

# **SKANDITEK**

Industriförvaltning AB (publ)

## Year-end report January-December 2003

- Net loss of SEK 1.9 m reported (preceding year: loss of 212.7)
- The result per share was a loss of SEK 0.03 (loss: 3.66)
- Results include a charge of SEK 19.8 m (charge: 113.4) for good-will amortization
- Positive cash flow of SEK 28.9 m (negative: 41.2) during the year

### Skanditek's operations

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 fourth quarter, Skanditek participated in a supplementary investment in Aptilo Networks. Following this investment, which amounted to SEK 2.5 m, Skanditek's shareholding amounts to 19 percent.

Investments in portfolio companies during 2003 amounted to SEK 20.4 m (18.2).

During the fourth quarter, Skanditek sold 5.4 percent of its Vitrolife holding in order to bring the holding below 30 percent. The capital gain from the sale amounts to SEK 14.9 m. Following this divestment, Skanditek's shareholding in Vitrolife amounts to 29.9 percent.

Divestments of portfolio companies totaled SEK 21.9 m (0).

The Group's net investments in tangible fixed assets amounted to SEK 1.4 m (0.6).

### Net sales and earnings

Consolidated net sales totaled SEK 515.2 m (508.5).

A pretax profit of SEK 1.4 m (loss: 219.7) was reported. Profit was charged with goodwill amortization and the reversal of negative goodwill in a net amount of SEK 19.8 m (net charge: 113.4). Group companies accounted for SEK 19.3 m (19.3) and associated companies for SEK 0.5 m (94.1) 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 goodwill totaling SEK 97 m that arose from the KBB/Skandigen transaction in 1999 is now fully amortized.

The consolidated net loss amounted to SEK 1.9 m (loss: 212.7), corresponding to a loss per share of SEK 0.03 (loss: 3.66).

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 shares in the portfolio companies.

### Financial position

At the end of the year, the Group's liquid funds totaled SEK 89.7 m (60.8). In addition, there were short-term investments in mutual funds and publicly traded shares in an amount of SEK 14.5 m (36.5). There were no interest-bearing liabilities (0).

Liquid funds available for investment activities (excluding portfolio companies within the Group) amounted to SEK 36.2 m (29.4) and short-term investments to SEK 14.5 m (36.5). There were no interest-bearing liabilities (0).

The equity/assets ratio in the Group was 62 percent (63).

Shareholders' equity corresponded to SEK 7.44 (7.63) per share.

### Listed portfolio companies

At the end of the year, the market value of the Group's holdings in listed portfolio companies was SEK 616.9 m, corresponding to SEK 10.63 per share. On February 16, 2004, the corresponding values were SEK 755.2 m and SEK 13.01 per share, respectively.

The book value of the corresponding holdings at December 31 was SEK 254.2 m, or SEK 4.38 per share.

## Sales and earnings in major portfolio companies

Amounts in SEK millions	January – December 2003			January – December 2002		
	Net sales	Operating profit/loss	Operating margin, %	Net sales	Operating profit/loss	Operating margin, %
Axis	623.6	1.1	0.0	670.3	39.7	5.9
CMA Microdialysis	50.4	-21.9	-43.5	61.3	-10.6	-17.3
LGP Allgon Holding <sup>1</sup>	2 113.0	-111.9	-5.3	1 378.6	29.1	2.1
MYDATA automation	464.5	-0.2	0.0	447.2	-26.4	-5.9
PartnerTech	1 339.7	-18.7	-1.4	1 339.2	-82.4	-6.1
Vitrolife	96.3	41.9	43.5	103.3	-122.4	-118.5

1) The operating result includes negative items affecting comparability in an amount of SEK 136.8 m.

## Performance of portfolio companies

Skanditek's share of the portfolio companies' net sales, calculated as the ownership share multiplied by the individual companies' net sales during the part of the year when the companies were owned by Skanditek, amounted to SEK 1,052 m (1,049).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a loss of SEK 9 m (loss: 81).

**Axis's** net sales declined 7 percent to SEK 623.6 m (670.3). The sales trend was marked by the depreciation of the US dollar and a sluggish IT market. Despite negative exchange-rate effects, sales growth remained favorable in the Video product area, rising by 18 percent (22) compared with 2002. Sales growth in local currencies was much higher. Video accounts for 57 percent of the company's total sales and is thus Axis's largest product area. Operating profit for the year amounted to SEK 1.1 m (39.7). Cash flow from continuing operations was a negative SEK 1.8 m (pos: 6.8).

Net sales reported by **CMA Microdialysis** amounted to SEK 50.4 m (61.3). The fact that approximately 35 percent of sales are conducted in USD had an adverse impact on net sales. An operating loss of SEK 21.9 m (loss: 10.6) was reported for the year. The larger operating loss was due to the USD's depreciation and increased development costs. A new clinical analyzer was launched during the fourth quarter. Development costs of SEK 9.5 m for this product were charged against earnings during the year.

