

## Skanditek's year-end release 1999

- Net turnover for the year amounted to MSEK 121.1 (36.1) of which newly acquired companies accounted for MSEK 88.8.
- The operating result was a loss of MSEK 2.9 (loss 9.0), after providing net depreciation of MSEK 19.3 (0) on goodwill including associate companies.
- Income after financial net amounted to MSEK 3.4 (loss 8.3)

### **New name and significantly expanded business**

Industriförvaltnings AB Skandigen changed its name on January 25<sup>th</sup> 2000 to Skanditek Industriförvaltning AB. The company's shares are now listed on the OM Stockholm Exchange's "O" list under the abbreviated name STEK.

The change of name is a consequence of the change in the nature of the business brought about by the acquisition of the privately owned "KBB companies" in return for shares in January 1999. Through the acquisition, the business within biotechnology was broaden to also comprise investments within information technology, contract manufacturing of electronics and technically advanced industrial components and qualified services.

Skanditek is today an industrial holding company that develops expanding companies. As active owners, Skanditek contribute industrial and financial competence at board and management level. In so doing, long-term value is generated for shareholders and partners.

### **Consolidated net turnover and result**

The Group's net turnover in 1999 amounted to MSEK 121.1. Newly acquired companies accounted for MSEK 88.8. The net turnover in 1998 amounted to MSEK 36.1 and was entirely attributable to Fermentech Medical.

The consolidated result was a net loss of MSEK 4.3 (loss 8.3), which corresponds to a loss of SEK 0.08 per share (loss of 0.85 on the number of shares in issue at the time).

The proceeds from the sale in August of shares corresponding to 10 per cent of Sibia Neurosciences Inc. amounted to MSEK 69.3, and realized a capital gain of MSEK 21.5.

The acquisition of the KBB companies brought goodwill of MSEK 97.2 onto the books. This goodwill item will be written off over five years, giving an annual expense of MSEK 19.4. Together with the reversal of negative goodwill and write-downs in the excess value of associated companies, net depreciation of goodwill of MSEK 19.3 was charged against income.

According to information from SPP, the Skanditek Group's share of SPP's surplus funds amounts to MSEK 3.6. In view of the uncertainty concerning how the allocated funds are to be utilized, they are not taken up in the closing accounts.

### **Parent company**

The parent company's net turnover for 1999 amounted to MSEK 1.4 (0.2).

The parent company's net income for 1999 amounted to MSEK 22.3 (loss 16.0).

### **Group companies**

The **KBB companies** were acquired in return for shares in the company in January 1999. The transaction is stated as a reverse acquisition as this gives the fairest picture of the transaction. As a result of the issue the former owners of the acquired companies obtained effective control over Skanditek.

**Fermentech Medical Ltd** reports a net turnover of MSEK 30.5 (36.1) for 1999, and a loss after financial net of MSEK 2.7 (loss 3.0). Skanditek owns 97 per cent of the capital.

**CMA Microdialysis AB** reports a net turnover of MSEK 42.6 (41.4) for 1999, and a loss after financial net of MSEK 5.5 (profit 2.2). Skanditek owns 56 per cent of the capital.

**Mydata Automation AB** reports a net turnover of MSEK 467.1 (400.7) for 1999, and income after financial net of MSEK 14.1 (loss 6.2). Skanditek owns 39 per cent of the capital. Direct and indirect, Skanditek controls 53 per cent of the votes.

Following the purchase of further shares on November 26<sup>th</sup> Mydata's status changed from that of associate company to Group company. 10 per cent of Mydata's annual figures are included in the consolidated income statement for Mydata as a Group company. For the rest of the year, Mydata is included in the figures for associate companies with Skanditek's share.

### **Associate companies**

Companies, in which Skanditek owns between 20 and 50 per cent of the votes, are reported as associated companies. Associate companies are included in the accounts using the capital interest method. In previous interim reports, associated companies have been reported using the cost value principle. Brief information on each holding is provided below. In some holdings, the share of votes exceeds the share of capital.

**Axis AB**, which has a split fiscal year, reports a net turnover of MSEK 636.4 for the 1999 calendar year and a loss after financial net of MSEK 9.8. For the fiscal year May 1998-April 1999, the company reports a net turnover of MSEK 559.8 (521.7) and income after financial net of MSEK 0.8 (11.2). Skanditek has an 18 per cent interest in its capital.

**Beep Network AB** reports a net turnover of MSEK 8.4 (5.4) for 1999 and a loss after financial net of MSEK 2.6 (loss 2.9). Skanditek owns 38 per cent of the capital.

