

INTERIM REPORT ON THE OPERATIONS OF AB CUSTOS FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2003

- Total return on Custos shares during the report period was 54.3 (2.3) percent.
- Total return was more than 35 (44) percentage points better than index.
- Redemption of Custos shares with payment in the form of shares in Bilia and cash was approved by a General Meeting of Custos shareholders.
- Net asset value amounted to SEK 180 per share on September 30, 2003.
- Net income per share amounted to SEK 7 (27) for the report period.

Total return

Total return on Custos shares – taking into account share price appreciation and, where appropriate, dividend paid and redemption of shares – was 54.3 percent during the report period.

Return, January 1, 2003 – September 30, 2003

	%
Total return on Custos shares ¹	54.3
Cost of shareholders' equity ²	4.9
SIX Portfolio Return Index	19.0
SIX Return Index	19.0

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

² Measured as the 12-month Treasury bill rate on January 1 plus a risk premium of 3 percent, taking the time factor (=report period) into account.

Net asset value

Total net asset value on September 30, 2003 was MSEK 1,006 (Dec. 31, 2002: 1,303). This was equivalent to SEK 180 (177) per share. Value per share is based on 5,582,561 (7,380,769) shares.

On September 30, 2003, the market price of a Custos share was SEK 169.50 (Dec. 31, 2002: 136.00).

Custos' discount to net asset value amounted to 6 percent. This was lower than at year-end 2002, when the discount was 23 percent.

Number of Custos shares, September 30, 2003

	Number of ordinary shares (1 vote)
Number of shares registered with Swedish Patent and Registration Office (PRV)	5,604,298
Synthetic buy-backs of Custos' own shares	-21,737
Number of shares on which net asset value is based	5,582,561

Change in net asset value, MSEK		Jan 1, 2003– Sep 30, 2003
Net asset value, January 1 ¹		1,303
Income/loss from other operations	–1	
Administrative expenses	–12	
Other income and expenses	–47	
Financial income and expenses	9	–51
Change in value of securities portfolio, including dividends received		
Bilia	151	
C. Tybring-Gjedde	36	
Volvo	15	
Tele2	8	
Gambro	7	
Sydsvenska Kemi	6	
AcandoFrontec	6	
Perbio Science	6	
Lindex	–5	
Christian Salvesen	–33	
Other holdings	9	206
Change in net asset value before dividend paid etc.		155
Dividend to shareholders		–93
Cash payment for shares redeemed ²		–361
Change of value from synthetic buy-backs of Custos' own shares which arose during 2003 ³		2
Net asset value at end of period		1,006

- 1 The Custos shares that were included in the synthetic buy-back program on December 31, 2002 are assumed to have been redeemed at the market value prevailing on that date (MSEK 4).
- 2 Cash payment to those shareholders that redeemed Custos shares by means of redemption rights (SEK 200 per share redeemed).
- 3 The Custos shares that were included in the synthetic buy-back program on September 30, 2003 are assumed to have been redeemed at the market value prevailing on that date (MSEK 4).

Net asset value on September 30, 2003, allocated by assets and liabilities

Listed companies	Number	Price per share, SEK	Market value, MSEK	SEK per Custos share ¹
Bilia	4,850,935	78.500	381	68
C. Tybring-Gjedde	395,070,000	0.262	103	19
AcandoFrontec, Series B	12,104,903	5.350	65	12
Gambro, Series B	580,900	52.500	30	5
Volvo, Series B	164,300	179.000	29	5
Other listed shares			69	12
Subtotal listed companies			677	121
Unlisted companies			5	1
The Group's securities portfolio			682	122
Liquid funds including incoming payments			365	65
Other assets			10	2
The Group's assets			1,057	189
Preliminary redemption payment, synthetic buy-backs of Custos' own shares			-4 ²	-1
Other liabilities			-47	-8
Net asset value			1,006	180

¹ Calculated on the basis of 5,582,561 shares.

² The Custos shares that were included in the synthetic buy-back program on September 30, 2003 are assumed to have been redeemed at the market value prevailing on that date (MSEK 4).

Portfolio of listed shares

On September 30, 2003, the market value of the Group's portfolio of listed shares amounted to MSEK 677 (Dec. 31, 2002: MSEK 825, taking into account options issued and a convertible debenture loan).