**LGP Allgon's** net sales for the year amounted to SEK 2,113.0 m (1,378.6) and an operating loss of SEK 111.9 m (profit: 29.1) was reported. The operating result includes negative items affecting comparability of SEK 136.8 m (0), which are largely

attributable to the acquisition of Allgon. Allgon is consolidated in the income statement as of the

second quarter. The costs savings facilitated by the merger of LGP and Allgon have gained their full impact. Demand for infrastructure products for wireless telecommunications increased during the fourth quarter.

In December, Powerwave Technologies Inc. of North America made a public offer regarding a strategic merger of LGP Allgon and Powerwave. The offer consists of a cash alternative and a share-based alternative, whereby 1.1 Powerwave shares are offered for each LGP Allgon share. In connection with the public offer, the Skanditek Group signed an option to purchase Powerwave shares, which will be exercisable in April 2004, assuming that the offer is accepted by LGP Allgon shareholders. If the option is exercised, the Skanditek Group will commit itself to the cash alternative based on a lockup period of six months.

**MYDATA automation's** net sales during the year amounted to SEK 464.5 m (447.2). The full-year operating loss of SEK 0.2 m (loss: 26.4) may be compared with the loss of SEK 15.0 m reported for the first half of the year. The market for equipment for the electronics industry improved slightly during the second half of the year. Mydata adapted swiftly to the increased demand, which contributed to the earnings upswing during the second half. Research and development costs corresponded to 18 percent (18) of Mydata's sales during the year, for which SEK 82.7 m (82.6) was charged against earnings.

**PartnerTech's** net sales during the year amounted to SEK 1,339.7 m (1,339.2). For comparable units, volume decreased by 9 percent. An operating loss of SEK 18.7 m (loss: 82.4) was reported. Cash flow from continuing operations amounted to SEK 4.7 m (93.2). Market conditions for contract manufacturing in Sweden changed during 2003. Several companies reduced their market presence and a number of smaller firms were eliminated completely. In

total, this has resulted in new market potential for PartnerTech. PartnerTech secured new customer assignments during the second half of the year, when it reversed an operating loss into a small profit.

**Vitrolife's** net sales amounted to SEK 96.3 m (103.3). Sales in 2002 included the Biosupportive System business area, which was divested in July 2002. Sales within core operations rose by 28 percent, despite the weakening of the USD, amounting to SEK 96.3 m (75.2). An operating profit of SEK 41.9 m (loss: 122.4) was reported. The operating profit includes a capital gain of SEK 42.3 m from the divestment of A-Life Ltd and A-Life Inc. During 2003, Vitrolife started to generate an operating profit during the second half the company, as a result of more effective production technology and increased net sales.

The savings and restructuring program announced around the end of 2002 and which entailed a focus on core operations (fertility and transplantation systems) was completed according to plan. Cash flow from continuing operations amounted to SEK 28.2 m (neg: 16.6).

#### Parent Company

The Parent Company's net sales amounted to SEK 0.2 m (0). A pretax profit of SEK 2.1 m (loss: 224.8) was reported. Earnings include a capital gain from the sale of a short-term investment and a capital gain from the sale of 5.4 percent of Vitrolife. The Parent Company's costs consist of expenses for management activities. The Parent Company's investments in portfolio companies totaled SEK 45.1 m (14.4). Investments include an intra-Group acquisition of the wholly owned subsidiary Skanditek AB's holding in LGP Allgon. The transaction was effected at market price and amounted to SEK 20.4 m. There were no investments in tangible fixed assets during the year (0).

Liquid funds at the end of 2003 totaled SEK 15.3 m (beginning of the year: 4.8). In addition, the Parent Company had short-term investments in mutual funds and publicly traded shares with a market value of SEK 7.8 m (beginning of the year: 19.0). There were no interest-bearing liabilities (0).

The equity/assets ratio was 93 percent (97).

#### Employees

The number of employees in the Group at the end of the year was 342 (368). The Parent Company has six (7) employees, who comprise the management 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 year-end report has not been reviewed by the Company's auditors.

#### Annual General Meeting

The Annual General Meeting will be held at 5 p.m. on April 15, 2004, at Svenska Läkaresällskapet, Klara Östra Kyrkogata 10, Stockholm. See the invitation in a national newspaper and in the Official Gazette.

#### Dividend

The Board of Directors proposes that no dividend be paid to shareholders for the 2003 fiscal year (0).

