

# **SKANDITEK**

Industriförvaltning AB (publ)

## Interim Report January – September 2003

- Pretax loss amounted to SEK 10.9 m (loss: 66.5)
- Loss per share totaled SEK 0.19 (loss: 1.15)
- Earnings include charge of SEK 15.4 m for goodwill amortization (35.4)

## **This is Skanditek**

Skanditek is an industrial holding company with investments in Swedish companies. The Company's business concept is to be an active, long-term owner. As a result, Skanditek is able to contribute to the development of its portfolio companies by providing industrial and financial expertise at Board and management level.

The portfolio companies are active in the electronics, information technology, biotechnology and service sectors. Investments are mainly made at a relatively early stage of the target companies' development, since this is when Skanditek can contribute business-development experience aimed at high growth, research and development and internationalization.

## **Investment operations**

During the third quarter, Skanditek participated in a new share issue in CMA Microdialysis. Skanditek's share of the issue amount totaled SEK 14.6 m. The ownership interest following the issue is 64 percent.

Investments in portfolio companies during the period amounted to SEK 23.3 m (16.5).

The result of divestments of portfolio companies during the period was SEK 0 m.

The Group's net investments in tangible fixed assets amounted to SEK 0.7 m (0.7).

## **Net sales and earnings**

Consolidated net sales totaled SEK 350.1 m (359.4).

The Group reported a pretax loss of SEK 9.0 m (loss: 76.6). Profit was charged with goodwill amortization and the reversal of negative goodwill in a net amount of SEK 15.4 m (35.4). Group companies accounted for SEK 14.5 m (14.5) and associated companies for SEK 0.9 m (20.9) of the amortization total. The latter amount is included in

"Shares in earnings of associated companies before tax." Skanditek's principle is to amortize goodwill over five years.

The consolidated net loss amounted to SEK 10.9 m (loss: 66.5), resulting in a loss per share of SEK 0.19 (loss: 1.15).

Since Skanditek has the character of an industrial holding company, analyses of the financial statements should be conducted with caution. Skanditek's composition in terms of Group and associated companies varies over time in line with changes in Skanditek's ownership interests in the portfolio companies.

## **Financial position**

At the end of the period, the Group's liquid funds totaled SEK 48.5 m (57.6). In addition, there were short-term investments in equity funds and publicly traded shares with a market value of SEK 19.7 m (35.9). There were no interest-bearing liabilities (0).

Liquid funds available for investment activities (excluding portfolio companies within the Group) amounted to SEK 27.3 m (35.7) and short-term investments to SEK 19.7 m (35.9). There were no interest-bearing liabilities (0).

The equity/assets ratio in the Group was 63 percent (70).

Shareholders' equity corresponded to SEK 7.50 (10.21) per share.

## **Listed portfolio companies**

At the end of the period, the market value of the Group's shareholdings in listed portfolio companies was SEK 484.2 m, corresponding to SEK 8.34 per share. On October 22, 2003, the corresponding values were SEK 527.0 m and SEK 9.08 per share, respectively.

The book value of the corresponding holdings at September 30 was SEK 254.2 m, or SEK 4.38 per share.

### Sales and earnings in major portfolio companies

Amounts in SEK millions	January – September 2003			January – September 2002		
	Net sales	Operating profit/loss	Operating margin	Net sales	Operating profit/loss	Operating margin
Axis	460.2	-2.9	-0.6	502.2	30.0	6.0
CMA Microdialysis	37.5	-16.8	-44.8	46.7	-5.6	-11.9
LGP Allgon Holding	1 421.2	-152.3	-10.7	965.9	-1.3	-0.1
MYDATA automation	312.4	-11.4	-3.7	312.7	-27.1	-8.7
PartnerTech	960.2	-19.5	-2.0	988.5	-27.4	-2.8
Vitrolife	72.3	38.8	53.7	85.5	-12.2	-14.3

### Performance of portfolio companies

Skanditek's share of the portfolio companies' net sales, calculated as the ownership interest multiplied by the individual companies' net sales during the period when the companies were owned by Skanditek, amounted to SEK 752.0 m (764.7).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a loss of SEK 13.1 m (loss: 25.6).