On May 14, 2003, Frontec AB (publ) announced that it had submitted a bid for all shares in Acando, with payment consisting of newly issued shares in AcandoFrontec AB (publ). The deal was completed early in the third quarter of 2003 and Custos received 12.1 million Series B shares in AcandoFrontec AB (publ), corresponding to 21.7 percent of capital and 15.2 percent of votes.

During the third quarter of 2003, Custos divested its holdings in the British-based third-party logistics group Christian Salvesen, the industrial safety specialist Firefly, the fashion retailer Lindex and the biotechnology group Perbio Science.

Custos also acquired an additional 2.1 million shares in the automotive retailer Bilia, paying for the acquisition with shares in Kommersiella Fordon Europa AB (KFAB), formerly the Truck and Construction Equipment operations of Bilia, which Bilia had previously distributed to its own shareholders. On September 30, 2003, Custos' stake in Bilia amounted to 18.9 percent of the capital and votes. Custos is now implementing another redemption program, in which the redemption payment per share redeemed consists of three Bilia shares plus SEK 64 in cash. Assuming full acceptance of the redemption program, the total number of Bilia shares distributed will amount to 4.2 million shares. After that, Custos' stake in the company will amount to 2.5 percent of capital and votes.

During the first nine months of 2003, Custos invested MSEK 94. Divestments, including repayment of a convertible debenture loan, amounted to MSEK 471. This represented a net divestment of MSEK 377 in securities.

Below are some of the most essential changes in the Custos portfolio of listed shares that were implemented during the first nine months of 2003:

Divestments:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
Christian Salvesen	24,065,000	159
Lindex	444,300	67
Tele2, Series B	261,000	69
Volvo, Series B	198,300	35

Purchases:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
Lindex	191,500	32

Purchases through exchanges of shares:

<u>Company</u>	<u>Number of shares</u>	<u>Payment</u>
AcandoFrontec, Series B	12,104,903	Acando shares
Bilia	2,078,972	KFAB shares

Participation in new share issue:

<u>Company</u>	<u>Number of shares</u>	<u>MSEK</u>
C. Tybring-Gjedde	364,680,000	41

Repayment of convertible debenture:

<u>Company</u>	<u>MSEK</u>
C. Tybring-Gjedde	51

Unlisted companies

On September 30, 2003, the market value of the Group's holdings in unlisted companies, taking into account options issued, amounted to an estimated MSEK 5 (Dec. 31, 2002: 64, of which Acando MSEK 59).

Shares in unlisted companies	Number	Market value, MSEK	SEK per Custos share ¹
Open Training Sweden	2,143,000	5 ²	1
Other unlisted companies		0	0
Total unlisted companies		5	1

¹ Calculated on the basis of 5,582,561 shares.

² Open Training Sweden has been valued at acquisition value.

For information about Acando, now AcandoFrontec, see the section on the portfolio of listed shares.

Securities portfolio

On September 30, 2003, the market value of the Group's total securities portfolio, taking into account options issued, amounted to MSEK 682 (Dec. 31, 2002: 1,127). The book value of the

portfolio on the balance sheet date was MSEK 366 (978). The difference between the market value and book value of the portfolio thus amounted to MSEK 316 (149).

During the report period, Custos invested MSEK 96. Divestments amounted to MSEK 717, of which MSEK 246 was related to divestments of debentures issued by the specialty chemicals group Sydsvenska Kemi. This represented a total net divestment of MSEK 621 in securities.

The Group's earnings and financial position

Custos is a non-diversified investment company, best analyzed on the basis of accounts in which the portfolio is valued at market value (see the tables "Change in net asset value" and "Net asset value on September 30, 2003, allocated by assets and liabilities"). The formal accounts only serve as a supplement to this analysis.

The Custos Group's net income for the period January – September 2003 amounted to MSEK –9. Dividends amounted to MSEK 30. Administrative expenses and other income and expenses amounted to MSEK 59, of which an allocation of MSEK 44 for bonuses including employer social welfare fees was reported. Net financial items were positive and amounted to MSEK 9. A tax expense of MSEK 40 was charged to earnings, of which MSEK 40 consisted of writedowns of deferred tax claims in the associated company C. Tybring-Gjedde, a Norwegian-based office supply group.

