

August 30, 2000

Skanditek Interim Report January-June 2000

- Income before tax amounted to MSEK 3.2 (loss 16.3). This figure includes net depreciation of goodwill amounting to MSEK 25.2 (7.8) including associated companies.
- Net sales for the period amounted to MSEK 557.0 (31.5), the greater part of which is attributable to newly acquired companies.
- Skanditek has acquired all the shares in Vellinge Electronics.
- The merger of Fermentech Medical and Vitrolife has been completed.

This is Skanditek

Skanditek is an industrial holding company owning stock in listed and unlisted Swedish companies. Our business concept is to be an active stockholder and to contribute to the development process at these companies by providing industrial and financial competence at board and management level. Our aim is to generate long-term capital growth for stockholders. The portfolio comprises some twenty investments within the fields of electronics, information technology, biotechnology and services.

Investment activities

During the period, Skanditek invested a total of MSEK 368 in portfolio companies, of which MSEK 199 relates to existing portfolio companies, primarily Vellinge Electronics AB.

Divestments during the period amounted to MSEK 151, and mainly related to Fermentech Medical Ltd. Skanditek sold its holding in this company to Vitrolife AB in return for newly issued shares in Vitrolife, which correspond to 48.1 percent of its capital. The transaction did not generate any income for Skanditek, as the booked value remains unchanged. The total investment in Vitrolife amounts to MSEK 161, of which MSEK 10 is in the form of a convertible loan.

The Education AB is also new to the portfolio. This company develops, markets and runs training programs via virtual classrooms on the Internet – known as e-learning – as a means of providing flexible and interactive learning. In connection with a new issue, Skanditek invested MSEK 8 for a 19 percent interest.

The Group's net investments in tangible fixed assets amounted to MSEK 4.6 (1.7).

Consolidated net sales and income

During the January–June period, the Group's net sales amounted to MSEK 557.0 (31.5), most of which is attributable to newly acquired Group companies. Besides CMA Microdialysis and Mydata Automation, Vellinge Electronics has also joined the Group with effect from the second quarter.

The consolidated income before tax amounted to MSEK 3.2 (loss 16.3). This includes a net charge of MSEK 25.2 (7.8) for depreciation of goodwill and reversal of negative goodwill, including associated companies. Skanditek's policy is to depreciate goodwill over five years. Associated companies are stated using the equity interest method.

The Group has received a MSEK 8.9 refund of surplus funds from the SPP pension insurance scheme, of which MSEK 7.0 has been taken into the result. Shares in earnings of associated companies includes a refund of MSEK 6.0.

In connection with the merger of Fermentech Medical and Vitrolife, a MSEK 4.5 valuation reserve for biotechnology holdings was brought back, which had a positive effect on the result.

Consolidated net income was a loss of MSEK 5.5 (loss 16.3), which corresponds to a loss of SEK 0.10 per share (previous year: loss of SEK 0.33 based on the number of shares at the time). Consolidated income excluding depreciation of goodwill and the reversal of negative goodwill amounted to MSEK 19.7 (loss 8.4), which corresponds to SEK 0.34 per share (loss 0.17).

The parent company's net result for the period was a loss of MSEK 1.5 (income of 2.6).

In view of Skanditek's character as an industrial holding company, the accounts should be analyzed with caution. The object of the business is to create value. The percentage interest in the companies in the portfolio varies, as does the mix of Group companies, associated companies and other portfolio companies.

Liquid funds, equity/assets ratio and number of shares

At the end of the period, the Group's liquid funds amounted to MSEK 60.7 (30.3). In addition, the Group had short-term placements in listed equities of MSEK 39.3 (18.9). Interest-bearing liabilities amounted to MSEK 51.0 (0).

The Group's visible equity ratio was 62 percent (82), while that of the parent company was 98 percent (99). The Group's equity per share amounted to SEK 12.45 (6.80).

Following the issue of 2,995,968 new shares in connection with the acquisition of Vellinge Electronics in April, the number of shares in issue is now 58,039,888.

Human resources

The Group had an average number of 549 (80) employees at June 30, 2000. The increase is attributable to the acquisitions of Mydata Automation and Vellinge Electronics, which joined the Group in November 1999 and April 2000 respectively.

Large portfolio companies

Amount in MSEK	Jan-June 2000			Jan-June 1999		
	Net sales	Operating income ¹	Operating margin	Net sales	Operating income	Operating margin
Axis	308.8	-112.3	-36.4 %	303.9	8.0	2.6 %
LGP Telecom Holding ²	598.1	87.6	14.6 %	379.6	34.2	9.0 %
Mydata Automation	416.4	85.1	20.4 %	207.3	-6.1	-2.9 %
PartnerTech	577.4	55.0	9.5 %	398.2	30.7	7.7 %
Vellinge Electronics	217.1	12.8	5.9 %	203.8	17.1	8.4 %
Vitrolife ²	40.9	-9.8	-24.0 %	31.8	-12.9	-40.6 %

¹ Income excludes surplus funds from SPP if any.