**Axis's** net sales amounted to SEK 460.2 m (502.2). Currency movements had a negative impact of SEK 57.0 m on sales during the period. Continued healthy growth was noted in the video product area, with sales rising by 17 percent compared with the year-earlier period. Growth in local currency is substantially greater. Video accounts for 57 percent of the company's total sales, making Axis's largest product area. Operating loss for the period amounted to SEK 2.9 m (profit: 30.0). Currency movements had a positive effect of SEK 3.0 m on operating profit. Cash flow from current operations was negative in an amount of SEK 24.7 m (pos: 8.1).

**CMA Microdialysis'** net sales amounted to SEK 37.5 m (46.7). Approximately 35 percent of sales are in USD, which had a negative impact on net sales. An operating loss of SEK 16.8 m (loss: 5.6) was reported for the period. The weaker operating result was due to the decline in the value of the USD, increased development costs. In current quarter a new Clinical analyzer has been launched. Development cost regarding this new product has affected the result of the period with SEK 8.0 m.

**LPG Allgon's** net sales amounted to SEK 1,421.2 m (965.9) and its operating loss totaled SEK 152.3 m (loss: 1.3). Operating earnings includes items affecting comparability in a negative amount of SEK 122.2 m, which are largely attributable to the

acquisition of Allgon (0). Allgon is consolidated as of the second quarter in the income statement. The integration of LPG and Allgon is proceeding according to plan and the costs savings of SEK 75 m announced earlier will be achieved.

From the basis of a very weak market for products in the area of infrastructure for wireless telecom, a certain amount of recovery is noticeable. The gross margin improved during the third quarter as a result of higher capacity utilization.

**MYDATA Automation's** net sales during the period amounted to SEK 312.4 m (312.7). An operating loss of SEK 11.4 m (loss: 27.1) was reported. The market for equipment for the electronics industry improved somewhat during the third quarter. MYDATA's order bookings increased during the third quarter compared with the first two quarters of the year and the year-earlier period.

Research and development expenditures corresponded to 20 percent of sales (19). The percentage increase is attributable to the increased development costs. Research and development during the period was charged against earnings in an amount of SEK 62.2 m (58.9).

**PartnerTech's** net sales during the period amounted to SEK 960.2 m (988.5). For comparable units, total volume decreased by 13 percent. The volume decrease in the Telecom/Infrastructure business area noted earlier in the year, leveled out. An operating loss of SEK 19.5 m (loss: 27.4) was reported. During the third quarter, the operating earnings improved compared with the first two quarters of 2003. This is attributable to a slowdown in volume reduction and savings programs implemented. Cash flow from current operations amounted to SEK 7.5 m (62.7). A contract was signed with Hypercom Financial during the third quarter, a transaction estimated to be valued at SEK

80-100 m annually. Market demand in the third quarter was low and on a relatively steady level.

**Vitrolife's** net sales amounted to SEK 72.3 m (85.5). Sales in 2002 included the Biosupportive System business area, which was divested in July 2002. Sales within core operations rose by 27 percent, despite the weakening of the USD, amounting to SEK 72.3 m (57.0). Operating profit totaled SEK 38.8 m (loss: 12.2). The operating profit includes a capital gain from the divestment of A-Life Ltd and A-Life Inc., amounting to SEK 42.3 m. During the period Vitrolife's gross margin improved to 64 percent (52), as a result of more effective production technology and increased net sales.

The savings and restructuring program implemented around year-end, with a focus on core operations (fertility and transplantation systems) was completed according to plan. Cash flow from current operations was SEK 39.7 m (neg: 16.6).

### Parent Company

The Parent Company's net sales during the period amounted to SEK 0.1 m (0). A pretax loss of SEK 2.1 m (loss: 2.9) was reported. Earnings include a capital gain from the divestment of a short-term investment. The Parent Company's investments in portfolio companies totaled SEK 21.8 m (13.1). There were no investments in tangible fixed assets during the period (0.0).

