

SKANDITEK

INTERIM REPORT

JANUARY – JUNE **2002**

- Pretax loss of SEK 49.5 m reported (corresponding period of the preceding year: loss of 5.1).
- Earnings include charge of SEK 23.6 m (30.4) for goodwill amortization.



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 second quarter, a capital contribution of SEK 10 m was granted to Phonepages of Sweden. Following the capital contribution, Skanditek's shareholding amounts to 13.5 percent.

The holding in Theduction increased from 25 to 28.6 percent following a new share issue amounting to SEK 1 m.

Investments in portfolio companies during the period amounted to SEK 15.4 m (5.8). As a result of the transaction with BioNative in October 2001, a supplementary purchase consideration was also received in the form of shares in Viragen Europe, an OTCBB-listed company. The total value of the holding is SEK 10 m.

There were no divestments of portfolio companies during the period.

The Group's net investments in tangible fixed assets amounted to SEK 0.6 m (9.2).

Net sales and earnings

Consolidated net sales totaled SEK 262.2 m (675.6). The decrease in net sales was due mainly to the divestment of former subsidiary Vellinge Electronics in November 2001.

The Group reported a pretax loss of SEK 49.5 m (loss: 5.1). Profit was charged with goodwill

amortization and the reversal of negative goodwill in a net amount of SEK 23.6 m (net charge: 30.4). Group companies accounted for SEK 9.6 m (21.3) and associated companies for SEK 14.0 m (9.1) 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 consolidated net loss amounted to SEK 43.8 m (loss: 13.0), resulting in a loss per share of SEK 0.75 (loss: 0.22).

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 period, the Group's liquid funds totaled SEK 70.7 m (87.8). In addition, there were short-term investments in the form of investments in mutual funds and publicly traded shares in an amount of SEK 49.3 m (43.5). There were no interest-bearing liabilities (73.6).

Liquid funds available for investment activities (excluding portfolio companies within the Group) amounted to SEK 49.4 m (51.7) and short-term investments to SEK 49.3 m (43.5). There were no interest-bearing liabilities (0).

The equity/assets ratio in the Group was 70 percent (58).

Shareholders' equity corresponded to SEK 10.57 (12.08) 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 552 m, corresponding to SEK 9.51 per share. On August 20, 2002, the corresponding values were SEK 519 m and SEK 8.94 per share, respectively.

The book value of the corresponding holdings at June 30 was SEK 390.9 m, or SEK 6.74 per share.

Sales and earnings in major portfolio companies

Amounts in SEK millions	January – June 2002			January – June 2001		
	Net sales	Operating profit/loss	Operating margin %	Net sales	Operating profit/loss	Operating margin %
Axis ¹⁾	334.7	18.2	5.5	332.1	-91.2	-27.6
CMA Microdialysis	33.4	-2.5	-7.4	26.1	0.1	0.3
LGP Telecom	583.9	-42.8	-7.3	655.7	13.0	2.0
Mydata Automation	228.7	-15.4	-6.7	376.2	14.1	3.7
PartnerTech	688.8	-28.8	-4.2	599.6	-21.6	-3.6
Vitrolife	62.4	-13.6	-21.7	43.3	-23.5	-54.3

¹⁾ The comparative figure do not include the divested subsidiary Netch.

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 assuming that Skanditek had owned the companies until the end of the period, amounted to SEK 529.9 m (732.8).

Skanditek's share of the portfolio companies' operating profit/loss amounted to a loss of SEK 23.2 m (loss: 22.8).

Axis's total sales growth has been modest, against the background of weak economic conditions. Work aimed at advancing the company's positions via technical, product and market development continues. Net sales for comparable units (excluding the divested subsidiary Netch) amounted to SEK 335 m (332). Continued growth was noted in the video product area, with sales rising by 34 percent compared with the year-earlier period. Operating profit for the period improved to SEK 18.2 m (loss: 91.8), corresponding to an operating margin of 5.5 percent. The sharply improved operating result compared with the corresponding period of 2001 was attributable to the effects of structural changes and cost-cutting measures. Axis's objective of continuing to show growth combined with profitability during 2002 stands firm. Cash flow from continuing operations amounted to SEK 9.2 m (neg: 44.5).