On September 30, 2003, the Group's net cash (liquid funds minus interest-bearing liabilities) amounted to MSEK 349 (Dec. 31, 2002: 167). The adjusted equity/assets ratio was 95 percent (Dec. 31, 2002: 99).

The Parent Company's earnings

The Parent Company's net income for the period January – September 2003 amounted to MSEK 45.

Information on associated companies

Shares of income in associated companies are reported in the financial statements with a time lag of one quarter.

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

	Sep 30, 2003		Dec 31, 2002		Sep 30, 2002	
Company¹	% of capital	% of votes	% of capital	% of votes	% of capital	% of votes
Acando	–	–	49.9	49.9	49.9	49.9
AcandoFrontec	21.7	15.2	–	–	–	–
C. Tybring-Gjedde	34.0	34.0	32.9	32.9	32.9	32.9
Firefly	–	–	38.4	38.4	38.4	38.4
Open Training Sweden	30.0	30.0	30.0	30.0	30.0	30.0

1 Custos' stake without taking into account options issued.

Accounting principles

This Interim Report has been prepared in compliance with the Swedish Financial Accounting Standards Council's recommendation on interim reporting (RR 20). The same accounting principles and calculation methods have been used in the Interim Report as in the latest Annual Report.

Custos shares

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

An Extraordinary General Meeting of Custos shareholders on September 30, 2003 approved a resolution on redemption of 1,401,074 ordinary shares in Custos. The offer means that those who were listed as shareholders in Custos on October 3, 2003 received a redemption right for each share in Custos. Four redemption rights entitle the holder to redemption of one Custos share, with payment consisting of three shares in Bilia plus SEK 64 in cash.

Beginning on October 1, 2003, Custos shares were traded excluding the entitlement to redemption rights. Registration for share redemptions must occur during the period October 13, 2003 – November 5, 2003. Disbursement of the redemption payment is expected to occur around December 10, 2003.

If the offer is accepted by all shareholders, a total of 4,203,222 shares in Bilia and MSEK 90 in cash will be distributed to the shareholders.

The General Meeting also approved a reduction in the Company's share premium reserve by MSEK 13 and a reduction in the Company's statutory reserve by MSEK 80, a total of MSEK 93, for transfer to a reserve to be used as decided by the General Meeting.

For further information, see the brochure entitled "Offer for redemption of shares in AB Custos (publ), with payment in the form of shares in Bilia AB (publ) plus cash" as well as the "Press release from the Extraordinary General Meeting of AB Custos, September 30, 2003." The brochure and the press release are available at the Company's office and will be sent to those shareholders that request them.

Redemption of shares in Custos in exchange for cash payment

An Extraordinary General Meeting of Custos shareholders on May 7, 2003 approved a resolution on a redemption offer. The shareholders of Custos received a redemption right for each share in Custos. Four redemption rights entitled the holder to redemption of one Custos share in exchange for payment in the form of SEK 200 per share redeemed. The redemption offer encompassed a total of 1,852,375 shares in Custos, equivalent to a value of MSEK 370.

This redemption program was completed during July 2003. In all, 1,805,203 shares in Custos were registered for redemption by those shareholders that redeemed shares by means of redemption rights. A sum of MSEK 361 was transferred to these shareholders. The degree of acceptance thereby totaled 97.5 percent.

Synthetic buy-backs of Custos' own shares

On September 30, 2003, the number of synthetically repurchased shares amounted to 21,737.

Changes in share capital, 2003

Year	Number of ordinary shares (1 vote)	Number of Series C shares (1/10 vote)	Shares capital, MSEK
Dec 31, 2002	7,409,501	–	185
New share issue ¹	47,172		1
New share issue ²		1,852,375	46
Redemption ³	–1,852,375		–46
Redemption ⁴		–1,852,375	–46
Number of shares registered with PRV	5,604,298	-	140

- 1 New share issue targeted to Svenska Handelsbanken as authorized by the Board of Directors to ensure full participation in Custos' redemption program with cash payment per share redeemed, as provided by a decision of the General Meeting on May 7, 2003. These shares were later registered for redemption by Svenska Handelsbanken.
- 2 New share issue targeted to Svenska Handelsbanken to enable Custos to implement the redemption program with cash payment in a time-efficient manner, as provided by a decision of the General Meeting on May 7, 2003.
- 3 Completed redemption with payment in the form of cash payment (SEK 200) per share redeemed, as provided by a decision of the General Meeting on May 7, 2003.
- 4 Completed redemption targeted to Svenska Handelsbanken.