Liquid funds at the end of the period totaled SEK 4.3 m (beginning of the year: 4.8). In addition, the Parent Company had short-term investments in equity funds and publicly traded shares with a market value of SEK 11.5 m (beginning of the year: 19.0). There were no interest-bearing liabilities (0).

The equity/assets ratio was 96 percent (98).

### Employees

The number of persons employed by the Group was 350 (356) at the end of the period. The Parent Company has six (7) employees, corresponding to the administrative organization.

### Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's RR20 recommendation on Interim Reporting. The accounting and calculation principles used in the most recent annual report, plus the Financial Accounting Standards Council's recommendations that became effective on January 1, 2003, have been applied in this interim report.

### Information

This interim report has not been examined specifically by the Company's auditors.

### Forthcoming financial reports

The scheduled publication dates for forthcoming interim reports are as follows:

Year-end report: February 17, 2004  
Annual General Meeting: March 24, 2004

Interim reports and press releases are published in Swedish and English and are available on the Company's website, [www.skanditek.se](http://www.skanditek.se).

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<b>Group income statements</b>	<b>9 months 2003</b>	<b>9 months 2002</b>	<b>3 months 2003</b>	<b>3 months 2002</b>	<b>12 months 2002</b>
Amounts in SEK thousands	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>Apr-June</b>	<b>Apr-June</b>	<b>Jan-Dec</b>
Net sales	350 068	359 359	115 109	97 200	508 530
Cost of goods sold	-226 445	-225 746	-74 731	-70 858	-318 483
<b>Gross profit</b>	<b>123 623</b>	<b>133 613</b>	<b>40 378</b>	<b>26 342</b>	<b>190 047</b>
Shares in earnings of associated companies before tax	13 884	-37 784	19 785	-11 253	-168 851
Result from participations in other portfolio companies	2 031		0	0	-10 030
Sales expenses	-70 653	-79 322	-20 487	-23 912	-109 268
Administrative expenses	-34 609	-33 816	-10 898	-10 462	-45 630
Research and development costs	-71 071	-60 645	-17 461	-17 062	-83 551
Other operating revenues and operating expenses	20 606	2 693	6 158	9 462	7 102
Amortization of goodwill	-16 317	-16 317	-5 438	-5 438	-21 756
Reversal of negative goodwill	1 833	1 833	611	611	2 444
<b>Operating profit/loss</b>	<b>-30 673</b>	<b>-89 745</b>	<b>12 648</b>	<b>-31 712</b>	<b>-239 493</b>
<i>Result from financial investments</i>					
Other interest income and similar profit/loss items	14 069	6 387	1 908	-549	9 123
Interest expenses and similar profit/loss items	-2 836	-9 112	-672	-1 491	-7 718
<b>Loss after financial items</b>	<b>-19 440</b>	<b>-92 470</b>	<b>13 884</b>	<b>-33 752</b>	<b>-238 088</b>
Minority interests in profit	10 471	15 846	619	6 672	18 418
<b>Loss before tax</b>	<b>-8 969</b>	<b>-76 624</b>	<b>14 503</b>	<b>-27 080</b>	<b>-219 670</b>
Current tax	-2 945	-408	-2 945	-106	-33
Deferred tax	2 388	8 656	-1 557	3 276	5 311
Shares in tax of associated companies	-1 386	1 889	-1 454	1 195	1 697
<b>Net loss for the period</b>	<b>-10 912</b>	<b>-66 487</b>	<b>8 547</b>	<b>-22 715</b>	<b>-212 695</b>
Earnings per share after tax, SEK	-0,19	-1,15	0,15	-0,39	-3,66
Number of shares at the end of the period, thousands <sup>1)</sup>	58 040	58 040	58 040	58 040	58 040
Average number of shares, thousands	58 040	58 040	58 040	58 040	58 040

<sup>1)</sup>There are no issued financial instruments that could cause dilution of the number of shares