#### Forthcoming financial reports

The scheduled publication dates for interim reports during the 2004 fiscal year are as follows:

Interim report Q1:	April 29, 2004
Interim report Q2:	August 18, 2004
Interim report Q3:	October 25, 2004

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

Stockholm, February 17, 2004

SKANDITEK INDUSTRIFÖRVALTNING AB (publ)

The Board of Directors

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<b>Group income statements</b>	<b>12 mos 2003</b>	<b>12 mos 2002</b>	<b>3 mos 2003</b>	<b>3 mos 2002</b>
<b>Amounts in SEK thousands</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>
Net sales	515 184	508 530	165 116	149 171
Cost of goods sold	-334 591	-318 483	-108 146	-92 737
<b>Gross profit</b>	<b>180 593</b>	<b>190 047</b>	<b>56 970</b>	<b>56 434</b>
Shares in earnings of associated companies before tax	11 620	-168 851	-2 264	-131 067
Result from participations in associated companies	14 881	-	14 881	-
Result from participations in other portfolio companies	2 490	-10 030	459	-10 030
Sales expenses	-95 489	-109 268	-24 836	-29 946
Administrative expenses	-47 859	-45 630	-13 250	-11 814
Research and development costs	-92 070	-83 551	-20 999	-22 906
Other operating revenues and operating expenses	27 102	7 102	6 496	4 409
Amortization of goodwill	-21 983	-21 756	-5 666	-5 439
Reversal of negative goodwill	2 649	2 444	816	611
<b>Operating profit/loss</b>	<b>-18 066</b>	<b>-239 493</b>	<b>12 607</b>	<b>-149 748</b>
Result from financial investments				
Interest income and similar profit/loss items	16 512	9 123	2 443	2 736
Interest expenses and similar profit/loss items	-5 501	-7 718	-2 665	1 394
<b>Profit/loss after financial items</b>	<b>-7 055</b>	<b>-238 088</b>	<b>12 385</b>	<b>-145 618</b>
Minority interests in profit	8 476	18 418	-1 995	2 572
<b>Profit/loss before tax</b>	<b>1 421</b>	<b>-219 670</b>	<b>10 390</b>	<b>-143 046</b>
Current tax	-1 900	-33	-1 900	375
Deferred tax	-2 020	5 311	-4 408	-3 345
Shares in tax of associated companies	615	1 697	2 001	-192
<b>Net profit/loss for the year</b>	<b>-1 884</b>	<b>-212 695</b>	<b>6 083</b>	<b>-146 208</b>
Earnings per share after tax, SEK	-0.03	-3.66	0.10	-2.52
Number of shares at the end of the period, thousands <sup>1)</sup>	58 040	58 040	58 040	58 040
Average number of shares, thousands	58 040	58 040	58 040	58 040

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

<b>Group cash flow statements</b>	<b>12 mos 2003</b>	<b>12 mos 2002</b>	<b>3 mos 2003</b>	<b>3 mos 2002</b>
<b>Amounts in SEK thousands</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>
Cash flow from continuing operations before changes in working capital	6 528	-39 971	12 947	1 482
Changes in working capital	37 950	34 405	22 930	13 531
Cash flow from continuing operations	44 478	-5 566	35 877	15 013
Cash flow from investment activities	-10 392	-28 192	12 810	-10 722
Cash flow from financial activities	-5 206	-7 476	-7 512	-1 100
<b>Cash flow for the year</b>	<b>28 880</b>	<b>-41 234</b>	<b>41 175</b>	<b>3 191</b>
Liquid assets on January 1	60 790	102 024	48 495	57 599
<b>Liquid assets on December 31</b>	<b>89 670</b>	<b>60 790</b>	<b>89 670</b>	<b>60 790</b>

<b>Group balance sheets</b>	<b>2003</b>	<b>2002</b>
<b>Amounts in SEK thousands</b>	<b>Dec 31</b>	<b>Dec 31</b>

**ASSETS**

Fixed assets		
Intangible assets	21 858	31 401
Tangible assets	7 501	10 424
Financial assets	328 296	325 696
<b>Total fixed assets</b>	<b>357 655</b>	<b>367 521</b>
Current assets		
Inventories, etc.	92 546	95 847
Current receivables	146 597	154 051
Short-term investments	8 820	29 127
Cash and bank balances	89 670	60 790
<b>Total current assets</b>	<b>337 633</b>	<b>339 815</b>
<b>TOTAL ASSETS</b>	<b>695 288</b>	<b>707 336</b>

**EQUITY AND LIABILITIES**

Equity	<b>431 972</b>	<b>442 715</b>
Minority interests	<b>139 447</b>	<b>142 503</b>
Provisions	<b>17 733</b>	<b>17 978</b>
<b>Long-term liabilities</b>		
Interest-bearing liabilities	-	-
Non-interest-bearing liabilities	550	550
<b>Total long-term liabilities</b>	<b>550</b>	<b>550</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	-	-
Non-interest-bearing liabilities	105 586	103 590
<b>Total current liabilities</b>	<b>105 586</b>	<b>103 590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>695 288</b>	<b>707 336</b>