² Information for the previous year is pro forma.

Table 1. Large portfolio companies' net sales and income.

Axis

Axis was floated on the OM Stockholm Exchange's "O" list on June 27, 2000 in connection with a share issue that generated proceeds of MSEK 448. In accordance with the prospectus, the principal stockholders also sold some of their holdings. Skanditek's holding in Axis is held by a 70 percent owned subsidiary, G Kallstrom & Co AB. As Kallstrom's interest has fallen from 25.0 to 19.7 percent, Axis will cease to be stated as an associated company in the consolidated accounts with effect from the third quarter.

The weak European market has had an adverse effect on sales of printer-servers and CD servers. Sales in America have expanded, mainly within the Camera area. In Asia, apart from the growth within Camera, OEM business within the Document segment is also generating growth.

As expected, Axis incurred an operating loss. Costs incurred on research and development and business development within Mobile Internet and Mobile Print, for example, have had a significant effect on the result.

LGP Telecom Holding

Sales increased by 58 percent, with most of the growth attributable to the telecom sector. Telecom accounted for 71 percent of total sales, and compared with last year, sector sales rose by 89 percent.

Sales of telecom products developed in-house by LGP are making favorable progress. The main product, the TMA mast-head amplifier, has achieved solid growth in Europe and very strong growth in North America. Sustained steady growth is also expected during the second half of 2000.

On August 22, after the close of the reporting period, LGP's board announced a public offer to merge with Allgon AB. A merger of the two companies would create a leading supplier of equipment for mobile telecommunication, with a strong position in Europe, North American and Asia.

Mydata Automation

Mydata reports an increase of 101 percent in sales as a result of growth on all its main markets. Success on the American market means that North America accounted for 60 percent of sales during the period, compared with 50 percent for 1999 as a whole. Mydata's share of the global market is estimated to have risen from 7 percent in 1999 to around 8 percent during the period. The order intake remains strong.

The company notes very healthy profitability for the period. The result was favorably affected by the increase in volume and by an increase in the proportion of sales going to Internet and telecom-related customers, where profitability is currently healthy. Several new products, which are the result of many years of research and development, have been well received on the market. The company is continuing to invest heavily in research and development.

PartnerTech

Sales increased by 45 percent in relation to last year; for comparable units the increase was 22 percent. Most of the growth was achieved in telecom and information technology.

The improvement in the result is mainly attributable to higher volumes, but also to the shift in the product mix towards a greater proportion of finished products. The general shortage of electronic components during the period was also a serious challenge to PartnerTech. This demanded major efforts, and these prevented any significant reduction in the level of invoicing.

Vellinge Electronics

Vellinge Electronics became a wholly owned subsidiary of Skanditek with effect from the second quarter of 2000. Skanditek decided to purchase the outstanding 63 percent of the stock when the opportunity presented itself. The acquisition was financed by the issue of 2,995,968 shares in Skanditek. The Board's decision was made on the basis of the mandate given by the AGM in May 1999.

The relatively modest increase of 6.5 percent in sales is explained by one customer company's discontinuation of a product with high component content. Higher purchasing costs as a result of the higher dollar exchange rate had the effect of reducing the result. As in other sectors of industry, shortages of components disturbed production.

Vitrolife

Skanditek's subsidiary, Fermentech Medical, merged with Vitrolife in April 2000. Skanditek exchanged all the shares in Fermentech for six million newly issued shares in Vitrolife, corresponding to 48.1 percent of the shares in issue. After the merger, the new Vitrolife group has around 70 employees and pro forma sales in 1999 of MSEK 68.

The companies complement each other very well. Fermentech possesses extensive production expertise, which in combination with Vitrolife's R&D and sales skills will establish a strong platform for further growth.

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Forthcoming reports

Interim report January - September 2000

Wednesday, November 8, 2000

Year-end release 2000

Wednesday, February 14, 2001

The company's auditor has not examined this report.

Skanditek is listed on the OM Stockholm Stock Exchange's "O" list.