CMA Microdialysis increased its net sales by 28 percent to SEK 33.4 m (26.1). An operating loss of SEK 2.5 m (profit: 0.1) was reported for the period. Considerable marketing investments were made in the build-up of an in-house sales organization.

LGP Telecom's net sales for the period amounted to SEK 583.9 m (655.7), a decrease of 11 percent. LGP is currently noting a modest rise in order

bookings within the telecom segment. The order situation for mechanical products is stable.

An operating loss of SEK 42.8 m (loss: 13.0) was reported. Earnings during the second quarter were charged with inventory write-downs and a provision for purchasing undertakings.

Cash flow after investments was positive during the period.

Mydata Automation continued to be affected by weaker demand in the market for equipment for the electronics industry. It has been concluded, however, that Mydata has performed better than other suppliers in the sector and has sharply increased its market share. Although order bookings during the second quarter were marginally higher than in the first quarter, they remained low and indicate that the market is adopting a cautious approach. The savings program implemented during the second half of 2001 in order to reduce overheads has proceeded as planned and gradually gained its full impact during the period. Net sales amounted to SEK 228.7 m (376.2). An operating loss of SEK 15.4 m (profit: 14.1) was reported.

PartnerTech's net sales during the period rose 15 percent compared with the year-earlier period to SEK 688.8 m (599.6). The acquisition of Vellinge Electronics during the fourth quarter of 2001 accounted for a large proportion of the increased volume within the IT/mechatronics and Medical Technology segment. For comparable units, total volume during the period decreased by 20 percent. The market was considered to have remained cautious during the second quarter, resulting in slightly higher volumes than in the first quarter. An operating loss of SEK 28.8 m (loss: 21.6) was reported for the first half of the year.

Vitrolife's net sales increased by 44 percent to SEK 62.4 m (43.3). The increase was attributable to marketing efforts within Fertility Systems and Transplantation Systems. Gross profit rose 113 percent to SEK 31.3 m (14.7). The operating result improved, amounting to a loss of SEK 13.6 m (loss: 23.5). The operating result was affected favorably by the increase in sales, as well as by an adaptation to the Financial Accounting Standards Council's RR 15 recommendation regarding Intangible Assets, which had a favorable impact of SEK 2.5 m. Following the close of the report period, Vitrolife divested the sales rights to the Ophthalin™ and Fermathron™ products and also sold the production plant in Edinburgh, Scotland. These restructuring measures are part of Vitrolife's strategy of focusing on proprietary products offering high gross margins.

Parent Company

The Parent Company had no net sales during the period (0). A pretax profit of SEK 0.6 m (loss: 0.5) was reported, which mainly resulted from dividend payments and expenses for management activities.

The Parent Company's investments in portfolio companies totaled SEK 12.0 m (3.7). Investments in tangible fixed assets amounted to SEK 0.1 m (0.0).

Liquid funds at the end of the period totaled SEK 17.5 m (beginning of the year: 26.9). In addition, the Parent Company had short-term investments in mutual funds and publicly traded shares with a market value of SEK 27.7 m (beginning of the year: 19.0). There were no interest-bearing liabilities (0).

The equity/assets ratio was 97 percent (99).

Accounting principles

This interim report has been prepared in accordance with Sweden's Annual Accounts Act and the Financial Accounting Standards Council's recommendations. As of January 1, 2002, Skanditek

applies all of the Financial Accounting Standards Council's recommendations.

Application of RR15, Intangible Assets, in the consolidated accounts had a favorable impact of SEK 2.9 m on the Group's earnings and financial position. According to RR15, expenses for the development of new products are to be reported as an intangible asset if it is highly likely that the expenses will result in future financial benefits for the investing company. Due to Skanditek's decision to apply the new recommendations, recognition of development expenses as an asset is subject to extremely stringent demands.