Dividend policy

Investment companies in Sweden are exempted from corporate income tax as long as their dividend paid 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 the securities portfolio on January 1 minus financial expenses and other expenses. Custos' dividend policy implies that the Company pays a dividend to its shareholders at least high enough to qualify not to pay any corporate tax.

Events after the close of the report period

After the close of the report period, there have been no important events to report on.

Information schedule

- Preliminary Report on Custos' 2003 operationsJanuary 28, 2004
- Annual General MeetingMay 27, 2004

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 that 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 net asset value at the end of each month on the fourth working day of the following month.

Stockholm, October 13, 2003

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.

Consolidated Condensed Income Statement (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002	Jul – Sep 2003	Jul – Sep 2002
Income/loss from securities management				
Share of income in associated companies	32	–45	4	–10
Income from other securities management	50	186	10	–63
	82	141	14	–73
Income/loss from other operations	–1	26	–	–1
Gross income/loss	81	167	14	–74
Administrative expenses	–12	–16	–3	–3
Other income and expenses	–47	–3	–17	20
Operating income/loss	22	148	–6	–57
Income/loss from fixed-asset receivables	0	–1	–	–1
Financial income and expenses	9	26	3	4
Income/loss after financial items	31	173	–3	–54
Taxes	–40	31	2	0
Net income for the period	–9	204	–1	–54
Net income/loss per share (SEK)	–1.29	19.59	–0.15	–6.77
Based on the following number of shares	6,901,370	10,407,002	5,885,107	7,999,663

Consolidated Condensed Balance Sheet (Amounts in MSEK)	Sep 30, 2003	Dec 31, 2002		
ASSETS				
Fixed assets				
Tangible fixed assets	0		1	
Financial fixed assets				
Holdings in associated companies	71		56	
Receivables from associated companies	–		52	
Other long-term holdings of securities	296		633	
Other fixed financial assets (of which, interest-bearing)	5	(5)	244	(244)
Current assets (of which, interest-bearing)	369	(365)	183	(170)
Total assets	741		1,169	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	693		1,158	
Provisions	45		1	
Current liabilities (of which, interest-bearing)	3	(0)	10	(–)
Total shareholders' equity and liabilities	741		1,169	

Consolidated Condensed Changes in Shareholders' Equity (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002
January 1	1,158	2,738
Dividends paid	–93	–197
New issue of ordinary shares	9	5
Redemption of ordinary shares	–370	–1,570
New issue of Series C shares	46	155
Redemption of Series C shares	–46	–155
Ongoing transactions attributable to buy-backs of Custos' own shares	0	0
Translation differences etc.	–2	–10
Net income for the period	–9	204
At the end of the period	693	1,170
Consolidated Condensed Cash Flow Statement (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002
Operating income before dividends	–8	105
Adjustments for items not included in cash flow	–6	–107
	–14	–2
Dividend received	30	43
Net interest received/paid and similar items	9	29
Taxes paid	–2	–4
Cash flow from current operations before changes in working capital	23	66
Changes in working capital		
Increase (–)/decrease (+) in inventories etc.	7	–18
Increase (–)/decrease (+) in current receivables	6	57
Increase (+)/decrease (–) in current liabilities	–5	–52
Increase (+)/decrease (–) in provisions	–	–19
Cash flow from current operations	31	34
Investment operations	Note 1	
Acquisitions of holdings in companies	–94	–404
Acquisitions of debentures	–2	–
Divestments of holdings in companies	404	656
Divestments of debentures	246	–
Repayment of convertible debenture loan	51	10
Cash flow from investment operations	605	262
Financing operations		
Synthetic buy-backs of Custos' own shares	0	–0
Dividend paid	–93	–197
Amount disbursed to shareholders for redemptions	–416	–1,561
New share issue	55	160
Cash flow from financing operations	–454	–1,598
Increase (+)/decrease (–) in liquid funds	182	–1,302
Liquid funds, beginning of the period	167	1,470
Liquid funds, end of the period	349	168
Note 1		
Net divestments of securities	621	237
Increase (–)/decrease (+) in receivables related to divestments	–16	21
Increase (+)/decrease (–) in liabilities related to acquisitions	–	4
Payments received	605	262
Note 2		
Short-term investments	349	168
Cash and bank balances	0	0
Liquid funds, end of the period	349	168