<b>Consolidated cash-flow statements</b>	<b>9 months 2003</b>	<b>9 months 2002</b>	<b>3 months 2003</b>	<b>3 months 2002</b>	<b>12 months 2002</b>
Amounts in SEK thousands	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>July-Sept</b>	<b>July-Sept</b>	<b>Jan-Dec</b>
Cash flow from ongoing activities before changes in operating capital.	-6 419	-41 453	7 847	-15 643	-49 475
Change in operating capital	15 020	20 874	19 079	4 557	34 405
Cash flow from operating activities	8 601	-20 579	26 926	-11 086	-15 070
Cash flow from investment activities	-23 202	-17 470	-14 855	-82	-18 688
Cash flow from financial activities	2 306	-6 376	714	-1 888	-7 476
<b>Cash flow for the period</b>	<b>-12 295</b>	<b>-44 425</b>	<b>12 785</b>	<b>-13 056</b>	<b>-41 234</b>
Liquid funds at start of period	60 790	102 024	35 710	70 655	102 024
<b>Liquid funds at end of period</b>	<b>48 495</b>	<b>57 599</b>	<b>48 495</b>	<b>57 599</b>	<b>60 790</b>

<b>Consolidated balance sheet</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
Amounts in SEK thousands	<b>30 Sept</b>	<b>30 Sept</b>	<b>31 Dec</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	33 441	32 266	31 401
Tangible assets	7 567	11 488	10 424
Financial assets	336 070	469 759	325 696
<b>Total fixed assets</b>	<b>377 078</b>	<b>513 513</b>	<b>367 521</b>
<b>Current assets</b>			
Inventories, etc.	96 115	96 888	95 847
Current receivables	153 320	145 970	154 051
Investments	13 389	28 055	29 127
Cash and bank balances	48 495	57 599	60 790
<b>Total current assets</b>	<b>311 319</b>	<b>328 512</b>	<b>339 815</b>
<b>TOTAL ASSETS</b>	<b>688 397</b>	<b>842 025</b>	<b>707 336</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>435 559</b>	<b>592 127</b>	<b>442 715</b>
<b>Minority interests</b>	<b>136 814</b>	<b>145 442</b>	<b>142 503</b>
<b>Provisions</b>	<b>18 153</b>	<b>20 780</b>	<b>17 978</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities			-
Non-interest-bearing liabilities	550	561	550
<b>Total long-term liabilities</b>	<b>550</b>	<b>561</b>	<b>550</b>
<b>Current liabilities</b>			
Interest-bearing liabilities			-
Non-interest-bearing liabilities	97 321	83 115	103 590
<b>Total current liabilities</b>	<b>97 321</b>	<b>83 115</b>	<b>103 590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>688 397</b>	<b>842 025</b>	<b>707 336</b>

<b>Change in Group equity</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
Amounts in SEK thousands	<b>30 sept</b>	<b>30 sept</b>	<b>31 dec</b>
<b>Opening balance</b>	<b>442 715</b>	<b>675 058</b>	<b>675 058</b>
Dividend to shareholders	-	-11 608	-11 608
Translation differences	3 756	-4 836	-8 040
Net loss for the period	-10 912	-66 487	-212 695
<b>Closing balance</b>	<b>435 559</b>	<b>592 127</b>	<b>442 715</b>

<b>Net sales per company</b>	<b>9 months</b>	<b>9 months</b>	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>
Amounts in SEK thousands	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
	<b>Jan-Sept</b>	<b>Jan-Sept</b>	<b>July-Sept</b>	<b>July-Sept</b>	<b>Jan-Dec</b>
Skanditek Industriförvaltning	135	-	135	-	-
CMA Microdialysis AB	37 521	46 703	11 924	13 259	61 319
MYDATA automation AB	312 412	312 656	103 093	83 941	447 211
<b>Group total</b>	<b>350 068</b>	<b>359 359</b>	<b>115 152</b>	<b>97 200</b>	<b>508 530</b>