The other new recommendations from the Financial Accounting Standards Council did not have an impact on Skanditek's earnings and financial position.

Information

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

Forthcoming financial reports

The scheduled publication dates for interim reports during 2002 are as follows:

Third quarter: Wednesday, October 23

Interim reports and press releases are published in Swedish and English.

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	6 months 2002 Jan-June	6 months 2001 Jan-June	3 months 2002 Apr-June	3 months 2001 Apr-June	12 months 2001 Jan-Dec
Amounts in SEK thousands					
Group income statements					
Net sales	262 159	676 517	123 579	329 133	1 158 171
Cost of goods sold	-154 888	-478 703	-70 707	-234 321	-828 893
Gross profit	107 271	197 814	52 872	94 812	329 278
Result from divestments of portfolio companies	-	-	-	-	-8 476
Shares in earnings of associated companies before tax	-26 531	19 820	-10 449	24 694	29 287
Result from participations in other portfolio companies	-	-7 689	-	-7 689	-7 653
Sales expenses	-55 410	-79 871	-27 448	-34 897	-139 905
Administrative expenses	-23 354	-44 109	-11 615	-21 152	-79 359
Research and development costs	-43 583	-63 822	-23 114	-35 213	-119 627
Other operating revenues and operating expenses	-6 769	-1 806	-1 444	-4 879	-13 740
Amortization of goodwill	-10 879	-22 535	-5 510	-11 267	-43 189
Reversal of negative goodwill	1 222	1 222	611	611	2 444
Operating profit/loss	-58 033	-976	-26 097	5 020	-50 940
<i>Result from financial investments</i>					
Other interest income and similar profit/loss items	6 936	13 961	1 407	6 517	15 243
Interest expenses and similar profit/loss items	-7 621	-9 389	-3 435	-6 489	-10 289
Profit/loss after financial items	-58 718	3 596	-28 125	5 048	-45 986
Minority interests in profit	9 174	-8 720	4 699	-2 835	4 919
Profit/loss before tax	-49 544	-5 124	-23 426	2 213	-41 067
Tax on profit for the year	-302	-8 588	-261	-649	-6 835
Deferred tax	5 380	-99	2 097	-2 726	7 893
Shares in tax of associated companies	694	858	1 795	1 214	-133
Net profit/loss for the period	-43 772	-12 953	-19 795	52	-40 142

Group key ratios

Earnings per share after tax, SEK	-0.75	-0.22	-0.34	0.00	-0.69
Equity per share, SEK	10.57	12.08	10.57	12.08	11.63
Number of shares at the end of the period, thousands ¹⁾	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
Market price at the end of the period, SEK	17.00	30.00	17.00	30.00	27.40
Market value, SEK m	987	1 741	987	1 741	1 590
Equity/asset ratio, %	70	58	70	58	71
Average number of employees	358	658	361	675	663

¹⁾ There are no issued financial instruments that could cause dilution of the number of shares.

	6 months 2002	6 months 2001	3 months 2002	3 months 2001	12 months 2001
Amounts in SEK thousands	Jan-June	Jan-June	Apr-June	Apr-June	Jan-Dec

Group cash flow statements

Cash flow from operating activities	-9 493	60 902	-23 391	25 897	43 690
Cash flow from investment activities	-17 388	-21 199	-11 463	-14 153	4 300
Cash flow from financial activities	-4 488	-22 081	-4 826	-19 636	-16 100
Cash flow for the period	-31 369	17 622	-39 680	-7 892	31 890

Net sales per company

CMA Microdialysis AB	33 444	26 133	16 766	14 038	53 246
Mydata Automation AB	228 715	376 189	106 813	179 730	623 724
Vellinge Electronics AB ¹⁾	-	274 195	-	135 365	481 201
Group total	262 159	676 517	123 579	329 133	1 158 171