**BioNative AB** reports a net turnover of MSEK 40.0 (45.0) for 1999 and a loss after financial net of MSEK 1.2 (0). Skanditek owns 24 per cent of the capital.

**H.Lundén Kapitalförvaltning AB** reports a net turnover of MSEK 9.2 (17.5) for 1999 and income of MSEK 3.3 (17.2) after financial net. Skanditek has a 14 per cent interest in the capital.

**InRo Biomedtek AB** reports a net turnover of MSEK 0.5 (0.6) for 1999 and income after financial net of MSEK 0.3 (0.2). Skanditek owns 33 per cent of the capital.

**PartnerTech AB** reports a net turnover of MSEK 807.4 (585.6) for 1999 and income after financial net of MSEK 62.5 (25.1). Skanditek owns 25 per cent of the capital. PartnerTech is listed on the OM Stockholm Stock Exchange's "O" list.

**PBK Outsourcing AB** reports a net turnover of MSEK 44.0 (32.3) for 1999 and income after financial net of MSEK 4.0 (0.3). Skanditek owns 40 per cent of the capital.

**Plenia Sweden AB**, which has a split fiscal year, reports a net turnover of MSEK 5.4 for the 1999 calendar year and a loss after financial net of MSEK 33.9. For the fiscal year July 1998-June 1999, the company reports a net turnover of MSEK 2.1 and a loss after financial net of MSEK 37.9. Skanditek owns 35 per cent of the capital.

**Svenska Finanstipset AB**, which was formed in 1999, reports no net turnover for 1999 and a loss after financial net of MSEK 1.7. Skanditek owns 38 per cent of the capital.

**Vellinge Electronics AB**, which has a split fiscal year, reports a net turnover of MSEK 426.0 for the 1999 calendar year and income after financial net of MSEK 33.3. For the fiscal year May 1998-April 1999, the company reports a net turnover of MSEK 402.5 (329.3) and income after financial net of MSEK 31.0 (27.5). Skanditek owns 37 per cent of the capital.

### **Other portfolio companies**

**Arkivator AB** reports a net turnover of MSEK 549.8 (511.1) for 1999 and income after financial net of MSEK 100.6 (101.1). Skanditek owns 14 per cent of the capital. Arkivator is listed on the OM Stockholm Stock Exchange's "OTC" list. Arkivator has in January 2000 acquired LGP through a non-cash issue after which Skanditek owns 10 per cent.

**The Chimney Pot AB** reports a net turnover of MSEK 35.6 (27.4) for the fiscal year July 1998-June 1999 and income after financial net of MSEK 6.1 (2.4). At the closing date, Skanditek owned just under 20 per cent of the capital.

**TPC Security AB** reports a net turnover of MSEK 1.7 for the period January-September 1999 and a loss after financial net of MSEK 4.1. Skanditek owns 17 per cent of the capital. TPC Security is listed on Aktietorget.

### **Liquidity, equity/assets ratio and number of shares**

At the closing date, the Group's liquid funds amounted to MSEK 97.0 (29.5). In addition, short-term investments in listed shares amounted to MSEK 56.7 (0). The Group's interest-bearing liabilities amounted to MSEK 5.0 (7.6).

The Group's equity/assets ratio was 67 (80) per cent. The parent company's equity/assets ratio was 98 per cent (94). Equity per share was SEK 8.82 (10.20).

The proceeds of an issue of six million shares on July 1<sup>st</sup> amounted to MSEK 136.1 after issue expenses.

Following the issue, the number of shares amounts to 55,043,920.

### **Events after the close of the fiscal year**

A declaration of intent with biotech company **Vitrolife AB** from Gothenburg concerning a merger between Vitrolife and Skanditek's Scottish subsidiary Fermentech Medical Ltd. was announced on February 9<sup>th</sup>. The merger will take the form of Vitrolife acquiring Fermentech in return for shares. A final decision will be taken at Vitrolife's Extra-ordinary General Meeting in March. Vitrolife is planning a flotation during the year.

The acquisition of further shares in **The Chimney Pot AB** in January has brought Skanditek's holding to 40 per cent.

### **Dividend**

The Board recommends that the company for the 1999 fiscal year will pay no dividend.

### **Annual General Meeting**

The Annual General Meeting will be held at 4.00 p.m. on Thursday, April 13<sup>th</sup> 2000 on the premises of Svenska Läkaresällskapet (Swedish Medical Society), Klara Östra Kyrkogata 10, Stockholm.

## Future information

The annual report is expected to be mailed to shareholders by no later than March 28<sup>th</sup>. After this, it will be available at the company's head office and on the website in pdf format.

