

INTERIM REPORT ON THE OPERATIONS OF AB CUSTOS FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2002

- Total return on Custos shares during the report period was 2.3 percent.
- Total return was 44 percentage points better than index.
- Net cash amounted to MSEK 140.
- Redemption of Custos shares with payment consisting of shares in Pergo plus cash was completed.

Total return

Total return on Custos shares for the report period was 2.3 percent.

Return, January 1, 2002 – September 30, 2002

	%
Total return on Custos shares ¹	2.3
Cost of shareholders' equity ²	5.1
SIX Portfolio Return Index	-41.4
SIX Return Index	-42.5

¹ Return taking into account share price appreciation and, where appropriate, dividend paid and share redemption.

² Measured as the 12-month Swedish Treasury bill rate plus a risk premium of 3 percent during the nine-month period.

Net asset value

Total net asset value on September 30, 2002 was MSEK 1,272 (Dec. 31, 2001: 3,046). See page 2, "Change in net asset value." This was equivalent to SEK 172 (Dec. 31, 2001: 224) per share. Value per share is based on 7,380,769 shares (Dec. 31, 2001: 13,570,897) and is calculated on the assumption that the synthetically repurchased shares as provided by a mandate from the Annual General Meeting were redeemed. During the report period, the largest positive impact on net asset value was from Custos' holdings in the automotive retailer Bilia, the office supplies manufacturer Esselte and the forest products group SCA.

On September 30, 2002, the market price of a Custos share was SEK 144 (Dec. 31, 2001: 201.50).

On September 30, 2002, Custos' discount to net asset value was 16 percent. This was higher than at year-end 2001, when the discount amounted to 10 percent.

Number of Custos shares, September 30, 2002

	Number of ordinary shares (1 vote)
Number of shares registered with PRV	7,409,501
Synthetic buy-backs of Custos' own shares	-28,732
Number of shares on which net asset value per share is based	7,380,769

Change in net asset value, MSEK	Jan 1, 2002- Sep 30, 2002	
Net asset value, January 1 ¹		3,046
Dividends	43	
Administrative expenses	-15	
Other income and expenses	-3	
Income from fixed-asset receivables	-1	
Financial income and expenses	21	
Taxes	-3	42
Change in value of securities portfolio, excluding dividends received		
Esselte	34	
Bilia	30	
SCA	7	
Pergo ²	5	
Sydsvenska Kemi	-1	
Tele2	-8	
Volvo	-9	
C. Tybring-Gjedde	-12	
Gambro	-16	
Christian Salvesen ³	-67	
Other holdings	11	-26
Change in net asset value before dividend etc.		16
Dividend to shareholders		-197
Value of Pergo shares distributed ²		-185
Cash payment for shares redeemed ⁴		-1,405
Change in value from synthetic buy-backs of Custos' own shares (swap agreements 3 and 4) which arose during 2002		0
Preliminary redemption amount of synthetic share buy-backs on September 30, 2002 (swap agreements 3 and 4) ⁵		-4
Transfer of market value of synthetic share buy-backs on December 31, 2001 (swap agreement 3)		1
Net asset value at end of period		1,272

1 The Custos shares that were included in the synthetic buy-back program on December 31, 2001, as provided by a mandate from the Annual General Meeting on April 5, 2001 (swap agreement 3), are assumed to have been redeemed at the market value prevailing on December 31, 2001 (MSEK 1).

2 The Pergo shares that comprised payment in Custos' redemption procedure were distributed at their market value on June 26, 2002.

3 Including earnings from forward currency contracts (GBP).

4 Cash payment upon completion of redemption programs.

5 The Custos shares that were included in the synthetic buy-back program on September 30, 2002 are assumed to have been redeemed at the market value prevailing on that date (MSEK 4).

