliminary Earnings Report for full-year 2003 will be released on February 11, 2004.

The January-March 2004 interim report will be released on April 22, the January-June interim report on July 15 and the January-September interim report on October 21.

The Annual General Meeting will be held on April 22, 2004.

PartnerTech AB, October 20, 2003
Mikael Jonson
CEO

For additional information, please call Mikael Jonson, CEO, at +46 70 678 10 01, or Jonas Arkestad, CFO, at +46 40 10 26 42.

The company's auditors have not examined this interim report.

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Consolidated Income Statement (SEK million)	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
Net sales	307.6	299.7	960.2	988.5	1,339.2
Cost of goods and services sold	-290.9	-279.7	-922.7	-955.0	-1,289.3
Gross profit/loss	16.7	20.0	37.5	33.5	50.0
Selling expenses	-10.1	-8.7	-36.2	-32.9	-43.0
Administrative expenses	-5.8	-8.5	-18.1	-26.0	-38.8
Items affecting comparability	-	-	-	-	-50.4
Other operating revenue	1.2	0.8	5.7	7.0	9.0
Other operating expenses	-2.3	-2.1	-8.3	-9.0	-9.0
Operating profit/loss	-0.4	1.4	-19.5	-27.4	-82.1
Net financial items	-3.2	-2.9	-7.6	-8.2	-11.1
Profit/loss after financial items	-3.5	-1.4	-27.0	-35.6	-93.2
Taxes	-0.4	0.6	3.2	6.3	8.8
Profit/loss for the period	-3.9	-0.8	-23.8	-29.3	-84.4
Consolidated Balance Sheet (SEK million)	2003 Sep 30	2002 Sep 30	2002 Dec 31		
Assets					
Intangible fixed assets	75.6	141.1	80.6		
Tangible assets	175.8	186.3	185.2		
Financial assets	12.3	22.8	11.2		
Total fixed assets	263.7	350.2	277.0		
Current assets					
– Inventories	278.1	285.1	237.9		
– Accounts receivable	223.8	223.3	190.5		
– Other current assets	29.1	44.3	24.2		
– Cash and equivalents	13.8	8.5	34.7		
Total current assets	544.7	561.1	487.3		
Total assets	808.4	911.3	764.3		
Liabilities and shareholders' equity					
Shareholders' equity	292.5	380.6	322.0		
Provisions	43.3	50.9	37.4		
Long-term interest-bearing liabilities	136.8	170.3	151.7		
Current interest-bearing liabilities	69.7	34.4	47.1		
Total interest-bearing liabilities	206.6	204.7	198.8		
Accounts payable	146.0	166.5	112.5		
Other current non-interest-bearing liabilities	120.1	108.7	93.6		
Total non-interest-bearing liabilities	266.1	275.2	206.1		
Total liabilities and shareholders' equity	808.4	911.3	764.3		

Cash-flow Statement, Group (SEK million)	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
Net profit/loss	-3.9	-0.9	-23.8	-29.3	-84.4
Reversal of depreciation/amortization	16.5	10.9	43.8	44.9	101.6
Capital gain/loss	0.3	0.3	-0.1	0.1	2.6
Change in deferred tax liability	0.4	-3.8	3.5	-10.0	-3.9
Change in working capital	-17.1	-7.9	-16.0	57.1	77.4
Net investments	-3.3	-1.7	-30.4	-4.3	1.0
Cash flow after investments	-7.2	-3.0	-22.9	58.4	-94.2
Change in loans	12.9	-3.8	7.7	-56.7	-62.5
Dividend	-	-	-	-	-
Translation differences	-1.8	4.3	-5.7	-1.7	-5.6
Issues of new shares/option premiums	-	-	-	-	-
Change in cash and equivalents	4.0	-2.5	-20.9	-0.1	26.1

Key Ratios	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
Gross margin, %	5.4	6.7	3.9	3.4	3.7
Operating margin % (excl. items affecting comparability)	-0.1	0.5	-2.0	-2.8	-3.8
Operating margin, %	-0.1	0.5	-2.0	-2.8	-6.1
Profit margin, % (excl. items affecting comparability)	-1.1	-0.5	-2.8	-3.6	-4.2
Profit margin, %	-1.1	-0.5	-2.8	-3.6	-7.0
Return on operating capital (ROOC), %	-0.3	0.9	-5.4	-6.1	-14.1
Return on shareholders' equity, %	-5.2	-0.8	-10.5	-10.0	-22.2
Equity/assets, %	36.2	41.9	36.2	41.9	42.1

*The profitability ratios are calculated based on the average of each quarter's balances

Per Share Data	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
No. of shares at end of period, '000s	11,423	11,423	11,423	11,423	11,423
Profit/loss after full income tax, SEK (excl. items affecting comparability)	-0.34	-0.07	-2.09	-2.57	-8.34
Profit/loss after full income tax, SEK	-0.34	-0.07	-2.09	-2.57	-10.65
Shareholders' equity, SEK	25.61	33.32	25.61	33.32	27.29

Change in shareholders' equity for the Group	2003 Jul-Sep	2002 Jul-Sep	2003 Jan-Sep	2002 Jan-Sep	2002 Jan-Dec
Opening balance	298.2	382.1	322.0	416.6	416.6
Profit/loss for the period	-3.9	-0.9	-23.8	-29.3	-84.4
Translation differences	-1.8	-0.6	-5.7	-6.7	-10.2
Closing balance	292.5	380.6	292.5	380.6	322.0