### Operating profit/loss per company

Skanditek Industriförvaltning AB	-7 367	-10 170	-2 377	-11 361	-224 547
CMA Microdialysis AB	-16 836	-5 554	-6 497	-3 054	-10 623
MYDATA automation AB	-11 437	-27 061	3 559	-14 565	-26 373
Other Group companies <sup>1)</sup>	2 413	-51	-716	-5 959	-160
Earnings from shares in associated companies	12 736	-16 975	18 008	-4 370	-74 738
Earnings from shares in associated companies, goodwill	-942	-20 894	-313	-6 968	-94 113 <sup>2)</sup>
Participation in earnings of associated companies, new share issue	2 090	-	2 090	-	-
Goodwill in Group companies, net	-14 484	-14 484	-4 828	-4 827	-19 312
Group eliminations	3 154	5 444	3 722	19 392	210 373
<b>Group total</b>	<b>-30 673</b>	<b>-89 745</b>	<b>12 648</b>	<b>-31 712</b>	<b>-239 493</b>

<sup>1)</sup> Refers to companies that conduct portfolio management and securities trading activities and principally consists of dividends and capital gains/losses..

<sup>2)</sup> Write-down of goodwill attributable to PartnerTech, totaling SEK 66,234,000 is included in the amount.

<b>Key data, quarterly follow-up</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>
Market capitalization, SEK m	917	525	459	598	534	987	1 225
Share price at close of period, SEK	15,80	9,05	7,90	10,30	9,20	17,00	21,10
Market capitalization on listed holdings per share, SEK	8,34	6,37	5,76	7,77	6,29	9,55	15,27
Shareholders' equity per share, SEK	7,50	7,21	7,90	7,63	10,20	10,57	11,21
Invested capital, SEK m <sup>1</sup>	541	526	524	532	530	528	517
Invested capital per share, SEK	9,33	9,06	9,03	9,17	9,14	9,10	8,91
Administrative costs, SEK m <sup>2</sup>	10,8	11,8	13,2	13,6	14,4	13,9	14,6
Administrative costs/market capitalization, % <sup>2</sup>	1,2	2,2	2,9	2,3	2,7	1,4	1,2
Equity/assets ratio, Group %	63	65	63	63	71	70	71

<sup>1)</sup> Invested capital from the first investment regardless of book value on share transfers.

<sup>2)</sup> Administrative costs calculated over rolling 12-month period.

## Skanditek's portfolio companies

Skanditek's portfolio companies and holding shown as the percentage share of capital held on October 23, 2003 (excluding options and convertibles).

COMPANY	NATURE OF BUSINESS	HOLDING <sup>1)</sup>
<b>IT and Telecom</b>		
Axis AB <sup>2)</sup>	Network products and mobile Internet	14%
LGP Allgon Holding AB <sup>2)</sup>	Telecom products and advanced industrial components	6%
MYDATA automation AB	Advanced machinery for surface mounting of electronic components	39%
<b>Electronics</b>		
PartnerTech AB <sup>2)</sup>	Systems supplier that develops and manufactures electronic products	40%
<b>Services</b>		
H Lundén Kapitalförvaltning AB	Asset management	14%
PBK Outsourcing AB	Turnkey solutions for management accounting	46%
Theeducation AB	Education via virtual classrooms on the Internet	29%
The Chimney Pot AB	Post-production and effects for film and video	41%
<b>Biotechnology</b>		
CMA Microdialysis AB	Medical devices	64%
InRo BioMedTek AB	Reagents for diagnostic and therapeutic purposes	33%
Vitrolife AB <sup>2)</sup>	High-quality nutritional solutions for storage of organs, etc.	35%

<sup>1)</sup> Holdings in Skanditek's subsidiary G Kallstrom & Co have been calculated to correspond to the percentage shareholding of 70 percent.

<sup>2)</sup> Axis, LGP Allgon Holding, PartnerTech and Vitrolife are listed on the Stockholm Exchange's "O" list.

### Skanditek Industriförvaltning AB (publ)

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