Net asset value on September 30, 2002, allocated by assets and liabilities

Listed companies	Number	Price per share, SEK	Market value, MSEK	SEK per Custos share ¹
Bilia	3,033,163	80.00	243	33
Christian Salvesen	24,065,000	10.00	241	33
C. Tybring-Gjedde	29,390,000	1.55	46	6
C. Tybring-Gjedde (convertible loan)	17,045,850	2.99	51 ²	7
Volvo, Series B	432,600	134.50	58	8
Tele2, Series B	361,000	138.00	50	7
Gambro, Series B	1,171,000	36.00	42	6
Other listed shares			94	12
Subtotal listed companies			825	112
Options issued			-0	-0
Total listed companies			825	112
Unlisted companies				
Acando			61	8
Other unlisted companies			168	23
Subtotal unlisted companies			229	31
Options issued, Acando			-2	-0
Total unlisted companies			227	31
Debentures, Sydsvenska Kemi	15,857,139	14.20	225	30
Other assets			186 ³	25
Total assets			1,463	198
Liabilities			-191 ^{4,5}	-26
Net asset value			1,272	172

1 Calculated on the basis of 7,380,769 shares.

2 Convertible debenture loan equivalent to 17,045,850 shares.

3 Of which, short-term investments, MSEK 168.

4 Of which, liability to unlisted Group company, MSEK 153.

5 Adjusted for the market value of options issued, assumed redemption payment for synthetically repurchased shares etc.

Portfolio of listed shares

On September 30, 2002, the market value of the portfolio of listed shares, taking into account options issued, amounted to MSEK 825 (Dec. 31, 2001: 1,313).

Custos' second redemption program during the report period was completed during the third quarter of 2002, when Custos distributed most of its shareholding in the flooring group Pergo. The net transfer to Custos' shareholders totaled 11,266,738 Pergo shares, equivalent in value to MSEK 170 on September 30, 2002. On the balance sheet date Custos' holding in Pergo amounted to 626,114 shares equivalent to 1.2 percent of the capital and voting power in the company. In addition, Custos divested its shareholding in Esselte for MSEK 103 during the third quarter. This was after Custos had accepted a public offer from J.W. Childs Equity Partners to the shareholders in Esselte of SEK 90 in cash per share. The sale represented a capital gain of MSEK 34.

During the period January-September 2002, Custos increased its holding in the truck, bus and engine group Volvo. It carried out major investments in the medical technology and healthcare group Gambro and the telecommunications operator Tele2.

During the report period, Custos carried out net sales of securities totaling MSEK 225 (purchases 409, divestments 634).

Below are some of the more important changes in the Custos portfolio of listed shares that were implemented during the report period:

Divestments:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
Esselte, Series A	283,900	25
Esselte, Series B	863,400	78
Perbio Science	586,950	106
SCA, Series A	603,200	188
SCA, Series B (converted from Series A)	196,040	60
SCA, Series B	146,975	41

Call options acquired:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
SCA, Series B	799,240	53

After the above divestments and option acquisitions, Custos no longer has any exposure to the shares of SCA.

Purchases:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
Esselte, Series A	283,900	16
Esselte, Series B	863,400	53
Gambro, Series B	1,171,000	58
Tele2, Series B	361,000	58

Participation in new share issue:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
Pergo	7,928,568	88

Unlisted companies

On September 30, 2002, the market value of Custos' holdings in unlisted companies, taking into account options issued, amounted to an estimated MSEK 227 (Dec. 31, 2001: 209).

Shares in unlisted companies	Number	Market value, MSEK	SEK per Custos share ¹
Shares in unlisted Group companies		163	22
Shares in unlisted associated companies:			
Acando:			
Shares	778,256	61	8
Options issued		-2	-0
Subtotal, Acando		59	8
Other unlisted associated companies		5	1
Total unlisted companies		227	31

¹ Calculated on the basis of 7,380,769 shares.

Securities portfolio, earnings and financial position

The market value of the Parent Company's total securities portfolio on September 30, 2002, taking into account options issued, convertible debenture loans and debentures, amounted to MSEK 1,277 (Dec. 31, 2001: 1,748). The book value of the portfolio on the balance sheet date was MSEK 1,087 (Dec. 31, 2001: 1,277). The difference between the market value and book value of the portfolio, the so-called surplus value, thus amounted to MSEK 190 (Dec. 31, 2001: 471).

During the report period, Custos invested MSEK 409 and carried out divestments of MSEK 646. This meant that its net divestments of securities totaled MSEK 237 during the period.