Skanditek's portfolio companies

COMPANY	NATURE OF BUSINESS	HOLDING
<u>IT and Telecom</u>		
Axis AB ¹⁾	A world leader in network products for simple connection to complex networks and mobile Internet	14 %
Beep Network AB	Computer systems for retail outlets	41 %
LGP Telecom Holding AB ¹⁾	A world leader in the manufacture of telecom products to improve radio coverage in mobile communication networks. Also a leading sub-contract manufacturer of advanced industrial components	10 %
Mydata Automation AB	Advanced machinery for surface mounting of electronic components on printed circuit boards	39 %
TPC Security AB ²⁾	Telecom-based security systems	18 %
<u>Sub-contract production Electronics</u>		
PartnerTech AB ¹⁾	Sub-contract manufacture of electronic and mechanical products	26 %
Vellinge Electronics AB	Sub-contract manufacture of electronic products	100 %
<u>Internet-based Services</u>		
Plenia Sweden AB	Internet-based recruitment services	34 %
Theeducation AB	Education via virtual classrooms on the Internet	19 %
VS Market, AB	Financial entertainment games on the Internet	34 %
<u>Financial services</u>		
H Lundén Kapitalförvaltning AB	Asset management	14 %
PBK Outsourcing AB	Management accounting total solutions	40 %
<u>Media</u>		
The Chimney Pot AB	Post production and effects for film and video	41 %
<u>Biotechnology</u>		
BioNative AB	Production process for natural interferon-alfa	24 %
CMA Microdialysis AB	Instruments for tissue dialysis	58 %
InRo BioMedTek AB	Reagents for diagnostic and therapeutic purposes	33 %
Vitrolife AB	High quality nutritional solutions for storage of organs, tissue and cells outside the body, in connection with IVF, for example	48 %

¹⁾ Axis, LGP Telecom Holding and PartnerTech are listed on OM Stockholm Stock Exchange's "O" list.

²⁾ TPC Security is listed on OM Stockholm Stock Exchange's "New Markets" list.

Where appropriate, interests held via Skanditek's subsidiary G Kallstrom & Co AB have been converted by a factor of 70 percent.

Table 2 Companies in Skanditek's portfolio, showing Skanditek's interest at August 30, 2000 (excl. options and convertibles).

Group Income Statements

Amount in SEK '000	2000 Jan-June	1999 Jan-June	1999 Jan-Dec
Net sales	557,012	31,455	121,073
Cost of sold goods	-319,158	-12,955	-66,321
Gross operating income	237,854	18,500	54,752
Income from divestments of portfolio companies	870	772	22,878
Shares in earnings of associated companies before tax	-30,724	-	3,162
Income from shares in associated companies	-	2,000	-
Income from shares in other portfolio companies	3,742	3,359	4,714
Sales expenses	-67,007	-6,349	-24,027
Administrative expenses	-19,121	-18,067	-25,284
Research and development expenses	-49,487	-9,459	-23,867
Other operating expenses	-9,731	-	-
Depreciation of goodwill	-16,902	-9,720	-19,629
Reversal of negative goodwill	1,174	1,908	4,420
Operating income/loss	50,668	-17,056	-2,881
<i>Income from financial investments</i>			
Interest revenue and similar items	-495	954	7,008
Interest expenses and similar items	-3,030	-245	-737
Income/loss after financial items	47,143	-16,347	3,390
Minority interest in income	-43,961	97	184
Income before tax	3,182	-16,250	3,574
Tax	-8,700	-	-7,856
Income/loss for the period	-5,518	-16,250	-4,282

Group Cash Flow Statements

Amount in SEK '000	2000 Jan-June	1999 Jan-June	1999 Jan-Dec
Cash flow from operating activities prior to changes in working capital	79,682	-6,783	-1,514
Cash flow from changes in working capital	-45,464	-36,968	-25,882
Cash flow from operating activities	34,218	-43,751	-27,396
Cash flow from investment activities	-60,398	47,948	-43,382
Cash flow from financial activities	-10,128	-2,878	138,305
CASH FLOW FOR THE PERIOD	-36,308	1,319	67,527

Group Balance Sheets

Amount in SEK '000	2000 June, 30	1999 June, 30	1999 Dec, 31
ASSETS			
Fixed assets			
Intangible fixed assets	186,056	75,655	77,678
Tangible fixed assets	31,838	14,327	18,968
<u>Financial fixed assets</u>	<u>369,518</u>	<u>219,463</u>	<u>235,937</u>
Total fixed assets	587,412	309,445	332,583
Current assets			
Inventories etc	205,706	22,672	90,003
Current receivables	279,890	25,716	150,844
Investments	39,347	18,948	106,660
<u>Cash and bank</u>	<u>60,695</u>	<u>30,341</u>	<u>47,003</u>
Total current assets	585,638	97,677	394,510
TOTAL ASSETS	1,173,050	407,122	727,093
EQUITY AND LIABILITIES			
Equity	722,567	335,395	485,729
Minority interests	167,538	37,452	95,313
Provisions	20,538	6,968	17,402
Liabilities	262,407	27,307	128,649
TOTAL EQUITY AND LIABILITIES	1,173,050	407,122	727,093