Interim reports are planned for release on the following days:

Quarterly report	Thursday May 11 <sup>th</sup>
Half-yearly report	Wednesday August 30 <sup>th</sup>
Nine-monthly report	Wednesday November 8 <sup>th</sup>

Reports and press releases are published in English and Swedish.

Stockholm, February 24<sup>th</sup> 2000

SKANDITEK INDUSTRIFÖRVALTNING AB (publ)

The Board

This report has not been subject to a general examination by the company's auditor.

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For further information, please contact:

Patrik Tigerschiöld, President,  
Tel. +46 8 614 00 20, mobile +46 70 777 71 90, e-mail: patrik.tigerschiold@skanditek.se.

## Income statements

Skanditek has changed its income statement classification from cost-based to function-based. The 1998 income statement has been recalculated accordingly.

Amounts in SEK '000.

	1999	Group 1998	Parent company 1999	Parent company 1998
Net turnover	121,073	36,129	1,434	152
<u>Cost of sold goods</u>	<u>-66,321</u>	<u>-20,483</u>	<u>-</u>	<u>-</u>
<b>Gross operating income</b>	<b>54,752</b>	<b>15,646</b>	<b>1,434</b>	<b>152</b>
Income from divestments of portfolio companies	22,878	-	22,100	-
Interest in earnings of associate companies before tax	3,162	-	-	-
Income from interests in Group companies	-	-	7,946	-
Income from interests in other portfolio companies	4,714	-	-10,777	-
Sales expense	-24,027	-1,183	-	-
Administrative expense	-25,284	-9,990	-10,990	-5,501
Research and development expense	-23,867	-13,480	-234	-260
Depreciation of goodwill	-19,629	-	-	-
<u>Reversal of negative goodwill</u>	<u>4,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating income/loss</b>	<b>-2,881</b>	<b>-9,007</b>	<b>20,256</b>	<b>-16,386</b>
<i>Income from financial investments</i>				
Interest revenue and similar items	7,008	1,305	2,232	1,120
<u>Interest expense and similar items</u>	<u>-737</u>	<u>-610</u>	<u>-314</u>	<u>-595</u>
<b>Income/loss after financial items</b>	<b>3,390</b>	<b>- 8,312</b>	<b>22,174</b>	<b>- 15,861</b>
Allocations	-	-	111	-94
Minority interests in income	184	-	-	-
<u>Tax</u>	<u>- 7,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income/loss for the year</b>	<b>-4,282</b>	<b>-8,312</b>	<b>22,285</b>	<b>-15,955</b>

## Balance sheets

Amounts in SEK '000.

	991231	Group 981231	Parent company 991231	981231
<b>Assets</b>				
<b>FIXED ASSETS</b>				
<b>Intangible fixed assets</b>				
Goodwill	77,678	-	-	-
	<b>77,678</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tangible fixed assets</b>				
Machinery, plant and other technical installations	10,141	-	-	-
Equipment, tools, fixtures and fittings	8,827	12,119	238	74
	<b>18,968</b>	<b>12,119</b>	<b>238</b>	<b>74</b>
<b>Financial assets</b>				
Shares and participations in Group companies -	-	736,831	60,434	-
Receivables from Group companies	-	-	91,680	83,331
Shares and participations in associate companies	186,389	5,751	129,237	5,751
Shares and participations in other portfolio companies	36,794	50,154	20,794	50,154
Receivables from other companies	-	2,561	-	2,561
Other long-term receivables	12,754	-	-	-
	<b>235,937</b>	<b>58,466</b>	<b>978,542</b>	<b>202,231</b>
<b>Total fixed assets</b>	<b>332,583</b>	<b>70,585</b>	<b>978,780</b>	<b>202,305</b>
<b>CURRENT ASSETS</b>				
<b>Inventories, etc.</b>				
Raw materials and consumables	25,683	2,774	-	-
Work in progress	5,859	3,774	-	-
Finished products and goods for resale	58,461	2,651	-	-
	<b>90,003</b>	<b>9,199</b>	<b>-</b>	<b>-</b>
<b>Current receivables</b>				
Accounts receivable - trade	120,777	1,577	-	-
Receivables from Group companies	-	-	2,125	-
Other receivables	24,896	5,782	5,328	5,166
Prepaid expenses and accrued income	5,171	8,211	379	7,185
	<b>150,844</b>	<b>15,570</b>	<b>7,832</b>	<b>12,351</b>
<b>Investments</b>				
Other investments	106,660	-	75,658	-
	<b>106,660</b>	<b>-</b>	<b>75,658</b>	<b>-</b>
<b>Cash and bank</b>	<b>47,003</b>	<b>29,476</b>	<b>12,750</b>	<b>25,562</b>
<b>Total current assets</b>	<b>394,510</b>	<b>54,245</b>	<b>96,240</b>	<b>37,913</b>
<b>TOTAL ASSETS</b>	<b>727,093</b>	<b>124,830</b>	<b>1,075,020</b>	<b>240,218</b>

## Balance sheets

Amounts in SEK '000.