The Parent Company's income before taxes for the period January – September 2002 amounted to MSEK 279 (year-earlier period: 1,226). Capital gains etc. totaled MSEK 362 (1,243). Writedowns on holdings had a negative effect of MSEK 150 (47) on earnings. The Company's administrative expenses declined to MSEK 15 (31) during the report period, mainly because the number of employees has been reduced. Net financial items were positive and amounted to MSEK 40 (19), of which MSEK 19 consisted of profits on forward currency contracts (GBP).

Net interest-bearing assets (interest-bearing assets minus interest-bearing liabilities) totaled MSEK 225 (Dec. 31, 2001: 1,600). The decrease was mainly due to disbursements to Custos' shareholders in the form of a dividend and cash redemption payment totaling MSEK 1,598.

The Company's adjusted equity/assets ratio on September 30, 2002 was 97 percent (Dec. 31, 2001: 95).

Miscellaneous

In the dispute mentioned in the Annual Report for 2001 between Custos and Regular Capital Inc. – wholly owned by Sweden Post and formerly a major shareholder in ASG – the date of the main hearing at the Svea Court of Appeal has been preliminarily set for December 2002.

The Group

Custos is a non-diversified investment company, best analyzed on the basis of the Parent Company's accounts, in which the investment portfolio is valued at market value. Because the consolidated accounts for this type of investment company only serve as a complement to the Parent Company accounts, the consolidated accounts of the Custos Group are presented in an appendix to this Report.

Accounting principles

This Interim Report has been prepared in compliance with the Swedish Financial Accounting Standards Council's Recommendation No. 20 on interim reporting. The same accounting principles and calculation methods have been used in the Interim Report as in the latest Annual Report. To date, new recommendations from the Swedish Financial Accounting Standards Council have had no effect on Custos' accounting.

The valuation principle for shares and participations was changed effective from October 1, 2001. In the Parent Company accounts, effective from the fourth quarter of 2001, shares and participations are individually valued at acquisition value, adjusted for any historical revaluations, or actual value on the balance sheet date, whichever is lower. Writedowns were previously reported only in case of a long-term decrease in value.

Effective from April 1, 2002, a provision is made for estimated bonuses.

Custos share data

Redemption of Custos shares with payment in the form of shares in Pergo plus cash

The second redemption program during the report period was completed during September 2002. The degree of acceptance amounted to 98 percent. A total of 804,767 ordinary shares were registered for redemption by the shareholders who redeemed shares with the aid of redemption rights. Altogether, 11,266,738 shares in Pergo and MSEK 64 in cash were transferred to the shareholders of Custos by means of this redemption.

Synthetic buy-backs of Custos' own shares

The number of synthetically repurchased shares amounted to 28,732 on September 30, 2002.

Change in share capital, 2002

Year	Ordinary shares (1 vote each)	Series C shares (1/10 vote each)	Share capital, MSEK
December 31, 2001	13,577,010	-	340
New share issue ¹	-	5,362,742	134
Redemption ²	-5,362,742	-	-134
Redemption ³	-	-5,362,742	-134
New share issue ⁴	16,659		0
New share issue ⁵		821,426	21
Redemption ⁶	-821,426		-21
Redemption ⁷	-	-821,426	-21
2002	7,409,501	-	185

- 1) New share issue targeted to Svenska Handelsbanken to enable Custos to carry out the redemption program with payment in cash (SEK 250 per share redeemed), as provided by a decision of the Annual General Meeting on April 19, 2002, efficiently without delay.
- 2) Completed redemption with payment in cash, as provided by a decision of the Annual General Meeting on April 19, 2002.
- 3) Completed redemption targeted to Svenska Handelsbanken.
- 4) New share issue targeted to Svenska Handelsbanken according to the Board's authorization, in order to ensure full acceptance of Custos' redemption program with payment in the form of cash and Pergo shares, as provided by a decision of the Extraordinary General Meeting on June 26, 2002.
- 5) New share issue targeted to Svenska Handelsbanken to enable Custos to carry out the redemption program with payment in the form of cash and Pergo shares, as provided by a decision of the Extraordinary General Meeting on June 26, 2002, efficiently without delay.
- 6) Completed redemption with payment in the form of cash and Pergo shares, as provided by a decision of the Extraordinary General Meeting on June 26, 2002, of which 16,659 ordinary shares were registered late for redemption by Svenska Handelsbanken.
- 7) Completed redemption targeted to Svenska Handelsbanken.