<b>Change in Group' equity</b>	<b>2003</b>	<b>2002</b>
Amounts in SEK thousands	<b>Dec 31</b>	<b>Dec 31</b>
<b>Opening balance</b>	<b>442 715</b>	<b>675 058</b>
Dividend to shareholders	-	-11 608
Translation differences	-8 859	-8 040
Net loss for the year	-1 884	-212 695
<b>Closing balance</b>	<b>431 972</b>	<b>442 715</b>

<b>Net sales per company</b>	<b>12 mos</b>	<b>12 mos</b>	<b>3 mos</b>	<b>3 mos</b>
Amounts in SEK thousands	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>
Skanditek Industriförvaltning	247	-	112	-
CMA Microdialysis AB	50 441	61 319	12 920	14 616
MYDATA automation AB	464 496	447 211	152 084	134 555
<b>Group</b>	<b>515 184</b>	<b>508 530</b>	<b>165 116</b>	<b>149 171</b>

### Operating profit/loss per company

Skanditek Industriförvaltning AB	-3 972	-224 547	3 395	-214 377
CMA Microdialysis AB	-21 867	-10 623	-5 031	-5 069
MYDATA automation AB	-216	-26 373	11 221	688
Other Group companies <sup>1)</sup>	1 901	-160	-512	-109
Participations in associated companies' profit/loss	10 009	-74 738	-2 727	-57 763
Participations in associated companies' goodwill	-479	-94 113	463	-73 219
Participations in associated companies' new issues	2 090	-	0	-
Goodwill in Group companies, net	-19 334	-19 312	-4 850	-4 828
Group adjustments	13 802	210 373	10 648	204 929
<b>Group</b>	<b>-18 066</b>	<b>-239 493</b>	<b>12 607</b>	<b>-149 748</b>

<sup>1)</sup> Pertains to companies conducting management and securities trading and consists mainly of dividends and capital gains.

<b>Key data, quarterly trend</b>	<b>Q 4</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>2003</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>
Market capitalization, SEK m	1 068	917	525	459	598	534	987	1 225
Average market capitalization, SEK m <sup>1)</sup>	719	643	628	782	936	1 085	1 211	1 453
Market cap per share at period end, SEK	18.40	15.80	9.05	7.90	10.30	9.20	17.00	21.10
Market value of listed holdings per share, SEK	10.63	8.34	6.37	5.76	7.77	6.29	9.55	15.27
Shareholders' equity per share, SEK	7.44	7.50	7.21	7.90	7.63	10.20	10.57	11.21
Invested capital, SEK m <sup>2)</sup>	519	541	526	524	532	530	528	517
Invested capital per share, SEK	8.94	9.33	9.06	9.03	9.17	9.14	9.10	8.91
Average Management costs, SEK m	12.7	12.1	12.6	13.7	13.6	14.4	13.9	14.6
Management costs/Market cap, % <sup>3)</sup>	1.8	1.9	2.0	1.7	1.4	1.3	1.2	1.0
Equity/assets ratio, Group %	62	62	65	63	63	71	70	71

<sup>1)</sup> Average market capitalization based on rolling 12-month periods

<sup>2)</sup> Invested capital from first investment occasion, incl. book value for share exchanges.

<sup>3)</sup> Management costs based on rolling 12-month periods and average market capitalization

## Skanditek's portfolio companies

Skanditek's portfolio companies and holding shown as the percentage share of capital held on February 17, 2004 (excluding options and convertibles).

COMPANY	NATURE OF BUSINESS	HOLDING <sup>1)</sup>
<b>IT and Telecom</b>		
Axis AB <sup>2)</sup>	Network-based video, printing and storage products	14%
LGP Allgon Holding AB <sup>2)</sup>	Telecom products and advanced industrial components	6%
Aptilo Networks AB	System solutions for WLAN	19%
<b>Electronics</b>		
PartnerTech AB <sup>2)</sup>	Contract manufacturer within telecom, IT/mechatronics and medical equipment	40%
MYDATA automation AB	Advanced machinery for surface mounting of electronic components	39%
<b>Services</b>		
H Lundén Kapitalförvaltning AB	Asset management	14%
PBK Outsourcing AB	Turnkey solutions for business 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 and medical technology</b>		
CMA Microdialysis AB	Medical devices	64%
Vitrolife AB <sup>2)</sup>	High-quality nutritional solutions for storage of organs, etc.	30%

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

2) Axis, LGP Allgon Holding, PartnerTech and Vitrolife are listed on the Stockholmsbörsen's "O" list.

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