	991231	Group 981231	Parent company 991231	981231
Equity and liabilities				
<b>EQUITY</b>				
<b>Restricted equity</b>				
Share capital (55,043,920 shares each having a par value of SEK 6)	330,263	243,779	330,263	243,779
Share premium reserve	-	-	538,832	-
Restricted reserves/Legal reserve	154,737	142,369	121,025	121,025
	<b>485,000</b>	<b>386,148</b>	<b>990,120</b>	<b>364,804</b>
<b>Non-restricted equity</b>				
Retained earnings/accumulated loss	5,011	-278,354	46,303	-123,014
Income/loss for the year	-4,282	-8,312	22,285	-15,955
	<b>729</b>	<b>-286,666</b>	<b>68,588</b>	<b>-138,969</b>
<b>Total equity</b>	<b>485,729</b>	<b>99,482</b>	<b>1,058,708</b>	<b>225,835</b>
<b>MINORITY INTERESTS</b>	<b>95,313</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>PROVISIONS</b>				
Provisions for taxation	2,194	-	-	-
Provision for value adjustment of biotechnology assets	4,459	4,459	-	-
Other provisions	10,749	-	-	-
	<b>17,402</b>	<b>4,459</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>				
Owing to credit institutions	4,671	-	-	-
Other long-term liabilities	11,227	-	-	-
	<b>15,898</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>				
Owing to credit institutions	-	7,584	-	7,584
Advance payments from customers	10,319	-	-	-
Accounts payable - trade	44,424	7,150	471	5,013
Liabilities to Group companies	-	-	8,356	-
Income tax liability	5,466	229	-	-
Other current liabilities	11,638	231	5,006	136
Accrued expense and deferred income	40,904	5,687	2,479	1,650
	<b>112,751</b>	<b>20,881</b>	<b>16,312</b>	<b>14,383</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>727,093</b>	<b>124,830</b>	<b>1,075,020</b>	<b>240,218</b>



## Cash flow statements

Amounts in SEK '000.

	1999	Group 1998	Parent company 1999	Parent company 1998
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Income/loss after financial items	- 4,282	-8,312	22,285	-15,861
Adjustment for items not included in cash flow 2,768	3,623	- 22,201	10,715	
<b>Cash flow from operating activities prior to changes in working capital</b>	<b>-1,514</b>	<b>-4,689</b>	<b>84</b>	<b>- 5,146</b>
<i>Cash flow from changes in working capital</i>				
Change in inventories	-1,949	-1,955	-	-
Change in current receivables and investments	-19,884	-4,136	-31,139	-10,733
<u>Change in current liabilities</u>	<u>-4,049</u>	<u>7,093</u>	<u>1,929</u>	<u>8,986</u>
<b>Cash flow from operating activities</b>	<b>-27,396</b>	<b>-3,687</b>	<b>-29,126</b>	<b>-6,893</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisitions of portfolio companies	-113,888	-	-145,677	-
Divestments of portfolio companies	73,369	15,030	72,015	13,599
<u>Acquisitions of tangible fixed assets</u>	<u>-2,863</u>	<u>-1,906</u>	<u>-307</u>	<u>-</u>
<b>Cash flow from investment activities</b>	<b>-43,382</b>	<b>13,124</b>	<b>-73,969</b>	<b>13,599</b>
<b>FINANCING ACTIVITIES</b>				
New issue	136,071	12,500	136,071	12,500
Change in long-term receivables	2,561	5,329	-5,788	11,975
<u>Change in long-term liabilities</u>	<u>-327</u>	<u>-7,584</u>	<u>-</u>	<u>-7,584</u>
<b>Cash flow from financing activities</b>	<b>138,305</b>	<b>10,245</b>	<b>130,283</b>	<b>16,891</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>67,527</b>	<b>19,682</b>	<b>27,188</b>	<b>23,597</b>
Opening liquid assets	29,476	9,708	25,562	1,965
Exchange rate difference	-	86	-	-
<b>CLOSING LIQUID ASSETS END</b>	<b>97,003</b>	<b>29,476</b>	<b>52,750</b>	<b>25,562</b>