Parent Company Condensed Income Statement (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002	Jul – Sep 2003	Jul – Sep 2002
Income/loss from securities management				
Dividends	30	43	–	15
Other income from holdings in Group companies	2	–	–	–
associated companies	48	–23	34	–16
other listed shares	15	235	9	–62
Other income from securities management	5	24	–	–16
Total income/loss from securities management	100	279	43	–79
Administrative expenses	–11	–15	–2	–3
Other income and expenses	–47	–3	–17	20
Operating income/loss	42	261	24	–62
Income/loss from fixed-income receivables	0	–1	–	–1
Financial income and expenses	4	22	1	2
Income/loss before taxes	46	282	25	–61
Taxes	–1	–3	–	–2
Net income/loss for the period	45	279	25	–63
Net income/loss per share (SEK)	6.53	26.81	4.30	–7.87
Based on the following number of shares	6,901,370	10,407,002	5,885,107	7,999,663

Parent Company Condensed Balance Sheet (Amounts in MSEK)	Sep 30, 2003	Dec 31, 2002
Fixed assets		
Tangible fixed assets	0	1
Financial fixed assets		
Holdings in Group companies	61	59
Holdings in associated companies	173	100
Receivables from associated companies	–	52
Other long-term holdings of securities	296	633
Other long-term receivables (of which, interest-bearing)	4 (4)	243 (243)
Current assets (of which, interest-bearing)	369 (365)	174 (169)
Total assets	903	1,262
Shareholders' equity	696	1,105
Provisions	44	–
Current liabilities (of which, interest-bearing)	163 (159)	157 (147)
Total shareholders' equity and liabilities	903	1,262

Parent Company Condensed Changes in Shareholders' Equity (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002
January 1	1,105	2,575
Dividends paid	–93	–197
New issue of ordinary shares	9	5
Redemption of ordinary shares	–370	–1,578
New issue of Series C shares	46	155
Redemption of Series C shares	–46	–155
Ongoing transactions attributable to buy-backs of Custos' own shares	0	0
Net income for the period	45	279
At the end of the period	696	1,084

Parent Company Condensed Cash Flow Statement (Amounts in MSEK)	Jan – Sep 2003	Jan – Sep 2002
Current operations		
Dividends received	30	43
Other operating income	12	218
Operating income	42	261
Adjustments for items not included in cash flow	-25	-218
	17	43
Net interest received/paid and similar items	5	24
Taxes paid	-2	-4
Cash flow from current operations before changes in working capital	20	63
Changes in working capital		
Increase (-)/decrease (+) in current receivables	6	3
Increase (+)/decrease (-) in current liabilities	6	-7
Increase (+)/decrease (-) in provisions	-	-20
Cash flow from current operations	32	39
Investment operations	Note 1	
Acquisitions of holdings in companies	-94	-404
Acquisitions of debentures	-2	-
Divestments of holdings in companies	404	656
Divestments of debentures	246	-
Repayment of convertible debenture loan	51	10
Cash flow from investment operations	605	262
Financing operations		
Synthetic buy-backs of Custos' own shares	0	-0
Dividend paid	-93	-197
Amount disbursed to shareholders for redemptions	-416	-1,561
New share issue	55	160
Cash flow from financing operations	-454	-1,598
Increase (+)/decrease (-) in liquid funds	183	-1,297
Liquid funds, beginning of the period	166	1,465
Liquid funds, end of the period	Note 2 349	168
Note 1		
Net divestments of securities	621	237
Increase (-)/decrease (+) in receivables related to divestments	-16	21
Increase (+)/decrease (-) in liabilities related to acquisitions	-	4
Payments received	605	262
Note 2		
Short-term investments	349	168
Cash and bank balances	0	0
Liquid funds, end of the period	349	168