Operating profit/loss per company

Skanditek Industriförvaltning AB	1 191	-851	4 175	2 507	-223 300
CMA Microdialysis AB	-2 500	85	-1 321	-61	-3 776
Mydata Automation AB	-12 496	14 086	-4 157	-20	-13 581
Vellinge Electronics AB ¹⁾	-	1 424	-	2 988	8 517
Other Group companies ²⁾	5 908	9 668	3 417	8 978	14 143
Earnings from shares in associated companies	-26 531	19 820	-10 449	24 694	29 287
Goodwill in Group companies, net	-9 657	-21 313	-4 899	-10 656	-40 745
Consolidation adjustments of Vellinge/PartnerTech	-	-	-	-	183 029
Group eliminations	-13 948	-23 895	-12 863	-23 410	-4 514
Group total	-58 033	-976	-26 097	5 020	-50 940

¹⁾ Vellinge Electronics was a Group company until November 2001.

²⁾ Refers to companies that conduct portfolio management and securities trading activities and principally consists of dividends and capital gains/losses.

Amounts in SEK thousands	2002 June 30	2001 June 30	2001 Dec 31
Group balance sheets			
ASSETS			
Fixed assets			
Intangible assets	34 495	137 722	41 208
Tangible assets	12 445	43 248	15 695
Financial assets	478 433	384 740	502 708
Total fixed assets	525 373	565 710	559 611
Current assets			
Inventories, etc.	95 962	264 465	120 118
Current receivables	154 012	259 464	137 757
Investments	30 026	27 409	28 018
Cash and bank balances	70 655	87 756	102 024
Total current assets	350 655	639 094	387 917
TOTAL ASSETS	876 028	1 204 804	947 528
EQUITY AND LIABILITIES			
Equity	613 477	701 051	675 058
Minority interests	152 008	179 650	168 308
Provisions	22 037	39 977	22 805
Long-term liabilities			
Interest-bearing liabilities	-	73 588	-
Non-interest-bearing liabilities	550	883	-
Total long-term liabilities	550	74 471	0
Current liabilities			
Interest-bearing liabilities	13	8	12
Non-interest-bearing liabilities	87 943	209 647	81 345
Total current liabilities	87 956	209 655	81 357
TOTAL EQUITY AND LIABILITIES	876 028	1 204 804	947 528

Change in Group' equity

Opening balance	675 058	725 259	725 259
Dividend to shareholders	-11 608	-11 608	-11 608
Other changes *	-6 201	353	1 549
Net loss for the period	-43 772	-12 953	-40 142
Closing balance	613 477	701 051	675 058

* The change pertains mainly to currency translation differences.

Skanditek's portfolio companies

Skanditek's portfolio companies and holding shown as the percentage share of capital held on August 21, 2002 (excluding options and convertibles).

COMPANY	NATURE OF BUSINESS	HOLDING ¹⁾
IT and Telecom		
Axis AB ²⁾	Network products and mobile Internet	14%
LGP Telecom Holding AB ²⁾	Telecom products and advanced industrial components	9%
Mydata Automation AB	Advanced machinery for surface mounting of electronic components	39%
Subcontract production of electronics		
PartnerTech AB ²⁾	Systems supplier that develops and manufactures electronic products	40%
Internet-based services		
Theeducation AB	Education via virtual classrooms on the Internet	29%
VS Market, AB	Financial entertainment games on the Internet	34%
Financial services		
H Lundén Kapitalförvaltning AB	Asset management	14%
PBK Outsourcing AB	Turnkey solutions for management accounting	50%
Media		
The Chimney Pot AB	Post-production and effects for film and video	41%
Biotechnology		
CMA Microdialysis AB	Medical devices	58%
InRo BioMedTek AB	Reagents for diagnostic and therapeutic purposes	33%
Vitrolife AB ²⁾	High-quality nutritional solutions for storage of organs, etc.	35%

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

²⁾ Axis, LGP Telecom Holding, PartnerTech and Vitrolife are listed on the Stockholm Exchange's "O" list.

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