Taxes

Investment companies in Sweden are exempt from corporate tax as long as their dividend equals at least the sum of dividend income and other financial income, a standard income equivalent to 1.5 percent of the market value of its securities portfolio on January 1, minus financial expenses as well as other expenses. Custos' dividend policy implies that Custos pays a dividend to its shareholders at least high enough to qualify not to pay any corporate tax.

Information schedule

- Preliminary Report on Custos' 2002 operationsJanuary 28, 2003
- Annual ReportMarch 2003
- Annual General MeetingApril 8, 2003

Only the Annual Report is distributed to the shareholders. Other reports will be available at the Company's office and will be sent to shareholders who request them. All reports are also available on the Company's web site, www.custos.se.

In addition to its regular report schedule, Custos reports its current net asset value on the fourth working day after the turn of each month.

Stockholm, October 17, 2002

AKTIEBOLAGET CUSTOS (publ)

Mikael Nachemson
Chief Executive Officer

This Interim Report has not been subject to special examination by the Company's auditors.

This Interim Report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall govern.

Parent Company Condensed Cash Flow Statement (Amounts in MSEK)	Jan-Sep 2002	Jan-Sep 2001
Current operations		
Dividends received	43	55
Other operating income	200	1,165
Operating income	243	1,220
Adjustments for items not included in cash flow	-218	-1,195
	25	25
Net interest received/paid and similar items	42	17
Taxes paid	-4	-3
Cash flow from current operations before changes in working capital	63	39
Changes in working capital		
Increase (-)/decrease (+) in current receivables	3	-1
Increase (+)/decrease (-) in current liabilities	-7	-78
Increase (+)/decrease (-) in provisions	-20	-8
Cash flow from current operations	39	-48
Investment operations	Note 1	
Acquisitions of holdings in companies	-404	-80
Acquisition of convertible debenture loan	-	-10
Repayment of convertible debenture loan	10	-
Divestments of holdings in companies	656	2,234
Other investment operations	0	0
Cash flow from investment operations	262	2,144
Financing operations		
Synthetic buy-backs of Custos' own shares	-0	36
Dividend paid	-197	-358
Amount disbursed to shareholders for redemptions	-1,561	-984
New share issue	160	152
Cash flow from financing operations	-1,598	-1,154
Increase (+)/decrease (-) in liquid funds	-1,297	942
Liquid funds, beginning of the period	1,465	520
Liquid funds, end of the period	Note 2 168	1,462
Note 1		
Net divestments of securities	237	2,116
Net investments in equipment	0	0
Increase (-)/decrease (+) in receivables related to divestments	21	1
Increase (+)/decrease (-) in liabilities related to acquisitions	4	27
Payments received	262	2,144
Note 2		
Short-term investments	168	1,462
Cash and bank balances	0	0
Liquid funds, end of the period	168	1,462

Appendix

INTERIM REPORT ON CUSTOS GROUP OPERATIONS FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2002

Group

Earnings

During the period January-September 2002, the operating income of the Custos Group totaled MSEK 130 (year-earlier period: 948). After estimated taxes, consolidated income totaled MSEK 204 (928).

MSEK 33 in recoveries of provisions for possible credit losses were reported.

The Group's net cash (interest-bearing current assets minus current liabilities) amounted to MSEK 140 on September 30, 2002. The adjusted equity/assets ratio was 97 percent (Dec. 31, 2001: 95).

Associated companies

Shareholdings in associated companies – in which the Group has long-term ownership of no less than 20 percent and no more than 50 percent of the voting power – are reported according to the equity method of accounting in the consolidated financial statements. Share of income in associated companies is mainly reported in Custos' financial statements with a time lag of one quarter.

Shareholdings previously reported as associated companies but in which Custos' stake has fallen below 20 percent of voting power are reported according to the acquisition method of accounting.

The holdings that are classified in the consolidated financial statements as associated companies are:

Company ¹	Sep 30, 2002		Dec 31, 2001		Sep 30, 2001	
	% of capital	% of votes	% of capital	% of votes	% of capital	% of votes
Acando	49.9	49.9	49.9	49.9	49.9	49.9
C. Tybring-Gjedde	32.9	32.9	32.9	32.9	33.7	33.7
Firefly	38.4	38.4	38.4	38.4	38.4	38.4
Open Training Sweden	30.0	30.0	30.0	30.0	30.0	30.0
Perbio Science	-	-	-	-	38.9	38.9
Pergo	-	-	22.2	22.2	22.2	22.2

1 Custos' stake without taking into account options issued.

Consolidated Condensed Income Statement (Amounts in MSEK)	Jan – Sep 2002	Jan – Sep 2001	Jul – Sep 2002	Jul – Sep 2001
Income from securities management				
Share of income in associated companies	-45	-4	-10	-5
Income from other securities management	168	1,030	-62	295
	123	1,026	-72	290
Income from other operations	26	-38	-1	-41
Gross income	149	988	-73	249
Administrative expenses	-16	-37	-3	-13
Other income and expenses	-3	-3	19	-2
Operating income	130	948	-57	234
Income from fixed-asset receivables	-1	-10	0	-3
Financial income and expenses	44	24	3	12
Income after financial items	173	962	-54	243
Taxes	31	-34	0	-23
Net income for the period	204	928	-54	220
Net income per share, SEK	19.59	42.47	-6.77	11.35
Based on the following number of shares	10,407,002	21,850,973	7,999,663	19,366,315

Consolidated Condensed Balance Sheet (Amounts in MSEK)	Sep 30, 2002	Dec 31, 2001
ASSETS		
Fixed assets		
Tangible fixed assets	1	1
Financial fixed assets		
Holdings in associated companies	79	181
Receivables from associated companies	51	44
Other long-term holdings of securities	656	887
Other financial fixed assets	236	239
Current assets	185	1,533
Total assets	1,208	2,885
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity ¹	1,170	2,738
Provisions	4	24
Current liabilities	34	123
Total shareholders' equity and liabilities	1,208	2,885
1 At the beginning of the period	2,738	5,617
Dividends paid	-197	-358
New issue of ordinary shares	5	-
Redemption of ordinary shares	-1,570	-3,434
New issue of Series C shares	155	263
Redemption of Series C shares	-155	-265
Ongoing transactions attributable to buy-backs of Custos' own shares	-0	39
Translation differences etc.	-10	38
Net income for the period	204	838
At the end of the period	1,170	2,738

Consolidated Condensed Cash Flow Statement (Amounts in MSEK)	Jan – Sep 2002	Jan – Sep 2001
Current operations		
Operating income	130	948
Adjustments for items not included in cash flow	-107	-923
	<u>23</u>	<u>25</u>
Net interest received/paid and similar items	47	22
Taxes paid	-4	-4
Cash flow from current operations before changes in working capital	66	43
Changes in working capital		
Increase (-)/decrease (+) in inventories etc.	-18	1
Increase (-)/decrease (+) in current receivables	57	32
Increase (+)/decrease (-) in current liabilities	-52	-145
Increase (+)/decrease (-) in provisions	-19	-8
Cash flow from current operations	34	-77
Investment operations		
	Note 1	
Acquisitions of holdings in companies	-404	-60
Acquisition of convertible debenture loan	-	-10
Repayment of convertible debenture loan	10	-
Divestments of holdings in companies	656	2,238
Other investment operations	0	0
Cash flow from investment operations	262	2,168
Financing operations		
Synthetic buy-backs of Custos' own shares	-0	36
Dividend paid	-197	-358
Amount disbursed to shareholders for redemptions	-1,561	-984
New share issue	160	152
Cash flow from financing operations	-1,598	-1,154
Increase (+)/decrease (-) in liquid funds	-1,302	937
Liquid funds, beginning of the period	1,470	525
Liquid funds, end of the period	168	1,462
	Note 2	
Note 1		
Net divestments of securities	237	2,167
Net investments in equipment	0	0
Increase (-)/decrease (+) in receivables related to divestments	21	1
Increase (+)/decrease (-) in liabilities related to acquisitions	4	-
Payments received	262	2,168
Note 2		
Short-term investments	168	1,462
Cash and bank balances	0	0
Liquid funds, end of the period	168	1,462